

COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
Policy for Investment of Endowed and Non-endowed Funds
Board-Approved 03/22/16

Endowed Funds:

The Community Foundation of St. Clair County's core mission is to improve the quality of life in St. Clair County by meeting the broad philanthropic goals of our donors through the creation and administration of permanently endowed funds.

With this in mind, the majority of funds established with the Community Foundation will be permanent and perpetual in nature. Thus, our investment policy and investment pool of endowed funds has been structured with a focus on consistent, long-term capital appreciation, with income generation as a secondary objective and an appropriate level of risk.

Non-Endowed Funds:

Whereas the Foundation will generally receive and manage endowed funds in perpetuity, we may periodically have donors whose charitable goals involve unknown or shorter time horizons or other giving parameters that are best served through the creation of non-endowed (100% expendable) funds.

Our investment pools are structured to provide for long-term growth with asset classes that are selected based on their expected long-term returns, after considering many factors as they relate to the Fund's long-term financial needs. With this in mind, our investment pools are generally not suitable in nature for traditional, short-term non-endowed funds.

However, with the knowledge that more and more donors are looking for flexibility over a Fund's time horizon and have other competitive options available to them, the Foundation may consider allowing non-endowed funds to become invested in our investment pools under certain criteria and parameters as described below.

Criteria / Parameters Where Non-Endowed Funds Could Be Invested In Endowed Pools:

- Donor's time horizon for Fund is at least 18 months for consideration of main pool investment (to enable natural rebalancing through incoming pool gifts and market growth and thereby minimize impact on asset allocations);
- Non-endowed fund size will be a minimum of \$50,000 for consideration of main pool investment;
- The aggregate of non-endowed funds seeking main pool investment will be limited to 5% of the main pool holdings;
- The Finance & Investment Committee will approve all non-endowed funds seeking investment in the main pool;
- Donors will be informed that, depending upon the size of the distribution/grant requests, processing could take up to 60 days (to allow for a month-end investment balancing and fees allocation and liquidation);
- Donor's initial and ongoing intent and understanding of these criteria will be documented for the file through e-mails or other letter acknowledgements.

Non-Endowed Fund Absent the Above Criteria:

These Funds will be invested outside our investment pool available for full distribution at any time in deposit accounts, CDs or other fixed income securities as deemed appropriate given consideration for donor's time horizons, interest rates, and practicality. Based upon interest rates and the short-term nature, investment earnings on these non-endowed funds will generally be minimal and may not cover Foundation fund management fees.