

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

Disbursement of Funds for named Scholarship and Bursary Funds

The policy is designed to allow an annual and regular outflow for scholarship and bursaries from the named scholarship and bursary funds with the Foundation.

The Foundation's Spending Policy shall determine the amount of the annual distributions from the permanent endowment funds in accordance with the regulations and guidelines of Canada Revenue Agency (CRA).

- The annual distribution requirement – considering CRA granting requirements and the contribution to the cost of the Foundation's operations (“administrative fee”) and for the management of the investments is 4.5% plus 1.0% plus approximately 0.6% for a total of 6.1%.
- The annual distribution for granting shall be up to 4.5% but will not be less than 4.0% and will be based on the average of the three preceding years' quarterly closing market values of the funds.
- An objective of the Foundation is the preservation of capital and this includes protection of the original dollar value of the capital contributions.
- The Foundation has adopted the practice to annually record an appropriation for inflation calculated by the Treasurer based on the annual inflation rate as recorded by the Bank of Canada. This appropriation for inflation will be deducted from the net accumulated income and will be capitalized as an adjustment to the accumulated donations and bequests received.
- Notwithstanding the objective above, when the market value of the Fund is less than the inflation adjusted value of the original capital contributions, granting will not be less than 4% in any fiscal year to ensure an annual scholarship or bursary is awarded from each of the named scholarship and bursary funds with the Foundation. It is understood that this will encroach on the inflation adjusted capital of the Fund and may not be recoverable in future years
- When there will be an encroachment on the inflation adjusted capital, the Board of Directors may supplement, from the Community Fund, the annual granting from that scholarship or bursary fund in that year.
- The disbursement of the annual distribution for scholarships and bursaries will be reported by the granting committee to the Board of Directors.
- The annual disbursement for administrative fee of 1.0% will be based upon the opening market value of the investments for the fiscal year and 1/12th will be charged to each fund each month of the fiscal year.
- The annual disbursement for the management of the investments will be approximately 0.6% to be calculated monthly by GLC Asset Management Group Ltd, based upon the monthly opening market value of the investments.
- The income remaining will be added to the individual fund balances to protect against inflation and sustain capital over the long term.

This policy is to be reviewed every three years.

ADOPTED at a meeting of the Board of Directors of the Foundation:

DATE: January 13, 2015

Chair _____ **Kelly Lewis**

Secretary _____ **Shirley Muir**

Original Spending Policy for Scholarships and Bursaries was adopted by the Board on April 12, 2011.