



**COMMUNITY
FOUNDATION**
OF SOUTH LAKE

SPENDING POLICY

GENERAL: This Spending Policy as adopted by the Community Foundation of South Lake County Board of Directors supersedes any preceding policy.

OBJECTIVE: The objective of this Spending Policy is to:

- a) Provide predictability for the Foundation's grant making and administrative budget.
- b) Achieve better overall investment performance by allowing a more flexible environment for the investment managers.
- c) Assist the investment strategy goals for Foundation growth and funding.

SPENDING AMOUNT:

- a) The amount the Foundation makes available for grant awards, scholarships, fees, and administrative expenses will be established as a set amount at the beginning of each fiscal year by applying a formula to a predetermined base.
- b) The base for the calculation will be a twelve-quarter average of the Foundations Endowment Fund as of September 30th.
- c) The percentage to be applied against the base indicated in (b), above, will be 5%.
- d) In order to support the administrative expenses of the Foundation, a fee, based upon the standard fee schedule, will be charged against all funds that are part of the Foundation's responsibility with the exception of pass through and temporary funds.

- e) The Foundation recognizes that extremely unusual circumstances with respect to financial markets or the needs of the community may, in rare instances, require a temporary departure from the application of the Spending Policy. Adjustments will be made when it is considered appropriate, subject to Board approval. (Example - with investment values still in a recovery stage, it might be decided to apply the formula and utilize the payout amount derived only if the total value of the Foundation's investment portfolio exceeds \$7.5 million at the time of the calculation.)
- f) A floor shall be created in order to temper the volatility of annual spending created by changing market values and preserve assets. Whenever the current value of the portfolio falls below \$7.5 million at the time of calculating the 12-quarter average, the spending amount will be limited to \$300,000 to cover operating expenses, grants, etc. (An annual review will be conducted regarding the suitability of the floor figure).
- g) Administrative expenses paid through contributions to the Administrative Fund shall not be included in the spending limits imposed under this policy. (In other words, gifts to the Administrative Fund shall reduce administrative expenses paid under this policy dollar-for-dollar. Example 5% of the 12-quarter average might equal \$360,000. An operating budget of \$210,000 with gifts of \$40,000 to our Administrative Fund would leave \$190,000 available for grants.
- h) Grants, scholarships and other expenditures from Donor Advised Funds, donor Designated Funds, and similar donor-established and donor-supported accounts shall not count against the spending limits of this Spending policy, except to the extent that such expenditures include principal contributed to such a fund by the foundation and the income derived from such principal.