

## Endowment Distribution Policy

The current policy of Innovia Foundation (“Innovia”) is that the management of endowment funds is governed by the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)* and Innovia’s Spending Policy. UPMIFA and Innovia’s Spending Policy are designed to protect the long-term viability of endowments by addressing the distribution of assets, investment authority, delegation of investment management, standards of conduct and release of restrictions on the use of the endowment or investments.

### Eligibility to Make a Distribution

***Unless otherwise specified in the fund agreement***, endowed funds must be in existence a full fiscal year (as of June 30) to be eligible to make a distribution (i.e., to award a grant) for charitable purposes in the next fiscal year. A donor may request in writing that a particular gift be credited to the distributable portion of an endowed fund to be available immediately in the upcoming fiscal year.

### Grants and Distributions

Innovia determines the distributable amount from an endowed fund as follows:

1. Determines the fund’s **net historical value** as of **March 31**. The net historical value is the total of all the gifts made to the fund.
2. Determines the fund’s **fair market value** as of **March 31**. The fair market value is the total of all gifts to the fund plus all earnings minus all distributions and fees.
3. Calculates the fund’s **average market value** based on a **13-quarter rolling average** (the last 13 quarters ending with March 31):
  - If the fund’s fair market value as of March 31 **equals or exceeds** the fund’s historical value, Innovia multiplies the fund’s average market value by **4%** to determine the **amount available to spend** for charitable distributions from the fund for the following fiscal year.
  - If the fund’s fair market value as of March 31 is **less than** the net historical value, in order to prevent erosion of the fund’s principal and allow the fund to recover more quickly in a down market, Innovia multiplies the fund’s average market value by **2%** to determine the **amount available to spend** for charitable distributions from the fund for the following fiscal year.

For example, if the initial gift was \$75,000 and subsequent gifts totaled \$45,000, the fund’s net historical value would be \$120,000. *Investment returns earned by the fund do not count* as part of its historical value; however, as part of the fund balance, they **do** count when calculating the distributable amount available for grants.

The above distribution policy is designed considering the long-term preservation of the fund’s principal while allowing for the awarding of grants with the care of a prudent person under similar circumstances. This method allows for a more stable distributable amount from year to year, regardless of fluctuations of the fund’s current investment returns.

### Donor Intent

UPMIFA and Innovia’s Spending Policy permit a donor to establish a unique distribution schedule in a fund agreement which varies from the one stated above. For further information, contact the Innovia Gift Planning Team at [giftplanning@innovia.org](mailto:giftplanning@innovia.org) or 509-624-2606.