CENTRE FOUNDATION
SPENDING AND ALLOCATION POLICY
Revised 2.29.24

The Spending Policy for Centre Foundation is designed to safeguard against fluctuating market yields and volatility. Spending is determined using a formula applied to the average market value of the Community Foundation's portfolio. Using this disciplined policy allows us to provide current programs with a predictable and stable stream of funding and to ensure long term preservation of assets. The overall aspirational goal of the spending policy shall not exceed 6.5%, including grant distributions and operational/administrative fees, and will be reviewed annually by the Board.

A. GRANT DISTRIBUTIONS

a. Grant making distributions shall be calculated annually by the Board, using a percentage established for such purpose of the average market value of the funds for the twenty quarters ending September 30. The percentage so determined shall govern distribution for the following calendar year. The Board has determined that 5% shall be the aspirational goal for annual distributions by the Foundation. Distributions are generally payable annually unless the total grant is greater than $10,000, which would then require quarterly payments.

b. Calculations will remain in effect until recalculated for the next calendar year following September 30, or unless otherwise recalculated.

c. If a fund has been held by the Foundation for less than twenty quarters but exists by the September 30 cutoff, the distributions will be calculated based on the number of quarters the fund has existed.

d. Distributions for new funds, those created after the September 30 cutoff, will initially be calculated as of the end of the calendar quarter in which it was received (i.e. March 31 for a gift received on March 23; June 30 for a gift received on April 1.)

e. Distributions will be available once a fund has been held for one full quarter. (Example: A fund is established on March 31. Distributions are available after June 30. The distribution is calculated on the March 31 market value).

f. A fund created by agreement to pay annual fixed dollar amounts or to spend down principal may, by the terms of such agreement, be exempted from this policy.

B. ADMINISTRATIVE, CAPITAL, MARKETING AND PROGRAM

Operational costs will be budgeted annually by the Finance Committee upon input from the Executive Director and submitted to the Board for approval. Subsequent changes (that materially affect total expenditures) must follow the same process. These fees cover our costs for fund management and administration and help fund our services to donors, non-profits and the community as a whole.

1. *Administrative Costs*: Salaries, wages, payroll taxes, employee benefits, accounting, bookkeeping, software, website, audit, legal, office, occupancy, telephone, postage, insurance, travel, conferences and related costs.

2. *Capital Costs*: Furniture, fixtures, equipment, computers, leaseholds, etc., with a unit or project cost greater than $1,000 and an estimated useful life greater than 1 year.

3. *Marketing, Development, Fundraising, Donor Relations*: Annual report and newsletters, related costs of production and mailing, advertising, donor recognition such as events, meetings, or other such activities.

4. *Program*: Other projects, programs or initiatives which impact the community, outside of the normal grant distribution process.

C. INVESTMENT EXPENSES

Investment expenses will be paid directly to investment managers based upon fee schedules and arrangements as reviewed by the Investment Committee and approved by the Board or its Executive Committee.

ALLOCATION

Costs will be allocated to funds as follows:

a. Grant distributions will be charged against the specific fund, or pool of funds from which drawn.

b. Administrative, marketing, capital and program expenses will first be netted by the distributions from the Administrative and Heritage Funds earmarked for such use by application of the spending policy as it applies to grants from designated funds. Additionally, expenses will be netted by any spendable distributions or contributions designated to offset administrative costs, such as sponsorships, distributions from the Centre Foundation Impact Fund or certain gifts from members of the Board of Directors. The percentage amount applied to each fund for operational spending will be based on the expenses of the previous quarter. The resulting administrative fee will be applied first to funds with flat rate contracts, and then the remaining amount will be applied across ***all other*** funds based on the ending quarterly balance for the previous quarter, the intent being to recover from the funds, only the net cost of operating the Foundation. The Board has determined that the goal for operational spending is 1.5% or less. The board may determine the need to make an exception to this goal in extenuating circumstances. This calculation is based on the current year average market value of the funds, in relation to actual current year expenses.

c. Investment expenses will be allocated in a manner consistent with the allocation of investment income, at least quarterly, based upon the value of a fund.