

# THOMPSON COMMUNITY FOUNDATION

## Disbursement Policy

**As Amended: May 2020**

### ***Policy Intention:***

The Mission Statement of the Thompson Community Foundation (the "Foundation") states that the Foundation will create a growing investment pool of capital resources and use the revenues earned by the capital pool to benefit the community of Thompson.

In order to meet the requirements of its Mission Statement and the legal requirements affecting foundations (including the Income Tax Act, as amended), the Foundation is establishing criteria for the disbursement of monies from its endowed funds to assist the Board of Directors in making disbursement decisions.

### ***Policy Statement:***

In each year, the Board shall establish the level of Foundation disbursements from its endowed funds for that year for grants, management fee and capital preservation.

In making such determination, the Board shall be governed by the following priorities (in the following order):

1. ensure there is no encroachment on the original capital of any Fund;
2. provide grants to ensure compliance with the disbursement requirements of the Income Tax Act, as amended;
3. provide operating funds to the Foundation through the payment of a management fee; and
4. preserve the capital base of all funds to offset the effect of inflation in prior years.

Notwithstanding the foregoing, if an Agency or Donor agreement provides for encroachment of capital or does not require the capital base of the fund to be preserved against the effects of inflation, the Board shall consider the specific terms of these agreements when determining the disbursement requirements. As a result of the specific terms of these agreements, different funds may be treated differently with respect to the above priorities.

The Board shall also consider the following:

- (a) any other relevant terms of Agency or Donor agreements;

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- (b) the income generated from the Endowed Funds (Community and Youth Endowment Funds and Agency and Donor Funds);
- (c) the availability of flow through funds to meet the disbursement quota as required by the Income Tax Act, as amended.
- (d) recent capital market trends which result in rates of return on the investment portfolio that is substantially above or below its anticipated long-run average rate of return;
- (e) any significant impact current disbursements will have on the Foundation's ability to make grants in future years; and
- (f) the carry over provisions provided in the Income Tax Act, as amended, with respect to disbursements in excess of the disbursement quota in any given year.

### ***Administration***

The Board will have the flexibility to disburse more or less than 3.5% (or such other amount as is required by the Income Tax Act, as amended) in any year depending on investment results. The Board will ensure that the average disbursement over any 24 month period will be at least 3.5%, or such other amount as is required by the Income Tax Act, as amended.

The Board may at any point, by resolution, determine that there will be insufficient investment income in future years to fully preserve the capital base of any or all funds against the effects of inflation in prior years. In these circumstances, the Board can stipulate that for the years specified by the Board that there would be no addition to the capital of specified funds<sup>1</sup> to offset the effects of inflation.

Approved by a motion by the Board Of Directors of the Thompson Community Foundation

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<sup>1</sup> For example, inflation has been 2% for Years 1 to 5 inclusive, and investment results have been 6% for those same years. As a result for years 1 to 5 the Foundation has been unable to add any amount to the capital funds for inflation protection. The expected return in the next few years is also expected to be 6%. The Board can determine that there is no reasonable prospect for accumulating funds for inflation protection for Years 1, 2, 3 and 4 and that as a result, there will be no inflation protection for the specified years. If investment results improve in the future, funds may be added for inflation protection for Year 5.

# THOMPSON COMMUNITY FOUNDATION

Date: December 15, 2020

President: J. Pelk

Vice President: T. Krawetz

Vice President: S. Thethy