

California Community Foundation
Policy for Distributing All or Substantially All Liquid Assets From Funds
(“80/20 Payout Rule”)

Policy

This policy is intended to allow for market value fluctuations, expenses not yet allocated to funds, such as investment manager fees, investment income and other activity that affects a fund’s net assets.

When a donor requests a distribution of all or substantially all (greater than or equal to 80 percent) of a fund’s liquid assets, less outstanding commitments, the California Community Foundation (“Foundation”) will apply its 80/20 Payout Rule. Under the 80/20 Payout Rule, the Foundation will process two separate disbursements over a 2–6 week period. For funds with assets less than or equal to \$1,000, the Foundation will make one disbursement after the funds’ month-end balances can be determined as described below.

Why is the 80/20 Rule necessary?

As assets of each fund administered by the Foundation are commingled and invested in pools, a fund’s exit from a pool can occur only after investment results and other expenses are appropriately allocated. This is intended to provide results that are equitable to all pool participants.

Generally, the Foundation receives information from its investment managers for a given month during the second week of the succeeding month. Internal procedures to summarize and allocate the investment results to pool participants (each separate fund) are usually completed by the third week following the close of the previous month. Accordingly, a fund’s month-end balance for purposes of distributing all or substantially all of its net assets can be determined only after such procedures are completed. (See “Fund Balance Calculation on DonorConnect” below.)

How Will the 80/20 Rule Apply?

Up to 80 percent of a fund’s liquid assets, less outstanding commitments, is available for immediate distribution. The remaining 20 percent is available after recording the previous month’s investment results and other activity (fees, other expenses and outstanding grant commitments) that affect the fund’s actual net assets.

Fund Balance Calculation on DonorConnect

The Current Fund Balance available through our online service, DonorConnect, does not represent an actual fund balance for financial reporting purposes. Data available on DonorConnect is updated weekly by adding contributions to and subtracting grants paid from the latest actual month-end balance for a fund. The Foundation posts actual month-end balances online approximately twenty-five to thirty days after a month’s end (for example, February’s month-end balance will appear around March 28th). Contributions and grants activity are posted to DonorConnect every Monday and are reflected in the Current Fund Balance. However, activity other than contributions and grants occurring since the last actual posted month-end balance (e.g., net investment activity, management fees and other expenses) is not reflected in the Current Fund Balance.

The Current Fund Balance available online provides the approximate balance of your fund and should be used as a guide, not an exact figure. If you have a question about your Current Fund

Balance, please call our grants coordinators, donor services staff, or Controller at 213-413-4130 before completing your grant recommendations.