

Schedule A

Agency Fund Spending Strategy

Agency Funds are created by donors or organizations to benefit one agency. Based on spending strategy election the Fund may be subject to perpetual or temporary gift restrictions. Gifts to the fund may be made by the agency or any other third-party donor.

The Bartlesville Community Foundation (BCF) utilizes total return to calculate annual distributions. Funds are subject to Spend Rates set by the BCF Board of Directors as described in the Foundation's Spending Policy. When applicable, the Annual Distribution Calculation is as follows: *Distributions = 12 Quarter Average Balance x Spend Rate.*

Uniform Prudent Management of Institutional Funds Act ("UPMIFA") governs endowment spending and modification as well as investments. BCF Spending Policy complements the prudent nature of this Act for Agency Fund administration.

Investment Policy Statement (IPS): The BCF Board and Finance Committee are responsible for establishing the IPS between the BCF and the firm selected to manage the organization's investment portfolio.

Four Agency Fund Models: If no election is made, the Foundation will follow the spending strategy as described below as "Agency Fund". The BCF recommends the 60/40 investment pool for all four strategies, but other options may be available.

1. Permanent Agency Fund

Like a *Restricted Fund or Traditional Endowment*. In this strategy, assets may only be expended per the Distribution Calculation. Distributions may be requested once every 12 months. All gifts to the fund are permanently restricted. Emergency distributions may not be requested from this spending option.

2. Agency Fund (recommended)

Also referred to as *Quasi Endowment, Board Designated Endowments, Funds Functioning as Endowments*. In this strategy, assets may be expended per the Distribution Calculation. Distributions may be requested once every 12 months.

Agencies may request emergency distributions. To request an emergency distribution the Agency's board must appeal to the BCF board in writing to describe the nature of the emergency. If such an emergency distribution request is granted by the BCF board, the Agency may access any temporary or unrestricted balances of the fund. No permanently restricted dollars may be withdrawn.

Gifts to the fund may be made by the agency or any third-party donor. Donations to the fund by third-party donors are permanently restricted unless documentation from the donor is provided releasing the restriction. Donations to the fund by the Agency are temporarily restricted. The Agency may request gifts by the Agency to be restricted and may release that restriction with board approval.

3. Term Agency

May be similar to “Permanent Agency Fund” or “Agency Fund” as described above; however, the principal balance of this fund can be expended after a period or a certain event in accordance to the Terms established at the time the fund is created. Documentation of the terms must be provided to and on record with the Bartlesville Community Foundation. Following the Term, the fund may become any of the other Agency Fund spending strategies. **Agencies may not use the term “endowment” in the naming of a fund in this spending strategy.**

4. Reserve Fund:

This fund type is not subject to spending restrictions, terms or spend rate. Organizations who select this spending strategy may request distributions from this fund no more than once every 12 months. The BCF recommends the Agency establish a spending policy to guide decision making for the spending of this fund. **Agencies may not use the term “endowment” in the naming of a fund in this spending strategy.**

Communication with Donors: The BCF will coordinate with agencies to communicate fund intent with donors. It is imperative that communication is consistent to ensure donor intent is followed and donors understand how their contributions may be managed and used by the agency.

Definitions

Distribution: the amount of the Fund approved for granting from the fund each year, as set forth by the BCF Spending Policy, currently set at 5% of the market value averaged over 12 quarters, ending the quarter prior to a distribution request by the agency.

Endowment: a fund that is created by donors or organizations requiring the restriction of the gift(s) in perpetuity with only a specified amount allocated for spending.

Fees: Administrative costs of a fund supporting the activities necessary to manage, invest, document and distribute. BCF fund fees are assessed and deducted from the fund on a quarterly basis. Fees are set forth in the Spending Policy.

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Investment Pool: a group of component funds – including Agency Funds – that are invested in a broadly diversified portfolio. In the case of our Agency funds, these are invested conservatively for long-term growth to provide for your organization and its causes well into the future.

Spend Rate: the rate at which the BCF calculates distributions from a fund.

Oklahoma Solicitation of Charitable Contributions Act: Revised in 2011, this requires that all nonprofits soliciting charitable donations, regardless of revenue, must register with the Oklahoma Secretary of State each year. Exempted from the registration are churches, schools and universities and some member-based organizations.

Variance Power: An important distinguishing feature of a community foundation is the “variance power” found in the Treasury Regulations at Section 2.270A-9(f)(II)(v)(B). The variance power gives a community foundation greater flexibility to adapt to the changing charitable needs of the community. More specifically, the variance power gives a community foundation the unilateral power to change the charitable purpose of a fund if circumstances have sufficiently changed to make the original restriction inappropriate – most notably when an organization folds its operations.