



Spending Policy

1. **Purpose.** Midlands Community Foundation, a Nebraska nonprofit corporation (“MCF”), hereby establishes this Spending Policy (“Policy”) for the purpose of determining the amount of endowment funds that may be distributed for charitable purposes and used to pay fees and expenses to MCF in exchange for its administrative services.

2. **Objectives.** This Policy has the following financial objectives: (i) establish a spending policy based on a “total return” approach (*i.e.*, allowing capital appreciation and income to be withdrawn for spending, while protecting principal), (ii) maintain the purchasing power of the long-term investment pool, (iii) apply a smoothing rule to mitigate the effects of short-term market volatility on spending, and (iv) maintain a steady support ratio.

3. **Amount/Rate.**

a. **Spending Amount.** Except as provided below, the maximum amount that may be utilized for grants or disbursements from any endowment fund administered by MCF in any given year (based on MCF’s fiscal year) shall be equal to the then-current spending rate multiplied by the twelve (12) quarter average of the fair market value of such endowment fund as of June 30 each year (the “Maximum Amount”).

b. **Current Spending Rate.** As of June 30, 2024, the maximum spending rate for endowment funds shall equal no more than 4.5% per annum (the “Spending Rate”).

c. **Annual Review of Rate.** The Spending Rate shall be reviewed and set periodically by the Board of Directors of MCF. In setting the Spending Rate, MCF shall take into consideration general economic conditions, the possible effects of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of MCF, and the investment policy of MCF.

d. **New Funds.** A contribution of not less than \$10,000.00 is the minimum amount required to create an endowment fund with MCF. For funds which have been administered by MCF for less than twelve (12) quarters, the Spending Rate shall be applied to the average fair market value over the number of completed calendar quarters the fund has been invested with MCF for purposes of determining the Maximum Amount; provided, however, no distributions or grants shall be made from an endowment fund (other than to pay fees and expenses) until such fund has been in existence for at least four (4) complete quarters.

4. **Use of Funds.** MCF may distribute from an endowment fund, annually or more often at the discretion of MCF, an amount not to exceed the Maximum Amount as deemed necessary or appropriate by MCF for carrying out the purposes of such fund. Distributions from such fund shall be applied first to cover applicable fees and expenses, with the balance available for grant making and distributions in accordance with the applicable fund agreement. To the extent the Maximum Amount is insufficient to cover applicable fees and expenses for a given year, MCF may pay such fees and expenses utilizing principal of the applicable fund.

5. **Unspent Funds.** To the extent MCF does not allocate or distribute an amount equal to the Maximum Amount in a given year, such funds will be available for expenditure in the following fiscal years, unless a written request is provided by the party who established such fund that the unspent amount be added to the principal of the fund.

Certification

The undersigned, as duly elected and acting Treasurer of Midlands Community Foundation, hereby certifies that this Policy was duly adopted by the Board of Directors on June 30, 2024.



Spencer Kimball, Treasurer