

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

LIQUIDITY POLICY

(Adopted May 6, 2019)

The Harrison County Community Foundation (HCCF) defines general expenditures as all expenditures, with the exception of restricted expenditures (for example, pass-through grants or other restricted grants). General expenditures include regular grant payments, other program service expenses, management and general expenses, and fundraising expenses.

HCCF defines the following as liquid assets available for funding general expenditures:

- Cash, except for cash held related to endowment and non-permanent funds
- Accounts and pledges (current portion) receivable unrelated to endowment and non-endowment funds
- Amounts appropriated for expenditure prior to the current year-end under the community foundation's spending policy for the next year
- Annual distributions from split interest agreements or other sources

From a cash management perspective, cash related to endowment funds and non-permanent funds is held in cash accounts. These funds are held in cash accounts when received, and not invested in the investment portfolio, to allow better cash flow management. This practice permits HCCF to meet its liquidity needs without an ongoing impact on the investment portfolio. Current contributions are used to fund grants and other program expenses rather than making ongoing additions to and withdrawals from the investment portfolio.

The grant approval process includes evaluating a number of factors relative to the spending rate as applied to the fund balances in accordance with the spending policy. The board of directors approves the spending rate, and the related dollar amount of the funds becomes available for general expenditures.

In addition to liquid assets and assets appropriated for expenditure, administrative fees may be charged to funds to be used for general expenditures. The administrative fee percent charged to each fund varies by fund category according to the current fee schedule, which can be amended by the board of directors.

The investment portfolio, with the exception of the portion allocated for expenditure, is not available to support general expenditures. The spending policy governs the amounts to be expended from the investment portfolio. Investments are not designated as either short-term (which might suggest liquidity) or long-term. HCCF holds a large number of funds contributed by donors which constitute its investment portfolio. HCCF has determined these amounts are received with donor restrictions and intends to only utilize the investment portfolio within the confines of its spending policy.

HCCF structures its financial assets to be available as its awarded grants, program expenses, management and general expenses, fundraising expenses, liabilities, and other obligations become due. Cash in excess of daily requirements are invested in money market accounts and other short-term investments.