

# **The San Juan Island Community Foundation**

## **SPENDING POLICY**

(Created May 26, 2010)

Reaffirmed July xx, 2011

Reaffirmed July 18, 2012

Revised October 10, 2012

Revised May 25, 2016

Revised July 16, 2018

### **Related Policies:**

- SJICF Fund Management Policy
- SJICF Fund Terms & Conditions
- SJICF Fund Administration Fees
- SJICF Statement of Investment Objectives and Policy

1. Investment Goals. The assets of The San Juan Island Community Foundation (the “Foundation”) are invested with Board approved investment managers in accordance with the Foundation’s Statement of Investment Objectives and Policy. Quarterly reports are received from the managers showing the cost, current market value, percent of portfolio, indicated income and current yield for all investments. Periodically, the Foundation’s Finance Committee meets with the investment managers to review performance, asset allocations and investment policies. As fully articulated in the Foundation’s Statement of Investment Objectives and Policy, the Foundation’s primary investment objective is to return to principal through appreciation or a combination of appreciation and income, an amount sufficient to offset inflationary erosion and sufficient generally to permit the Foundation to make grant making distributions.

2. Spending Rates. Earnings from Foundation assets, unless otherwise restricted, are available for the grant-making program of the Foundation, consistent with the Foundation’s Spending Rate Policy. The Spending Rate Policy applies to any fund to which, by the terms of the fund gift agreement, the Foundation’s “Spending Policy” applies. Usually such funds are called “Endowed” but may be applied by agreement to any fund. This Spending Rate Policy establishes the distributable amount from any fund (“the current

spending rate”), which is based upon on a percentage of the average fair market value of each fund over a period of twelve fiscal quarters (the “average fund value”). For purposes of determining the value of each fund to which the Spending Rate Policy applies, in order to calculate its distributable amount, the total value of gifts received and available for grant making during each quarter shall be treated as having been donated at the end of that quarter. Quarterly investment fees (investment consultant and fund manager) and bank custodial charges are automatically subtracted prior to determining the value of each fund at the end of each quarter.

Distributions in accordance with the spending rate will be applied first to cover administrative costs (see SJICF Fund Administration Fee Schedule), with the balance available for grant making. Any portion of the distributable amount that is not granted will be accrued and will be available for distribution at a future date.

The Foundation Board of Trustees shall approve any changes to the Foundation’s Spending Policy.

### 3. Expenditure of Principal:

The Foundation reserves the right to invade the principal of any fund, even below the historic dollar value of all gifts made to the fund, in all cases in which: (1) by the terms of the donor gift’s agreement, the gift is “subject to the San Juan Island Community Foundation’s Spending Policy” and (2) the Foundation determines that such expenditures better satisfy the donor’s intentions than a limitation on expenditures and (3) such distribution complies with all State and Federal laws.

## San Juan Island Community Foundation

### SPENDING RATE POLICY

(Adopted May 26, 2010)

Reaffirmed July xx, 2011

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Revised October 10, 2012

Revised May 25, 2016

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In accordance with the Foundation Spending Guidelines, a spending rate of **4.0%** applies. This rate is net of all investment fees (Investment Consultant and Fund Manager) and bank custodial charges. SJICF Administrative Fees will be subtracted from this spending rate before calculating the amount available from each fund for distribution. This rate will be applied to all endowed funds held by the SJICF and to all funds made subject to the SJICF Spending Policy by either agreement with the donor or by action of the SJICF Board.

The rate will be reviewed annually by the SJICF Finance Committee in conjunction with information provided by the Foundation Investment Advisor and is subject to change, at any time, by the SJICF Board of Trustees.