

**AMENDED AND RESTATED
KOSCIUSKO COUNTY COMMUNITY FOUNDATION, INC.**

Spending Policy

In compliance with Indiana law for the Uniform Prudent Management of Institutional Funds Administration. The spending policy for **endowment** funds of the Foundation is based upon a total return investment approach. Unless otherwise provided under the terms of an applicable gift instrument, the Foundation may appropriate or accumulate so much of an endowment fund that the Foundation determines is prudent for the uses, benefits, purpose, and duration of the endowment fund. Specifically, the ordinary income, capital appreciation (realized and unrealized), and principal (including historic dollar value⁽¹⁾ and any principal contributions, accumulations, additions, or reinvestments) allocable to the fund, net of any applicable fees and expenses, may be committed, granted, or expended pursuant to the provisions herein.

The allowable distribution (grant) from an endowment fund, over and above fees and expenses allocable to the fund, shall be of the current year's spending rate multiplied by the average ending market value of the endowment fund for each of the prior twenty quarters, using the Foundation's fiscal year ending June 30 pursuant to the procedures described in the paragraph immediately below. Annually, the spending rate shall be determined by the board of directors after a recommendation from the finance committee. The Foundation is not required to distribute the maximum amount calculated under this policy and may instead accumulate part or the entire amount for investment and use in future periods. In particular, the Foundation shall not make distributions from any fund with a total balance of less than \$5,000.

Endowment funds that have been in existence and funded for less than twenty quarters, using the Foundation's fiscal year ending June 30, will use a smoothing rule to determine distribution (grant) amounts until they have been held for a full twenty quarters. There will not be a distribution (grant) from an endowment fund in the fiscal year it is created and funded, unless otherwise provided in the endowment fund agreement. This initial year will be used to allow for the growth of the endowment fund. Unless otherwise provided by the fund agreement establishing the endowment fund, the distribution (grant) amount for the first full year of an endowment fund after it has been created and funded will be calculated by multiplying the spending rate times the average of the ending market values of its prior four quarters ending market values; for its second full year the spending rate times the average of its prior eight quarters ending market values; for its third full year the spending rate times the average of its prior twelve quarters ending market values; for its fourth full year the spending rate times the average of its prior sixteen quarters ending market values; and for its fifth full year and thereafter, the spending rate times the average of the prior twenty quarters ending market values shall be used.

In preparing its annual recommendation for the board the finance committee shall consider the following factors when determining how much to appropriate or accumulate:

- a. The duration and preservation of the endowment fund;
- b. The purposes of the Foundation and the endowment fund;
- c. General economic conditions;
- d. The possible effects of inflation or deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources of the Foundation; and
- g. This Spending Policy statement.

The Foundation shall review this policy annually and in its sole discretion, may revoke, modify, or amend this spending policy at any time.

AMENDED and RESTATED June 13, 2016

Rob Parker, Board Secretary



⁽¹⁾ "Historic dollar value" means: (i) the aggregate fair value in dollars of an endowment fund at the time it becomes an endowment fund, (ii) each subsequent donation to the fund at the time the donation is made, and (iii) each accumulation required under the gift instrument to be added to the fund.