GREATER GRAND ISLAND COMMUNITY FOUNDATION
POLICY & PROCEDURE MANUAL

SUBJECT: INVESTMENT POLICY & OBJECTIVES POLICY/PROCEDURE NO. 611

ORIGINATION DATE: 12/1997
REVISION DATE: 3/99, 4/03, 11/12, 12/12, 8/19/2013, 4/23/18 APPROVED BY BOARD: 4/23/18

I. DESCRIPTION OF INVESTMENT FUNDS

Funds of the Foundation shall be invested with such investment manager(s) as may be approved by the Board to invest the monies and properties of any specific Fund Agreement, and earnings of such investments shall be allocated to said Fund, as determined by the Board. The earnings of the monies and properties shall be allocated to each Fund by the then value of the total amount of assets invested with each manager, such percentage interest being subject to adjustment at the time of each addition to or reduction of the assets of the Fund.

A. NON-PERMANENT EXPENDABLE FUNDS
Non-permanent Expendable Funds of the Foundation are funds held by the Foundation on behalf of other organizations for an indefinite time period and are generally invested in a money market account if held less than one year. Funds held by the Foundation for 1 year or longer are generally invested with the Foundations Pooled Assets.

B. PERMANENTLY ENDOWED FUNDS
Permanently Endowed Funds are held in perpetuity and may be either restricted or unrestricted.

1. Restricted Permanently Endowed Funds: Restricted Permanently Endowed Funds are directed to designated organizations that serve a specific group or pursue particular objectives selected by the donor. The Foundation may pay out an annually determined percentage of a rolling twelve-quarter average market value of restricted assets with any excess being reinvested. Investment fees and expenses, Foundation administrative fees and direct fund expenses will be charged in addition to the annually determined payout percentage.

2. Unrestricted Permanently Endowed Funds: Unrestricted Permanently Endowed Funds provide the income from which grants are made to organizations selected by the Foundation. The Foundation may pay out an annually determined percentage of a rolling twelve-quarter average market value of unrestricted assets with any excess being reinvested. Investment fees and expenses, Foundation administrative fees and direct fund expenses will be charged in addition to the annually determined payout percentage.

3. Life Income Gift Funds: Some gifts to the Foundation are held as life income gifts such as charitable remainder trusts, with the Foundation as Trustee, or gift annuity contracts of which the Foundation is issuer and payer. The income objective of these funds is to cover payouts to the extent possible, thus maximizing eventual charitable realizations.

II. PURPOSE OF INVESTMENT POLICY

This Statement of Investment Objectives and Policies (the "Policy") is intended to:

A. proscribe the investment responsibilities of the Foundation.

B. establish formal, yet flexible, investment guidelines incorporating prudent risk parameters, appropriate asset guidelines and realistic return goals.

C. provide a framework for regular constructive communication between the Board, Finance Committee, staff and the Foundation's investment managers.

D. create standards of investment performance, which are historically achievable, over a reasonable time period.

It is expected that this Statement will be reviewed, and will be subject to change from time to time, by the Finance Committee of the Board of Trustees to ensure the relevance of its contents to current capital market conditions and the needs of the Foundation.

III. RESPONSIBILITIES - BOARD OF TRUSTEES

The Board bears the overall fiduciary responsibility for the Foundation. In management and investment of the Foundation’s assets, they must act prudently and for the best long-term interest of the donors and agencies having placed funds with the Foundation. The Board delegates the specific duties and responsibilities of overseeing the Foundation’s assets to the Finance Committee within the parameters of this policy.

The Board retains responsibility for approving this investment policy and any changes to this policy.

IV. RESPONSIBILITIES - FINANCE COMMITTEE

The purpose of the Finance Committee (the “Committee”) is to establish policies and direction for the implementation of a prudent investment program of the assets of the Foundation. The primary focus of the Committee is on policies for the investment and monitoring of cash, securities and the ownership and disposition of other asset classes such as real estate. The investment portfolio accounts are to be managed to maximize total return for both long-and short-term needs in a manner consistent with the risk tolerance of the Foundation. The Committee delegates to Foundation staff the day to day guidance, monitoring and oversight of Foundation investments.

A. RESPONSIBILITIES - The specific duties and responsibilities of the Committee shall be to:

1. set investment objectives and policies;
2. recommend trustees, investment managers and advisors for the funds, establish benchmarks for investment performance and monitor performance, as appropriate;
3. develop, review and recommend the overall asset allocation for the Foundation, as well as funding levels for each individual investment manager;
4. review periodically and recommend the Foundation’s distribution policy;
5. provide to the Board information regarding fund investment structures and performance against established objectives and policies;
6. monitor the investments of the Foundation. A performance evaluation of the investment portions and their components parts will be conducted quarterly. The evaluation will cover:
    - Review quarterly a report of all funds
    - Returns – Total time-weighted returns over various periods (Calendar year, Prior Quarter, 12 month rolling average returns)
    - Comparisons – Returns will be compared to appropriate benchmark indices and a statistical universe of similar funds
7. evaluate and recommend for removal, as necessary, any other investment managers,
8. negotiate compensation for all service providers, including any incentive compensation arrangements;
9. receive, review and retain the reports of the trustee banks, investment managers and other external reports on the investment portfolio of the Foundation;
10. recommend exceptions to the Foundation policy that stock donations be converted to cash immediately;
11. establish annually the spending rate and credit rate;

12. review and approve all gifts of tangible property, e.g., real estate.

B. COMMITTEE OPERATION

1. The Committee shall meet at least quarterly.
2. The actions of the Committee shall be recorded in formal minutes and reported to the full board.
3. The Committee may adopt procedures necessary to conduct its affairs.
4. The Committee may authorize members/agents to execute or deliver instruments on its behalf

C. BOARD APPROVAL

Actions of the Finance Committee shall be subject to Board approval.

D. MONITOR INVESTMENT PERFORMANCE

A performance evaluation of the investment options and their component parts will be conducted quarterly, or as requested by the Committee. A written report will be provided to the committee following each performance evaluation to cover four basic areas:

1. Returns - Total time-weighted returns over various periods.
2. Comparisons - Returns will be compared to appropriate benchmark indices and a statistical universe of similar funds.
3. Diagnostics - Measurement of risk-adjusted performance, analyses of risks style characteristics and return attribution.
4. Historical comparison - Returns will be compared to performance of previous years.

E. LARGE GIFTS

Subject to Board approval for gifts to the Foundation that equal $250,000 or more, donors can request their gift be invested with a specific investment manager. Such manager would be subject to the responsibilities, guidelines, asset allocation and performance objectives outlined in this document, unless the donor specifically directs otherwise in writing. The Foundation is under no obligation to accept the donor's request and retains the right to remove such manager at its discretion. The Foundation fee charged to all component funds will be charged in addition to any fees charged by the investment manager.

F. PRIMARY INVESTMENT MANAGERS (PIM's) are selected by the Board to manage a substantial part of the Foundation's pooled assets. PIM's are expected to apply the standards and guidelines outlined in this policy.

G. DONOR RECOMMENDED ALTERNATIVE INVESTMENT MANAGERS (AIM)

1. A donor who makes an outright gift during his/her lifetime may make a recommendation regarding the use of an investment manager ("Alternative Investment Manager" or "AIM") other than the Primary Investment Manager when all of the following conditions are present:

   a. The recommendation relates to the management of a single permanent gift of $250,000 or more (per the current policy);
   b. The gift is free from material restrictions;

2. A donor who makes a gift by testamentary bequest or beneficiary designation may make a recommendation regarding the use of an AIM when all of the following conditions are present:

   a. All of the requirements of A. above are met;
   b. The donor has, during his/her lifetime, made his/her gift intentions and recommendation regarding the use of an AIM known to Foundation in writing, in a form acceptable to the

Foundation; and

c. The AIM has, during the donor's lifetime, signed an acknowledgement of the Investment Policy of the Foundation.

3. The Board or its designee may approve, in its sole discretion, the use of an AIM.

4. Prior to engagement, each AIM selected by the Board or its designee shall sign off on (1) the Foundation's Investment Policy and (2) the Foundation's Conflict of Interest Policy.

V. RESPONSIBILITIES OF INVESTEMENT MANAGER

A. INVESTMENT MANAGEMENT

1. Acknowledge in writing acceptance of the objectives, guidelines and standards of performance as defined in this Statement and invest the assets of the Foundation in accordance with those objectives, guidelines and standards including rebalancing the portfolio when necessary.
2. Discretionary Managers (GGICF preferred management method): Assume co-fiduciary responsibility and exercise full discretionary authority as to all buy, hold and sell decisions for each security under management, subject to the guidelines as defined in this Statement.
3. Non-discretionary Managers: Consult with the Foundation for approval on buy, hold and sell decisions for each security under management, subject to the guidelines as defined in this Statement.
4. Make recommendations as to changes in this Statement based upon material and sustained changes in the capital markets.

B. REVIEW MEETINGS

At the request of the Committee, but not less than once each year, participate in a review meeting, the agenda to include:

1. A review and re-appraisal of the investment program.
2. A commentary on investment results in light of the appropriate standards of performance.
3. A synopsis of the key investment decisions made by the Manager and how those decisions could affect future results.
4. A discussion of the Manager's outlook, what specific investment decisions this outlook may trigger and how these decisions could affect future results.

C. REPORTING

A statement will be produced and received at the Foundation within 10 days of the end of each month, a quarterly investment performance report within 15 days of the end of the quarter, and a year-end statement describing the portfolio asset class weightings, individual security positions showing both cost and market value and all principal cash transactions, including all buys and sells in sufficient descriptive detail no later than February 15th of the following year. For mutual fund or pooled assets, this statement should show unit position, unit value and relevant portfolio characteristics. These statements should be sent to the Foundation's CEO, Finance Officer and Board Treasurer. These reports shall include, for each manager or asset class, the performance of the relevant Benchmark Index.

Upon request, fund holders and members of the community may receive the names of the trustees responsible for the oversight and investment of funds, the names of the investment managers for funds of the Foundation and fees associated with the investment of funds.

D. <u>COMMUNICATION</u>
Each Investment Manager is responsible to maintain frequent and open communication with the CEO, Board Treasurer and all material matters pertaining to investment policies and the management of the Foundation's assets. In particular, each Investment Manager will:

1. Provide notice of any material changes in investment outlook, strategy and portfolio structure;
2. Provide notice of material changes in firm ownership, organizational structure, financial condition, senior staffing and management;
3. Send a copy each year of its S.E.C. Form ADV filing (for Registered Investment Advisors) to the Foundation, (if applicable).

E. <u>VOTING OF PROXIES</u>
It shall be the policy of the investment manager to vote proxies for the exclusive benefit of the Foundation in accordance with the procedures set forth below. The investment manager will use his/her best efforts to insure the proxy voting benefits the Foundation. If any mutual or pooled funds used by the Foundation have their own proxy voting policies, these policies shall be reviewed by the Committee and shall take precedence over the rules in this Section. These guidelines shall govern any mutual or pooled funds that do not have their own proxy voting policies.

The procedures outlined below are designed to guide in the voting of proxies. These proxies received by the investment manager will be designated as "routine" or "non-routine."

1. Routine items are not expected to have a material adverse effect on the price of the security or net asset value of the mutual fund and will not substantially affect the rights or privileges of the security. It is expected that all routine proxies will be voted for management's proposals.

2. Non-routine items include:
   a. Acquisitions, mergers and divestitures;
   b. Significant changes in the Foundation's articles of incorporation or by-laws, such as anti-takeover provisions, "poison pills" or rights issues;
   c. Increases in the number of authorized common or preferred shares;
   d. Any unusual compensation or benefits to be awarded contingent upon the merger or acquisition of a particular Foundation.

The investment manager shall research all non-routine issues and vote the Foundation's shares according to his/her respective fiduciary charges. If the investment managers have any questions on voting of routine or non-routine issues, they should confer with the Board Chair. The investment managers will keep summaries of their votes on all non-routine issues. These summaries will be sent to the Committee at least quarterly and will also document that all proxies are being voted.

VI. <u>INVESTMENT OBJECTIVES</u>

The long-term goal of the Foundation's Investment Policy is to achieve a rate of growth sufficient to provide for the Foundation's spending needs, increase the real purchasing power of the principal and cover the annual operating expenses and inflation over a market cycle.

A. <u>TIME HORIZON</u>
Investments will be measured over a full market cycle which encompasses both a down leg and an up leg, in either order. Generally most market cycles last from three to five years. Shortfalls relative to the return targets for the Foundation may be tolerated over portions of the Market Cycles, provided that the return objectives for the Foundation are met over the full Market Cycle.

B. RETURN OBJECTIVE
The absolute total return objective of the Foundation is to achieve an annualized total return in excess of investment management fees, GGICF administration fees, Spending Policy and inflation (CPI) over a full market cycle.

1. Fixed Income

The fixed income component return objective of the Foundation is to achieve an annualized total return after expenses above the Barclays Capital Aggregate Bond Index.

2. Equities

The equity component return objective is to outperform, on a risk adjusted basis, a composite of weighted indices mirroring the Foundation's actual equity portfolio. (The composites benchmark will include appropriate indices such as the S&P Index, the Russell 2000, Australia Far East (EAFE) Index.

VII. ASSET ALLOCATION

	Min	TARGET	Max
Cash and Cash Equivalents	0%	3%	5%
Fixed Income	30%	40%	50%
Equities	50%	60%	70%

VIII. ASSET GUIDELINES

A. EQUITIES

1. Permissible Holdings
   a. Common stocks or ("ADRs") listed on a major U.S. exchange
   b. Common stocks listed on international exchanges
   c. Securities convertible into common stock
   d. Preferred stocks
   e. Exchange Traded Index Funds (ETF)
   f. Index Funds
   g. Mutual funds
   h. Bank, trust or insurance Foundation pooled funds
   i. Real Estate Investment Trusts (REITs), in Mutual Fund or ETF form only (maximum 10% of equity portfolio)

2. Holdings Not Permissible without Committee's Prior Written Approval
   a. Short sales
   b. Options, futures or forward contracts except where used to hedge the market value of non-dollar denominated securities into U.S. dollars
   c. Margin purchases or borrowing funds
   d. Letter stock, private or direct placements
   e. Commodities – futures contracts
   f. Securities of the Investment Manager, the Trustee Bank, their parents or subsidiaries (excluding the short-term Money-Market Mutual Funds)

3. Non-Permissible Holdings

a. 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:
   i. Twenty percent of the voting stock of an incorporated business
   ii. Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity
   iii. Any interest in a sole proprietorship

B. FIXED INCOME ASSETS

1. Diversification
No more than 10% of an Investment Manager's bond portfolio at cost shall be invested in the securities of any one issuer. There shall, however, be no such limit on U.S. Government or Agency securities.

2. Quality
The average credit quality of the fixed income portfolio shall be "A" or higher. Manager may not purchase fixed income securities rated below Baa3/BBB- at time of purchase and shall sell any bond rated below Baa3/BBB- within 30 days of downgrade. In the event of a split rating, the lower rating shall govern. Managers desiring to own non-investment grade bonds may do so via funds but may not own individual non-investment grade bonds. The average bond rating of all fixed income securities and/or funds held in the account must be "A" or higher."

3. Duration
The average expected maturity and duration of the bond portfolio shall not exceed that of the Barclays Aggregate Bond Index.

4. Permissible Holdings
   a. Debt securities issued or guaranteed by the United States, its agencies (including U.S. Government sponsored mortgage-backed securities)
   b. Non-Agency mortgage-backed securities
   c. Corporate bonds, debentures and other forms of corporate debt obligations, including equipment trust certificates
   d. Asset-backed securities
   e. Exchange Traded Index Funds, Index funds and mutual funds
   f. Eurobonds or "Yankee Bonds."
   g. Bank collective funds
   h. Certificates of deposit ("CDs") and other money market instruments from banks also issuing bankers acceptances and with current commercial paper ratings of at least A-I (by Standard & Poor's Corporation) or P-I (by Moody's Investors Service)
   i. Non-dollar denominated debt securities issued by governments or supra-national agencies such as the World Bank
   j. High Yield bonds, in Mutual Fund or ETF form only (maximum 5% of fixed income portfolio)

Any category of fixed income security that is not listed above is not permissible for investment without the Committee's prior written approval.

C. CASH AND EQUIVALENTS
The cash portion of the Foundation shall be invested in a bank money market, CD of one year duration or less, Short Term Investment Fund (STIF), a Money Market Mutual Fund as evaluated and selected by the Investment Managers or in individual securities adhering to the guidelines stipulated below. Money held in cash reserve

shall be viewed as essentially risk free.

a. Maturity:

No security will have more than one year to maturity at the time of purchase.

b. Any securities issued by the U.S. Government are permissible.

c. Expenses:

The committee will monitor both management fees and administrative expenses to ensure that expenses are within normal and customary tolerances.

D. <u>ALL OTHER FOUNDATION ASSETS</u>

It shall be the policy of the Foundation to liquidate all real estate gifts as soon as possible unless the Committee recommends to the Board that certain real estate assets should be retained.

1) Real Estate Guidelines:
In general, the Foundation will limit its real estate transactions. The Committee will approve all transactions in real estate. For the purpose of this definition, transaction in real estate shall include real property and any instruments secured by resale property.

2) Disposition of Real Property:
   a. The Committee and the Board of Trustees will approve all transactions.

3) Current Guidance on Retention/Disposition of Real Property:
   a. The Foundation may retain all property. The taxes, insurance and expense associated with retention of the real property will be borne by using an agency or agencies. The CEO of the Foundation in consultation with the Foundation's Treasurer is authorized to have the Foundation bear these expenses if the CEO feels it necessary or appropriate.
   b. For properties that are in excess of the needs of the Foundation, the objective is to sell those properties as soon as possible at the market value. There may be exceptions to this policy if those knowledgeable of the local situation recommend retention in anticipation of improved market conditions as a result of improvements to the area.
   c. Properties which the staff has been unable to sell because of poor market conditions may be rented in order to cover basic expenses, e.g., insurance, taxes, professional management fees, etc. The Foundation does not intend to manage property.

4) Policies and Procedures for Farm Leases and Other Rental Properties:
   a. As a general rule, all property will be liquidated as soon as possible.

5) Bank Accounts:
The staff will maintain bank accounts as necessary to conduct the ongoing business of the Foundation and provide for short-term cash needs. All funds will remain invested and/or earning interest to the fullest extent possible at the Foundation's primary bank. Every five years the banking relationship will be reviewed. Banking business shall be awarded on the basis of cost and quality of service. These shorter –term bank accounts will include (but are not necessarily limited to) a checking account, money market account and CDs. Assets held by any one bank will not exceed insured limits or pledging of acceptable collateral will be required.

6) Life Income Gift Funds:
The Foundation may serve as Remainderman and Trustee. However, it will be the general policy of the Foundation not to serve as trustee over a fund. Donors by means of unitrusts have the option of selecting bank trust departments, trust companies, other corporations or individuals including themselves, as trustee. Separate fund agreements between grantors and the Foundation will govern use of funds received as Remainderman. The 5% Fund and Fee Policy will apply. In the case of an expendable

residuum to an eligible organization having no permanent fund with Greater Grand Island Community Foundation, both a 5% levy and the Fund and Fee Policy will apply.

Charitable Remainder Unitrust (CRUT) - is an irrevocable trust created under the authority of Internal Revenue Code § 664[1] ("Code"). This special, irrevocable trust (known as a "CRUT") has two primary characteristics: (1) Once established, the CRUT distributes a fixed percentage of the value of its assets (on an annual or more frequent basis) to a non-charitable beneficiary (which is considered the settlor of the trust); and (2) At the expiration of a specified time (usually the death of the settlor), the remaining balance of the CRUTs assets are distributed to charity. The trustee determines the fair market value of the CRUT's assets at the time of contribution and thereafter on the applicable valuation date. The fixed annuity percentage must be at least 5% and no more than 50% of the fair market value of the assets in the corpus. The remainder (the amount expected to go to charity) must be at least 10% of the fair market value of the assets contributed to the CRUT. Code Section 664(d)(1) sets the federal income tax requirements for a charitable remainder unitrust.

Charitable Remainder Annuity Trusts (CRAT) – is a Planned Giving vehicle that entails a donor placing a major gift of cash or property into a trust. The trust then pays a fixed amount of income each year to the donor or the donor's specified beneficiary. When the donor dies, the *remainder* of the trust is transferred to the charity.

Charitable trusts such as a CRAT require a trustee. Sometimes the charity is named as trustee, other times it is a third party such as an attorney, a bank or a financial advisor.

Annuity amounts or rates are individually negotiated to comply with the IRS 5% probability test while meeting the donor-annuitant’s income needs. Minimum amount, $25,000. Maximum frequency of payment, semiannually (maximum $100,000 or more can be quarterly). Minimum age of youngest lifetime annuitant, 50 (or maximum of 20 years).

Charitable Gift Annuity Contracts – Charitable gift annuity contracts will be issued only if a) there are no restrictions on the use of the residuum OR b) a separate agreement directs the residuum to an existing or new permanent fund from which no return of principal is permitted. Minimum amount required for a contract, $10,000. Maximum payout frequency, quarterly. Minimum age of youngest annuitant, 50.

IX. PERFORMANCE STANDARDS

A. BENCHMARK INDICES

Each component asset class of the Foundation is expected to outperform its appropriate benchmark:

Asset Class	Benchmark Index
International Equity	MSCI EAFE Index
Fixed Income	Barclays Aggregate Bond Index (60/40)
Large Cap Core	S & P 500
Cash	91-Day U.S. Treasury Bills

B. VOLATILITY

The volatility of total Foundation returns (as measured by standard deviation/beta) and each of its components should be controlled. In general, higher-than-market volatility for the Foundation and each of its components is permitted only to the extent that returns in excess of the appropriate benchmark are generated.

X. SPENDING (PAYOUT) POLICY

A. DETERMINATION OF SPENDING RATES

The Board of Trustees shall periodically review the Spending Policy and make adjustments to the Spending Rates necessary to attempt to preserve the purchasing power of the endowed assets. Under certain circumstances, the Board may determine that a Spending Rate in excess of the current investment return is appropriate and warranted. All such Spending Rates determined by the Board of Trustees for the preceding year shall be documented in the minutes from the October board meeting.

A. SPENDING POLICY

1. Endowment Funds created either by donors or the Greater Grand Island Community Foundation Board shall be subject to the spending policy (payout policy) and in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All endowed funds subject to the spending policy shall be invested in the Endowment Pool unless otherwise requested by the donor. Non-permanent/ non-endowed funds are not required to, but are recommended to adhere to the spending policy.

2. The primary objectives of the spending policy are to:

    a. preserve the purchasing power of the gift/principal over the long-term, and if possible, to increase it.
    b. have consistent grant making dollars available during various economic times.
    c. balance the community's short-term and long-term needs for grant making dollars.

3. The spending percentage rate shall be approved by the Foundation **annually** or as necessary and be effective January 1st of each year. A spending rate of 5% will be the suggested standard since IRS guidelines imply that annual distributions should be at least 5 %. The spending rate should only change when warranted and then revert back to 5% as soon as possible. Factors to be considered **annually** by the Foundation in determining when a change is needed in the spending percentage rate shall include:

    a. effect of recent investment returns. Annual adjustments to the spending rate may be necessary to ensure that the Foundation is not unnecessarily accumulating assets nor experiencing accelerated principal erosion
    b. effect of long-term investment returns. Long-term investment returns are designed to cover the spending rate, investment expenses, administration fees and inflation
    c. the Foundation's investment portfolio mix will be balanced in such a way as to justify the spending rate. Likewise, the spending rate needs to justify the portfolio mix. If an individual fund is allowed by the Committee to have a unique portfolio mix then the Committee is empowered to approve a unique spending percentage rate for that individual fund

4. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of Nebraska; the Board will evaluate any proposed spending from the endowment based on the following consideration:
    a. duration and preservation of the endowment
    b. purposes of the Greater Grand Island Community Foundation
    c. general economic conditions
    d. possible effects of inflation or deflation
    e. expected total return from income and appreciation of investments

f. other resources of the Greater Grand Island Community Foundation
g. investment Policy of the institution

5. Spending amount will be calculated annually using a rolling 12 quarter average of the *market value of un-restricted assets* and using the approved spending percentage rate. The amount calculated shall be available for grant distributions on the first day of the next full quarter.

6. If a fund does not have historical fund balances for 12 quarters then it shall instead use the total number of historical fund balances that it has until such time it has a 12 quarter history.

7. The spending amount is intended to be used strictly for grant making or similar related purposes approved by the Foundation. The fund's investment expenses, administration fees and miscellaneous direct expenses will not be applied to the spending amount. Spending amount balances will not carry over from year to year unless approval is granted by the Board of Trustees.

8. A minimum of $5,000 is required to start an endowment fund and may be done over an agreed upon period of time. Any fund started under this minimum amount will be incubated and not be subject to the spending policy calculation until such time as it reaches the minimum balance. While in incubation the fund will retain all investment earnings and growth and no grant distributions will be made. This minimum balance does not pertain to endowed scholarship funds. Scholarship minimum policies are outlined in the Gift Acceptance Policy of the Greater Grand Island Community Foundation.

9. Should an active endowment fund balance go below the permanently endowed amount, then it shall be subject to the Foundation's *Abeyance Policy* (the condition of being temporarily suspended).

10. Abeyance Policy - Endowment Funds that have been active and fully funded, but now have a fund balance below the endowed amount, may be eligible to be put into abeyance. While in abeyance, no distributions will be made from the fund and the payout balance shall be reset to zero and remain so until the fund is reactivated. Abeyance of a fund shall be reviewed by the Finance Committee, based on the fund balance being less than the endowed amount and based on projected investment returns as communicated by the CEO and Finance Officer through financial reports. Abeyance may occur at the beginning of any quarter, with preference given to the beginning of the year. Funds in Abeyance will be reviewed at the Quarterly Board of Trustees meetings. The donor(s) of the fund under consideration for abeyance shall be notified prior to a final decision. Once the fund balance has again reached the endowed amount, either through additional gifts or investment returns, the fund will be reactivated.

XI. INVESTMENT POLICY REVIEW

This document should not change frequently nor require adjustments due to short-term fluctuation in the financial markets.

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this Statement of Investment Policy, the Committee and consultant(s) will review this document at least annually.