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Since the Bartlesville Community Foundation (BCF) is not a private foundation, it is not required by law to distribute a percentage of its assets each year. This spending policy describes the responsible management and sustainability practices of the BCF's many component fund types. Additionally, to cover the costs associated with managing and operating its programs and service, the BCF charges administrative fees. This policy also sets forth the structure for such fees.

I. PURPOSE OF A SPENDING POLICY

This policy utilizes total return investment to select a spend rate (usually between 3%-6%) to calculate an annual available distribution from the BCF operating fund (D.C. & Ruth C. Smith Fund) and all component fund types. This policy details the minimum spend, minimum balance and fee structures for each fund type hosted at the Bartlesville Community Foundation (BCF/Foundation). This policy may be reviewed by the Finance Committee from time-to-time and proposed changes brought to the board for discussion/vote.

II. WHAT IS TOTAL RETURN?

Total return is the combination of income, dividends, and principal change due to market fluctuation. The portfolio allocation and spending policy should complement the BCF's existing Investment Policy Statement.

III. SPENDING POLICY AND FEE STRUCTURE BY FUND TYPE

A. General Operating Fund

The Bartlesville Community Foundation's operating fund named "Ruth C. and D.C. Smith Fund" follows the Agency Fund strategy. The BCF's treasurer and staff calculate annual distributions using the Distribution Calculation.

An annual Distribution amount is calculated during the Foundation's budget planning. The Distribution may be collected in July to be held in the high yield money market reserve account.

Special or Emergency spending requests may be considered but must be approved by the Foundation's board.

- **Administrative Fee:** The BCF may charge the General Operating Fund a 1% administrative fee.

B. Agency Funds

Agency Funds are component funds usually created by the agency and intended to benefit that agency. The agency may choose from four spending strategies that describe the intent of the fund at the time the fund is established. The four strategies are listed below and are described in the Agency Fund Agreement Schedule A, Spending Strategy.

- Permanent Agency Fund
- Agency Fund
- Term Agency
- Reserve Fund

C. Affiliate Funds

Affiliate Funds at the Bartlesville Community Foundation may be a combination of invested and non-invested funds in endowment, non-endowed, and/or fiscal sponsor-like structure.

- **Affiliate Advisory Boards/Committees** may draft their own spending guidelines for Affiliate Agency Endowment Funds to be reviewed and approved by the BCF board. However, the BCF recommends the guidelines as listed in this policy.
- **Sub-component Funds:** Affiliate is encouraged to recruit component funds (sub-component of the BCF) and will align with the fee structure and spending expectations of this policy. Fees assessed to a sub-component fund shall be split 50/50 between BCF and affiliate.

D. Donor Advised Funds

Donor Advised Funds (DAFs) are established by a donor and used to achieve the donor's philanthropic goals. If no grants are written from the fund after a three-year timeframe, the BCF may contact the fund holder/advisor(s) to encourage use of the fund and discuss the funds' intent. If no contact can be made between the BCF and the fund holder/advisor(s) after every possible communication attempt by the BCF, the Foundation board may vote to absorb the balance of the fund into the BCF's general fund.

E. Scholarship Funds

Scholarship Funds are established to support educational advancement. Criteria for scholarships awarded from these funds are outlined in the fund agreement. Scholarship

funds may be “permanent” or “rate” based. Permanent scholarships are established with a minimum of \$10,000 and distribute awards based on the Distribution Calculation. Annual spending from this fund is 5% of the average 12 quarter balance unless otherwise described in the fund agreement.

F. Designated Funds

Designated Funds are created by an organization or individual(s) to benefit a specifically defined charitable purpose **in perpetuity**. Details regarding the designation are outlined in the fund agreement. Annual spending from this fund is 5% of the fund’s average 12 quarter balance unless otherwise described in the fund agreement.

G. Fiscal Sponsor

Fiscal Sponsor funds are created to benefit a charitable project or initiative where the Bartlesville Community Foundation allows the charitable project or initiative to use its tax-exempt status. This is a fund that functions like the project or initiatives operating account and should adhere to the expectations of the Fiscal Sponsor Policy.

H. Field of Interest Funds

Field of Interest Funds are created by a group or individual(s) to benefit a specific charitable purpose **in perpetuity**. Field of Interest Funds can be invested or non-invested and generally require a formal grant application and grant awards process. Details regarding the beneficiary of field of interest grants (youth, elderly, arts, etc.) are outlined in the fund agreement. Annual spending from this fund is 5% of the fund’s average 12 quarter balance unless otherwise described in the fund agreement.

Spending Policy Detailed by Fund Type

Fund Type	Annual Fee	Minimum Annual BCF Administrative Fee	Invested? *	Annual Spend Limit **	Minimum Opening Deposit	Minimum Balance to Stay Open
Agency Restricted Funds	1%	\$100	Yes/No	5%	\$5,000	\$200
Agency Unrestricted Funds	1%	\$100	Yes/No	n/a	\$5,000	\$200
Affiliate Funds	1%	\$100	Yes/No	n/a	\$2,000	\$200
Invested Donor Advised Funds	1%	\$100	Yes	n/a	\$2,000	\$200
Non-Invested Donor Advised Fund	2%	\$150 Plus \$250 start-up fee	No	n/a	\$2,000	\$200
Scholarship Funds	1%	\$250	Yes/No	5%	\$5,000 **	\$500
Designated Funds	1%	\$100	Yes/No	5%	\$5,000 **	\$200
Fiscal Sponsor Funds	4% on all income & \$2 per transaction over 50 transactions ***	\$200	No	n/a	\$1,000	\$300
Field of Interest Funds	1%	\$100	Yes/No	5%	\$5,000	\$200

- a. All 1% funds (everything except fiscal sponsors and Non-Invested Donor Advised)
- i. Charged 1% annually on the first \$1,000,000 and .5% on balances \$1,000,001 and up.

* See above pages for more detail. All funds that have elected to be in an investment pool are charged an investment fee from the financial institution in addition to the BCF administrative fee. Minimum balance for a fund to stay invested is \$2,000.

** May vary based on fund agreement and donor intent

*** Updates to Fiscal sponsors as listed below. Approved by the BCF Board of Directors June 2023.

Proposed Fiscal Sponsor Fund Fee Schedule

Fee	Income by Quarter	
4%	\$0-\$250,000	
2%	\$250,001 - \$500,000	Plus \$2 per transaction over 50 transactions
1%	\$500,001 - \$1,000,000	
0.50%	\$1,000,001 - \$5,000,000	
0.25%	\$5,000,001 or greater	

**Fee is calculated based on income and activity per
quarter.**

**Transaction is defined as any single item in our out of the
fund.**

IV. CALCULATING ADMINISTRATIVE FEES

Administrative fees are fund specific. Fees are calculated and charged quarterly. The fund may elect to pay administrative fees by invoice upon approval by Foundation staff. Funds may be assessed fees by percent balance or percent income.

- Percent balance is calculated as ¼ of the annual fee charged using the quarter end balance
- Percent income fees (fiscal sponsors) are calculated as a percent of the deposits in that quarter plus any applicable transaction fees.

V. CALCULATING ANNUAL DRAWS BY PERCENT

The annual draw for an endowed fund is calculated by averaging the last 12 quarter (3 year) balances and subtracting any restricted contributions. If 12 quarters of balance history is not available, the existing history will be used. 5% of this value is the qualified amount that may be withdrawn. Taking a withdrawal is not required annually and may be done less frequently than once every 12 months, but not more.

Except for Restricted Agency Funds, the 5% annual withdrawal limit may be split and be taken in fractions throughout the year. For example: a Scholarship Fund may pay ½ of its annual spend in August and ½ in January to accommodate the collegiate semester schedule.

Restricted Agency Funds are only permitted one draw every 12-month period, even if that draw is not the full 5%.

VI. MINIMUM TO STAY INVESTED

The minimum balance for a fund that elects to be invested is \$2,000. If the balance drops below that minimum, it may be pulled from the BCF's investment account. The fund may be returned to the investment pool if the balance is raised to exceed \$2,000. Invested funds may drop below \$2,000 no more than twice in one 12-month period before it is permanently pulled from the investment pool and managed from another BCF account where it will not be eligible to capture interest/earnings.

VII. CREATION OF A FUND

Upon establishment of any fund, donor(s) irrevocably transfer property that follows the guidelines of the BCF's gift acceptance policy. The Foundation has the right to reject any gift. The Foundation may receive additional irrevocable gifts of property acceptable to the Foundation to the funds at any time from a donor or any other source. All contributions to a fund shall be administered pursuant to the terms and conditions of the fund agreement and shall be held by the Foundation. All transfers and contributions to a fund at the Foundation shall be irrevocable once accepted by the Foundation.

VIII. PURPOSE OF A FUND

The purpose of a Fund is to support organizations that engage in charitable activities which are consistent with the charitable purposes of the Foundation. Generally, grants may be made to:

- Organizations described in Section 170(b)(1)(A) (other than certain supporting organizations);
- Organizations not described in Section 170(b)(1)(A) if expenditure responsibility is exercised;
- The Foundation; and/or
- Other funds affiliated with and controlled by the Foundation.

IX. VARIANCE POWER

The BCF Board holds variance power over all gifts made to any fund at the Foundation. All gifts shall be owned by the BCF and reported by the BCF as defined by law. The Foundation does not

currently permit the use of its banking or investment accounts to funds that may be owned by another charitable entity.

X. MEMORIAL FUNDS

Donations in memory of an individual following their passing may be accepted by the BCF and earmarked to establish a component fund as soon as possible following the death of the honoree. If minimum requirements are not met to open a component fund, the memorial donations may be added to an existing fund at the Foundation or be used to make a qualifying one-time grant.

XI. REQUESTING A GRANT/SPENDING AUTHORITY:

Grant requests shall be made in writing, via e-mail, or through the fund advisor portal account by an authorized fund advisor/holder to the BCF office for processing in accordance with the BCF's internal grant processing procedures and Grantmaking Due Diligence Policy. If additional information is necessary to fulfill the request, the BCF will contact the fund advisor for supporting documents. Minimum grant request is \$10.

XII. INVESTMENT ELECTION AND MANAGEMENT FEE

Funds may choose to be invested. If fundholders elect to be included in a BCF investment option an investment management fee is charged. The investment management fee is determined by the financial institution managing the BCF's investments in addition to any BCF administrative fees. The financial institution that manages the BCF's investments is selected through the completion of an RFP process and guided by an Investment Policy Statement. This fee may change based on the fee structure established by the investment institution.

Component funds intended as pass-through or spent annually are not eligible to be invested in any pooled option. The balance will remain in the BCF's operating money market account until it is spent down per the fund agreement, or the fund is converted from annual (temporary) to perpetual (permanent).

XIII. FUND STATEMENTS

Funds with a balance in an investment solution will be provided quarterly statements that disclose fund activity. Statements may be obtained electronically through e-mail or the donor portal, or via mail.