

# SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

## SPENDING POLICY (Disbursement of Funds)

The policy is designed to allow an annual outflow for grants while protecting original principal and ensuring fund growth to sustain purchasing power with the rate of inflation.

As such, 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 distributions are for charitable grants, administrative fees and investment management fees.

- 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' closing quarterly 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 paragraph above which states granting will not be less than 4% in any fiscal year, when the market value of a fund is less than the inflation adjusted value of the original capital contributions, the annual granting from that fund in that year will be limited to the amount, if any, arrived at when, after adding back the unrealized capital losses, the adjusted value of the fund exceeds the inflation adjusted value of the original capital contributions.
- Currently, only two Funds would be affected by the notwithstanding paragraph above, the Maude Gordon Fund and the Selkirk General Hospital Fund. The Foundation will take this into account with the objective of eliminating, as soon as reasonably possible, the deficit as a result of the inflation adjusted value of the original capital contributions exceeding the current market value of these Funds.
- The disbursement of the annual distribution for granting will be reported by the granting committee and approved by the Board of Directors as set out in the Statements of the Grantmaking Policy and Guidelines.
- 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 1/12<sup>th</sup> will be charged to each fund each month of the fiscal year.

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- 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 (Disbursement of Funds) was adopted by the Board on April 12, 2011*