



POLICY: Disbursements of Funds (Spending)

POLICY NUMBER: 4.01

**ISSUING AUTHORITY: Community Foundation of
Portage and District Inc.**

APPROVED: December 13, 2016

LAST REVIEWED: December 2019

NEXT REVIEW: December 2022

Purpose: The central purpose of the Community Foundation of Portage and District is to benefit the community over the long term through grants from the Endowment Fund, where donations are held in perpetuity. This policy allows for an outflow of monies for grants while protecting the original endowment fund principal and ensuring fund growth to sustain purchasing power with the rate of inflation. This policy determines the amount of the annual distribution of the income earned from permanent endowment funds in accordance with the regulations and guidelines of CRA; while respecting the individual nature of each fund. The distributions are for charitable grants and administrative fees.

Policy Statement: The Treasurer shall determine how much money is available to be disbursed from the Operating Fund for administration and grants in the current year; and whether a part of the investment return should be held as a reserve. (see Spending and Capital Preservation policy). In considering the Treasurer's report, the Board shall take into account the report of interest and dividends earned, realized gains and unrealized gains for the previous year, the availability of investment returns not dispersed in previous years, and the need for spending and capital preservation.

The administration fee shall take into account projected costs of operating the Foundation for the upcoming year and any offsetting earnings from the Foundation's Administrative Endowment Fund (5.0% of the value of the fund at the previous year-end will be transferred to the operating fund). The administrative fee shall be set at the time of annual budget presentation and acceptance by the Board at the January board meeting.

The annual grant disbursement shall take into account the minimum distribution requirement set by the Canada Revenue Agency (CRA), which may change from time to time. The Treasurer shall recommend the amount of the annual disbursement available for grants to the Board of Directors prior to the first granting cycle of the year. The recommendation will also include how much of that disbursement be held back for any granting cycles later in the calendar year.

The disbursement will be based on the two year weighted average of the capital fund balance.

The Board may be required to consider encroachment on endowment fund principal in order to maintain levels of granting required to meet CRA disbursement quota rules, but only as an absolute last resort or option. Encroachment is not allowed for administrative costs.

Responsibility: Review, and revision of this policy if required, with subsequent recommendation to the Board for approval, shall be the purview of the Treasurer, and the Investment and Finance Committee.