

How is my grantmaking amount calculated?

Spending Policy

To ensure that your endowment fund lasts forever, the principal remains intact. It is invested prudently for growth, and you recommend grants from the income. The combination of the interest, dividends and appreciation you receive is the “total return” for your fund. We have an approved spending policy that determines how much of the fund can be granted out each year. Our spending policy allows 5% to be spent, but rather than just a straight 5%, it is actually 5% of a 20-quarter rolling average of the fund’s assets.

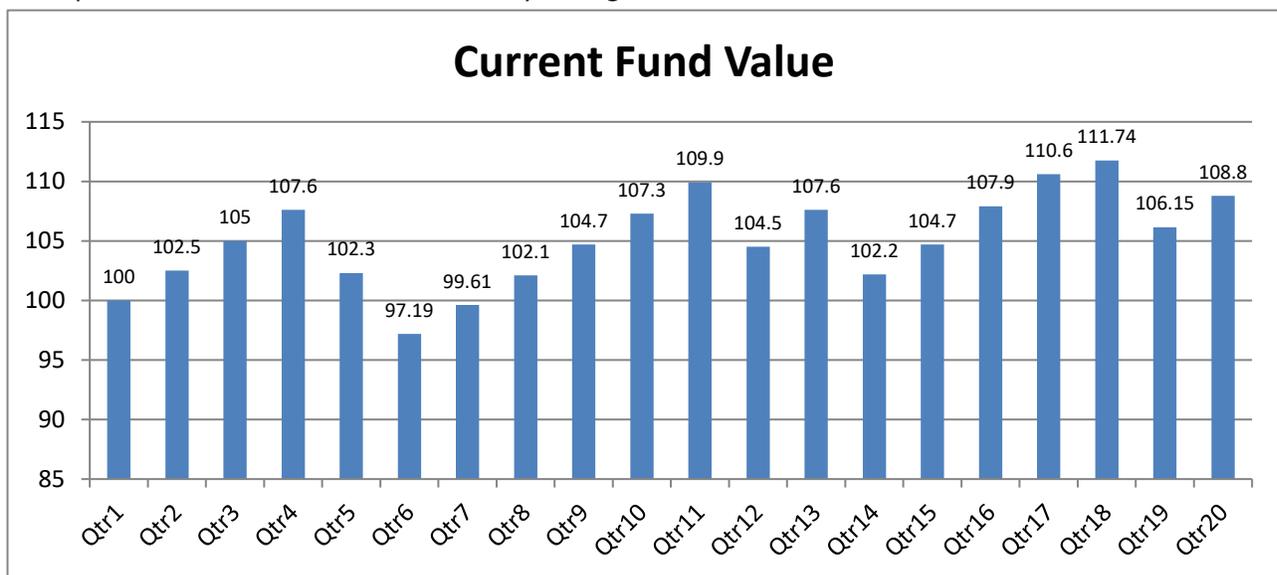
20-Quarter Rolling Average

Since your fund is invested, the fund balance will rise and fall daily as the investment values change. At the end of each quarter, we look back for 20 quarters (5 years) and calculate the average value of our funds to smooth out the ups and downs of the investment markets. This provides you with a relatively equal amount each year for your grantmaking.

Why This is Important

Having an equivalent amount to grant out each year helps you plan your charitable giving. Without the 20-quarter rolling average, you could have large amounts to grant in years with good investment performance, and much less in years with poor performance.

Example: An Endowment Fund started five years ago with a \$100,000 contribution is shown below.



The Current Fund Value rises and falls with the performance of the investments. In this example, the fund has been as low as \$97,000 and as high as \$111,000. The Average Fund Value over the 20-quarter period is \$105,000. Each quarter, a calculation takes place to determine how the Current Fund Value compares to the Average Fund Value.

- When Current Fund Value is **higher** than the average, **you will receive less** than 5% annually.
- When Current Fund Value is **lower** than the average, **you will receive more** than 5% annually.
- When Current Fund Value is lower than the initial \$100,000 contribution, you will receive interest and dividends only. In Quarters 6 and 7, the Current Fund Value was less than the initial contribution so the full calculated amount (spending policy) would not be received. The interest and dividends paid out may be as little as 10% of the normal amount for grant making.

Example: Annual Payout In the example above, the calculated grantmaking amount would vary much more

without the use of the 20-quarter rolling average. There is only \$15 difference between the low point and high point with the rolling average approach. That difference would be 30 times higher, or \$451, if we just calculated 5% each quarter.

Year	With 20-quarter rolling average	Without 20-quarter rolling average
1	\$5251	\$5189
2	\$5241	\$5015
3	\$5254	\$5330
4	\$5256	\$5280
5	\$5248	\$5466
Range	\$15	\$451

History of our Spending Policy

Over the past 33 years, the actual annual spending policy payout has ranged from 3.82% to 6.00%. This allows us to accommodate significant highs and lows in investment performance while keeping grant dollars steady.

	Community Foundation Fiscal Year End	Spending Policy Payout for Year	Avg Spending Policy Payout for 5 years	Dow Jones Industrial Average Balance
1	3/31/2025	5.00%	5.01%	42002
2	3/31/2024	5.10%		39807
3	3/31/2023	5.49%		33274
4	3/31/2022	4.58%		34678
5	3/31/2021	4.92%		32981
6	3/31/2020	5.19%	4.97%	21917
7	3/31/2019	5.00%		25929
8	3/31/2018	4.71%		24103
9	3/31/2017	4.97%		20663
10	3/31/2016	4.98%		17685
11	3/31/2015	4.56%	4.95%	17776
12	3/31/2014	4.48%		16458
13	3/31/2013	4.79%		14579
14	3/31/2012	5.28%		13212
15	3/31/2011	5.65%		12320
16	3/31/2010	5.84%	5.53%	10325
17	3/31/2009	6.00%		7609
18	3/31/2008	5.67%		12262
19	3/31/2007	5.50%		12354
20	3/31/2006	4.66%		11109
21	3/31/2005	4.92%	5.11%	10504
22	3/31/2004	5.27%		10357
23	3/31/2003	5.91%		7992
24	3/31/2002	5.01%		10362
25	3/31/2001	4.47%		9878
26	3/31/2000	4.18%	4.13%	10922
27	3/31/1999	4.16%		9786
28	3/31/1998	3.82%		8799
29	3/31/1997	4.24%		6583
30	3/31/1996	4.25%		5638
31	3/31/1995	4.56%	4.46%	4158
32	3/31/1994	4.37%		3636
33	3/31/1993	4.35%		3435
34	3/31/1992	4.30%		3235
35	3/31/1991	4.74%		2881
	Average over 35 years		4.88%	

