North Georgia COMMUNITY FOUNDATION

FOR GOOD. FOR EVER.

INVESTMENT POLICY STATEMENT

Board approval: October 24, 2021

SCOPE & PURPOSE OF INVESTMENT POLICY

The purpose of this Investment Policy Statement (IPS) is to assist the North Georgia Community Foundation's (NGCF) Board of Directors (Board) in effectively supervising, monitoring and evaluating the investment of NGCF's assets. NGCF's investment program is described in the various sections of the IPS by:

- Stating the Board's attitudes, expectations, objectives and guidelines for the investment of all Foundation assets.

- Defining an investment structure for managing all NGCF's assets. This structure includes various asset classes, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.

- Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so that all Foundation assets are managed in accordance with the stated objectives.

- Encouraging effective communications between the Board, the NGCF Investment Committee and the Financial Advisors.

- Establishing formal criteria to monitor, evaluate and compare the performance results achieved by the Investment Managers on a regular basis.

- Complying with all applicable fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules, and regulations from various local, state, federal and international political entities that may impact NGCF's assets and in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

This IPS has been formulated based upon consideration of the financial implications of a wide range of policies and describes the prudent investment process that the Board deems appropriate.

DEFINITIONS

1. **Portfolio:** the investment assets of the North Georgia Community Foundation.

2. **Board:** the officers and members of the North Georgia Community Foundation Board of Directors.

3. **Committee:** the North Georgia Community Foundation Investment Committee.

4. **Investment Manager:** an individual, or group of individuals, employed to manage the investments of all or part of the North Georgia Community Foundation Portfolio. Also referred to as "Manager". (Ex. Capital Group / American Funds, Russell, Lord Abbett)

5. **Consultant:** an individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring. (Ex. Mercer Consulting)

6. **Financial Advisor ("FA"):** a professional who helps clients with topics related to their money and asset management matters. The Financial Advisors related to NGCF assist in effectively managing the assets of the NGCF.

7. **Separate Financial Advisor**: a Financial Advisor employed at the request of a donor to manage investments according to the Investment Policy Statement. This advisor is not utilizing the Balanced Pool portfolio managed by Capital Group/ American Funds. *To request a Separate Financial Advisor, a donor should contribute a minimum of $500,000 and be approved by the Investment Committee – see Appendix C.*

8. **Real Return:** the nominal return adjusted for inflation. The Consumer Price Index will be used to measure inflation.

9. **Net Return:** the return net of investment management fees.

10. **Fund(s)**: a charitable fund offered at the North Georgia Community Foundation.

DELEGATION OF AUTHORITY

1. **THE NORTH GEORGIA COMMUNITY FOUNDATION BOARD OF DIRECTORS:** The North Georgia Community Foundation Board of Directors serves as the governing body for NGCF. To support the daily management of NGCF's assets, the Board created the NGCF Investment Committee to monitor and make recommendations on behalf of NGCF in all matters pertaining to the NGCF portfolio. Changes to the Investment Policy require the approval of the Board.

2. **CONSULTANT:** The Investment Committee may contract with an independent consultant to assist in: establishing investment policy, objectives, and guidelines; selecting and monitoring Investment Managers; measuring and evaluating investment performance; and other tasks as deemed appropriate. (Ex. Mercer Consulting)

3. **INVESTMENT MANAGERS:** The Investment Managers are granted the discretion to purchase, sell, or hold specific individual securities in accordance with the guidelines herein. Each manager will be expected to adhere to the discipline for which they were originally hired. (Ex. Capital Group / American Funds)

4. **CUSTODIANS**: The Investment Committee may retain the services of a Custodian. The Portfolio Custodian would maintain possession of securities owned by NGCF, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of NGCF accounts. (Ex. Wells Fargo Advisors, Ameriprise, and Charles Schwab)

5. **ADDITIONAL SPECIALISTS**: The Investment Committee, at their discretion, may employ additional specialists (Examples include, but are not limited to, attorneys, auditors, actuaries, and other consultants) to assist in effectively managing the assets of the NGCF.

6. **FINANCIAL ADVISOR (FA)**: The Financial Advisor(s) will assist NGCF with the daily tasks needed to effectively manage the assets of the NGCF.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

MISSION AND VISION

The North Georgia Community Foundation helps people and nonprofits invest generously in the lives of those who call our community home.

As the primary vehicle for building and managing the community's permanent charitable resources, NGCF envisions a community with sufficient philanthropic resources that, when invested and utilized effectively, will produce an extraordinary quality of life.

The mission of NGCF will be accomplished through: (1) the acceptance of donations to establish a fund with the North Georgia Community Foundation; (2) the management and investment of these assets; and (3) the awarding of grants to charitable and community causes.

This Statement of Investment Policies and Objectives governs the investment management of the North Georgia Community Foundation's investment assets. It is anticipated that this statement will be effective until modified as conditions warrant by the Board of Directors. The Board, the Investment Committee, Consultants and Financial Advisors are expected to propose revisions in the guidelines at any time the existing guidelines would impede meeting the investment objectives. The policies and objectives apply to NGCF's investment assets in general.

FINANCIAL OBJECTIVES

The financial objectives for NGCF's investment assets are (1) to create income which will support the charitable purposes of The North Georgia Community Foundation, its donors and agency endowments: and (2) to preserve the purchasing power of the NGCF's assets.

INVESTMENT OBJECTIVES

The primary investment objective for the total Portfolio is to attain an average annual nominal return net of all investment fees of at least 5% over the long-term. It is recognized that the real return objective may be difficult to attain in every five-year period but should be attainable over a series of five-year periods.

SPENDING POLICY

Spending from NGCF's investments will be defined periodically based on the nature of its various charitable assets. Funds held at NGCF are subject to its Inactive Funds Policy.

To preserve purchasing power, long-term average spending from an NGCF fund should not exceed the expected long-term real total return. As a general principal, annual spending should be in the range of 5% of each Fund's balance. It is recognized that NGCF offers a variety of fund types to assist Fundholders in achieving their charitable goals; likewise, certain Funds may vary from the spending recommendations set forth herein.

INVESTMENT MANAGEMENT STRUCTURE

While the NGCF Board of Directors is responsible for the oversight of its investment assets, it delegates the regular review and management of NGCF's Portfolio to its Investment Committee. The Investment Committee is responsible for investing NGCF's assets, including those assets held by the NGCF as Trustee, and for measuring the performance same. It will assume the responsibility of engaging with Financial Advisors, Consultants, Custodians, and Investment Managers. The Investment Committee meets at least quarterly and provides a report to the full Board at its next regularly scheduled meeting.

It is the policy of NGCF to allow multiple Financial Advisors to manage its Portfolio. By accepting assets, a Financial Advisor is agreeing adherence to the NGCF Investment Policy. Each Investment Manager and/or FA has the discretion to manage their assets to best achieve the investment objectives defined within their respective prospectus (for Investment Managers) and/or the guidelines set forth in this policy statement (including appendices) for Financial Advisors. All Financial Advisors, firms, and Investment Managers must be approved by the Investment Committee and reviewed annually.

COMPOSITION OF INVESTMENTS

The overall character of NGCF's investments should be one of above average quality, possessing, at most, an average degree of investment risk.

Considering NGCF's grant-making process and its long-term goals for growth, investments are classified into four types: Equity Accounts, Fixed Income Accounts, Balanced Accounts and Money Market Accounts. Mutual Funds should reflect the same asset allocations, structure, return expectations and cost parameters.

1. Money Market Accounts ensure safety of principal, provide relative liquidity and cash availability for NGCF's grant making operations.

2. Fixed Income Accounts provide current income, contribute to total return, potentially reduce the overall volatility of NGCF's total investments, and provide a hedge against deflation.

3. Balanced Accounts provide for the long-term growth and income of NGCF's assets through a blend of Fixed Income and Equity Accounts.

4. Equity Accounts provide a total return that will result in growth in principal and income while preserving the purchasing power of NGCF's assets. It is recognized that the Equities Accounts entail the assumption of greater market volatility and risk.

ASSET ALLOCATION

NGCF recognizes that asset allocation is one of the most important factors affecting the return on investments. If an asset is designed for use of income over the long-term, then a plan that has a greater weight towards income should be utilized. If the asset is designated for short-term uses for grants in less than one year, or capital expenditures, then an increased weight towards short-term investments will be used. For overall long-term endowments, a long-term balanced asset allocation approach will be used.

1. Additions/withdrawals will be made pro-rata maintaining target asset allocation ratios.

2. To plan for grants, expenses, and other purposes, the assets needed will be planned for in advance and will come from the various portfolios.

3. NGCF's investments will be diversified by investment style, asset class (e.g., equities, bonds, and cash equivalents) and within asset classes (e.g., within equities by economic sector, industry, quality and size). The purpose of diversification is to provide reasonable assurance that no single security, or class of securities, will have a disproportionate impact on NGCF's performance.

4. The Investment Committee reserves the right to change any of these ratios, but it is anticipated that such changes will be infrequent. Individual Funds within NGCF may vary from these ratios as needed to meet spending and investment objectives.

5. Asset Allocations will be rebalanced to the target allocation quarterly and reported to NGCF.

Balanced Pool Asset Allocation Target Parameters:

	Low	**Target**	**High**
Cash	0%	5%	10%
Fixed Income	20%	30%	40%
Equity	55%	65%	70%

REPORTING

To ensure that the Board and the Committee are able to fulfill their duties with respect to prudent management of the portfolio, the Custodians and its Financial Advisor representative will provide detailed reports at least quarterly to the Committee. Such reports shall include, but not limited to, performance of the Foundation's investment portfolio, actions taken with respect to the investment portfolio, and expected changes in investments.

The Chair of the Committee will report to the Board of Directors at each Board meeting on the status of the investment portfolio and any actions taken/recommended.

SECURITIES GUIDELINES

FIXED INCOME ACCOUNTS

The investment objective of the Fixed Income Accounts is to outperform (net of fees) the Bloomberg US Aggregate Bond Index. Performance will be monitored on a quarterly basis and evaluated over a rolling five-to-ten-year period.

Money market instruments and bonds may be used in the Fixed Income Accounts, but equities and convertibles are excluded. Fixed Income Managers are expected to employ active management techniques without excessive trading. Changes in average maturity should be moderate and incremental.

Quality should be above average. Individual fixed income securities shall have a minimum quality rating of "Baa" by Moody's or "BBB" Standard & Poor's. Overall, the average quality must be "A". These guidelines do not apply to Treasury issues; United States agency issues or issues whose payments the United States Government guarantees. Due attention will be paid to callable securities and their vulnerability to changing market conditions. For an issue that is split rated, the lower quality designation will govern.

Holdings should be well diversified as to issuer or maturity, and the weighted average duration should range within 20% of the benchmark duration (e.g. from 3.2 years to 4.8 years if the benchmark duration is 4.0 years) unless the Financial Advisor has specific authorization from NGCF per the recommendation of the Investment Committee. Individual holdings downgraded below investment grade should be sold as soon as practicable, but no later than 30 days. Exceptions should be approved by the Investment Committee.

Current coupon securities should be emphasized.

US denominated foreign bonds are limited to 10% of the total.

Preference will be given to local CD investments when rates are competitive.

In addition to the primary fixed income account, a shorter-term fixed income account may be added by NGCF at the recommendation of its Investment Committee. This account will comply with paragraph items #2, 3, 6 and 7 of the "Fixed Income Accounts". The investment objective is to be competitive with the benchmark T-bill up to the 2 Year US Treasury Bill Index.

MONEY MARKET & CHECKING ACCOUNTS

The investment objective of the Money Market Accounts is to outperform (net of fees) the 91-day U.S. Treasury Bill Index. Performance will be monitored on a regular basis and evaluated over a running three-to-five-year period. Due to the asset size of NGCF, it is recognized that cash held at banks in M1 & M2 type deposits will exceed the FDIC limits. This is a known risk that is acceptable to the Board and Investment Committee.

EQUITY ACCOUNTS

The investment objective for the Equity Accounts is to outperform on a risk-adjusted basis (net of fees) a blend of 75% S&P 500/25% MSCI EAFE. Performance will be monitored on a quarterly basis and evaluated over a rolling five-to-ten-year period. Other indices may be used as varied equity styles are selected.

The Equity Accounts will be broadly diversified according to economic sector, industry, geography, number of holdings, and other investment characteristics. Excessive trading is discouraged. To produce overall diversification, equity Investment Managers may be selected to employ different equity management philosophies, which together achieve the desired degree of diversification. Portfolios will be monitored for adherence to these philosophies.

Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover and the other tools employed by active Investment Managers are at the Investment Manager's discretion, subject to the usual standards of fiduciary prudence.

While foreign investments should be very carefully considered, it is recognized that opportunities may present themselves for prudent investing in select foreign equities. It is also recognized that globalization will create mergers and new companies whose base may no longer be in the United States.

Equity Investment Managers may at their discretion hold investment reserves of either cash equivalents or bonds, with the understanding that performance will be measured as described in this policy. Balanced Investment Managers are free to set the allocation to equities in their accounts up to the maximum allowed equity weighting as stipulated in the guidelines found under the "Balanced Pool Asset Allocation Target Parameters" found on pg. 6.

BALANCED ACCOUNTS

The Balanced accounts are a composition of the Money Market, Fixed Income Accounts and Equity Accounts previously referenced. The investment objective of the Balanced Accounts is to outperform the composite return of the proportional benchmarks for the Money Market, Fixed Income and Equity components (49% S&P 500, 16% MSCI EAFE and 35% Bloomberg US Aggregate Bond Index) over a rolling five-to-ten-year period.

SELECTION OF INVESTMENT MANAGERS

The Committee will select appropriate Investment Managers to manage NGCF's assets. Managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.

3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the Manager relative to other Managers of like investment style.

4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel. This information can be a copy of a recent Request for Proposal (RFP) completed by the Manager.

5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

6. Selected Custodians, FA's and Investment Managers reputational risk will be evaluated on a case-by-case basis for legal or past judgements and, when deemed appropriate by the Investment Committee, presented to the Board for consideration of termination.

7. The Committee may also select mutual funds. Mutual funds must meet the following criteria:

    a. The mutual fund's Manager must have been in place for ten years or more.

    b. The mutual fund must have been following the same investment strategy for at least ten years.

    c. The mutual fund must have sufficient assets under management so that any single client does not represent more than 15% of the mutual fund.

GENERAL GUIDELINES FOR INVESTMENT MANAGERS

1. No more than 5% of the Investment Manager's total portfolio may be invested in securities of any one issuer other than U.S. Government Securities.

2. Allocation to any one economic sector should not be excessive and should be consistent relative to the broad equity market and to Investment Managers following similar style disciplines.

3. There shall be no purchases of letter stock or other unregistered securities, commodities or other commodity contracts.

4. There shall be no: purchases on margin, short selling, securities lending, non-collateralized and/or non-delivered repurchase agreements, use of financial futures or options, use of leverage, non-marketable direct investment in equity or debt private placements or leasebacks or any other specialized investment activity without prior written consent from the Committee.

5. Futures and options are not permitted without prior approval from the Investment Committee.

6. If an Investment Manager's Foundation portfolio includes 5% or more of the voting stock of a single issuer, the Manager must advise NGCF immediately.

7. Cash equivalents should be placed with issuers whose commercial paper is rated "A-1" or "P-1" or bond ratings of "A" or better.

8. Proxy voting is at the Investment Manager's discretion, although the Investment Manager might be asked to vote in a particular way under certain circumstances. In general, the Investment Manager should vote all proxies to enhance or protect NGCF's assets.

9. Each Investment Manager is expected to always act in a prudent manner with respect to the investment of NGCF's assets. Each Investment Manager must recognize that he/she is a Fiduciary with respect to the assets of NGCF and that he/she will follow all applicable rules, laws and regulations governing their investment.

CONTROL PROCEDURES

RESPONSIBILITIES OF THE CUSTODIAN

The Custodian will be responsible for performing the following functions:

- Safekeeping of securities
- Interest and dividend collection
- Daily cash sweep of idle principal and income cash balance
- Process all Investment Manager securities
- Collect proceeds from maturing securities
- Provide monthly statements by Investment Manager account and a consolidated statement of all assets
- Provide a dedicated account representative to assist in all the needs relating to the custody and accountability of NGCF's assets

GUIDELINES FOR TRANSACTIONS AND COSTS

As a general guideline that should apply to all assets managed, transactions should be entered into based on best price and execution. Notwithstanding the above, the Investment Committee may direct the Investment Managers to utilize soft dollar brokerage commissions to pay for service-based fees incurred by NGCF in the management of assets.

As a general rule, management fees and commissions should not exceed 1% of the assets managed. It is expected that Financial Advisors/Investment Managers will give discounts for size and volume.

Excessive trading which will result in higher costs to NGCF is discouraged.

For gifts of stock, the Financial Advisor/Custodian will provide the number of shares received and the high and low price for the date of the gift. Credit for any gift of stock will be applied net of any cost to sell or convert the asset to cash.

It is the policy of NGCF to sell all gifts of stock immediately upon receipt, except when it is more cost efficient to retain the stock because it meets all criteria for holding shares and has the approval of one of NGCF's Investment Managers. NGCF will not speculate on the future of a stock, all decisions to hold investments are the responsibility of the Investment Managers.

To maximize NGCF's return, no money should be allowed to remain idle. Dividends, interest, proceeds from sales, new contributions and all other monies are to be invested or reinvested promptly to achieve the Balanced Pool Asset Allocation target found on page 6. If assets are not reinvested, then they will be placed in money market instruments immediately by the Financial Advisor working in concert with NGCF.

Grants and expenses from NGCF charitable funds will be withdrawn in the following order: Money Market Accounts, Fixed Income Accounts, Balanced Accounts and Equity Accounts. The Financial Advisor will be responsible for coordinating with the various Investment Managers, and the Custodian, as communicated by NGCF, to ensure that adequate levels of liquid reserves are available to settle all pending transactions.

MONITORING OF INVESTMENT MANAGERS

Portfolios will be reviewed on a quarterly basis, but results will be evaluated over rolling five-to-ten-year periods.

The Investment Committee will review and evaluate each Investment Manager on an ongoing basis based on criteria listed within this Investment Policy Statement and more specifically:

- "Securities Guidelines" beginning on page 7.
- "Asset Allocation" alignment within target parameters found on page 6.
- Performance - The manager must be competitive with the benchmark or benchmarks that match the pool or fund under management over rolling five-to-ten-year periods.
- "Guidelines for Transactions and Costs" found on page 11.

CONFLICTS OF INTEREST

Any actual or potential conflicts of interest possessed by a member of the Investment Committee must be disclosed and resolved pursuant to the Foundation's Conflict of Interest Policy.

APPROVAL OF SEPARATE FINANCIAL ADVISORS

In certain situations, or at the request of a donor, it may be appropriate for NGCF to engage a Separate Financial Advisor. This scenario will typically occur when a prospective donor has a long standing and trusted relationship with a Financial Advisor or Financial Advisory Firm currently holding assets intended for donations to NGCF. Generally, only funds, or a combination of funds consolidated for investment purposes, equal to or more than $500,000 will be considered for management outside NGCF's primary investment pool.

All parties acknowledge NGCF maintains control of the invested assets and reserves the right to withdraw the assets and invest the assets with other Financial Advisors, Custodians, Investment Managers or mutual funds.

All the general guidelines for Investment Managers are applicable to Separate Financial Advisors not utilizing the Balanced Pool.

The criteria for the selection of Separate Financial Advisors may be found in Appendix C beginning on page 17.

INCLUSION

1. This entire document is referenced and made a part of any and all agreements developed between NGCF and its Financial Advisors.

2. Additional Guidelines for Separate Financial Advisors may be included in the Appendix to this policy.

3. The Investment Committee must approve exceptions to this policy.

4. All objectives and policies are in effect until modified by the Board of Directors. They will be reviewed at least annually for their continued appropriateness.

Appendix

A) American Funds Investment Strategy
B) American Funds Investment Allocation Schedule
C) Criteria for Selection of Separate Financial Advisors
D) Excess Business Holdings for Donor Advised Funds

Appendix A

AMERICAN FUNDS INVESTMENT STRATEGY

The Board of Directors and the Investment Committee have approved the following strategy for investments using American Mutual Funds.

Attached Appendix B is the current fund allocation for the use of the American Funds Equity, Fixed Income, Balanced and CRT accounts. These should be rebalanced quarterly by the Financial Advisor with notice to NGCF.

The preferred vehicle for individually managed accounts with a long-term outlook is the NGCF Balanced Pool (see Appendix B). Equity, Fixed Income and Balanced Funds may also be used provided they follow the approved fund mix.

NGCF will make all deposits/contributions through the Custodian and will process all withdrawals via fax or phone conversation with the Financial Advisor.

All accounts are reconciled monthly except for the CRT/CLAT accounts which are reconciled quarterly.

Appendix B

AMERICAN FUNDS INVESTMENT ALLOCATION SCHEDULE

NGCF EQUITY POOL

AMCPX	AMCAP	15%
AGTHX	Growth Fund of America	15%
ANCFX	Fundamental Investors	20%
ANEFX	New Economy	10%
ANWPX	New Perspective	10%
SMCWX	Small Cap World	10%
AWSHX	Washington Mutual	20%

BENCHMARK: 75% S&P 500/25%EAFE

NGCF FIXED INCOME POOL

ABNDX	Bond Fund of America	100%

BENCHMARK: Bloomberg US Aggregate Bond Index

NGCF SHORT TERM POOL

AIBAX	Intermediate Bond Fund of America	Varies
LALDX	Lord Abbett Short Duration Income Fund	Varies
ASBAX	Short Term Bond Fund of America	Varies

BENCHMARK: T-bill up to the 2 Year US Treasury Bill Index

NGCF BALANCED POOL

Equity Pool	65%
Fixed Income Pool	35%

BENCHMARK Blend 49% S&P 500/16% EAFE/35% Bloomberg US Aggregate Bond Index

Appendix C

CRITERIA FOR SELECTION OF SEPARATE FINANCIAL ADVISORS

When a Donor or Fund representative requests that a Separate Financial Advisor be considered for engagement by NGCF, the staff will collect the background information and any additional materials needed to prepare a recommendation to the NGCF Investment Committee. The staff recommendation and related background materials will be provided to the committee in advance of a regular committee meeting where the recommendation has been incorporated into the corresponding meeting agenda. The proposed Manager and/or representatives of the Investment Manager's Firm may be asked to make a presentation at the committee meeting in addition to providing the requested background material.

The Investment Committee will utilize the following criteria to inform their decision to incorporate a Separate Financial Advisor into NGCF's mix of approved Investment Advisors/Investment Options:

1. **Fund Size**: The Fund, or combination of Funds consolidated for investment purposes, must be of sufficient size to enable diversification in accordance with the NGCF Investment Policy, ensure efficiency in management, and to minimize management expenses. Generally, only Funds or a combination of Funds consolidated for investment purposes, equal to or in excess of $500,000 will be considered for management outside NGCF's primary investment pools. Exceptions to this minimum may be considered based on the likelihood of the donor's relationship maturing with NGCF to exceed these minimums over time or through an irrevocable testamentary commitment. If the fair market value falls below $500,000 and remains below $500,000 for six months, NGCF may terminate this agreement.

2. **Established Firm**: The proposed Separate Financial Advisor must be a firm, or a person affiliated with a firm with sufficient capitalization, insurance, assets under management, management oversight, and experience to demonstrate his or her/its capability to serve as an Investment Advisor. The Investment Committee will review the following documents provided by prospective advisors:

    a. History, structure, and management of the firm
    b. Primary ownership
    c. Past judgments or current litigation against the firm or its employees, and/or other regulatory actions
    d. Most recent audited financial statements

3. **Private Benefit to the Donor**: All relationships (personal and professional) between the Donor and the Donor's extended family, with the FA and/or the FA's Firm must be disclosed for evaluation regarding compliance with federal tax law rules addressing private inurement and private benefit and/or any other applicable federal or state law.

4. **Asset Allocation and Portfolio Management**: The FA and/or the FA's Firm must have experience overseeing the investment of assets in various asset classes and across various investment styles. The FA and/or the FA's Firm must support NGCF's

commitment to comply with The Uniform Management of Institutional Fund Act (UMIFA) and The Uniform Prudent Investor Act (UPIA) as applicable and/or any other applicable federal or state law. NGCF will provide the FA with a copy of its Investment Policy Statement to use as guidance.The firm, in general, shall provide the following information regarding proposed investment approaches:

a. Description of investment philosophy and strategies
b. Description of investment styles used
c. Investment performance statistics over 1-, 3-, 5-, and 10-year time horizons as available
d. Identification of who makes investment decisions
e. Primary sources of investment research information

5. **Reporting:** The FA and/or the FA's Firm must agree to provide NGCF, at least monthly, account statements in such form and containing such information as NGCF deems necessary. The FA and/or the FA's Firm must also agree to provide account information to any outside consultant engaged by NGCF to monitor investment performance.

6. **Fees:** All advisory and/or investment management fees must be clearly disclosed and the FA and/or the FA's firm must offer fair market value, competitive pricing with the application of any discounts the FA and/or the FA's Firm would offer any client with a similar size account and relationship. The fees and costs must be in line with that of NGCF's primary managed accounts.

Appendix D

EXCESS BUSINESS HOLDINGS FOR DONOR ADVISED FUNDS

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor-advised fund holds an interest that does not exceed 2% of the voting stock and 2% of the value of the business.

Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

Because they are not "business enterprises," the rule will not apply to most gifts of real property, although undeveloped land may become a business enterprise under some circumstances. Interests in investment partnerships and LLCs—including family partnerships, hedge funds, REITs, and so forth—are excluded from the definition of business enterprise so long as 95% or more of the entity's income is from passive sources. Examples of other property gifts that are excluded because they are not business enterprises include: oil and gas interests (non-working); life insurance; tangible personal property (as long as it is not inventory); and remainder interests in personal residences and farms.