

# Winona Community Foundation

## Spending Policy for Endowed Funds

*Approved June 23, 2009 by Full Board*

This policy of operating procedures applies to distributions from all endowed funds or funds treated as endowed. It is to be reviewed during the third quarter of each year for its continuance or modification.

- Distribution will be based on a percentage of the Fund's December 31 average market value of invested assets. This percentage rate shall be reviewed on or before December 1 of each year. (**The annual distribution rate for 2010 will be 5.00%.**)
  - "Average market value" is calculated using the current and preceding 11 calendar quarters.
  - For Funds in existence for less than 12 quarters the calculation will use as many quarters as available.
  - For funds in existence for less than one full year the distribution percentage will be prorated in proportion to the number of full calendar quarters the Fund has been in existence. (e. g. At a 5% annual rate for a Fund started on June 15, 2.5% of the average invested assets at December 31 would be available for distribution. i. e. 3 quarters equates to 3.75% and 1 quarter equates to 1.25%)
  - The calendar quarters will include any partial quarters that the assets are invested.
  - "Invested assets" refers to those assets included in the Foundation's investment portfolio. (The Foundation currently invests in a conservative growth pool and an income pool.) It excludes checking account balances, cash or securities in transit, pledges receivable or other assets not specifically included in the investment portfolio.
  - The Foundation will notify Fund advisors or recipients by February 15 of each year of the amount available for distribution during the year.
  - The Fund advisor(s) or designated recipient(s) may recommend:
    1. Adding the distribution amount back to principal.
    2. Making a grant(s).
    3. Segregating all or a portion of the amount for distribution in future years.
- (NOTE: Amounts will remain available for distribution until the following December 31. If no recommendation is received the distribution amount will be added to principal.)
- Donor designated and agency funds may choose to have an automatic annual distribution made without submitting further requests.
  - Individual Fund agreements may specify some other distribution method. (e.g. a Scholarship Fund may provide that a specified dollar amount be paid out at a specific time each year.
  - Unless a Fund is established as a "Seed Fund" a distribution must be made at least once in five years.

- **Should a fund's principal fall below the principal amount following a distribution, the Foundation will seek to reestablish the principal in a timely manner.**
- **Should a fund's principal erode as a result of investment losses, the Foundation will seek to reestablish the principal in a timely manner.**
- **Over the long-run, the Foundation will seek to balance a fund's distributions with principal preservation and growth.**