PROFESSIONAL ADVISOR TOOLKIT

Community Foundation
FOR SOUTH CENTRAL NEW YORK

31 Front St. Binghamton, NY 13905

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Partner With Us

Our team of professionals has expertise in a variety of philanthropic funds that can be established to fulfill charitable intent.

It is our pleasure to partner with you and your client *(either directly or through you)* to explore the financial or estate planning instruments that can best achieve their intent while also providing optimum tax and/or financial benefits.

- **Feel confident that the assets your client commits to a charitable gift or fund at the Foundation will be well managed**
- **Once a fund is established, the Foundation handles all administrative responsibilities related to the fund**
- **We offer local, personalized service**
- **You have quick, easy access to comprehensive knowledge about the charitable landscape in the counties we serve**
- **We understand grant making**

Give us a call at 607-772-6773 or email Tina Barber, Executive Director at tbarber@donorswhocare.org to begin the conversation about what your client hopes to accomplish for the community.

Community Foundation
FOR SOUTH CENTRAL NEW YORK

Gift Acceptance Guidelines

The Community Foundation for South Central New York, a not for profit organization organized under the laws of the State of New York, encourages the solicitation and acceptance of gifts to CFSCNY (hereinafter referred to as the Foundation) for purposes that will help the Foundation further and fulfill its mission: "The CFSCNY offers caring individuals an effective way to endow their community in a manner that is responsible, responsive, and lasting." The following guidelines are to be followed when accepting gifts made to the Foundation or for the benefit of any of its programs.

I. Purpose of Guidelines

The board of directors of the Foundation and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the Foundation. These guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these guidelines shall apply to all gifts received by the Foundation for any of its programs or services.

II. Use of Legal Counsel

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

1) Closely held stock transfers that are subject to restrictions or buy-sell agreements.

2) Gifts involving contracts or other documents requiring the Foundation to assume an obligation.

3) Transactions with potential conflict of interest.

4) Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

III. Conflict of Interest

The Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

IV. Restrictions on Gifts

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Foundation will not accept gifts that the Foundation in its sole discretion determines are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the gift acceptance committee.

V. The Gift Acceptance Committee

The gift acceptance committee shall consist of the Executive Committee of the Board and the Chair of the Development Committee. Ex-officio members shall include the Executive Director and the Finance Officer of the Foundation.

The gift acceptance committee is charged with the responsibility of reviewing the form of gifts, with the exception of cash and publicly traded stocks; properly screening and accepting those gifts; and making recommendations to the Board on gift acceptance issues when appropriate.

VI. Types of Gifts
Types of gifts normally acceptable shall include:

- Cash
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Life Insurance
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The following criteria govern the acceptance of each gift form. In the case of property gifts; it is the practice of the Foundation to liquidate gifts of property as soon as practicable after receipt.

1) Cash. Cash is acceptable in any form. Checks shall be made payable to The Community Foundation for South Central New York and shall be delivered to the Foundation's administrative offices.

2) Tangible Personal Property. All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of the Foundation?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?

The gift acceptance committee of the Foundation shall make the final determination on the acceptance of other tangible property gifts.

3) Securities. The Foundation can accept both publicly traded securities and closely held securities.

Publicly Traded Securities Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the gift acceptance committee of the Foundation.

Closely Held Securities Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the gift acceptance committee of the Foundation. However, gifts must be reviewed prior to acceptance to determine:

- there are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;
- the security is marketable; and
- what would be the tax consequences to the Foundation of acceptance and ownership of the closely-held security.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The gift acceptance committee of the Foundation and legal counsel shall make the final determination on the acceptance of closely held securities when necessary.

4) Real Estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Foundation shall require an initial environmental review of

the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall by approved by the gift acceptance committee of the Foundation and in consultation with the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

5) Remainder Interests in Property. The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6) Oil, Gas, and Mineral Interests. The Foundation may accept oil, gas and mineral property interests, when appropriate. Prior to acceptance of oil, gas or mineral interests the gift shall be approved by the gift acceptance committee, and in consultation with the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of $20,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least $3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

7) Life Insurance. The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

- continue to pay the premiums;
- convert the policy to paid up insurance; or
- surrender the policy for its current cash value.

8) Charitable Remainder Trusts. The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee of the Foundation. The Foundation will not accept appointment as trustee of a charitable remainder trust.

9) Charitable Lead Trusts. The Foundation may accept a designation as income beneficiary of a charitable lead trust. The board of the Foundation will not accept an appointment as Trustee of a charitable lead trust.

10) Retirement Plan Beneficiary Designations. Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

11) Bequests. Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

12) Life Insurance Beneficiary Designations. Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

13) Interests in Business Entities (i.e. closely-held companies or partnerships). Gifts of this nature are considered on a case-by-case basis and will be reviewed by the Gift Committee due to their complexity. These gifts require a qualified appraisal by an independent professional to determine marketability. Further, gifts of business interests to donor advised funds carry the additional requirement of meeting Internal Revenue Code (IRC) section 4943, regarding Excess Business Holdings and Disqualified Persons. A “Disqualified Person” is a donor, donor advisor, a member of the family of a donor or donor advisor, or a 35% controlled entity of any such person. Ownership of unincorporated businesses that are not substantially related to the donor advised fund’s purposes is prohibited. If it is expected that a gift to a donor advised fund, will not be liquidated within five years, the Committee will seek guidance from legal counsel to assure compliance.

VII. Miscellaneous Provisions

Securing appraisals and legal fees for gifts to the Foundation It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Foundation.

Valuation of gifts for development purposes The Foundation will record a gift received by the Foundation at its valuation for gift purposes on the date of gift.

Responsibility for IRS Filings upon sale of gift items The gift acceptance committee of the Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than $5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the board of the Foundation.

VIII. Changes to Gift Acceptance Guidelines

These guidelines have been reviewed and accepted by the Board of Directors of the Foundation. The Board of Directors of the Foundation must approve any changes to, or deviations from, these guidelines.

Board Approved: October 18, 2011

Community Foundation
FOR SOUTH CENTRAL NEW YORK

31 Front St.
Binghamton, NY 13905
607-772-6773
donorswhocare.org

STOCK GIFT INFORMATION

Donor Name: _____

Donor Address: _____

_____

Name of Stock: _____ # of Shares:_____Stock Symbol: _____

Expected Date of Gift: _____

Delivering Broker/Institution:

Name: _____

DTC Participant #: _____

Contact Name & Phone Number: _____

**** Please provide instruction to your broker, as they will need to initiate delivery ****

Stock Delivery Instructions

Securities eligible for Depository Trust Company (DTC)

Deliver to: **Charles Schwab & Co.**
DTC Clearing 0164, Code 40
Custodian A/C#: 52148004
Custodian A/C name: The Community Foundation for South Central New York

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*Please complete and fax or email to the attention of Cornerstone's Operations Team **prior** to transfer.*

Cornerstone Fax: (610) 867-8614
Email: operations@cornerstone-companies.com
Cornerstone Phone: (610) 694-0900

THANK YOU!

Community Foundation
FOR SOUTH CENTRAL NEW YORK

Suggested Bequest Language

When leaving a bequest to the Community Foundation, we suggest that the donor keep the language in his or her will as general as possible (perhaps just naming the Fund and indicating that additional details as to the charitable purpose are contained in a Fund Agreement on file with the Community Foundation for South Central New York). That way, the donor can be certain that his or her charitable legacy is aligned with the Foundation's fund policies and grantmaking guidelines; also, he or she can update the fund agreement with the Community Foundation at any time without having to rewrite the will.

We suggest the following language:

"I give and bequeath to The Community Foundation for South Central New York, Binghamton, New York..."

Then specify a portion or an amount:

- ***…the sum of $_____;*** or
- ***"…property consisting of*** [provide detailed description of property]***;*** or
- ***"_____percent of my estate";*** or
- ***"…all the rest, remainder and residue of my estate"***

Finally, designate a purpose:

- Unrestricted gift (area of greatest need): ***"…to be used for community benefit at the discretion of The Community Foundation for South Central New York."****; or*
- To establish a fund: ***"…to establish a permanent endowed fund known as _____ Fund, from which disbursements will be made for the support of*** [indicate charitable purpose]***."****; or*
- To add to an existing fund: ***"…to add to a permanent endowed fund known as _____ Fund, from which disbursements will be used for charitable purposes as defined in the Fund Agreement."***

Additional information regarding minimums to establish permanent endowed funds may be found on the Community Foundation's website (www.donorswhocare.org) on the professional advisors page. However, donors and professional advisors are always welcome to contact Executive Director, Tina Barber (607-772-6773 or tbarber@donorswhocare.org) for confidential, detailed and situation-specific information regarding establishing a fund at the Community Foundation.

Donors who designate a bequest by will or establish a planned gift in support of the Community Foundation are eligible to be named as a member of the Foundation's Legacy Society if they so choose. Legacy Society members receive a few mailings per year and may be listed in our annual report (may be listed anonymously, if preferred); and are invited to donor events that the Foundation may hold during the year.

Community Foundation
FOR SOUTH CENTRAL NEW YORK

Private Foundation vs. Community Foundation Fund

A Side-by-Side Comparison

Private foundations are one philanthropy vehicle — but a Community Foundation fund often delivers the same impact with less overhead, lower minimums, and greater tax advantages.

	Private Foundation	Community Foundation Fund
Setup time	Up to 6+ months — requires incorporating and IRS tax-exempt application	Less than a day — covered under the foundation's existing tax-exempt status
Asset minimums	$5M–$10M recommended	$10K (unendowed) or $25K (endowed)
Tax filings	Separate state and federal returns required	None — included in the foundation's single combined return
Cash gift deductibility	Up to 30% of AGI	Up to 50% of AGI
Stock gift deductibility	Limited deductibility	Generally, more favorable deductibility
Investments & accounting	Trustees must arrange investment management and accounting	Fully handled by the Community Foundation
Excise tax on income	May apply	None
Minimum payout	Yes — up to 5% of average assets per year	No mandatory payout
Administration	Trustees must self-manage or hire staff	All admin and financial management provided
Grant administration	Trustees must manage grantmaking	Full grant admin, monitoring, and local nonprofit knowledge provided
Liability & insurance	Must purchase D&O, office, and bonding coverage separately	Covered under the foundation's policies
Confidentiality	None — IRS Form 990-PF is publicly available	Private — asset size, contributions, and grants are not disclosed

Contact us to learn more about setting up a fund

31 Front Street, Binghamton, NY 13905 | (607) 772-6773 | tbarber@donorswhocare.org | donorswhocare.org

Community Foundation
FOR SOUTH CENTRAL NEW YORK

Donor Advised Funds: Endowed vs. Unendowed

Community Foundation • 2024

	Unendowed	Endowed
Purpose	Creates a non-permanent fund from which you may recommend periodic grants to 501(c)(3) organizations of your choice. You may convert some or all of this fund to an endowed fund at any time. Many donors use an unendowed fund as a trial run, or make one gift for near-term use while building an endowed fund for later grantmaking. *Per IRS regulations, donor-recommended grants must be approved by the Community Foundation's Board of Directors.*	Creates a permanent fund from which you may recommend periodic grants to 501(c)(3) organizations of your choice. You may designate one generation of Successor Advisors to recommend grants after your death. Upon the death of the Successor Advisors, the Foundation's Board will make every effort to honor your original interests. *Per IRS regulations, donor-recommended grants must be approved by the Community Foundation's Board of Directors.*
Advantages	Simplifies your giving: recommend grants to many organizations while receiving tax correspondence from only one — the Community Foundation. Contribute appreciated stock, cash, or other assets, receive your tax deduction in the year of the gift, and recommend grants at a later date — even a different tax year.	All unendowed advantages apply, plus: an endowed Donor Advised Fund is a compelling alternative to a private family foundation, without the expense. The Community Foundation handles all financial, tax, administrative, investment, and legal matters — costs a private foundation must otherwise bear.
Minimum to Establish	$10,000 (may be contributed over a two-year period). Funds are held in a money market account or pooled with similar funds, sharing proportionately in gains and losses — per your choice.	$25,000 (may be contributed over a four-year period). Funds are pooled with similar funds and share proportionately in gains and losses.
When Grantmaking Begins	Eligible to issue grants one full calendar quarter after the minimum is met. Grants may be issued sooner, but a process fee of 10% per grant applies. Minimum grant: $250. No maximum. Recommendations accepted once per quarter. Grants may be made anonymously. *The IRS does not permit grants to satisfy personal pledges of the donor or any other party. However, a fund may issue a grant payable over an extended time period.*	Eligible for grants one full calendar year after the minimum is met. Minimum grant: $250. The amount available is governed by a spending policy — currently 4% of the rolling average of the previous 12 quarters. Recommendations accepted once per quarter. Grants may be made anonymously. *The IRS does not permit grants to satisfy personal pledges of the donor or any other party. However, a fund may issue a grant payable over an extended time period.*
Fees	Annual administrative contribution: the greater of $500 or 1.75% of market value. Assessed pro rata each quarter based on the fund's market value on the first business day of the quarter. This contribution helps defray the costs of administration and grantmaking.	Annual administrative contribution: the greater of $500 or 1.75% of market value. Assessed pro rata each quarter based on the fund's market value on the first business day of the quarter. This contribution helps defray the costs of administration and grantmaking.
Minimum to Maintain	$2,500. If the balance drops to this level, Donor Advisors are notified and must decide to: replenish the fund to $10,000, transfer the balance to the Foundation's Community Fund, or spend it down completely.	$25,000.

Revised 8/2024

INVESTMENT POLICY STATEMENT

COMMUNITY FOUNDATION FOR SOUTH CENTRAL NEW YORK

November 2022

PREPARED BY: CORNERSTONE ADVISORS ASSET MANAGEMENT, LLC

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Appendix I — Indexes & Peer Groups

Definitions

The following definitions will apply throughout this policy statement:

“Authorized Signer(s)” — Person(s) identified in writing as being approved to act on behalf of the Organization, either individually or collectively.

“Board” — The Board of Directors of the Organization.

“Commingled Fund” — Any fund (i.e. mutual fund, exchange traded fund, limited partnership, etc.) in which the Organization owns shares of an underlying portfolio rather than direct shares of the underlying investments.

“Committee” — The Committee charged with the day-to-day management of the Assets of the Organization.

“Consultant” — Cornerstone Advisors Asset Management, LLC.

“Fund Managers” — Third party investment managers that are unaffiliated with Consultant.

“Investible Assets” or “Account” or “Assets” — The funds to be managed which are subject to this Policy.

“IPS” or “Policy” or “Statement” — This Investment Policy Statement.

“NYPMIFA” — The New York Prudent Management of Institutional Funds Act.

“Organization” — Community Foundation for South Central New York.

“Separately Managed Account” — An account in which individual securities are owned on behalf of the Organization.

“Tactical Asset Allocation” — The actual portfolio weightings, within the bounds established by this IPS, to which the Consultant is at any time managing the assets based on Consultant's outlook for future capital market conditions.

“Target Asset Allocation” — The portfolio weightings to which the Investible Assets will be managed.

Opening Statement & Intent

The Board has entrusted the Committee to manage the assets of the Organization under NYPMIFA. This Policy is designed to convey the mandates established by the Committee insofar as they act as determinants for the management of the Investible Assets. This Policy is intended to outline how the Account is to be structured, managed, and supervised.

This Statement is meant to encourage effective communications between all responsible parties and establish acceptable performance metrics and encourage adherence to all applicable fiduciary, prudence and due diligence requirements for the Assets as set forth in this document. In accordance with NYPMIFA, this Policy focuses on the following factors in managing and investing this Fund:

1) General economic conditions;

2) The possible effect of inflation or deflation;

3) The expected tax consequences, in any of investment decisions or strategies;

4) The role that each investment or course of action plays within the overall investment portfolio of the fund;

5) The expected total return from income and the appreciation of investments;

6) Other resources of the institution;

7) The needs of the institution and the fund to make distributions and to preserve capital; and

8) An asset's special relationship or special value, if any, to the purposes of the institution.

All parties to this Policy shall conform with the standards of a fiduciary to act solely in the best interest of the Organization and its beneficiaries. Besides the duty of care and the duty of loyalty, all conflicts of interest, both real and perceived, must be disclosed and, when possible, remediated.

This IPS has been formulated by the Committee with the assistance of the Consultant. It is based upon the consideration of the financial implications of a wide range of policies, and it describes the prudent investment process by which the Committee shall oversee the management of the Assets under its care.

1 This Policy does not govern any asset pools established for the retirement benefits of the employees of the Organization or any other investment pools with their own investment policy statements.

Executive Summary

Description & Asset Allocation

Type of Fund	Long-term investible assets
Governing Law	NYPMIFA
Current Assets (as of IPS date)	$30,000,000
Time Horizon	Perpetual
Modeled Nominal Return[2]	6%
25 Year Historical Return[3]	7.5%
Modeled Drawdown	-15%
Peer Group	Small Endowment/Foundation

Asset Class	Lower Limit	Target	Upper Limit
Domestic Equity	32%	42%	52%
International Equity	8%	18%	28%
Fixed Income	10%	20%	30%
Alternative Investments	0%	15%	25%
Short-Term Fixed & Cash	0%	5%	20%

Long-Term Success Measures

- Maintenance of real (inflation-adjusted) value of Assets;
- Outperformance of Assets compared to Strategic Target-weighted benchmark, net of fees;
- Outperformance of Assets compared to actual-weighted benchmark, net of fees; and,
- Outperformance of peer group median based on risk-adjusted measurements.

2 *Annual expected return based on current year capital market assumptions for target asset allocation.*

3 *Annual return based on 25-year historical capital market returns for target asset allocation.*

4 *Annual 95th percentile performance based on target asset allocation and current year capital market assumptions.*

5 *Risk-adjusted measurements shall be defined in the section entitled Performance Expectations & Monitoring.*

Description of Assets & Objectives

The Assets are governed by New York state law, specifically NYPMIFA. The objectives of the Investible Assets are as follows: safety, liquidity and total return. The assets have been entrusted to the Organization in order to provide perpetual support to the communities it supports.

Safety

As a key objective of the Organization's investment program, the Investible Assets shall be allocated in a manner consistent with growth of capital on an above inflation-adjusted basis. Limitations meant to mitigate various risks are outlined in the section Investment Management Assumptions & Restrictions.

Liquidity

The Assets shall be invested in a sufficiently liquid manner to facilitate the ongoing distribution needs. Cash reserves will be maintained to fund unanticipated needs of the Organization. The Consultant shall report on the liquidity of the Assets regularly to the Committee.

Total Return

The Committee has chosen to adopt a total return policy which does not distinguish between income and capital appreciation. The Account will be invested in such a manner as to increase the probability of it achieving long-term growth, above inflation, net of spending and fees. To achieve this goal, the Assets are required to be allocated in a way that introduces a balanced level of short-term and intermediate-term risk.

Duties of Fiduciaries & Delegation of Authority

The Board

The Board has ultimate authority to set the strategic vision of the Organization; however, it has delegated IPS creation and day-to-day oversight of the Organization's service providers to the Committee.

The Committee

The Committee, in conjunction with the Consultant, establishes this Policy to guide the management of the Investible Funds. The Committee shall meet regularly to consider changes to this IPS for recommendation to the Board and to provide oversight of the Consultant's adherence to this Statement and achievement of the objectives laid out in the Executive Summary.

The Committee has chosen to hire the Consultant with discretion as permissible under NYPMIFA.

The Consultant

The Consultant acknowledges that it is a Registered Investment Adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and is a co-fiduciary with the Organization with regards to the management of the Investible Assets. The Consultant further acknowledges the delegation of discretion over the Account covered by this Statement.

The Consultant shall execute the following duties within the parameters of this Policy and shall be available to the Board and/or Committee as desired to report on the progress of the investment program.

1) Asset allocation development
2) Portfolio rebalancing
3) Manager selection and monitoring
4) Risk management oversight
5) Performance reporting at portfolio and manager level

Fund Managers & Commingled Funds

The Consultant will select Fund Managers to invest the Assets in a manner consistent with this Policy. The minimum requirements that a Fund Manager must meet for inclusion by the Consultant include:

- Being a bank, insurance company, investment management company, or an investment adviser as defined by the Registered Investment Advisers Act of 1940;
- Providing historical performance of a composite portfolio calculated in compliance with GIPS®[6] methodology;
- Providing a detailed history of the firm, key personnel, etc. This requirement can be fulfilled through a recently completed request for proposal;
- Articulating a clear investment strategy that will be followed; and,
- Committing to performing all transactions within the current definition of "best execution" as defined by the Securities and Exchange Commission.

The Fund Managers must utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and with full familiarity with such matters would use for similar Assets.

The Fund Managers must also promptly inform the Consultant of material changes to its organization, management team, process and ownership.

The Consultant may also select certain Commingled Funds to manage portions of the Assets. While it is the intention of the Consultant that all Commingled Funds align with the limitations found in this Policy, the offering memorandum or prospectus of the Commingled Fund shall govern these investments. Commingled Funds shall meet the following minimum requirements:

- Management must have been in place for at least three years;
- The Commingled Fund must have followed the same strategy for at least three years; and,
- No single client may represent more than 10% of the fund's assets under management.

6 The CFA Institute's Global Investment Performance Standards as available at the date of this Policy.

Monitoring of Delegated Authority

The Committee shall have the responsibility of monitoring the Account for adherence to this Policy and the long-term goals of the Organization. The Consultant shall provide reporting to the Committee on a regular basis that outlines the following:

1) The Consultant's macroeconomic outlook;
2) Cash flows at the Fund Manager/Commingled Fund level and portfolio level;
3) Asset allocation of the Account compared to IPS targets;
4) Performance of the Account as a whole and each subcomponent versus an appropriate benchmark and peer group focused on: (a) absolute and relative performance over various time periods; (b) comparable risk levels (including standard deviation, beta, downside risk & down-market capture); and (c) risk-adjusted metrics (including Sharpe Ratio, Sortino Ratio, Information Ratio).

The Committee shall determine frequency of such reporting and the Consultant's attendance at Board meetings.

Nature & Duration of Fiduciary Relationship

The Investible Assets have a perpetual timeframe. The Committee maintains responsibility to communicate to the Consultant any changes to this assumption.

Liquidity & Distribution Requirements of the Assets

It is the expectation of the Committee that the Investible Assets will remain highly liquid. The Consultant will not invest in any Fund Manager or Commingled Product with liquidity notification requirements longer than a month without written acknowledgement of an Authorized Signer.

When an unanticipated need for a distribution arises, the Committee shall notify Consultant as soon as practicable. Consultant shall have the authority, within the limits set by this Policy, to provide liquidity or invest contributions as the Consultant shall see fit.

Tax Considerations

The Organization is tax-exempt, and therefore does not require tax-free income, nor are taxes a consideration in the management of the Account.

Role of Each Investment or Course of Action on Overall Investment Strategy

This Account is managed to the Prudent Investor Rule. This rule acknowledges Modern Portfolio Theory as a guiding tenet. Under this legal regime, all decisions respecting individual assets should be considered in the context of the portfolio as a whole. No specific investment or course of action, taken alone, shall be considered inherently prudent or imprudent.

Assets of Special Relation or Special Value to Organization

Unless otherwise provided for in writing by an Authorized Signer, it is the intention of the Committee that all in-kind contributions to the Organization will be liquidated by the Consultant in the most efficient manner available given market conditions at that time and reinvested in accordance with this Policy.

There exist no Assets bearing a special relation to the Organization.

Investment Management Restrictions

Prohibited Securities

Fund Managers are prohibited from the following securities and transactions without prior written approval from an Authorized Signer:

- Letter stock or other unregistered securities;
- Physical commodities or contracts thereof;
- Transacting in futures contracts in any form;
- Utilizing options for speculation;
- Short sales or margin transactions;
- Securities lending, pledging or hypothecating securities;
- Initial Public Offerings; and,
- Investments for the purpose of exercising control of management.

Global Equities: In General

- Equity holdings in any one company should not exceed 5% of the market value of the total Investible Assets' equity holdings.
- Allocations to economic sectors should be consistent with the broad equity market.
- Fund Managers have discretion to invest a portion of their assets in cash reserves; however, there will be no adjustment for these reserves to the assigned benchmark or peer group.

International Equities: Specifically

- Allocations to specific countries should take the Fund Manager's assigned benchmark into consideration.
- There should be no direct foreign currency speculation; however, foreign exchange contracts to hedge currency exposure are allowed.

Fixed Income: In General

- U.S. Treasury and U.S. government agencies, which are unrated securities, shall be considered the highest quality rating.
- No exposure to any one issuer, other than securities of the U.S. government or its agencies, shall exceed 10% of the market value of the fixed income portfolio.
- No more than 20% of the market value of the fixed income portfolio shall be rated less than "A-" quality unless the Fund Manager has prior written authorization.
- All securities must be rated as investment grade by at least one ratings agency. Should a holding be downgraded below investment grade, the Fund Manager may either sell the holding or communicate with the Consultant the qualities that would support maintaining the position.

Fixed Income: Prohibited Securities & Transactions

- Securities not offered through an SEC registration filing other than U.S. government or agency-backed mortgages.
- Derivative securities.

Alternatives: In General

Alternative investments are defined as everything other than traditional long stock and bond portfolios. For the purpose of this IPS, alternative investments shall include any investment that has a low correlation to the domestic equity and fixed income markets. This shall include real estate, private equity, hedged investments, commodities, timber, and global macro allocation portfolios, among other asset classes.

Cash & Cash Equivalents: In General

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.
- Any idle cash not invested by the investment managers shall be invested daily through an automatic interest-bearing sweep vehicle managed by the custodian.

Performance Expectations & Monitoring

The Committee shall rely on quarterly reports, as provided by the Consultant, to evaluate the progress of the Investible Assets in relation to the attainment of long-term goals. It is understood that variance over short-time periods is to be expected.

Expectations

The Consultant shall provide forward-looking capital market assumptions to the Committee annually to confirm that this Policy's target allocation and ranges are still appropriate for the Organization's long-term well-being.

Monitoring

The Committee will meet regularly with Consultant to focus on Fund Managers' and Commingled Funds':

- Adherence to the IPS guidelines;
- Material changes in organization, investment philosophy and/or personnel; and,
- Comparisons of the results to appropriate indices and peer groups.

The risk associated with each Fund Manager's portfolio, as measured by the variability of quarterly returns (standard deviation), should not exceed that of the benchmark index and the peer group without a corresponding increase in performance above the benchmark and peer group over a full market cycle.

Ongoing review and analysis of Fund Managers and Commingled Products is as important as the due diligence implemented during the initial selection process. Accordingly, a thorough review and analysis of a Fund Manager will be conducted, should it:

- Perform in the bottom quartile (75th percentile) of its peer group over an annual period;
- Fall in the southeast quadrant of the risk/return scatterplot for a 3-year time period; or,
- Have a 3-year risk adjusted return (as defined by Sharpe Ratio) fall below that of the median manager within the appropriate peer group.

Furthermore, performance which may require the replacement of a Fund Manager includes:

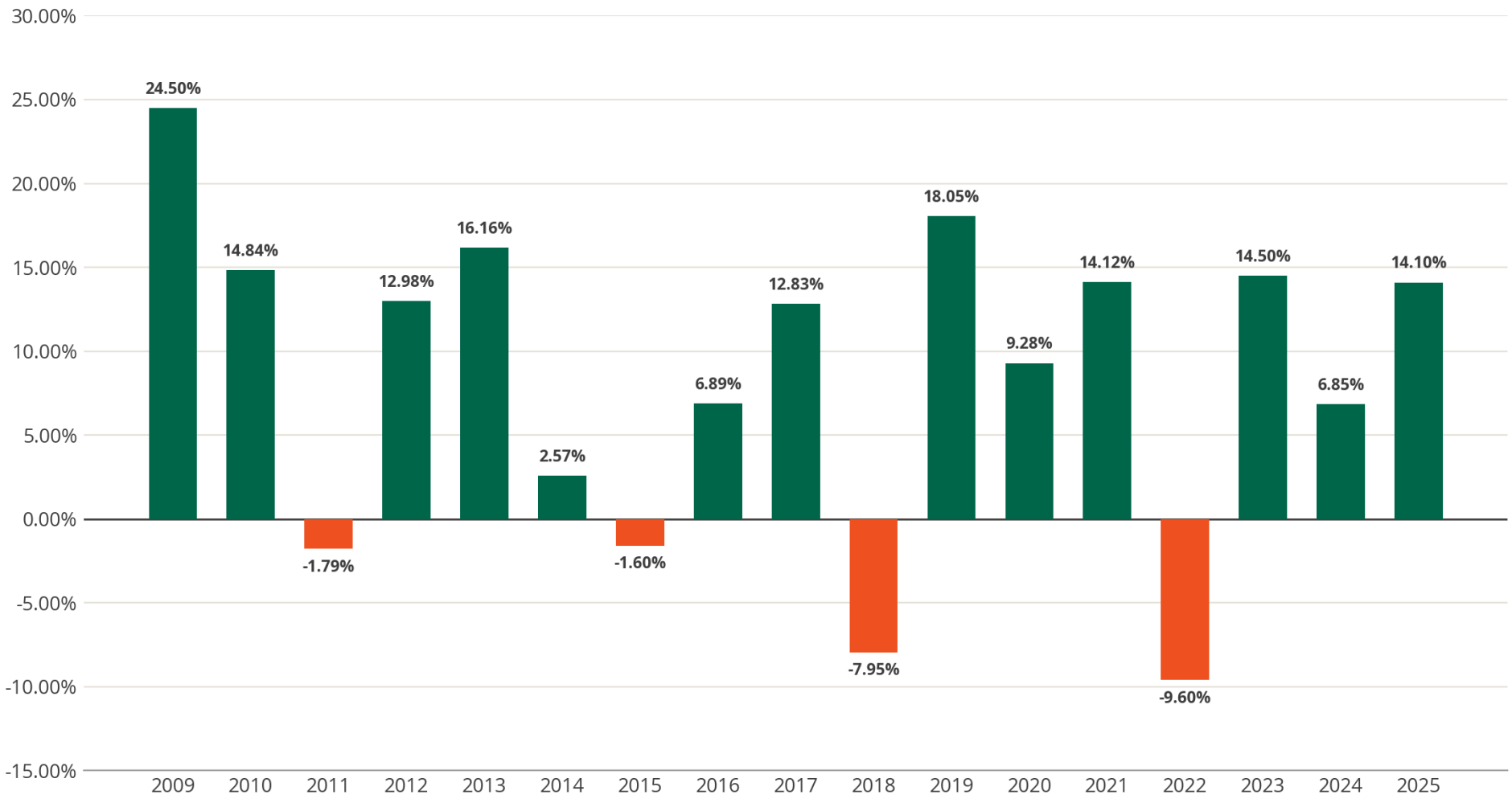
- Fund Managers that consistently perform below the median (50th percentile) of their peer group over rolling five-year periods; or,
- Fund Managers with negative alphas for a five-year time period.

Major organizational changes also warrant immediate review of the Fund Manager, including:

- Change in professionals
- Significant increase or reduction in assets under management
- Significant growth of new business
- Change in ownership
- Change in investment style
- Negative change in financial condition of Fund Manager

The performance of the Fund Managers and Commingled Funds will be monitored on an ongoing basis, and it is at the Consultant's discretion to take corrective action by replacing a manager if the Consultant deems it appropriate at any time.

7 *Peer group and benchmark definitions can be found in Appendix I — Indexes & Peer Groups.*

Community Foundation
FOR SOUTH CENTRAL NEW YORK

CFSCNY Historical Investment Rates of Return