



We're here for giving. We're here for good.

Summary of Financial Policies and Procedures

Central to the mission of the Community Foundation of Wabash County, (Community Foundation), is the development and safeguarding of charitable assets to support the quality of life of Wabash County. Assets are maintained in component funds which are accounted for separately but co-mingled for investment purposes. The Community Foundation offers a variety of types of funds, as well as three investment portfolios: the **Endowment Investment Portfolio**, the **Intermediate Fund Portfolio**, and a **Money Market Fund**. Administration of funds, including investment management, spending, and fees is executed according to Community Foundation policies, which are summarized in this document.

New Fund Procedures Donors, as founders of new funds in the Community Foundation, will be asked to complete a **New Fund Administration Questionnaire**, which provides important information about them and their **wishes**. We seek to fully understand and document donors' charitable desires regarding the administration of the fund. The more we know, the better able we are to implement your intentions in perpetuity.

ENDOWMENT INVESTMENT PORTFOLIO:

The **Investment Policy** of the CFWC establishes the objectives and guidelines of the endowment portfolio. The investment objective of the endowment portfolio is to preserve the real purchasing power of the principal gift and provide a stream of income for spending, which grows at a rate equaling or exceeding the rate of inflation, in order to sustain the grantmaking capacity of the Foundation in accordance with the Foundation's current **Endowment Spending Policy**. Investment objectives will be achieved by maximizing total return consistent with prudent risk limits. Reasonable consistency of return on an annual basis is important to assure the Foundation's capacity to sustain a level of operation that will provide for its continual growth. Accordingly, the funds are to be actively managed in a manner that provides long term growth of capital while attempting to limit downside risk. The asset allocation and investment requires adequate diversification in order to reduce volatility. Investment instruments may include active fund managers and passive exchange traded funds in the following categories.

US Gov't Bonds/Notes	Corporate Bonds	Non-US Gov't Bonds
Inflation-protected Bonds	High Yield Bonds	Multi-Asset Income Strategies
US Equities	Non-US Equities	Global Allocation Strategies
Hedged Strategies	REITS	Commodities
Precious Metals	Private Equity	

Grant Distribution from Endowments The **Community Foundation Endowment Spending Policy** authorizes the calculations and procedures regarding grant distributions. In July 2009, the CFWC adopted **UPMIFA**, the Uniform Prudent Management of Institutional Funds Act, which addresses expenditure and retention of assets in institutional and endowment funds. It is important to remember that only a portion of the total return is distributed. A distribution is called a grant. To calculate the annual grant amount, on December 31 of each year, the Community Foundation compares the contributed and market values of each endowment and assigns a payout rate to the 12-quarter moving average of the endowment value. The payout rate is established by the Investment Committee, and has been 4% for endowments whose market value exceeds contributed value, and 2% on endowments whose market value is less than its contributed value. The Investment Committee has occasionally reduced the payout in order to preserve principal.

Endowment beneficiaries can elect a distribution schedule appropriate for their operations, however not more frequently than semi-annually. Endowment beneficiaries may elect to retain annual payouts in the endowment. Accumulated undistributed payouts are accounted for separately, but are retained in the endowment investment portfolio and are subject to market gains as well as losses. Beneficiaries may elect to transfer accumulated payouts to either the **Intermediate Fund or the Money Market Fund**.

Grants from newly created endowments will commence not less than one year after creation. Grants will not be distributed from endowment funds whose contributed value has not reached the minimum for that type of endowment.

Endowment Fund Administrative Fees The Community Foundation Fund Establishment and Administration Policy authorizes the administrative fee rate assessed on endowments. Currently, the fee rate applied to endowments other than scholarships is .25%. This rate is applied quarterly to the endowment’s market value where the contributed value is less than \$1 million. The rate applied to scholarship endowments is 1.25% annually.

INTERMEDIATE FUND PORTFOLIO

Duration: 2-5 years. The investment objective of the Intermediate Fund Portfolio is to provide returns in excess of short duration portfolio management with less risk and volatility than the Community Foundation’s Endowment Investment Portfolio. The portfolio will own both equity and fixed income investments with an emphasis on income producing securities. The allocation to equity securities will be less than in the longer term Endowment Investment Portfolio but will exceed the zero equity weighting within the Short Term Portfolio. The Intermediate Fund Portfolio value does fluctuate. Returns are not guaranteed, nor are deposits insured. The fund has lower volatility than the Endowment Portfolio due to the funds more conservative allocation. Current investment instruments include, but are not limited to:

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|---------------------------|------------------|-------------------------------|
| US Gov’t Bonds/Notes | Corporate Bonds | Non-US Gov’t Bonds |
| Inflation-protected Bonds | High Yield Bonds | Multi-Asset Income Strategies |
| US Equities | Non-US Equities | Global Allocation Strategies |

Grant Distribution from non-permanent funds. Grants are distributed as stipulated by donors in the fund agreement.

Non- Permanent Fund Administrative Fees. The Community Foundation Fund Establishment and Administration Policy authorizes the administrative fee rate assessed on non-permanent funds. The rate is applied semi-annually to the contributions.

Investment Advisors: Morgan Stanley Consulting Group Farmington Hills, Michigan	Auditor 2020: Estep Burkey Simmons, LLC Muncie, Indiana 47308	CPA/Information Consultant Barbara Bryan Greencastle, IN 46135
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These entities above receive payment for services from the Community Foundation of Wabash County

Financial Oversight by the Board of Directors:

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| <u>Member</u>
Jim Chinworth
Lew Curlless
Mark Ford
Leslie Frantz
Todd Lybarger
Dave Mann
Susan Manwaring
Joe Messer
John Philippsen
Christy Reynolds
Jim Smith
Jim Widner | <u>Executive Committee</u>
Brian Howenstine, President
Josh Petruniw, Vice President
Jan Fahs, Secretary
Brian Peas, Treasurer
Russell Coulter-Kern

<u>Finance Committee</u>
Brian Peas, Chair
Brian Howenstine
Christy Reynolds
Gary Purdy*
Cindy Seitz*
Emily Overland* | <u>Investment Committee</u>
John Philippsen, Chair
Jim Widner
Mark Frantz*
Howard Halderman*
Joe Accetta*
David Grant*
Gary Larson* |
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- *community volunteer

Complete copies of the above referenced policies are available upon request. Policies and procedures are subject to change and are made in recognition of, and subject at all times to applicable law and the terms and conditions of the Articles of Incorporation and Bylaws of the Community Foundation. No distribution shall be made from a Fund that may in the judgment of the Community Foundation jeopardize or be inconsistent with the Community Foundation’s Code section 501(c)(3) status or result in the imposition of any excise tax, penalty, or other tax, fine, or assessment under the Code. The Community Foundation maintains variance power over all funds as provided in the fund agreements.