

THE GREATER TACOMA COMMUNITY FOUNDATION
ENDOWMENT SPENDING POLICY 2017

Approved by the Board of Directors on 12.14.2016

Each year the Board of Directors of The Greater Tacoma Community Foundation shall determine the amount available for distribution from permanently endowed component funds. It is the intent of the Community Foundation to maximize the amount available for distribution each year and at the same time ensure that the inflation adjusted value of the principal over time is not impaired. The amount available for distribution shall be based on a percentage of the average market value of the fund, excluding pledges, over sixteen quarters.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) is an act adopted by numerous states including Washington. UPMIFA's primary purpose is the protection of endowment funds held on behalf of institutions. Essentially it states that institutions shall act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in its management of funds, considering a variety of factors. The Community Foundation acknowledges that UPMIFA governs its management of these funds and will serve as a guide for its distribution policy. Under UPMIFA, distributions are made considering seven factors: fund duration, fund and institution purpose, general economic conditions, effects of inflation and deflation, expected total return, other resources, and the Community Foundation's investment policy.

Distributions and fees will be made for purposes specified in the individual fund agreements between the Community Foundation and the donor and/or as determined by the Board of Directors.

The Greater Tacoma Community Foundation shall maintain a record of the historic dollar value of each endowment fund. "**Historic Dollar Value**" includes the fair value of the original gift, plus each additional donation to the fund.

The spending policy for grantmaking distributions from endowment funds is based upon a total return approach, which allows both income and capital appreciation to be withdrawn for grantmaking.

There will be no granting permitted for any endowed fund until it has been at the Community Foundation for four quarters. For the purpose of this calculation, a gift that is received by the Community Foundation on any day within a calendar quarter will be considered to be at the Foundation for the entire quarter.

If the market value of an endowment fund, on the date for which a distribution is being determined, exceeds the fund's historic dollar value, the **maximum** amount available for grantmaking will be:

- ❖ 4.3% (four point three percent) of the sixteen-quarter rolling average of the fund's market value.

"Underwater" funds:

If the market value of an endowment fund, on the date for which a distribution is being determined, is less than the fund's historic dollar value, the **maximum** amount available for grantmaking will be:

- ❖ 3% (three percent) of the previous sixteen (16) quarter rolling average of the fund's market value.

Note: the full 4.3% spending amount may be paid on an underwater fund if, in the opinion of management, the underwater status is the result of an increase in the Historic Gift Value due to active fundraising.

Amounts not distributed in a particular year, shall remain invested in the fund and will not be carried forward as distributable in the next year. An exception could be Field of Interest funds where the strategy of a specific project does not fit into the standard fiscal year.

