



FCD Spending Policy

Adopted November 12, 2025

The Board recognizes that the Foundation's spending is a strategic decision that should take into account a range of internal and external factors, including the Foundation's mission, strategic priorities, asset values, operational needs, and excess distribution carryovers, as well as community needs, external threats, and opportunities in the field.

The Board approves the annual **payout target** as part of its approval of the Foundation's budget. It generally seeks a payout between 5.5% and 6.5% of the mean of FCD's net assets, calculated using the 12-quarter trailing average of the Fair Market Value of FCD's investments as of September 30, with variation dependent on needs and opportunities in any particular year.

The Board may also approve **special distributions**, defined as an expenditure that is included in the IRS' definition of payout but that the Foundation treats as additional spending above its payout target. Special distributions should be strategic decisions made for one or more of the following reasons: 1) to respond to significant and unusual needs or opportunities in the field, such as pandemics or dramatic shifts in the policy environment (whether adverse or favorable); 2) to maintain a consistent level of grantmaking during periods of unusual market movements, or 3) to respond to significant operational needs. Special distributions may be approved for a multi-year period to provide predictability for Foundation and grantee planning. The Board may choose to make additional distributions even when a special distribution is currently in effect. Decisions about special distributions should be supported by an analysis of the implications for the Foundation's assets.

The payout level will be proposed to the Finance Committee as part of its annual budget approval process and must be adopted by the Board. Special distributions must also be approved by the Board.

This spending policy will be reviewed at least every 3 years by the Finance Committee with changes requiring approval by the full Board. Unless a new payout range is approved, the payout will reset to 5% of the mean of FCD's net assets at the end of the last three fiscal years.