Investment Policy Statement

Introduction & Purpose

As the community foundation for northern Nevada, The Community Foundation of Northern Nevada (the "Foundation") assets consist of invested donor advised funds, scholarships, designated and legacy funds, and the Community Endowment. Launched in 1998 the Community Endowment is an unending permanent charitable resource for Nevada. Gifts of all sizes are pooled and invested to address widespread community challenges and emergency relief for generations to come.

This document presents the investment process of the Foundation's Investment Portfolio, including investment objectives, asset allocation, investment restrictions, and review procedures (collectively, the "Policy").

Purpose:

The purpose of this Policy is to establish a clear understanding of the philosophy and the investment objectives of the Foundation, including Impact Investments that are intended to improve the quality of life in the Foundation's local area. This Policy therefore provides, among other things, for limited Impact Investments and incorporates Impact Investments as a component of the Foundation's Asset Allocation Strategy for all funds established or funded on or after July 1, 2016, so that the Foundation can make investments that may be both in the interest of Fundholders and the community the Foundation serves.

This Policy further describes the standards that will be utilized by the Investment Committee in monitoring investment performance, as well as serve as a guideline for any Investment Manager retained. In this regard, this Policy provides for Pooled Investment Accounts to meet objectives for charitable funds that will be distributed in short and long-term time frames. Short-term assets are deemed to be those that will be distributed in a 1-3 year time frame and long-term assets are deemed to be those to be distributed in a time frame of 3 years or longer.

Fundholders may request appropriate Pooled Investment Accounts based on the nature of the charitable assets in their Fund, with the exception that monies that are to be distributed within one year will be held as cash and cash equivalents. Additionally, funds held for grant payables may be invested separately to fulfill those obligations.

Investment Responsibilities

The Investment Committee of the Board of Directors has responsibility for establishing and modifying all elements of this Policy including establishing the Portfolio's asset allocation strategy. The Investment Committee of the Board of Directors and its delegated and designated staff, the Investment Consultant and Investment Managers will be charged with implementing this Policy.

A. The Investment Committee is responsible for:

1) Overseeing the Portfolio's assets and reporting on the status of the Portfolio to the Board of Directors.

2) Monitoring the investment performance of each Investment Manager versus the Investment Manager's benchmark using reports prepared by the managers, the staff, and its Investment Consultant.

3) Monitoring the appropriateness of each Investment Manager's investment strategy given the Foundation's overall investment strategy, philosophy, and objectives.

4) Overseeing the process monitoring the individual Investment Manager portfolios to insure compliance with this Policy, its guidelines and restrictions.

5) Selecting and terminating Investment Managers for the Portfolio in accordance with the strategic asset allocation as set forth in this Policy and for performance or Policy compliance related issues.

6) Reviewing this Policy on an ongoing basis and recommending changes to the Board of Directors, as may be necessary or desirable.

7) The periodic review and verification that asset allocations among the various asset classes are in-line with strategic allocations. In the interim, staff and the consultant will monitor on a monthly basis and notify the Investment Committee should any asset class stray from targeted ranges.

B. The Investment Managers are responsible for:

1) Acting in accordance with "prudent investor" principles with respect to the management of the Foundation’s Portfolio's assets.

2) For investments other than mutual funds, immediately reporting in writing as practical, any violations of the guidelines and restrictions as set forth in this Policy.

3) Immediately reporting to the Investment Consultant and Investment Committee, any findings against the firm or its principals, either by the SEC or any other regulatory authority. In addition, any lawsuits brought against the firm or its principals should also be immediately reported to the Foundation.

4) Preparing quarterly written statements, including actions taken in their portion of the Portfolio and expected changes in their portfolio, including proxy voting.

5) Attending meetings with the Investment Committee, staff and Investment Consultant as needed.

6) Immediately communicating all pertinent changes in the Investment Manager's firm to the Foundation. This includes, but is not limited to:

   - Changes in personnel involved in the Foundation's relationship
   - Changes in Investment Manager's ownership
   - Changes in senior investment professionals' responsibilities
   - Changes in Investment Manager's investment style

7) Adhering to the investment strategy or style for which the Investment Manager was selected.

C. The Staff is responsible for:

1) Reviewing investment reports prepared by the Investment Consultant for the Investment Committee's review ensuring that such reports contain information necessary for the Investment Committee to exercise its fiduciary responsibilities.

2) Assisting the Investment Committee, the Investment Consultant and the Investment Managers with all components of this Policy.

3) Ensuring that deposits to and withdrawals from the Portfolio are in accordance with the requirements established by the Investment Committee and the Board of Directors.

4) Verification of the Investment Managers' fees on a regular basis in conjunction with the Investment Consultants.

5) FIMS generated reports:

a The Controller shall generate monthly statements on investment performance of all Foundation Pooled Investment Accounts, and a composite report of all combined invested pools. The FIMS report provides a simple calculation of investment performance based on the investment reconciliation data within the FACTS Module. The performance calculation method is approved for use in the COF Investment Survey.

$$\frac{[\text{ending market value} - \text{net contributions} - \text{beginning market}]}{[\text{beginning market} + \tfrac{1}{2}\ \text{net contributions}]}$$

net contributions = contributions / additions less withdrawals / subtractions

b This method of calculating investment performance is not an exact reflection of asset allocation or risk. Further, this calculation does not take into consideration daily cash flow, etc. Therefore this information is only to be used as an approximation of total investment return.

D. The Investment Consultant is responsible for:

1) Providing consolidated quarterly performance reporting for all Foundation investments to the Investment Committee.

2) Providing consolidated quarterly Investment Manager fee report.

3) Conducting annual Investment Manager reviews and preparing annual Investment Manager reports to the Investment Committee.

4) Monitoring this Policy and recommending changes as needed.

5) Providing each Investment Manager (excluding mutual fund managers) with a copy of the updated Statement of Investment Policy.

6) Monitoring each Investment Manager's ownership structure and investment personnel, diversity and inclusion data and reporting all significant changes to the Investment Committee.

7) Monitoring each Investment Manager for adherence to this Policy as well as to his or her stated investment style.

8) Providing necessary information and cooperating with the accounting staff in preparing reports and audits as and when required to do so.

9) Participation in all Investment Committee meetings.

Spending Policy Statement

The Spending Policy Statement is detailed in Appendix D.

Underwater Fund Spending Policy

The policy for underwater funds (funds whose balances are below their historic gift value) applies to endowed funds and is intended to reduce spending to an amount that will allow funds to recover their historical gift value while also preserving the purchasing power within an approximate time period (approximately 7 years). For ease of operation, the tiered schedule will have no more than five thresholds as shown here:

Percent Underwater	Reduction in Spending	Adjusted Grant Spending Rate	Estimated year to Recover
Less than 25%	No reduction	4.00%	
Over 25% less than 30%	25% reduction	3.00%	7-8
Over 30% less than 35%	50% reduction	2.00%	7-8
Over 35% less than 40%	75% reduction	1.00%	7-8
Over 40%	100% reduction	0%	7-8

The spending policy percentage(s) are reviewed and approved on an annual basis.

Staff reviews each donor-advised fund's balance and, based on UPMIFA and the approved model, recommends an annual available to spend percentage for each fund. A separate analysis for endowed funds not subject to UPMIFA are reviewed with recommendations for an available to spend percentage.

Staff provides the Investment Committee and the Board of Directors with the annual recommended percentages for each group of endowed funds as well as an analysis of current year's actual spending & fees, total return and inflation compared to target.

Deposits and Withdrawals

New deposits to the Long Term Pool that are not associated with an investment advisor will be split equally between the Investment Managers responsible for the Long Term Pool assets. Withdrawals from the Long Term Pool will be split equally between the Investment Managers responsible for the Long Term Pool assets.

Re-balancing Policy

The Investment Consultant, staff and Investment Committee will regularly monitor current allocations to ensure each are within strategic bands. Should allocations move outside predetermined bands, Foundation staff with the help of its Investment Consultant will work with the Investment Managers to rebalance within the asset allocation bands of each pool.

Investment Philosophy

As a long-term investor, the following issues are significant factors in the prudent allocation of the Foundation's endowment assets:

- In order to achieve a rate of return that will support the above-mentioned spending policy while protecting the assets from inflation, the Foundation must be willing to take some investment risk with respect to the Endowment Portfolio.
- The Investment Committee believes that the most effective way to establish an appropriate volatility level for the portfolio is through its asset allocation (i.e. stocks, bonds and cash). Long term investment return and volatility depend on the Portfolio's strategic asset allocation. In consultation with its Investment Consultant, a strategic asset allocation policy has been adopted which best balances the opportunity for achieving the investment return objectives as set forth in this Policy with an acceptable volatility level.
- There is significant evidence that long-term investors do not benefit from attempting to earn returns through short-term asset class forecasts or market timing. As a result, the Foundation has adopted a strategic long-term asset allocation for the Portfolio. Over time, the Portfolio will remain invested in percentages that are fairly close to those called for in the strategic allocation.
- The Foundation strongly believes in the long-term benefits of diversifying its Portfolio into a number of different asset classes and investment strategies. While each asset class and strategy is carefully selected, the focus of the investment process is always on the overall Portfolio.
- To achieve the long-term benefits of a widely diversified Portfolio, the Foundation has adopted strategic targets for each asset class that it utilizes. It expects that the Portfolio weight for each asset class will remain within minimum and maximum percentages. The current strategic asset allocation including targets and acceptable ranges is outlined in Appendix A.
- Within each asset class, the Foundation seeks to earn the most efficient rate of return possible (after investment expenses). Investments will be well diversified by investment style and strategy. Style and strategy diversification will increase the probability over five to seven-year time periods that the Foundation will achieve its investment goals and reduce volatility. The Foundation has adopted specific requirements and restrictions for each asset class. These are described in Appendix B.

Performance Objectives

In order to achieve the objectives stated in the Introduction to this Policy, the Foundation's total Portfolio must earn a rate of return that meets its long-term goals. Thus, the long-term objective for the Portfolio is to earn a return of CPI plus 3-5%. Given that this benchmark is not directly related to market performance, success or failure in achieving this goal should be evaluated over seven to ten years.

The Foundation's asset class definitions and guidelines are listed in Appendix A. Appendix B defines the current asset allocation targets and benchmarks.

Administrative and Review Procedures

The Investment Committee will review this Policy at least annually.

The Investment Committee will review the performance of the Portfolio assets each meeting with the assistance of its Investment Consultant and the Foundation staff. These reviews will include:

- Review of the Portfolio's overall asset allocation to assure compliance with this document.
- Review of the assets held in each portion of the Portfolio to assure compliance with the Foundation's policies regarding investment restrictions and the consistency of the Investment Manager's strategy.
- Review of performance against the benchmarks set forth in this document.

Foundation staff and the Investment Consultant will perform the above review at least quarterly and report any deviations or concerns as soon as reasonably practicable to the Investment Committee Chairman to better align non-permanent funds with related grant-making plans.

The Board has established two separate pools from which a fund may be invested in: Short Term Pool, and Long Term Pool. The Foundation will collaborate with donors to determine the best allocation between the Long and Short Term Pools based on the anticipated distribution schedule. The allocations and respective benchmarks for each can be found in Appendix B.

<u>Short Term Pool</u> — The purpose of this portfolio is to provide a high level of liquidity for funds with short-term grant making strategies.

<u>Long Term Pool</u> — The purpose of this portfolio is to mimic the Endowment as close as possible with the intention of maintaining assets within the pool for a long-term time frame.

Appendix A

Asset Class Definitions/Guidelines

Domestic Equity

l) The Domestic Equity portfolio will be diversified according to economic sector, industry, number of holdings and other investment characteristics. However, it is recognized that any actively managed portfolio will not be as diversified as the market. To produce overall diversification, equity managers will be selected to employ different management strategies that together achieve the desired degree of diversification.

2) No more than 5% at cost or 10% at market of an Investment manager's portfolio may be held in the securities of a single issuer.

3) Investment Managers of the Domestic Equity component of the Investment Portfolio may use derivative securities and hedged strategies to replicate market exposure and/or to execute a strategy at lesser cost than purchasing or selling the underlying securities.

4) Specific Restrictions — The Investment Manager is restricted from purchasing any security the Committee deems inappropriate for the portfolio. The Committee may select such securities at any time and the Investment Manager must liquidate upon notification.

An Investment Manager may only deviate from these guidelines with advance written permission of the Foundation.

International Equity

The following definitions may be used to distinguish between developed and emerging international securities.

All restrictions listed above for Domestic Equity, other than item number three (ADR's), also applies to International Equity with the following additions and modifications:

1) Currency exposure may only be hedged back to the US dollar. The decision to hedge is left to the Investment Manager's discretion. Derivative instruments may be used to achieve currency hedging as permitted under this policy.

Fixed Income

1) The duration of an Investment Manager's portfolio should be no longer than 3 years in the Short Term Pool.

2) Investment Managers are permitted to invest in the following classes of Fixed Income securities:

   a) Bonds or notes issued by the U.S. Government or a U.S. Government Agency backed by the full faith and credit of the US Government

   b) Mortgage-backed securities

   c) Corporate bonds issued in the U.S. and denominated in U.S. dollars

   d) Asset-backed securities

3) Aggregate bond managers are expected to maintain an average quality rating for their portfolio that does not fall below an S&P rating of AA.

4) A minimum of 5% of portfolios in the Long Term Pool will be in U.S. Treasuries or FDIC insured Certificates of Deposit.

5) No more than 5% at market of an Investment Manager's portfolio may be held in the securities of a single corporate issuer. This restriction does not apply to securities issued by the U.S. Government or a U.S. Government Agency backed by the full faith and credit of the U.S. Government.

6) Up to 25% of the Fixed Income investments may be instruments which are not publicly traded but for which a limited trading market may become available excluding equity and convertible securities. This may include high yield bonds, structured notes, and other alternative fixed income securities.

7) Derivative instruments may be utilized by an Investment Manager in order to obtain more efficient exposure to a specific type of security. However, at no time, may derivative instruments be used to leverage the portfolio. In addition, it is expected that an Investment Manager will have thoroughly tested the behavior of the derivative instrument under a variety of market conditions before purchasing the security for the portfolio.

An Investment Manager may only deviate from these guidelines with advance written permission of the Foundation.

Alternative Investments

The Foundation may employ Investment Managers to pursue alternative investment strategies (other than traditional long-only purchases of stocks or bonds) for the purposes of diversifying the market exposure of the Portfolio, reducing volatility and/or enhancing the overall return. Alternative investments may include hedge funds, partnerships or other similar vehicles investing (long and/or short) in domestic and international securities, venture capital investments, private equity, high yield and distressed securities and loans, commodities, gold, oil and gas interests, real estate and derivative instruments. In each case, the Investment Manager (as with traditional Investment Managers) will be expected to operate within the guidelines proposed when the Investment Committee approved the strategy.

Cash Equivalent Investments

Cash equivalent investments may include T Bills, U.S. Treasury Money Market and Government Money Market Funds.

Impact Investments

Impact investments will be made through regional financial intermediaries who carry the highest assessment and rating under CARS (the CDFI Assessment and Rating System for Community Development Financial Institutions) or comparable assessment and ratings in their field of expertise and may include investments recommended by such intermediary in CDFIs and other loaning institutions.

Appendix B
Strategic Asset Allocations

<u>ShortTerm Pool</u> – The investment objective is to shelter funds from most market risk. The objective of this Pool is to maintain current principal and income for the invested funds. May hold such stable value investments as cash equivalents, investment grade corporate bonds, high yield, U.S. and sovereign government and Treasury securities and FDIC insured Certificate of Deposit investments. Average duration shall not exceed three years. Maturities may be laddered to provide liquidity.

The following asset allocation chart covers the Short Term Pool:

	Minimum	**Target**	**Maximum**	**Benchmarks**
Global Equities	**0%**	**20%**	**25%**	MSCI ACWI Equity Index
Global Fixed-Income	**58%**	**80%**	**100%**	Barclay's Global Fixed Income
Core US	0%	0%	40%	
International Bonds	0%	10%	20%	
Investment Grade Domestic Bonds (1-3 Avg Duration)	55%	65%	75%	
High Yield Bonds	0%	0%	10%	
Cash and equivalents	3%	5%	8%	

The Short Term Pool shall be a short duration fund that is managed separately from the Long Term Pool.

<u>Long Term Pool</u> – the investment objective is to provide growth and income for the funds invested in this Pool. This Pool can employ funds of funds, private equity and alternative investments along with other asset classes. It is permitted to hold up to 15% in illiquid assets.

The following asset allocation chart covers the Long Term Pool:

	Minimum	Target	Maximum	Benchmarks
Global Equity	**40%**	**62%**	**80%**	MSCI ACWI Equity Index
Global Fixed Income, Cash & TIPS	**8%**	**31%**	**45%**	Barclay's Global Fixed Income
Alternative Investments	**0%**	**5%**	**35%**	3-month T-bills plus 5%
Impact Investment	**0%**	**2%**	**3%**	Barclay's Global Fixed Income (if Pooled Impact Investment)

Global fixed income, cash & TIPS may include Core US, international, high yield, cash & equivalents, and other fixed income investments in accordance with this Policy.

The Investment Committee may contract with a Registered Investment Advisor or Investment Manager to manage the endowment in a commingled pooled account that has similar guidelines as those above. Three criteria will be required:

1) No more than 15% may be invested in illiquid assets.

2) A minimum of 25% of the portfolio should be investment grade or above.

3) No more than 10% may be in any one hedge fund

Appendix C
Treatment of Excess Business Holdings

Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rules now apply to donor advised funds as if they were private foundations (1). That is, the holdings of a donor advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following:

- Twenty percent (2) of the voting stock (3) of an incorporated business
- Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity

Ownership of unincorporated businesses that are not substantially related to the fund's purposes is also prohibited. Donor advised funds receiving gifts of interests in a business enterprise after the date of the PPA's enactment (August 17, 2006) will have five years 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. Funds that currently hold such assets will have a much longer period to divest under the same complicated transition relief given to private foundations in 1969[(4)].

What is a business enterprise?

A "business enterprise" is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity
- Income from dividends, interest, royalties and from the sale of capital assets
- Income from leases unless the income would be taxed as unrelated business income
- "Functionally-related" businesses and program-related investments
- Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding gifts of interests in most family limited partnerships, and other types of holding company arrangements.

What is a disqualified person?

Donors and persons appointed or designated by donors are disqualified persons if they have, or reasonably expect to have, advisory privileges with respect to the donor-advised fund by virtue of their status as donors. Members of donors' and advisors' families are also disqualified, but the section does not define "family" and does not cross-reference either section 4958 or 4946 for the definition. Finally, the term includes 35-percent-controlled entities as defined in section 4958(f)(3).

Foundation Policy with regard to assets categorized under the PPA as "excess business holdings"

The Foundation will identify and monitor any new gift to a donor advised fund of any interest qualifying as an "excess business holding" under the PPA. The Foundation will exercise its best effort to dispose of the contributed interest at the best possible price within the five years of the date of the gift, as required under the PPA. In any event, the Foundation will dispose of any excess business holding prior to the five-year time limit, except in the event that the Treasury Department grants an additional five year holding period. The Foundation will notify potential donors of such interests of this requirement prior to the contribution of such interest.

1)The language is clear that it is only the donor advised fund—not the sponsoring charity—that is to be treated as a private foundation. Accordingly, it appears that this section does not apply to assets held by the sponsoring charity's investment pools, or assets held by funds that are not donor advised.

2)Thirty-five percent (vs. twenty) if it can be shown that persons who are not disqualified persons, have effective control of the business.

3)Additionally, the donor advised fund will be barred from holding non-voting stock of an incorporated business unless the disqualified persons collectively own less than 20 percent of the voting stock. Under the de minimis rule, the donor-advised fund could continue to hold an interest that did not exceed two percent of the voting stock and two percent of the value. Additional rules apply to cover situations such as mergers, redemptions, and acquisitions.

4)Excess holdings acquired by purchase must be disposed of immediately. If purchases by disqualified persons cause the donor advised fund to have excess holdings, the donor advised fund will have 90 days to dispose of the excess.

Appendix D
Spending Policy Statement

(This policy is monitored and adapted by the Foundation's Finance Committee)

COMMUNITY FOUNDATION OF NORTHERN NEVADA
GRANT SPENDING POLICY
Revised June 7, 2023

I. Purpose

This policy shall not apply to Fund Agreements that include spending policy language specific to that Fund.

The purpose of this Spending Policy Statement is to:

a. Establish a method of allocating spendable grant balances
b. Provide for definition of principal and income
c. Set methodology for calculating income and grant allocations
d. Set policy for unused portions of grants
e. Special procedures

Spending rules are subject to periodic review by the Finance Committee and approved by the board of Trustees of the Community Foundation of Northern Nevada.

II. Definitions

The principal value in each Fund is the total value of all gifts received to that Fund.

Income is the interest, dividends, and realized/unrealized gains, which may be determined at any time based on the actual income of interest and dividends, realized gains, and the value of unrealized gains on a specific date.

III. Annual Grant Allocations – Endowed Funds

Annual grant allocations are determined in accordance with the Fund Agreement. For endowment funds with a fixed distribution, the current spending policy makes available on an annual basis 5% of the value of each Fund, as of the close of the last day of September. This 5% is to be spent from income and principal. For Endowments that reach the underwater threshold set forth in the Investment Policy a step-down percentage will be available for distribution.

IV. Calculating Income

All investment income and realized/unrealized gains are first posted to the Fund's balance at the end of each quarter. Then, the Administrative Fees are charged. Some revenues are estimated during the first three quarters of the year. At the end of the 3rd quarter of each year, after all final statements have been posted, adjusting entries made, and fees posted, the value for grant allocations is determined.

V. Unused Portions of Grants

Grants made from the Community Foundation of Northern Nevada (Community Foundation) via a request-for-proposal process are restricted for use to the purpose stated in the grantee's proposal submitted for the request for proposal. Occasionally, grantees have an unused portion of the grant remaining at the end of the grant cycle. This may happen for a variety of reasons and may indicate fiscal diligence on the part of the grantee, which results in a remainder of funds.

The Community Foundation's policy governing unused portions of grants is designed to ensure that use of grant funds adheres to the original intent of the grant. The following policy is established as a guideline.

Remaining grant funds

If remaining grant funds are:	Grantee:
Less than 10% of the total grant award or $5,000 or less, whichever is less	May reallocate the funding without permission from Community Foundation
Greater than 10% of the total grant award or more than $5,000	Must request permission from the Foundation to reallocate funding.

Reporting reallocation

Regardless of the size of the reallocation, grantees must report how the reallocated funds were used.

Returning unused grant funds

Grantees may be asked to return to the Community Foundation the unused portion of grant funds if that unused portion: exceeds 10% of the total grant award or is greater than $5,000, whichever is less. When the Community Foundation determines that a portion of the grant should be returned, the grantee will be notified in writing.

Note: All returns remain fully invested until a disbursement check is actually produced.

VI. Special Procedures

Where the reports submitted or other information (including the failure to submit reports) indicate that all or any part of a grant is not being used in furtherance of the purposes of such grant, the Community Foundation is under a duty to investigate. While conducting its investigation, the Community Foundation shall withhold further payments to the extent possible until any delinquent reports required under the foregoing provisions of these procedures have been submitted.

If the Community Foundation learns that all or any part of a grant is not being used in furtherance of the purposes of the grant, the Community Foundation shall take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. If such a diversion occurs and the grantee has not previously diverted grant funds to any use not in furtherance of the purposes of the grant, the Foundation shall withhold any further payments to the grantee until it has received the grantee's assurance that future diversions shall not occur and shall require the grantee to take extraordinary precautions to prevent future diversions from occurring.

Where a grantee has previously diverted funds received from the Community Foundation and the Community Foundation determines that any part of a grant has again been used for improper purposes, the Community Foundation shall take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. In such case, the Community Foundation shall withhold further payments until: (1) the diverted funds are in fact recovered or restored; (2) the Community Foundation has received the grantee's assurances that future diversions will not occur; and (3) the Community Foundation requires the grantee to take extraordinary precautions to prevent future diversions from occurring. The phrase "all reasonable and appropriate steps," as used above, shall include legal action where appropriate, but need not include legal action if such action would in all probability not result in the satisfaction of execution on a judgment.

Where a grant is requested to be anonymous including the grantee not knowing that the grant came from the Community Foundation, the Foundation may make such grants as long as the grant is unrestricted (having no reporting requirements) and the grant is made to a qualified charitable entity with receipt and deposit by charity being verifiable. The preferred method for disbursing such grants is by cashier’s check. Any correspondence sent with the cashier’s check, including the envelope, shall have no reference to, nor branding of the Foundation. A courier service may be used.

Appendix E

Key Terms and Definitions

Acceptable Band - Variance or difference between the target allocation and the actual allocation defined by the Investment Committee.

Advised Fund – A Fund held by the Foundation where the Fundholder has advisory privileges over the distribution or investment of the Fund's assets.

Advisor - One who is accountable for the activities of a portfolio as distinguished from an Investment Manager that executes the investment practice.

Agency – An external legal entity from the Foundation.

Agency Fund – A Fund established to pool monies for investment to the benefit of an Agency.

Alternative Investment Manager – The agent and decision maker of an investment that is non-traditional or illiquid.

Asset Class(es) – Groupings of investments into like investments for the purpose of management and analysis.

Asset Concentration – A measurement of the amount of risk for any one investment against a pool of investments.

Benchmark – A base for measuring the return comparison of an investment, asset class, or Pooled Investment Account.

Cash and Cash Equivalents – Currency and highly (overnight) liquid securities with a known market value.

Charitable Purpose(s) – The exercise of philanthropy for the betterment of a cause.

CoF Investment Survey – Council of Foundations collection of statistical data for the dissemination of information to Foundations.

FACTS Module – Sub-program software written by MicroEdge as part of FIMS (Foundation Information Management System) software used to manage the Foundation's database of information.

Fund(s) – A charitable supply of money or pecuniary resources for philanthropic purposes held by the Foundation.

Fundholder(s) – A person who establishes a Fund by gift, legacy, devise, or power of appointment. The term "Fundholder(s)" also includes any person, committee, or advisory board that has advisory privileges over the distribution or investment of the Fund's assets.

Illiquid Asset(s) – Assets which may require more than 31 days to liquidate into U.S. Dollars.

Impact Investment Committee – The Committee of the Community Foundation of Northern Nevada that evaluates applications for an Impact Investment opportunity which has been deemed acceptable by the appropriate Foundation Committee, makes recommendations to the Investment Committee, and subject to Investment Committee approval, has the authority to act finally on all matters relating to Impact Investments. At least two members of the Investment Committee, as appointed by the chair of the Investment Committee, shall serve on the Impact Investment Committee.

Impact Investment(s) – A loan from the Foundation that, in addition to an investment return, shall also provide a measurable social and/or economic benefit to improve the quality of life in Northern Nevada.

Individually Managed Fund(s) – A Fund managed by an Individual Fund Manager

Individual Fund Manager(s) – An Investment Manager specifically requested by a Donor/Agency to manage its/his/her Fund and approved by the Foundation to act on behalf of the Foundation for the purpose of investing. A Fund managed by an Individual Fund Manager is an Individually Managed Fund as defined herein.

Investment Category – A grouping of asset classes.

Investment Committee – The group of non-compensated individuals that, when taken in context of a

Investment Consultant – An independent party that analyzes and provides review of the Foundation's investments and one who gives professional advice or services with regards to those investments but may not actually manage the Foundation's investments**.**

Investment Limitation(s) – The 3% contribution limitation established under this Policy for funds to be invested in an Impact Investment.

Investment Manager(s) – One who is the agent and decision maker and manages the activities of a portfolio as distinguished from unmanaged assets.

Investment Portfolio(s) – The grouping of investments that incorporate the Asset Allocation Strategies contained in Section VI of this Policy.

Investment Vehicle – An individual, specific investment.

Non-Individually Managed Fund(s) – Any Fund not managed by an Individual Fund Manager.

Pooled Investment Account(s) – The accounts comprised of monies from different Funds which are Non-Individually Managed Fund(s) and which are pooled to achieve economies of scale for the financial gain of all Funds participating.

Pooled Impact Investment Account – The pooling of monies from different Funds for the purpose of funding and holding Impact Investments.

Rebalance – The method to reallocate assets back to the target allocation as defined.

Traditional Investment Manager – An Investment Manager that operates within the standards of acceptable practice by historical context and professional context.