

## **POISE Foundation**

### **SPENDING POLICY UPDATE – 2016**

#### **Calculation of Available Balance**

**The purpose of this policy update is to dictate how the Foundation determines the amount of income that will be available for grants during a given grant year, and addresses Distribution Component Accounts.**

As of 2016, POISE has elected to be governed by Section 5548 of Title 15 of the Statutes of Pennsylvania. This section describes a Total Return Policy. In accordance with Title 15, the calculation of the endowed fund available balance will be based upon an average year-end fund balance over a period of three preceding years. If the fund has been held for less than three years, the average shall be determined over the period during which the fund has been established. The intent of this policy is to provide for a more consistent grant amount which averages out significant increases or decreases in the value of the investments at a given date.

Spending will not be allowed from a Fund until the Endowed Component reaches a minimum balance of \$5,000. To meet the charitable giving goals of its Donors, the Foundation also permits establishment of Distribution Component Accounts. If established in conjunction with an Endowed Component, a Distribution Component may not be established until the Endowed Component of the Fund reaches a minimum \$5,000 balance. Funds established prior to January 1, 2016 that do not meet these criteria will be allowed to spend down the Distribution Component of the Fund. However, new donations to the Distribution Component will not be allowed until the Endowed Component reaches the minimum balance requirements.

For the fiscal current fiscal year, the Foundation has placed a limit of 5% of the average year-end fund balance on the Endowed Component. 100% of donations in the Distribution Component are available for spending.

For example, Fund A had the following year end Endowed Component balances:

December 31, 2013	December 31, 2014	December 31, 2015
\$10,100	\$12,500	\$15,000

The available balance for 2016 would be \$627 ( $\$37,600/3\text{years} \times 5\%$ ). Any funds available in the Distribution Component would also be available for spending.

If the fund had the following year end Endowed Component balances:

December 31, 2013	December 31, 2014	December 31, 2015
\$0	\$12,500	\$15,000

The available balance for 2016 would be \$688 ( $\$27,500/2\text{years} \times 5\%$ ). Any funds available in the Distribution Component would also be available for spending.