

## Endowment Fund Distribution Policy

Inland Northwest Community Foundation's management of endowment funds is governed by the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)* and the Inland Northwest Community Foundation (INWCF) Spending Policy. UPMIFA and INWCF's Spending Policy are designed to protect the long-term viability of endowments by addressing the distribution of assets, investment authority, delegation of investment management, standards of conduct and release of restrictions on the use of the endowment or investments.

### **Net Historic Value**

A fund's net historic value is the total of all the gifts made to the fund. For example, if the initial gift was \$75,000 and subsequent gifts made by the donor(s) totaled \$45,000, the fund's net historic value would be \$120,000. Investment returns earned by the fund do *not* count as part of its historic value; however, as part of the fund balance, they do count when calculating the distributable amount (or amount available for grants) as explained below.

### **Grants and Distributions**

To determine the distributable amount from an endowed fund, INWCF:

1. Calculates the fund's 13-quarter rolling average (the last 13 quarters ending with March 31<sup>st</sup> of the current fiscal year).
2. Calculates the amount available for charitable distributions based on INWCF's Spending Policy, which is currently 4% of the fund's 13-quarter rolling average for funds whose fair market value on March 31<sup>st</sup> exceeds the net historic value.
3. For those funds that do not exceed the net historic value, the amount available for charitable distribution currently is 2% of the fund's 13-quarter rolling average.

The above distribution policy is designed long term to preserve principal while allowing for the awarding of grants in good faith and with the care of a prudent person under similar circumstances.

This method produces a more stable amount from year to year, regardless of fluctuations of the fund's current investment returns.

### **Eligibility to Make a Distribution**

Endowed funds must be in existence a full fiscal year (July 1-June 30) to be eligible to make a distribution (i.e., to award a grant) for charitable purposes in the next fiscal year, unless otherwise specified in the gift agreement.

### **Donor Intent**

UPMIFA and INWCF's spending policy does permit a donor to establish a unique distribution schedule in a fund agreement which is different from the one stated above.

For further information on INWCF's Spending Policy contact PJ Watters, Director of Gift Planning at [pjwatters@inwcf.org](mailto:pjwatters@inwcf.org) or 509.624.2606.

I have read and understand this Endowment Fund Distribution Policy.

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Donor Signature

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Date