POLICY

Eau Claire Community Foundation
For Good. **For Eau Claire.** For Ever.

Approved: 12/2006_____
Rev.Approved:12/21/2007
Rev. Approved: 5/27/2010
Rev.Approved:10/25/2012

Distribution Policy

The goals of the Distribution Policy are:

- **to protect the endowed funds to last in perpetuity;**
- **to grow endowed funds over time;**
- **and to give the Foundation's grantees the benefit of a reasonably stable, consistent, and predictable flow of funds.**

The Eau Claire Community Foundation makes distributions from fully funded funds as grants for charitable purposes. The amount distributed for grants each year is determined by the current distribution rate, which is set by the Foundation's Board of Trustees, acting on advice from the Investment Committee.

The Foundation has constructed its investment portfolio to achieve a total return that will maintain its endowed funds in perpetuity. Over the long term, the distribution rate, coupled with the investment returns, is designed to maintain or increase a fund's distribution over time.

The Foundation bases annual grant distributions on the average market value of a fully funded fund over the prior twelve quarters trailing average. For fully funded funds less than three years old, the market value will be the average of all quarterly market values-to-date. The Fund may begin granting in the calendar year after the total required minimum funding level is reached. The amount available for annual distribution is calculated based on the distribution rate and the quarter-end balances as of September 30 of the prior year. The distribution rate will be established by the Foundation's Board of Trustees at the December meeting of the prior year. The distribution rate may be changed from year to year, adjusted to reflect special funding needs and/or financial market conditions.

To meet the annual distribution, the Foundation may utilize interest, dividends and capital appreciation. Where prudent and consistent with the Foundation's bylaws, trust documents, and fund agreements, the Foundation may use a portion of the principal (historic value) of certain funds as part of the annual distribution or to fund special projects as determined by the Board or as designated by the donor of such funds. This distribution strategy reflects the total return approach to investing and disbursing funds to reach our goals listed above.

To achieve these goals, over a multiple year period, the trustees will distribute no more than 5% of a 12-quarter average of the market values of the Foundation's assets as of September 30 of the prior year.

In some cases, the Foundation may approve an initial distribution from a fully funded fund, where an available balance over and above the current distribution rate is agreed to when the fund is established.

Revisions:
This policy was updated on April 4, 2011 with a new logo.
This policy was approved on 10/25/12 with the addition of the donor advised and non-donor advised clarification

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Donor Advised Fund Distributions

Granting from fully endowed funds can occur once the fund exceeds the minimum requirement of $25,000 which includes anticipated gifts, adjusted by appreciation and depreciation for a fully funded donor advised fund. Once the fund is fully funded, advisors may recommend grants provided the distribution never grants from principal (gifts to the fund). The principal becomes the minimum requirement.

Granting from quasi-endowed funds can exceed the annual recommended distribution, provided that the fund's market value does not fall below the minimum requirement of $25,000 which includes anticipated gifts, adjusted by appreciation and depreciation for a fully funded quasi-endowed donor advised fund.

The annual distribution policy percent is a recommended guideline for donor advised funds.

Non-Donor Advised Fund Distributions

Granting from fully endowed funds can occur once the fund exceeds the minimum requirement of $10,000 which includes anticipated gifts, adjusted by appreciation and deprecation for a fully funded non-donor advised fund. Once the fund is fully funded, grants will be distributed from the fund providing the distribution never grants from principal (gifts to the fund). The principal becomes the minimum requirement. If the fund's market value falls below the minimum requirement of a $10,000 fully funded fund which includes the anticipated gifts, adjusted by appreciation and depreciation for a fully funded quasi-endowed non-donor advised fund, the fund will cease granting until the minimum requirement of $10,000 is reached in the market value of the fund ending 9/30 each year.

Granting from quasi-endowed non-donor advised funds, can occur if the 9/30 market value exceeds the minimum requirement of $10,000 for a quasi-endowed non-donor advised fund.

Non-donor advised funds follow the Foundation's Distribution Policy as stated.

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