ROCK ISLAND-MILAN EDUCATION FOUNDATION
GENERAL FUND & SPENDING POLICY

I. The Rock Island-Milan Education Foundation (Foundation) shall establish a general fund to support the purposes of the organization, student awards, and teacher and classroom needs. The principal is to be invested in a prudent manner in accordance with the investment policy as prescribed from time to time by the board, and the income (total return) is to be used to support the organization's general purposes.

II. The general fund assets are designated for long-term investment and not intended for purposes other than organizational reserves. General Fund assets consist of the funds donated to the Foundation and held in trust. Some donations may be permanently restricted by the donor, while others will be board designated or unrestricted. Funds in the board-designated portion of the general fund may only be re-designated for other purposes by board action with a two-thirds vote.

III. The Foundation may allow the creation of named endowments to recognize a donor and his or her wishes, and the Board of Directors will set a minimum amount of gift requirement. In the case of a student scholarship, a separate fund agreement will outline the criteria.

IV. The general fund shall annually distribute an amount at least 5 percent of the unrestricted funds' average value as calculated on an annual basis, or another amount as determined by the Board of Directors. The distribution value is the average of the fair market value of the unrestricted fund as of the close of each of the preceding 12 calendar quarters. The unrestricted fund's market value shall be based upon all assets in the fund including principal and retained income (total return), adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter. The distributions shall be made in accordance with the allocation committee's recommendations and approved by the Board of Directors.

V. DISTRIBUTIONS

Distributions from the general fund, unrestricted funds, will be made from earnings and may be from principal if required and approved by a 2/3 vote of the board. Income (Return) from the investments minus bank charges may be transferred to the operating fund as required. The Board targets a withdrawal rate to fund the Foundation operating expenses and programs in addition to the scholarship accounts that have an established withdrawal rate. Additional distributions may be requested from time to time as circumstances dictate with approval from the finance committee and the Board. The withdrawal rate can be reduced if the asset value drops below 90% of the previous three-year average value.

VI. ADOPTION

These policies were accepted by resolution of the Rock Island-Milan Education Foundation's Board of Directors on July 22, 2022. The finance committee shall review the policy annually and recommend changes to be presented to the Board for consideration.