

## NORWALK COMMUNITY COLLEGE FOUNDATION, INC.

### Spending Policy

The Norwalk Community College Foundation (NCCF) adopts a spending policy to preserve and build the funds entrusted to NCCF on a total return basis and to maintain grant levels to NCC and its students in periods of “down markets.”

- NCCF’s spending policy is based on a total return basis. This enables NCCF to invest for the highest possible long-term return, regardless of the source of return (i.e., whether interest, dividends, or capital gains, whether realized or unrealized). This is consistent with NCCF’s investment policy. This definition applies to existing Foundation Fund agreements that refer to “income” or “net income.”
- This policy applies to all permanent Funds from which grants are recommended by the NCCF Scholarship Committee and requests by the College for College Advancement funds. At the time a Fund is established, staff reviews with the donor the benefits of adhering to the spending policy.
- The spending rate is reviewed annually by the NCCF Finance Committee and a recommendation is presented to the Board for approval in November
- The spending rate is applied to average fund balances for 5 years to determine spending levels for the next year. At the time a Fund is established, staff discusses with the donor the options for grant making during the first 5 years of the Fund.
- The spending rate for Fiscal Year 2023-2024 is 5.00%. This includes an administrative fee of 1%. This recommendation was based on a careful consideration of the factors listed in §45a- 535c of the Conn. Gen Statutes (“CUPMIFA”) and include such factors as preservation of the Fund, general economic conditions, inflation or deflation and the expected total return from income and the appreciation of investments.
- The intent of the policy is to set a maximum amount available for spending for each covered Fund, but not to mandate that such an amount be spent.
- In abiding by the terms of CUPMIFA, the Foundation may consider it prudent to spend below the principal base of the Fund when necessary. In 2003 and 2009, the Foundation spent down to 85% of the principal base of selected funds.

Approved by the Finance Committee on 12/12/2022.

Approved by the Board of Directors on 1/25/2023.