



CENTENNIAL LEGACY ENDOWMENT FUND

July 2021

SPENDING POLICY AND GUIDELINES

Purpose

The Centennial Legacy Endowment Fund (“the Fund”) has been established to provide future generations with scholarships and program support for education and retreats at the Center for Spiritual Living Seattle (“the Center”). The Center will endeavor to ensure, to the degree reasonably possible, that the endowment funds with which it is entrusted keep pace with inflation so that the original purpose of the endowment fund can be maintained in perpetuity. Toward that end, the Center has adopted the following spending policy for the Fund, which will apply to all endowed funds unless a particular donor has otherwise stipulated spending restrictions.

In adopting this policy, the Endowment seeks an appropriate balance among four goals:

- Safeguard the fund(s) for future generations
- Enable the maximum amount of spending that can be maintained over the long term, while continuing to grow the fund for future generations.
- Ensure that Fund income is as stable and enduring as possible.
- Ensure that the stated wishes of donors are honored.

Spending Objectives

The Fund will employ a rolling multiperiod average spending policy. This is where spending is equal to the designated spending rate multiplied by an average of the market values of previous periods. This method reduces the volatility of calculated distributions from year to year.

A. Generational Neutrality

The Fund is considered to be permanent, and its benefit to future generations should be equal to or greater than its benefit to the current generation. The key is that the amount distributed to the Center annually should remain as close to constant as possible, when measured over time on an inflation-adjusted (“real”)

return basis. Investments and spending are to be coordinated in a manner so that the Fund’s income will maintain its real purchasing power into the future.

B. Maximum Sustainable Spending



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Income from an endowment is to be spent, not hoarded. Until income is spent, it achieves nothing to undertake the great commission given to us by our higher power. It is the Center's policy to use the earnings of the Fund, on generation-neutral basis, to help meet the needs of the Center and fulfill its mission.

C. Minimize Volatility of Amount Available for Spending

Because many of the needs and uses of the (fund's) income are recurring, or ongoing in nature, the Fund's asset management policies and spending strategy are structured in a way that attempts to minimize the year-to-year volatility of the amount available for spending.

D. Donor-Imposed Restrictions

The Finance Committee, or a subcommittee convened by the Finance Committee, will make management and spending recommendations to the Board of Trustees for the benefit of the Fund; the Board and Finance Committee exercises those duties in a special position of trust and responsibility, both to the beneficiaries and to the donors. All donations to the Center designated to be invested in the Centennial Legacy Endowment Fund ("the Fund") will be invested according to the Investment Policy as managed by the Science of Mind Foundation (SoMF), or the current fund manager at the time. Distributions from the Fund to the Center will be directed and used as designated in the Centennial Legacy Endowment Fund Spending Policy. The Spiritual Director of the Center will determine the specific scholarship allocations of the distribution received each year.

Spending Strategy

A. Total Return

In making distributions, the Endowment is authorized to use both the Net Income and Net Capital Appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in excess of the fund's Historic Dollar Value (i.e. corpus). The Historic Dollar Value shall be determined in accordance with the Uniform Prudent Management of Institutional Funds Act, which defines Historic Dollar Value as "the aggregate fair value in dollars of an endowment at the time it became an endowment, each subsequent donation to the fund at the time it is made, and each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund." The market value for this purpose will be taken net of the fees for investment management.

B. The Fund will not make distributions to the Center for the first two years, to develop a 3-year rolling average to determine the distribution amount. In the third year of the fund the



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calculation will not be based on a full three years of earnings, but rather on the current and prior two years' September 30 balances. The annual calculation during each fiscal year shall be

4 percent of the average total market value of the endowment shown the current and the two prior September 30 statements, with the intent that distributions can only be made as long as they exceed the total amount of the corpus.

C. Honoring Donor-Imposed Restrictions

In future years, any unexpended funds from those available for distribution in a given year will be accrued and reinvested, and will continue to be considered available for distribution in subsequent years unless otherwise designated by action of the Investment Committee at the SoMF with the approval of the (governing board). Expenses related to the management and administration of the Fund will be deducted from the funds available for distribution.

In order to monitor ongoing adherence to donor-imposed restrictions, the (governing body) is to periodically review a report of endowment disbursements. This Policy recognizes that there may be cases where the Fund's designated restricted use becomes overfulfilled, or becomes inconsistent with the Center's needs or mission. In any one year where the calculated distribution is above the needed amount, the residual will be held over in the general fund and designated for education and retreat scholarships for the upcoming year.

In the event the 4% distribution amount over-fulfills the need for more than three successive years, the Finance Committee may evaluate the sustainability and intent of the fund and recommend to the Board of Trustees any additional needs within the Center's mission. The Board will assess the fund and those needs may receive funding after the original need has been met.

D. The Center's Finance Committee shall have the authority to make recommendations to the Board and the Executive committee over whether or not distributions are made. If it is determined that a distribution is not needed in a current fiscal year, the Board of Trustees may waive the distribution for the year.

E. Any exceptions or changes to this spending policy shall be made only upon the written approval of the Center's Board of Trustees.

This statement of spending policy is adopted by the Center for Spiritual Living Seattle Board of Trustees on July 28, 2021.