



Spending Policy

Introduction

The Zonta Foundation for Women (Foundation) maintains three investment accounts (the Accounts) to carry out the charitable service purposes of Zonta International. The Accounts consist of a long-term account (Long-Term Investment Account) and two endowment accounts (Endowments).

The Accounts may make distributions each year, subject to donor intent, to effectuate the purposes of the Foundation.

Spending Policy

The purpose of the Spending Policy is to guide the foundation board and Finance Committee in determining the appropriate level of spending from the Accounts consistent with their objectives. With respect to the Endowments, gift principal, understood to be the initial total value of all gifts placed in the Endowments, shall not be expended.

Long-Term Investment Account

The Long-Term Investment Account will maintain a spending rate of 4%. The average value will be calculated based on the quarter-end market value of the Long-Term Investment Account.

Endowments

Distributions from the Endowments will not commence prior to achieving a minimum value of 120% of the gift principal.

Each endowment will maintain a spending rate of 3%-5%. The average account values will be calculated based on cash held and market value of the endowment investment accounts.

Available Distributions

The Zonta Foundation for Women treasurer will calculate the annual available distributions during the last quarter of the first, odd year of each fiscal biennium that will apply for the subsequent biennium. For example, annual distributions for the 2022-2024 Biennium will be calculated during 2021.

The treasurer will apply the approved spending rates to the average Account values.

- The average Account values will be calculated as the average quarter-end value of the trailing 16 quarters ending each 31 August, 30 November, 28 February and 31 May.
- The spending rate for each Account is set forth above and shall be reviewed each biennium by the Finance Committee and adjusted as according to the needs of the Foundation and the current market climate.

The calculations will establish the annual amounts that are available to distribute in each year of the subsequent biennium. The resulting dollar amounts can be reinvested and/or distributed in a lump sum at the beginning of the year, in installments throughout the fiscal year or on an ad hoc basis throughout the fiscal year.

Before determining distributions, the Finance Committee will act both in keeping with the intent of the donors and the best interest of the Foundation in mind, i.e., to ensure purchasing value of the Accounts endures while allowing some amounts of income and appreciation be spent, and will consider the following:

- The duration and preservation of the Accounts.
- The purposes of the Accounts.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- Potential circumstance that may arise due to variation in (increase or decrease in) the Foundation's needs.
- The Foundation's investment policy.

The Finance Committee will consider the above factors and available distribution amounts and recommend reinvestment and/or distributions to the board for each account. The board will be responsible to make the final determination.

Example

The average account value, in millions equals the average of the prior 16 quarter-end market values.

Year 1		Year 2		Year 3		Year 4	
31-08	US\$9.0	31-08	US\$9.5	31-08	US\$9.9	31-08	US\$10.5
30-11	US\$9.1	30-11	US\$9.6	30-11	US\$10.0	30-11	US\$10.6
28-02	US\$9.2	28-02	US\$9.7	28-02	US\$10.2	28-02	US\$10.7
31-05	US\$9.3	31-05	US\$9.8	31-05	US\$10.3	31-05	US\$10.8

Average Account Value = US\$9.9

The spending rate is applied to the average account value to calculate the annual distribution.

Annual Distribution = Average Account Value x Spending Rate

= US\$9.9m x 4%

= US\$395,800

The distribution will apply to each year of the biennium, i.e., US\$395,800 in the first year ("odd year") and US\$395,800 in the second year.

Review of Policy

This policy will be reviewed once per biennium, at minimum, by the Finance Committee, to ensure that earnings and accumulated appreciation are adequate to sustain the distribution. The board may adjust the spending rate percentage as it deems appropriate to fulfill the Foundation's objectives. Changes to the policy will be recommended by the Finance Committee for approval by the board.

Document Control

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Most recent review by the Foundation Risk Manager	Date: August 2021
Amended policy adopted by the Board	Date:
Convention 2022 update	Date: June 2022
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Committee responsible	Zonta Foundation for Women Finance Committee
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