THE community foundation FOR NORTHERN VIRGINIA

# donor handbook



FOR SCHOLARSHIP FUNDS

# About the Community Foundation for Northern Virginia

Founded in 1978, the Community Foundation has been the premier charitable partner trusted by thousands of generous Northern Virginians for decades. Our mission is to advance equity across the region through philanthropy and community leadership. Comprised of donor advised funds, permanent funds, giving circles, and other charitable endowments, the Community Foundation connects donors to community and promotes a more equitable and inclusive prosperity that marries our economic strength with the full breadth of our diverse community.

Meet the People behind the Work:

- **Our Staff**
- **Our Board**

## The Community Foundation makes scholarship fund management easy.

Many donors across our region turn to the Community Foundation for simplicity and ease of scholarship fund management. Our professional staff can offer guidance and community expertise to help craft the exact award criteria, application language, and selection committee process most suited to your philanthropic goals.

## The Community Foundation is a trusted philanthropic partner.

Our Community Foundation has hosted and managed scholarship funds for decades. Over the years, we have awarded scholarships to hundreds of worthy recipients. As a trusted philanthropic partner across Northern Virginia with deep roots in local community, we leverage our relationships with local school systems to optimize awareness of the scholarship opportunities we offer.

## The Community Foundation serves the entire region.

We serve the entire Northern Virginia region, which includes the counties of Arlington, Fairfax, Loudoun, and Prince William and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. Over the years scholarships have been awarded from our Community Foundation to graduating seniors from all county and city school systems in the region.

# Why Open a Scholarship Fund with the Community Foundation?

Scholarships for deserving degree seekers have never been more important than they are today. They relieve the financial pressure on students and their families. They enable a greater focus on studies and a lower student loan debt burden after graduation. They are encouraging and can promote successful degree completion. Most importantly, they help level the playing field for low-income students, recent immigrants, students of color, women, and others who have suffered from various historic prejudices and disadvantages, contributing to a more diverse inclusive, and productive society.

When you establish a scholarship fund at our Community Foundation, you invest in the future of our young men and women. Working with Community Foundation staff to ensure legal compliance and a sound competitive application process, you establish the award criteria for your scholarship fund in ways that meaningfully advance your charitable intentions.

The Community Foundation is a 501(c)3 public charity. Therefore, all contributions that you or others make to your scholarship fund are tax deductible. Some of the advantages of establishing a scholarship fund at the Community Foundation for Northern Virginia include:

- **Experience:** The Community Foundation for Northern Virginia has a long history of scholarship fund support that has enabled many hundreds of students to realize their education goals while securing their financial future.

- **Relationships:** We work with hundreds of public schools across Northern Virginia. These relationships optimally position us to promote our scholarship fund opportunities and thereby increase the number of students who apply.

- **Options:** Our scholarship opportunities allow students to pursue degrees in both general and specific fields of study including medicine, education, STEM (Science, Technology, Engineering, Math), and many more. Our range of scholarship opportunities attracts applicants from jurisdictions across our region.

- **Connections:** Over the years we have connected scholarship fund donors to each other and helped cultivate a community of like-minded, philanthropic men and women who can choose to work together and learn from each other for greater impact.

- **Responsiveness:** The tools and processes we use are responsive to the ever-changing needs of our scholarship donors and the students they support.

- **National Accreditation:** The Community Foundation complies with and is accredited by National Standards for Community Foundations, the most rigorous legal and operational standards of practice in all of philanthropy.

# Establishing a Scholarship Fund at the Community Foundation

The Community Foundation for Northern Virginia makes it simple to establish a scholarship fund specific to your charitable intent. We will equip you with the tools necessary to meaningfully support deserving students in our community.

**Scholarship Page**
Every scholarship fund will have its own personalized page explaining the criteria, deadlines, scholarship amount, application process, and contact information for the current year's scholarship process. This scholarship page is the gateway for students to view information about this opportunity and to apply for funding. There is also space to provide a story regarding the background and purpose of the scholarship fund.

**Donation Page**
The Community Foundation provides an option to create a customizable donation page for you to invite other donors to contribute tax-deductible donations that will help grow the balance of your scholarship fund.

**Contributions to Funds**
You have 12 months from the date you sign your scholarship fund agreement to make the initial $25,000 minimum contribution to your fund. Additionally, all funding required for that particular scholarship year must be contributed to the fund prior to making the scholarship application available to applicants. Both the establishing gift and all subsequent donations to your scholarship fund are tax-deductible, and all donors will be acknowledged with a tax-deductible receipt. For a list of all gift types that can be accepted by the Community Foundation, please contact our Donor Services Team.

The Internal Revenue Code requires that all completed contributions to the Community Foundation are irrevocable and must provide a charitable benefit. As a result, legal ownership of all gifts lies in the Community Foundation.

**Scholarship Criteria**
The donor may establish the pool of students eligible for a scholarship, permitted the pool of eligible applicants for each scholarship is large enough to assure a fair and unbiased selection process. There should be at least three applicants for each scholarship awarded, and if the fund does not have sufficient applicants, the donor will be asked to broaden the criteria for applicants.

The donor may set reasonable criteria for awarding a scholarship. Reasonable criteria are those that can be measured objectively, including but not limited to, academic performance, attendance at a particular school, interest in studying a certain field, financial need, and the like. All selection criteria and award selection processes must be objective and nondiscriminatory. The minimum award from Community Foundation for Northern Virginia Scholarship Funds is $1,000 per year.

**Selection Committees**
Selection of scholarship applicants will be determined by an independent scholarship selection committee. The donor may designate individuals or positions to the selection committee when the fund is established, so long as donors, related persons, and persons recommended by the donor together make up less than 50% of the total committee membership. If the donor designates an individual to serve on the scholarship committee who cannot objectively provide expertise on the selection process (ie – family, friends, employees that have no experience/background with the scholarship selection criteria), they will be counted toward the donor's portion of control. The Community Foundation may name additional members to the committee to ensure the donor does not control the selection committee.

Committees should consist of at least three members, not including the donor, and the donor may sit on the selection committee as long as they are in the minority. All committees are subject to Community Foundation approval and changes in the composition of the selection committee must be requested in writing and are subject to the Community Foundation approval. No committee member shall be in a position to receive a private benefit for themselves of for a member of their family, either directly or indirectly. All members on the selection committee will sign and submit a Conflict of Interest statement each year prior to award deliberations.

**Community Foundation-Managed vs. Donor-Managed Scholarships**
Donors can manage their own scholarship selection process with Community Foundation oversight, or choose to have their scholarship process managed by the Community Foundation directly. For a full list of the differing responsibilities and fees associated with each option, please refer to the Donor Managed vs. Community Foundation Managed Scholarships chart.

**Scholarship Awards and Disbursement**
At the conclusion of each selection process, the donor will complete a Scholarship Report form and return it to the Community Foundation along with a signed Conflict of Interest statement for each committee member and copies of all scholarship applications (for Donor Managed Scholarships only). The Community Foundation requires ten business days to review and approve the scholarship awards. No scholarship winners may be informed or scholarships awarded until the Community Foundation notifies the donor that the report has been approved.

The Community Foundation will produce an award letter and an online Scholarship Acceptance Form for each scholarship recipient. The recipient must return the signed Scholarship Acceptance Form before the scholarship will be paid. When received, the Community Foundation will process and mail the scholarship check and accompanying letter directly to the student's university or institute of higher education.

## Scholarship Fund Fee Schedule

The Community Foundation for Northern Virginia charges a Community Foundation Support Fee on scholarship funds. Community Foundation Support Fees are a critical source of revenue for the operations of the Community Foundation. They enable us to provide services to donors, hire and maintain staff, conduct community leadership endeavors, and continue to serve the philanthropic needs of Northern Virginia. The schedule is subject to change by the Community Foundation's Board of Directors.

Our current schedule of Community Foundation Support Fees is as follows:

One-Time Set-Up Fee: **$250**
This includes the Community Foundation's preparation and review of the Scholarship Fund agreement, accounting for contributions to establish the Fund, and written acknowledgement of donations.

Community Foundation Support Fees for scholarship funds are as follows, with a minimum annual fee of $250:

- **2% of the fund balance per year** for Donor-Managed Scholarship Funds
- **3% of the fund balance per year** for Community Foundation-Managed Scholarship Funds

Effective January 1, 2026, fees will be assessed quarterly using the fund's average balance for the quarter, ensuring equitable fees for contributions that are granted out within the same period. We compute the Average Daily Balance (or weighted quarterly average) and apply the annual rate prorated for the quarter.

# Investment Management of Scholarship Assets

Donors have the following choices regarding the treatment of their Scholarship Fund assets:

- **Cash and Cash Equivalents:** The Community Foundation's Pass-Through Fund consists of 100% cash and cash equivalents. None of it is invested in the market. This account is primarily used for fund assets that are not endowed, but at the written request of any fund donor, assets in pass-through scholarship funds can also be invested in the market through the Pooled Investments, described below, if the donor so chooses.

- **Pooled Investments**: The Pooled Investments consist of assets from many Community Foundation funds that are pooled for investment purposes. For example, scholarship funds that are endowed, endowments that comprise The Permanent Fund for Northern Virginia, and portions of pass-through scholarship funds that donors have requested be invested in the market, are all a part of the Pooled Investments. The Community Foundation has retained Goldman Sachs to provide investment management services on the Pooled Investments. Goldman Sachs charges a comprehensive, total, annual fee of 35 basis points, or .35%, for its investment management services on the Pooled Investments. This investment management fee is paid directly to Goldman Sachs and is in addition to the Community Foundation Support Fee described earlier in this handbook.

- **Third Party Investment Advisory Firms**: If a new scholarship fund is created with a contribution of $250,000 or more, the donor may request that his or her fund be invested in the market by an investment advisory firm that the donor recommends and the Community Foundation approves. In these cases, fund assets are transferred into a new, separate account that the Community Foundation opens with the chosen investment advisory firm in the Community Foundation's name with the Community Foundation's tax identification number. The investment advisory firm will charge its own stated fees and commissions for investment services against the fund, which will be paid directly to the investment advisory firm. These fees are in addition to the Community Foundation Support Fees described earlier in this handbook.

All assets of the Community Foundation that are invested in the market, whether through the Pooled Investments or through separate accounts with third party investment advisory firms, are overseen by the Community Foundation's Investment Committee to ensure that investment strategies and asset allocations comply with the Community Foundation's Investment Policy Statement, a copy of which can be found in Appendix A.

THE community foundation FOR NORTHERN VIRGINIA

TRUIST

# Gift Clearing Delivery Instructions

| TYPE OF GIFT | INSTRUCTIONS |
|---|---|
| **DTC Eligible Securities** (Stocks, Bonds, ETFs) | Participant #2039 SEI Private Trust Co<br>FFC Truist Bank<br>Account #1853002447<br>Account Name: Community Foundation for Northern Virginia<br>*Please include Donor Name with transfer* |
| Fed Securities | FED: ABA #042000013<br>US Bank NA/1050<br>Account 001050985490<br>FFC Truist Bank<br>Account #1853002447<br>Account Name: Community Foundation for Northern Virginia<br>*Please include Donor Name with transfer* |
| Global Securities | Contact TruistBankGiftClearing@Truist.com for global delivery instructions. |
| Mutual Funds | Contact TruistBankGiftClearing@Truist.com for Mutual Fund delivery instructions.<br>**It is important to notify Truist of incoming mutual fund gifts to avoid significant processing delays of more than one business week. ACATS participants can use the above DTC eligible securities instructions.<br>Account #1853002447<br>Account Name: Community Foundation for Northern Virginia<br>*Please include Donor Name with transfer* |
| Physical Securities | Truist Bank<br>Physical Custody, Mail Coded 803-05-15-10.<br>303 Peachtree Street, N.E.<br>15th Floor, Suite 1520<br>Atlanta, GA 30308<br>*Reference Account #1853002447, Community Foundation for Northern Virginia and Donor Name on the documentation accompanying the stock certificate (s). |
| Wiring Instructions for gifts inside US | Bank Name: Truist<br>ABA Routing/Transit Number: 053101121<br>Account Number: 5177620228015<br>Account Name: ST DEP-DMS<br>FFC Trust Account Name - Community Foundation for Northern Virginia<br>FFC Trust Account Number - 1853002447<br>*Please include Donor Name with transfer* |
| Wiring Instructions for gifts outside US **Add** | SWIFT Code: BRBTUS33 |

| Truist Contact | Phone number |
|---|---|
| Janel Liddelow Johnson (Gift Administrator)<br>TruistBankGiftClearing@Truist.com | 404-230-5076 |
| Dawn Keevill-Carey (Gift Administrator-Alternate)<br>TruistBankGiftClearing@Truist.com | 404-588-8296 |

**Community Foundation for Northern Virginia Staff Support**
**Laura Moore | Laura.Moore@cfnova.org | 703-865-5002**
**P.O. Box 10005 | McLean, VA 22102**

# What Does the Scholarship Award Process Look Like?

The Community Foundation offers two options for a donor to establish their scholarship – **Community Foundation Managed Scholarships** and **Donor Managed Scholarships**:

> **Community Foundation Managed Scholarships:** When the Community Foundation manages a scholarship, we lead the entire scholarship process from convening the committee, accepting scholarships through our online system, to sending out the scholarship payments to the colleges and universities.
>
> **Donor Managed Scholarships:** When a donor manages his/her scholarship, the donor leads the entire process and then notifies the Community Foundation of the scholarship award recipients(s). The Community Foundation subsequently mails the scholarship payment to the colleges and universities.

Below is a high-level overview of the tasks involved for a Community Foundation Managed Scholarship Process vs a Donor Managed Scholarship Process:

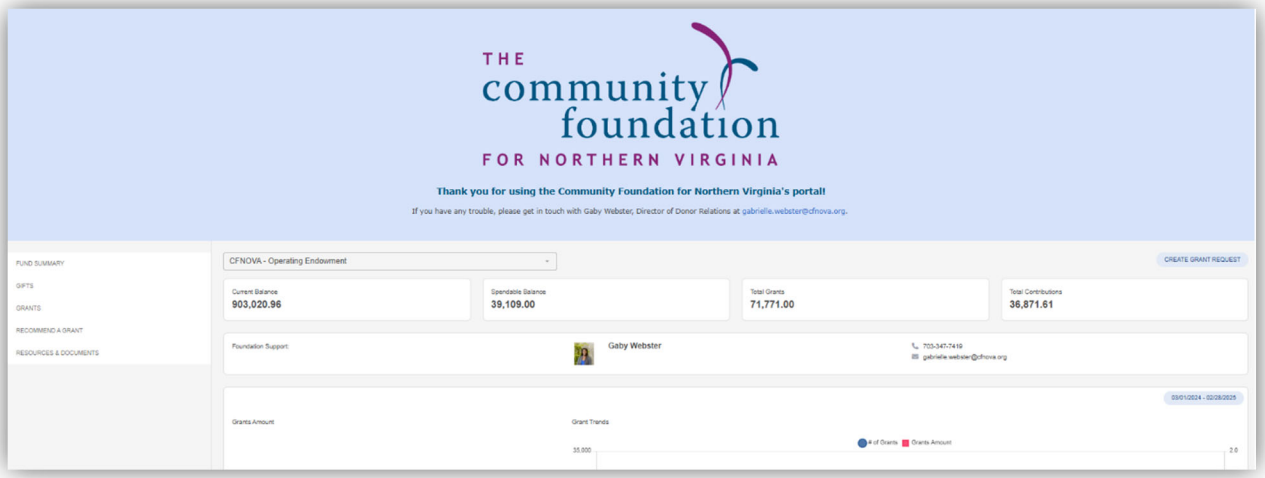
| Community Foundation Managed Scholarship Process | Donor Managed Scholarship Process |
|---|---|
| *The Community Foundation handles the entirety of the selection process once the donor(s) have designated the basic framework for the scholarship.*<br><br>**DONOR RESPONSIBILITIES:**<br>Creation of scholarship purpose, guidelines, and applicant criteria<br><br>**COMMUNITY FOUNDATION RESPONSIBILITIES:**<br>Create and publish scholarship application<br>Create scholarship timeline<br>Create customized donation and scholarship pages on the CFNOVA website<br>Allocate and acknowledge donations to the Fund<br>Organize receipt of applications<br>Communicate with potential applicants<br>Designate and oversee volunteer selection committee, which includes:<br>- Ensuring selection committee members have signed a Conflict of Interest Form<br>- Review and evaluate submitted applications<br>- Selection of recipients<br>- Notifications to award recipients and notifications to renewal applicants<br>- Send checks to academic institutions on behalf of scholarship recipients | *Donor(s) will handle the entirety of the selection process and communicate the scholarship winners to the Community Foundation*<br><br>**DONOR RESPONSIBILITIES:**<br>Creation of scholarship purpose, guidelines, and applicant criteria, including:<br>Create and publish scholarship application<br>Create scholarship timeline<br>Manage all communications with applicants<br>Organize receipt of applications<br>Designate and oversee volunteer selection committee, which includes:<br>- Ensuring selection committee members have signed Conflict of Interest Form<br>- Reviewing submitted applications<br>- Selection of recipients<br>Provide all applications and communicate selected award recipients to CFNOVA through completion of Scholarship Report Form<br><br>**COMMUNITY FOUNDATION RESPONSIBILITIES:**<br>Create customized donation and scholarship pages on CFNOVA website<br>Allocate and acknowledge donations to the Fund<br>Send checks to academic institutions on behalf of scholarship awardees |

# How Do I Access My Scholarship Fund?

The Community Foundation for Northern Virginia offers a secure online fund management system that provides complete access to your fund at the Community Foundation, available 24/7. You can check your scholarship fund balance, gift and scholarship history, and access quarterly fund statements through the portal.

When you sign your scholarship fund agreement, our Donor Services Team will provide you with log-in credentials. Then simply visit https://www.cfnova.org/donor-portal to get started.

**Sample Donor Portal Screenshot**



## Quarterly Financial Reporting

Approximately one month after the end of each calendar quarter (June 30, September 30, December 31, March 31), fund financial reports will be uploaded to Donor Portal. The report contains a Statement of Financial Positions, Statement of Activities, and a detailed list of all gifts to and distributions from funds.

## Fund Activity Policy for Scholarship Funds

Fund Activity. In general, scholarship funds should remain active regarding scholarship disbursement activity. Scholarship funds are considered active when there is regular communication between the fund advisor and the Community Foundation regarding the fund. Some examples of activities that would deem a fund active include, but are not limited to:

- The fund advisor awards scholarships once a year;
- The fund advisor specifies a particular reason not to award scholarships and the Community Foundation agrees. For example, fund advisors may want to build up the fund balance to make more substantial scholarships, or to build a more substantial scholarship fund for their retirement years, or to leave a charitable legacy for the next generation to administer; or
- The fund advisor wants to make undervalued or illiquid gifts to their fund that require time to pass before the gift recovers its value or becomes liquid enough for grant recommendations to commence or resume.

Donors may propose other reasons to Community Foundation staff for not awarding annual scholarships. In the absence of such activities or understandings, if there is no scholarship process for three successive years, steps will be taken by the Community Foundation to activate the fund. These steps may include, but are not limited to, outreach to the fund donor encouraging scholarship awards or closing small funds that have not reached the Community Foundation's required $25,000 minimum and distributing those fund balances to the Community Foundation's unrestricted funds, all as the Community Foundation Board may further determine.

**Minimum Fund Balance**
If the principal balance of a fund falls below $1,000, the entire balance of the fund may be distributed upon advice of the donor or at the discretion of the Board, or, if the Board so determines, may be added to the unrestricted funds of the Community Foundation.

# Appendix A:
# Community Foundation for Northern Virginia
# Investment and Spending Policy

## About the Community Foundation for Northern Virginia

The Community Foundation for Northern Virginia is building a region that works for everyone by advancing equity through philanthropy and community leadership. Since 1978, we have united thousands of generous Northern Virginians with the causes they care about through donor-advised funds, permanent funds, giving circles, and charitable endowments. We cultivate enduring partnerships with nonprofits, foundations, government, businesses, and community members, maximizing impact to drive meaningful change. Through Insight Region®, our original research initiative, we deliver data driven insights that reveal the trends and issues shaping Northern Virginia's future.

The Community Foundation proudly serves all Northern Virginians in Arlington, Fairfax, Loudoun and Prince William Counties and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.

## Purpose and Background

The Community Foundation Board of Directors ("Board") is ultimately responsible, as a fiduciary, to manage all of the Community Foundation's assets and investments. In order to carry out these responsibilities, the Board has established an Investment Committee ("IC").

The IC is responsible for establishing the Investment and Spending Policy("I&SP") to guide the investment of the Community Foundation's assets. The I&SP describes the overall investment guidelines and the framework, including the degree of overall investment risk that the IC deems appropriate, using prudent investment principles while achieving the long-term target total return to fund the Foundation's ongoing annual operational and grantmaking budget in perpetuity.

The purpose of this I&SP is to assist the Board of the Community Foundation and its IC in effectively managing and spending the investments of the Community Foundation's assets. It defines and assigns the responsibilities of all involved parties, articulates the framework in which the portfolios will be managed as it relates to risk and return objectives as well as constraints, and establishes a basis for evaluating performance.

This IPS addresses the following issues:

- The general goals of the Community Foundation
- The specific investment objectives of the Community Foundation
- Asset allocation and rebalancing policies
- Measurement and evaluation of investment performance and applicable benchmarks
- Policies and guidelines for Investment Advisors (IA's)

## Policy

The investment goal of the Community Foundation is to earn a total return that will provide long-term preservation and growth of the Community Foundation's invested assets. To meet this goal, the Community Foundation maintains a diversified total portfolio that is invested in various asset classes and investment styles.

As a prudent investor, the Community Foundation's I&SP takes into account general economic conditions, the possible effect of inflation or deflation, the role that each investment or course of action plays within the overall investment portfolio of the Community Foundation, any special relationship or value of an investment to the mission of the Foundation, the expected total return of the portfolio, including both income and appreciation of investments, other resources of the Community Foundation, and the Community Foundation's needs to make grants in furtherance of its mission.

## Roles and Responsibilities

The Community Foundation's IC is authorized by the Board to act on its behalf subject to this I&SP. The IC, in turn, is authorized to delegate certain responsibilities to one or more professional experts in various fields, including the flexibility to retain, terminate, or replace any outsourced, third-party IA's. This delegation of authority allows for enough flexibility in the management process to capture any investment opportunities as they arise. Further responsibilities are detailed below.

### The IC is responsible for:

1. Establishing, reviewing, and maintaining the IPS and target asset allocations
2. Monitoring the net-of-expenses performance and risk profile of the investment portfolio of the Community Foundation as a whole
3. Reviewing the IA's implementation of the I&SP
4. Hiring, terminating, or replacing any IA
5. Briefing the Board at least annually on the investment performance of the Community Foundation's assets.

The Investment Committee may delegate any of its responsibilities from time to time in writing (email) to either the President or the Director of Finance in order to implement the IC's goals, responsibilities, and tasks.

### Each of the Community Foundation's third-party IA's are responsible for:

1. Reviewing, disclosing, and addressing all potential conflicts of interest
2. Selecting, rebalancing, terminating, and making tactical shifts between Investment Managers ("IMs")
3. Monitoring the appropriateness of each IM's strategy given the Community Foundation's overall investment strategies, philosophies, and objectives
4. Monitoring the investment performance of each IM compared to the benchmark established for that manager
5. Overseeing the investment of the Community Foundation's assets entrusted to them
6. Preparing and delivering quarterly performance reports, within 15 days after the end of each quarter, reflecting the status of the Community Foundation's investments to the IC and/or

Board and written statements which will include a summary of the actions taken with respect to the Community Foundation's assets under management and the rationale behind those actions.

## Types of Investment Assets

The Community Foundation's invested assets are currently comprised of the following:

### The Permanent Fund for Northern Virginia (Endowed)

The Permanent Fund for Northern Virginia is a collection of endowed funds that is being developed by the Community Foundation and used for the organization's own discretionary grantmaking across Northern Virginia. Most of the funds that comprise The Permanent Fund are dedicated to grantmaking in particular fields of interest, for example, safety net support, child and youth development, the environment, military personnel, and their families, etc. One fund is an operating endowment that may be used by the Community Foundation to supplement its annual operating budget needs. One fund is an entirely unrestricted endowment and may therefore be used by the Community Foundation for any purpose across the region that is recommended by Community Foundation staff and approved by the Board. All of the endowed funds that comprise The Permanent Fund are pooled for investment purposes and intended to be held in perpetuity with a target spend of 5% per year.

### Donor Established Funds (Endowed)

These are donor-established funds that include endowed donor-advised funds ("DAFs"), scholarship funds, designated funds, agency endowments, and the like. All donor-established endowed funds are intended to be held in perpetuity with a target spend of 5% per year.

### Donor Established Funds (Non-endowed Pass-Through)

These are also donor-established funds but have been created as "pass-through" funds, meaning that their entire balance is available for grantmaking or scholarship distribution at any moment in time. Donors who establish a pass-through fund may request that all or a portion of the fund balance be invested in the market. Because these funds are "pass-through" in nature, they are not intended to be held in perpetuity. However, donor-advisors who request that all or a portion of their pass-through fund is invested alongside endowed funds understand that these funds will be invested in the same manner as endowed funds i.e. with the intent of being held in perpetuity with a target spend of 5% per year.

## Investment Goals and Objectives

The Community Foundation's investment goals and objectives for its invested assets are as follows:

### The Permanent Fund for Northern Virginia (Endowed):

- All funds that comprise The Permanent Fund are endowments and are intended to be held in perpetuity.
- The investment goal for The Permanent Fund is, therefore, to earn a total return that will provide long-term preservation and growth of these assets.

- The overall investment strategy will emphasize protection of the corpus after taking into account spend over growth of the corpus. Professional IA management of The Permanent Fund will at all times use highly diversified, low-cost, proven investment strategies and investment managers.
- Investment Time Horizon: +10 Years

### Donor Established Funds (Endowed):

- All endowed donor established funds are intended to be held in perpetuity.
- The investment goal for such funds is therefore identical to the investment goal for The Permanent Fund for Northern Virginia as described in the preceding paragraph above.
- Time Horizon: +10 Years

### Donor Established Funds (Non-endowed – Pass-Through):

- The investment goals for non-endowed pass-through donor established funds are long-term growth consistent with the liquidity required for grantmaking over the time-horizon outlined by each pass-through donor-established fund. Donor-advisors who designate that all or a portion of pass-through funds are invested alongside pooled endowed funds understand that these funds will be invested in the same manner as pooled endowed funds i.e. with the intent of being held in perpetuity with a target spend of 5% per year.

### Benchmarks and Returns for The Permanent Fund and Endowed Donor Created Funds:

The expected return objective for The Permanent Fund and for endowed donor-created funds, measured over rolling five-year and seven-year periods, is to provide a nominal annualized total return of seven percent (7%), net of advisory fees.

#### Equity Benchmarks

- To be determined by the IC in conjunction with the IA's that are selected to manage Community Foundation investment assets and can be included by each IA as an addendum to the general guidelines provided in this Investment and Spending Policy.

#### Fixed Income Benchmarks

- To be determined by the IC in conjunction with the IA's that are selected to manage Community Foundation investment assets and can be included by each IA as an addendum to the general guidelines provided in this Investment and Spending Policy.

## Asset Allocation

Diversification across the permitted asset classes is a core principle of prudent portfolio management. All Community Foundation asset portfolios shall be broadly diversified in a manner that is in keeping with fiduciary standards to limit the impact of large losses in individual securities on the total invested assets. The IC will evaluate IPS asset allocation targets and ranges for the Community Foundation and will review each at least annually.

The IC defines primary real risks as follows:

- For The Permanent Fund and for endowed donor-created funds, the primary real risk is a loss below the value of the endowments when originally established and potential erosion of value through inflation.

- For all Community Foundation invested assets, the primary real risk is an unreasonable loss by IA's relative to specified IPS benchmarks.

### Target Asset Allocations

| | |
|---|---|
| Cash & Cash Equivalents | 5%–100% |
| Fixed Income | 15%–100% |
| Investment-Grade Government/Corporate Fixed Income | 10%–100% |
| Other Fixed Income | 0–10% |
| Equity | 0–80% |
| US | 0–80% |
| Developed International | 0–40% |
| Developing International | 0–25% |

Target Asset Allocations may be further refined by the IC in conjunction with selected IA's and included as an addendum to the general guidelines provided in this Investment and Spending Policy.

### Liquidity

Liquidity is required to meet the grantmaking needs of the Community Foundation's investment assets.

- For those who manage The Permanent Fund assets and endowed donor-created fund assets, liquidity needs are 5% of the value of the funds used for grantmaking, administrative fees, and advisory fees.
- For those who manage non-endowed pass-through donor-created funds, liquidity needs will vary according to the grantmaking activity level of the donors who created them. IA's should therefore keep abreast of such needs on a donor-by-donor basis and manage the portfolio accordingly. Donor-advisors who request that all or a portion of their pass-through fund is invested alongside pooled endowed funds understand that these funds will be invested in the same manner as pooled endowed funds i.e. with the intent of being held in perpetuity with a target spend of 5% per year.

## Asset Class Guidelines

### Cash & Cash Equivalents

Cash is the principal source of liquidity for grantmaking for the Community Foundation. It will be invested in only the safest assets, including Treasury bills, Agency notes, or very safe money market instruments that focus on Treasury bills and equivalents. The focus is on safe, highly liquid assets as opposed to generating significant yield. A current risk for cash investments is the possibility of negative real, inflation-adjusted returns.

### Fixed Income

The purpose of the Fixed Income allocation is to create some measure of diversification for managed funds. Preservation of principal is a core emphasis of this allocation. A current risk for

high- quality fixed income is the possibility of negative real, inflation-adjusted returns and interest rate risk, i.e. the possibility that the value of bonds decline in value because of an increase in interest rates, and credit risk, i.e. the possibility that a bond issuer will fail to repay interest and principal in a timely manner.

### Global Equities

The purpose of the allocation to Global Equities is to provide long-term capital appreciation and diversification. Equity managers will be selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry, and market capitalization. The objective in selecting equity managers is to generate average annual compounded returns higher than those of relevant broad market indices , net of fees, over full market cycles (7-10 years).

### Alternative Asset Classes – Hedge Funds, Private Equity, and Private Credit

The IA will not invest in these asset classes without the written authorization of the IC Chair and the CEO of CFNOVA.

### Real Assets

In general terms, Real Assets allocations seek to deliver long-term results that are a premium to public equity market returns and also protect long-term purchasing power. Real Assets investments may include real estate and commodities. Real estate may be comprised of properties or REITs in various operating segments - office, retail, hotel, industrial, and multi-family. Global energy, timber, and commodity investment funds commit capital to investments that develop resource opportunities or to companies that provide services to the sector, such as gas processing or contracted drilling. Across the Real Assets sectors, managers generally seek some balance between income, stability, and risk, which can drive capital appreciation. Any allocation to Real Assets will be considered part of the equity asset allocation targets and must be made in publicly traded securities only.

## Foundation's Spending Policy

The Community Foundation has a Board approved spending policy for grantmaking assets to help ensure a reasonable, predictable, and sustainable structure that supports the mission of the Community Foundation. A copy of the Spending Policy is available upon request. The policy applies to all endowed funds. It does not apply to nonendowed pass-through funds. It is designed to ensure that the Community Foundation remains a perpetual and meaningful provider of grant support and civic leadership services to the community by seeking preservation and growth of all endowed assets. Spending related to any endowed fund is also subject to limitations of the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA).

- **Spending Limitations:** In the year a new endowed fund is established, charitable distributions will be limited to 5% of the Fair Market Value (FMV) of the fund on the date of the last quarterly report. Annual spending from existing funds for charitable distributions will not normally exceed 5% of the average principal value of each fund on June 30 of the preceding 3 years (or up to 11 quarters if the fund has been in existence for less than three years).
- **Periodic Review:** The spending policy will be periodically reviewed and is subject to change by the Board in order to fulfill the Community Foundation's goals and objectives.

## Rebalancing

At times, markets may move in such a way that normal cash flows will be insufficient to maintain the actual asset allocation within the permissible minimum and maximum ranges as set forth in this IPS. In these cases, on a quarterly basis, rebalancing should take place and resulting proceed balances will be transferred as necessary between the asset types to bring the allocations back within the permissible ranges as described herein.

Interest and dividends generated by invested assets will be re-invested according to the IA's judgment unless otherwise directed by the IC. The IA will be responsible for making recommendations to the IC about additions or withdrawals to or from different IMs, as per Roles and Responsibilities.

## Monitor / Meeting / Review Schedule

The IC and IA's will meet in person or via a video conference call to review the performance and the IA's compliance with objectives and guidelines at least once/year or as otherwise determined necessary and advisable by the IC.

The IC will utilize the most recent quarter IA reporting to review compliance with stated investment policies along with since-inception, one, three, and five-year portfolio investment performance on a quarterly basis in conjunction with scheduled Board meetings.

The overall health of the portfolio will be monitored by comparing the performance of the Community Foundation's invested assets against selected benchmarks. This IC should review such performance with the Board at least annually at Board meetings.

## Conflict of Interest Policy

Any individual IA retained by the Community Foundation to manage its invested assets must be independent of the Community Foundation and its Board members and should not have any conflict of interest. All potential conflicts of interest will be fully disclosed, discussed, and decided by the Board in consultation with the IC.

## Policy Review

This Investment Policy Statement will be reviewed periodically by the IC. Any amendments thereto suggested by the IC will be brought to the Board for discussion and vote.

## Approval

This Investment Policy Statement has been approved by the Board on February 13, 2025.