

# Community Foundation of Greater Muscatine

## Investment Policy - APPENDIX C

Board Adopted: 04/18/2023

Board Approved Revision: 05/16/2023

Board Approved Revision: 05/28/2024

### ENDOWMENT SPENDING POLICY

As part of its total return investment objective, the Community Foundation of Greater Muscatine (“Foundation”) utilizes a spending policy to allocate spendable grant balances from permanent endowments. To effectively administer the spending policy, the Foundation has adopted the definition of income, which not only includes interest and dividends, but also gains/losses on value. The spending policy makes available on an annual basis up to 5% of the rolling 12-quarter average market value of each endowment.

**Calculations** The Actual Market Value at the end of each quarter is determined for each endowment and shown on the Balance Sheet. This includes all investment income and realized/unrealized gains and losses as well as fund management fees. These balances are compiled, totaled, divided by the number of quarters included in the totaled amount (up to 12-quarters), multiplied by 5%\*, and rounded down to the nearest hundred to determine the maximum grant available for spending. An example is shown below.

Q-1	Q-2	Q-3	Q-4	Q-5	Q-6	Q-7	Q-8	Q-9	Q-10	Q-11	Q-12	12-Q	5%
30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	Average	
\$175,397	\$181,525	\$196,314	\$212,214	\$227,159	\$236,385	\$252,932	\$270,637	\$284,169	\$298,377	\$319,263	\$335,226	\$249,133	\$12,456.65
Spendable Balance Rounded Down to the Nearest Hundred													\$12,400.00

**\*Maximum Spending Rate:** The maximum spending rate is determined by the Investment Committee annually and approved by the Foundation’s governing Board of Directors. The maximum spending rate is 5% in accordance with Endow Iowa Program requirements. All, or a portion of, the available grant may be distributed per the endowment fund’s written agreement. The available grant, or any unused portion, may remain in the endowment to help it grow.

**Minimum Endowment Balance:** The minimum required balance for endowments is \$10,000. A grant may not be distributed from an endowment if it will bring the balance below the minimum required balance.

**Establishment of Endowment for Spending Policy:** Endowments shall be in place for two quarters prior to distributing a grant and the spendable grant balance shall be calculated based on the average market value of quarters the fund has been opened up to 12-quarters.

**Exceptions:** Endowment fund spendable grant balances are calculated once per year and are not adjusted unless large gifts (as measured in proportion to the fund’s beginning principal balance) are received in a specific quarter. Upon receipt, all gifts are invested in the endowment fund’s principal balance. When a proportionately large gift is received, the spendable grant balance may be recalculated in the quarter following the quarter in which the large gift was received.