

CENTRE COUNTY COMMUNITY FOUNDATION, INC.

SPENDING AND ALLOCATION POLICY

Revised Policy Adopted July 29, 2004

SPENDING

A. GRANTS

1. DISCRETIONARY FUNDS

- a. Distributions available to the grants and allocations committee will be calculated on five percent (5%) of the market value of the funds, based on the collective market value of all discretionary funds.
- b. Distributions will be calculated annually, at five percent (5%) of the average market value of the fund for the 20 quarters ending September 30. Distributions are generally payable quarterly.

2. DONOR ADVISED FUND AND DESIGNATED FUND (includes Organization Endowments)

- a. Distributions will be calculated annually, at five percent (5%) of the average market value of the fund for the 20 quarters ending September 30. Distributions are generally payable quarterly.
- b. If a fund has been held by the Foundation for less than 20 quarters but exists by the September 30 cutoff, the distributions will be calculated based on the number of quarters the fund has existed.
- c. Distributions for new funds, those created after 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.)
- d. Quarterly 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).
- e. Calculations will remain in effect until recalculated for the next calendar year on September 30.

B. ADMINISTRATIVE, CAPITAL, MARKETING AND PROGRAM

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 \$200 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: Special projects or initiatives which directly affect the public.

Such costs will be budgeted annually by the Finance Committee upon input from the President, and submitted to the Executive Committee and the Board for approval. Subsequent changes (that materially affect total expenditures), must follow the same 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 Contributions will be charged against the specific fund, or pool of funds from which drawn.
- b 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.
- c Administrative, marketing and capital expenses will first be netted by contributions (including that portion of the administrative endowment earmarked for such use by application of the spending policy as it applies to grants from designated funds) received to defray them.

Costs will then be allocated across all funds.

The allocation will be applied quarterly. The average percentage amount applied to each fund will employ the same base used to compute grant distributions. The resulting charge will be applied across all funds' beginning quarterly balances, the intent being to recover from the funds, only the net cost of operating the Foundation.

Program costs will be funded by contributions raised specifically for a program, allocations of funds from discretionary grants and/or the discretionary fund (eg. use of the "principal" of gifts) as the Board shall approve during the budget process.

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Background

Disbursements by the Foundation for its various purposes have been the subject of policies of the Foundation for many years. In its predecessor trust form, the income (interest and dividends), net of administrative expense was used to make modest grants. In many cases, the net income was automatically remitted to a beneficiary designated under a will or trust.

In 1998, the Investment Policy provided for a formula-based computation to set the amount available on the first of the year for grants. “Budgeted” amounts not spent are allowed to be carried to the subsequent year. The same rationale was applied to operating expenses. Recognizing the practical situation, no percentage of the asset based used for operations was specified in the policy.

At its July 1999 meeting, the Foundation Board amended its spending policy, and the Board at its January 22, 2002 meeting approved revisions.