

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

SPENDING POLICY (Disbursement of Funds)

The Spending 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 Selkirk & District Community Foundation's (SDCF) 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 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.
- The annual distribution requirement for investment management shall be approximately 0.6%.
- The Administrative Fee Scale for funds shall be:
 - 1.9% up to \$1,000,000
 - 1.0% on amounts equal or greater than \$1,000,000
 - 0.75% on amounts equal or greater than \$2,000,000
 - A negotiable fee that would not exceed 0.75% for amounts greater than \$4,000,000
 - The Community Fund fee administrative fee shall be 1.9%.
 - New funds, along with funds in negotiation, will be charged an administrative fee of 1% until the point of granting
- An objective of the SDCF is the preservation of capital which includes the protection of the original dollar value of capital contributions.
- The SDCF annually records 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.
- The SDCF will eliminate, as soon as reasonably possible, any deficit as a result of the inflation adjusted value of the original capital contributions exceeding the current market value of a Fund.

- 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 Statement of Granting Policy and Guidelines.
- The annual disbursement for administrative fee 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 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: February 11, 2020

Chair _____ **Aaron Martyniw**

Secretary _____ **Michele Polinuk**

Original Spending Policy (Disbursement of Funds) was adopted by the Board on April 12, 2011