

# Endowment Spending Policy



THE BAPTIST  
**Foundation**  
OF CALIFORNIA™

The objective of the policy is to:

- Provide a stable and predictable cash flow, and
- Balance the needs of current spending and asset growth to maintain purchasing power while seeking to preserve the endowment's historical dollar value.

Distributions for the endowment will be determined as follows:

- The Trust Administration Committee (TAC) is responsible for recommending a standard spending rate for all Baptist Foundation of California (BFC) owned endowments each year to the Investment Committee (IC) for final approval.
- The TAC may lower the spending rate for any endowment below the standard spending rate at any time in order to protect the historical dollar value. The TAC may increase the standard spending rate up to 100 basis points. Any increase above 100 basis points requires IC approval.
- BFC may communicate with any ministry which is the beneficiary of a BFC owned endowment to gather information which may be informative in establishing the appropriate spending rate for the endowments benefitting them. The spending rate ultimately established is at the sole discretion of the Foundation.
- The TAC should normally recommend a reduction or suspension of the spending rate of an endowment whose market value is below the historical dollar value. The TAC will seek to balance the on-going needs for distribution against the goal to maintain the historical dollar value.
- The distribution amount for the next calendar year from each endowment will be an amount equal to the average of the previous twenty (20) quarters' market values of the endowment multiplied by the applicable spending rate. For new endowments and existing endowments being originally subjected to this spending policy, the "previous twenty (20) quarters" will begin to accrue at the time the endowment is first subjected to this spending policy
- The IC shall annually review this Spending Policy and specifically address the issues of spending rates, historical dollar value, and preservation of purchasing power.

Verification of Use of Funds:

- Recognizing BFC's obligation to honor donors' restrictions, when any BFC owned endowment contains donor requested language specifying a restricted use of the funds, BFC may periodically request verification of the use of those funds from the charitable organization receiving the funds. If the benefiting organization is unable to verify the use of funds, BFC retains the right to withhold future distributions until such time that verification can be obtained.

This Endowment Spending Policy and any modification to it shall be approved by the Investment Committee of the Foundation's Board of Directors.