

MAIN STREET COMMUNITY FOUNDATION
SPENDING POLICY
2011

The purpose of this Spending Policy is to establish a clear understanding of the spending objectives of the Main Street Community Foundation (MSCF). In implementing this policy, the Foundation understands and accepts its role in the community as a vehicle for citizens and organizations in Bristol, Burlington, Plainville, Plymouth, Southington and Wolcott to fulfill their charitable objectives.

At the same time, the Foundation is committed to maintaining a focus on the perpetuity of its funds and our responsibility for providing a stable source of funding to projects, programs, and organizations in the Foundation's service area. Managed prudently and thoughtfully, endowments will continue to provide support for as long as needed. A spending policy like that instituted by the Foundation is a cornerstone of that careful management.

- MSCF's spending policy is based on a "total return" concept, rather than "income only." This enables MSCF to invest for the highest possible long-term return, regardless of the source of return (i.e. interest, dividends, or capital gains, whether realized or unrealized). This is consistent with MSCF's Investment Policy.
- This policy applies to all Discretionary, Donor Designated, Permanently Endowed Donor Advised, Field of Interest, Scholarship and other permanent funds from which grants are recommended by the MSCF Distribution Committee, unless the donor has clearly expressed a different intent. At the time a fund is established, MSCF staff reviews with donors the benefits of adhering to the spending policy.
- The spending rate is reviewed annually by the MSCF Finance Committee and a recommendation is presented to the MSCF Board of Directors for approval.
- The spending rate is based upon a five and one half (5.5%) spending percentage applied to the rolling twenty-quarter average market value of funds invested using actual quarterly returns achieved by the MSCF net of management fees. The resulting product is then divided by the current market value of the base fund to arrive at a percentage that can be used to calculate the distribution for MSCF funds. There shall be a floor of 3.0% and a cap of 6.0%.
- The spending rate for 2011 as recommended by the Finance Committee and approved by the Board of Directors will be 4.75%. This includes both grants and administrative fees. This recommendation was based on a careful consideration of the factors listed in section 45a-535C of the Conn. General Statutes ("UPMIFA") and includes such factors as preservation of the fund, general economic conditions, inflation or deflation and the expected total return from income and appreciation of investments.
- The spending policy is calculated each year using September 30 fund market values. No distributions will be made in a year in which a fund has dropped below its historic gift value. The historic gift value is defined as the dollar value of the original gift plus the dollar value of any additional endowed gifts to the fund.
- The intent of the policy is to set a maximum amount for spending for each covered fund, but not to mandate that such an amount be spent.
- No distributions other than administrative fees shall be made out of any endowment fund the balance of which, determined as of the date of the spending policy percentage, is below the value of the original gift value until the balance of the endowment fund is again greater than original gift value. Original gift value shall mean the value of the original gift contribution and any subsequent contribution to principal as of the date of the contribution unless otherwise designated as available to spend by the donor for subsequent contributions.
- No distribution shall be made from an endowed fund until the historic dollar balance in the fund reaches \$10,000. There shall be a reasonable expectation that the minimum fund size shall be reached within 5 years of the date of the original gift.
- New funds are eligible for distributions after one full year as of 9/30 providing all other fund requirements have been met.

Policy approved by corporate action of the Board of Directors on February 13, 2009

Policy reviewed and approved by corporate action of the Board of Directors on July 10, 2009

Policy reviewed and approved by corporate action of the Board of Directors on January 15, 2010

Policy reviewed and approved by corporate action of the Board of Directors on November 19, 2010