

**Spending Policy for Endowment Funds:
Designated, Organizational/Agency, Scholarship, Donor Advised, Multi-Purpose, and
Unrestricted and/or Field-of-Interest Community Endowments**

I. Investment Committee to Determine Target Payout Percentage.

The Investment Committee of the Cumberland Community Foundation, Inc. (the "Foundation") shall recommend annually the percentage of assets available to spend (the "Target Payout Percentage") from each designated endowment, each organizational endowment, each scholarship endowment, each advised endowment, and each special endowment (hereafter "Endowment Funds"). The Target Payout Percentage recommendation applicable for a given year shall be determined annually by the Investment Committee. Following this determination, the Investment Committee shall recommend the Target Payout Percentage for approval at the next meeting of the Board of Directors or Executive Committee.

II. Considerations in Determining Target Payout Percentage.

In determining the Target Payout Percentage for any given year the Investment Committee shall exercise the standard of care and prudence, and consider the relevant factors as set forth in applicable statutory law of the State of North Carolina, provided, however, that in determining the Target Payout Percentage for any donor-restricted Endowment Fund, the Investment Committee shall consider, if relevant, the following factors:

- a) The duration and preservation of the Endowment Fund and, as applicable, individual funds within the Endowment Fund;
- b) The purposes of the Foundation and the Endowment Fund and, as applicable, individual funds within the Endowment fund;
- c) General economic conditions;
- d) The possible effect of inflation or deflation;
- e) The expected total return from income and appreciation of investments;
- f) Other resources of the Foundation; and
- g) The Foundation's investment policy statement.

III. Applying Target Payout Percentages.

The actual dollar amount of the payout from each Endowment Fund covered by this policy during any given year shall be calculated during the first calendar quarter of each year by multiplying the Target Payout Percentage for the year times the average of the fair market value of the respective Endowment Fund on the last business day of each of the preceding twelve quarters, or if the fund has been established within the preceding twelve quarters, the average of the fair market value of the respective Endowment Fund on the last business day of each quarter of its existence. The Foundation shall determine the schedule for the payouts from all Endowment Funds.

IV. Overriding Limitation on Payout.

In all events, the actual payout (as described in Section III) from any Endowment Fund shall be modified to the extent necessary to avoid a violation of applicable statutory law of the State of North Carolina.

Policy unanimously approved by the Board of Directors on June 16, 2011.