

Fundholder Handbook



www.cfhoco.org

10630 Little Patuxent Parkway,
Century Plaza Building 1000, Suite 315
Columbia MD, 21044

TEL 410.730.7840
FAX 410.997.6021

A colorful illustration of a town scene with various buildings, trees, and a clock tower, set against a blue sky with clouds. The scene is viewed from a low angle, looking up at the buildings.

HOWARD COUNTY

September 2016

MEET YOUR PHILANTHROPIC PARTNERS

If you need assistance with your fund, have questions about grants or the various opportunities we offer, or would like additional information about the nonprofit community, please feel free to contact us. Our team is here and ready to assist you.

Community Foundation of Howard County

10630 Little Patuxent Parkway, Suite 315, Columbia, MD 21044

Phone: 410-730-7840

Fax: 410-997-6021

Email: info@cfhoco.org

Hours: Monday – Friday, 9:00 a.m. – 5:00 p.m.



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WELCOME!

Everyone at the Community Foundation of Howard County (“CFHoCo”) is delighted that you have established a charitable fund with us. You have joined a community of diverse individuals, families, organizations and businesses who are committed to improving the lives of people here in Howard County, across our country, and around the world—now and in the future.

This welcome kit includes a copy of your signed fund agreement, introduces you to the philanthropic experts who will help facilitate your philanthropic activities, and contains information on important “hows.”

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It also includes forms and supplemental information you may find useful:

- [Grant Suggestion Form](#) (Appendix A)
- [Investment Policy](#) (Appendix B)
- [Return on Investment](#) (Appendix C)
- [Fee Schedule](#) (Appendix D)
- [DonorCentral: Step-by-Step](#) (Appendix E)
- [Contribution Form](#) (Appendix F)

Please contact me if you have any questions about your fund or if I may be of assistance.

Sincerely,



Beverly White-Seals
President & CEO

Your fund is a charitable vehicle established to accomplish your philanthropic goals. Think of your fund as a charitable savings account: you contribute as frequently as you like and disbursements (grants) are made to your favorite causes.

THE STEPS YOU'VE ALREADY TAKEN.

1. You made an **irrevocable gift** of personal assets to the Community Foundation of Howard County to establish your fund.
2. The Community Foundation of Howard County is a 501(c)(3) tax-exempt organization, (EIN 52-0-937644), and has exclusive control over contributed assets. Therefore, you immediately became eligible to receive the maximum tax deduction that the IRS allows for your charitable gift.
3. The terms of your fund have been set and agreed upon by you and the Community Foundation of Howard County: the name, philanthropic objectives, minimum balance required, fees, fund advisors and any successor advisors. ([Appendix D](#))
4. Your gift has been deposited into a segregated component fund account at the Community Foundation of Howard County where it will be invested and grow tax free.
5. Each year, provided your fund balance is maintained at or above the minimum amount set forth in your fund agreement, 5 percent of your fund will be moved into an “available to spend” sub-account to be used for grants to qualified non-profit organizations. The way grants are initiated depends upon the type of fund:
 - For **agency funds**, a designated representative can request a distribution at any time. The “available to spend” balance is cumulative, allowing any unused portion to be distributed in subsequent years.
 - For **donor advised funds**, you can suggest grants to any qualified charity at any time. The “available to spend” balance is cumulative, allowing any unused portion to be distributed in subsequent years.
 - For **donor designated funds**, each year CFHoCo will automatically award grants from your fund to the specific non-profit organization(s) you named in your fund agreement (e.g. The American Cancer Society, a specific hospital, your church or synagogue, your alma mater, etc.). If more than one organization is named, CFHoCo will allocate the amount in your “available to spend” sub-account to each organization according to the terms stated in your fund agreement.

- For **scholarship funds**, each year CFHoCo will automatically award scholarships from your fund in accordance with the selection criteria you developed in your fund agreement.
6. Each year the Community Foundation of Howard County's Board of Trustees will determine the percentage of the unrestricted endowment pool to be used for grants to qualified non-profit organizations selected through CFHoCo's competitive grants process. The way grants are initiated depends upon the type of fund:
- For **field of interest funds**, each year CFHoCo will automatically award grants from your fund to Howard County non-profit applicants whose missions are consistent with the charitable purpose you specified in your fund agreement (e.g. animal welfare, the arts, the environment, etc.).
 - For **unrestricted funds**, each year CFHoCo will automatically award grants from your fund to Howard County non-profit applicants whose missions and programs are consistent with the needs and desires of the Howard County community.

NOTES

SECTION II: HOW THE SUPPORT YOUR CAUSES WITH A DONOR ADVISED FUND

The fund advisor(s) named in the fund agreement may suggest grants to qualified nonprofit public charities, schools, religious institutions and government programs within Howard County, anywhere in the United States, or to international charities that have offices within the U.S. The minimum grant is \$250.

It's easy to make an online grant suggestion from your Donor Advised fund. Please visit the CFHoCo website at www.cfhoco.org and click on the DonorCentral button in the top right corner of the home page to log into your account. Additional guidance is included in this handbook in Section V.

Alternately, you may complete the **Grant Suggestion Form** ([Appendix A](#)) and return to CFHoCo via:

Email	Grants@CFHoCo.org
Fax	410.997.6021
Mail	10630 Little Patuxent Parkway, Suite 315, Columbia, MD 21045

Once grant suggestions are received, we verify each organization's status as a qualified non-profit, either domestic or international. **We will advise you as soon as possible if the organization is not qualified.**

Processing usually takes a minimum of 10 business days. Unless otherwise requested. We send grants from your fund directly to the charitable organization(s), acknowledging your fund as the source. Should you wish to remain anonymous, we will exclude the fund name from the check. For those occasions when you want to personally deliver the check we will send the grant directly to you.

KEEP IN MIND . . .

- Unless you specified at the time you established your fund that you wanted to allocate part of your gift to your "available to spend" sub-account, you will not have money to grant until January 1st following the year in which you established the fund.
- The annual distribution to your "available to spend" sub-account is 5% of your fund's net balance on December 31 of the previous year (after investment returns/losses and annual administrative fees are applied). You are not required to make grants every year and may want to let your fund grow over time before suggesting grants.
- It may be possible to make a multi year grant from your fund to your favorite non-profit organization. Please contact our program officer, Tracy Locke-Kitt at tlockekitt@cfhoco.org, for more information

- Your tax deductions are linked to the time of your donations made to your fund, not the time of grant(s) distributed from the fund.

GRANTMAKING RESTRICTIONS

There are a few restrictions on your Donor Advised Fund. According to IRS regulations, you may **not**, among other things, suggest grants:

- To individuals, including grants made directly to an organization for the benefit of a specific individual.
- To donors, advisors, or related parties of your fund.
- For a non-charitable purpose.
- In fulfillment of payments on previous or new personal pledge commitments.
- To fund any activity for which you receive private benefit such as dues and membership fees, or the non-charitable portion (fair market value of goods and services received in return for a donation) of event tickets or sponsorships, fundraising dinners, charitable auctions, etc.

NOTES

INVESTMENT OBJECTIVES

The goal of CFHoCo's Investment Fund is to provide preservation of purchasing power and growth of principal in addition to providing a return for use by the Foundation and its donors for grants and operating expenses. ([Appendix B: Investment Policy](#))

INVESTMENT EXPERTISE

The CFHoCo Investment Committee oversees the investment and management of the Foundation's assets with a long-term investment horizon (10+ years) to maximize resources available for the good of the community. The Howard County based Committee members have extensive finance, business and investment expertise. They volunteer their time to direct CFHoCo's asset allocation strategy to achieve a balance of return and risk. The committee regularly reviews our Investment Policy and the performance of our carefully selected investment managers. ([Appendix C: Return on Investment](#))

INVESTMENT MANAGEMENT

We employ top-flight investment managers within a highly diversified portfolio of Equities, Fixed Income, Alternative Investments, and Cash & Cash Equivalents to implement the Investment Fund's objectives.

INVESTMENT MONITORING

Investments are currently monitored by The Jeffrey Group at Morgan Stanley and The Greystone Consulting Group. Experts at these advisory firms track our portfolio performance against standard industry benchmarks. They make suggestion for changes as necessary to maintain optimum return within the risk-appropriate asset allocation established by CFHoCo's Investment Committee.

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GRANTMAKING EXPERTISE

We can share information about local nonprofit organizations and community needs to help fundholders be strategic in their grantmaking. Whether they want to learn about a specific agency or find organizations that are working in a particular area of interest, we can help.

RECORD KEEPING

CFHoCo handles all administrative duties associated with funds, including: processing and confirming grant requests, acknowledging gifts and issuing quarterly fund statements.

STEWARDSHIP AND TRANSPARENCY

Assets are pooled with CFHoCo's other assets for investment purposes, providing diversification benefits and lower costs associated with participation in a large portfolio. CFHoCo is independently audited annually and the results posted on our website.

GIFT PLANNING EXPERTISE

CFHoCo staff is available to help explore a variety of gift options including charitable bequests and other complex assets, such as life insurance and real estate. Gifts can be added to an existing fund or used to create a new fund while addressing other estate planning considerations. CFHoCo staff frequently work directly with a client's personal financial and tax advisors to develop the most advantageous strategy to accomplish both financial and philanthropic goals.

RECOGNITION

Unless a fundholder has indicated a wish to remain anonymous, new funds may be welcomed to the CFHoCo family of funds with a press release to the media, posts on social media, and listings in CFHoCo publications, such as our annual report, and on our website. Donors will be invited to community forums and educational and social events, such as our Spring Party and Annual Dinner.

COMMUNICATIONS

We keep our fundholders informed about CFHoCo activities and opportunities through e-mail, social media, our website, periodic publications and invitations to special events.

SECTION V: HOW TO USE DONORCENTRAL CFHoCo's ONLINE FUNDHOLDER PORTAL

DonorCentral is an easy, online way for fund advisors to view their fund balances and other fund activity, such as gifts to their fund, grants made, and grants pending. It's available 24 hours a day. If you're a fund advisor of a **donor advised fund**, you can also suggest grants online. All fund advisors can view and download fund statements. Please note that fund statements are not real time; rather they are updated quarterly, so your statement will not reflect gifts and grants or other fund activity processed after the last day of the previous quarter.

Your login credentials (username and password), if they have not been issued in connection with another fund, will be mailed to you within 30 days of signing your fund agreement. If you do not receive your login credentials within 30 days, please contact Debbie Daskaloff, Development Officer, at ddaskaloff@cfhoco.org or 410-730-7840.

“Step-by-Step Instructions” on how to use DonorCentral are provided in Appendix E

DONORCENTRAL FAQ'S

What are the recommended technical settings for using DonorCentral?

DonorCentral is certified compatible with Windows XP, Windows Vista and Windows 7 operating systems. For an optimal experience, please disable pop-up blockers and use a supported browser (Internet Explorer 9 or 10, Mozilla Firefox, or Google Chrome). All browsers were tested on default settings. Any changes to the settings may cause compatibility issues, including zoom levels higher than 100 percent, blocking all cookies, or “compatibility view” in Internet Explorer.

How do I view my fund activity at a glance?

By clicking on "Fund Summary" from the top navigation bar, you can see the status of your fund. The fund summary page displays the balance, contributions, grants and more.

How quickly is activity posted to my fund?

Contributions are normally posted within ten business days of receipt. Gifts of assets other than cash (stock, real estate, etc.) may take longer to show in the fund balance. Grants will appear on the day the grant check is generated. Administrative fees and net investment returns (realized and unrealized capital gains and losses, interest, dividends, and investment management fees) are allocated monthly.

Where can I access my fund statement?

Click on "Fund Summary" from the top navigation bar. Then, expand the "Fund Statement" category by clicking the arrow on the right side of your screen. Select a date range and choose to view the statement on your screen or email the statement to yourself or someone else.

What types of grants can I suggest?

Enjoy suggesting grants to any 501(c)(3) public charity in the United States, including your church, synagogue and alma mater. Rest assured that we will exercise due diligence to make sure grants are given to IRS-qualified public charities. Please note that your fund cannot be used for the following purposes: to fulfill your personal irrevocable or legally binding pledge or other financial obligation made to a nonprofit, religious or educational institution; to support a political campaign; to purchase raffle tickets; to pay for a membership, dinner, or any other activity that provides a benefit to you; to pay for personal expenses incurred by a relative, including tuition; to provide any other substantial private benefit to any individual.

Can I view my entire fund history in DonorCentral?

If your fund was established prior to 2011, DonorCentral will only allow you to view your transaction history, starting on January 1, 2011.

NOTES

PARTNERING WITH CFHoCo

The Community Foundation of Howard County was established to provide permanent charitable resources to improve the lives of Howard County residents. Many fundholders choose to join the Friends of CFHoCo by making an annual gift or grant to the CFHoCo Operating Fund to support our leadership activities within the community—serving as a resource for information, insight and expertise, as well as convening and building partnerships.

We hope you will remember CFHoCo when making grants from your fund.

ADDING TO YOUR FUND

By establishing a fund at the Community Foundation of Howard County, you have created a lasting charitable resource to meet your philanthropic goals. Adding to your fund increases the impact it will have over time.

You or anyone else may make subsequent contributions to your fund at any time using a variety of assets, including cash, securities, restricted stock, partnership interests and real estate, to name but a few.

Many donors have an annual tradition of making a donation to their fund or requesting “contributions in lieu of gifts” to celebrate important occasions or milestones. Facebook and other social media can be very effective ways of sharing the news about your new fund or encouraging contributions.

BY CHECK

Checks should be made out to CFHoCo with your fund listed on the memo line of the check (or to the name of the fund at CFHoCo) and mailed to:

Community Foundation of Howard County
10630 Little Patuxent Parkway, Suite 315
Columbia, MD 21044

ONLINE

You and your family, friends and associates can make online donations by:

1. Going to www.cfhoco.org
(Please note if you do a Google search for Community Foundation of Howard County, there is another foundation in Kokomo, Indiana with the same name, so be sure to click on the correct URL for the Community Foundation of Howard County, **in Columbia, Maryland.**)
2. Click on “Donate” on the left side of the Homepage.
3. Complete the donor information fields

4. Begin typing your fund name into the “Fund” field, and click on it when it pops up
5. Fill in the amount you wish to donate
6. Provide the credit card or PayPal account information
7. Click on the “Donate Now” button at the bottom of the page

Donors receive an e-mail confirmation that can be used for tax purposes as well as an official gift acknowledgment from CFHoCo. It is that easy!

BY TRANSFERRING ASSETS

Almost any kind of asset can be donated the Community Foundation of Howard County to add to your fund, including:

- Cash
- Appreciated Stock
- Real Estate
- Tangible Personal Property
- Life Insurance

The above is not intended to be an all-inclusive list of acceptable alternative assets. Gift acceptance is dependent upon asset review and approval.

STOCK TRANSFER INFORMATION:

Please notify our Development Officer, Debbie Daskaloff, at 410-730-7840 or ddaskaloff@cfhoco.org prior to initiating a stock transfer, and then provide your broker with the following transfer instructions:

Wire to: National Financial

DTC# 0226

For credit to: Greater Horizons FBO Community Foundation of Howard County

Account #: NEX-003131

Contribution to: Fund Name (*very important, so we know what fund to credit*)

Questions: Contact Jodi Adams Investment Accounting Supervisor, Greater Horizons
Adams@growyourgiving.org P: 816.627.3410 | F: 816.268.3210

CONTINUING YOUR LEGACY

CFHoCo’s primary purpose is to assist donors in carrying out their charitable wishes during their lifetime and beyond. Most of our funds are set up as endowment funds with this permanence in mind. Occasionally we do have donors who choose to establish a non-endowed fund; however, the fund agreement can be amended to convert it to a permanent endowment fund at any time.

Legacy creation and legacy giving are a specialty of CFHoCo. There are many ways to make commitments now during your lifetime that will provide you with immediate tax benefits, meet the needs of your heirs, and still benefit your favorite causes. We would be happy to meet with you, and your professional advisor, if you like, to explore opportunities that will benefit your favorite charities in perpetuity.

THE COMMUNITY'S NEEDS

If you don't have a particular charity that you want to support, CFHoCo maintains an unrestricted endowment fund, **The Fund for the Common Good**, which provides annual grants to a variety of Howard County nonprofits that provide vital services to Howard County residents. By making a bequest to this endowment, you will help to address our community's most pressing needs as they evolve over time.

GETTING INVOLVED

Through education, events and activities, the CFHoCo provides numerous opportunities for you and your family to become more involved and informed about community needs and other giving interests. We seek to involve volunteers for various board and advisory committees.

To effectively serve the charitable interests of Howard County's diverse people, cultures and communities, the CFHoCo continues to seek and retain a diverse staff and board members, committee members, donors and volunteers. CFHoCo takes care that its community leadership efforts and grant programs address diverse causes and constituencies and that its policies and practices promote diversity.

DONOR SUGGESTION FORM

Fund ID: _____ Fund Name: _____

Phone (Work): _____ Email: _____

I suggest distribution(s) from our Fund to the following organization(s) in the amount(s) listed below.

<p>Please allow a minimum of two weeks for your request to be processed. Providing complete organizational information will speed your requests.</p>	
<p><i>Have you recommended a grant to this organization before?</i></p> <p><input type="checkbox"/> Yes –Complete 1, 4, 5, and 6 <input type="checkbox"/> No – Complete 1 through 6</p>	
1. Organization's Legal Name	
2. Organization's mailing address	
3. Phone	4. Website
5. Amount of grant\$	\$
6. Special instructions or purpose (e.g., for operating expenses)	

<p>*** Processing Requests ***</p>	
6. Special instructions or purpose (e.g., for operating expenses)	
<p><input type="checkbox"/> The gift is to remain anonymous to the grant recipient(s).</p> <p><input type="checkbox"/> Forward the check to the organization listed above. NOTE:</p> <p><input type="checkbox"/> I will personally present the check(s). Please mail them to me at the following address:</p>	

I understand that the above suggestion(s), in accordance with IRS regulations covering charitable contributions, will not be used for the following purposes: to fulfill an irrevocable or legally binding pledge or other personal financial obligation made to any institution; to support a political campaign; to purchase raffle tickets; to pay for a membership, dinner, or any other activity that provides a benefit to me, my family, any advisor to the fund or their family, or any businesses that any of us control; to pay for personal expenses incurred by a relative, including tuition; to provide any other substantial private benefit to any individual. I also acknowledge the above suggestion(s) must receive approval of the Community Foundation.

Signature

Date

We will accept the email used to submit this form as your legal signature.



Investment Policy for the The Community Foundation of Howard County

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I. Introduction

The Community Foundation of Howard County Endowment Fund is comprised of a limited partnership interest in a real estate project and the Investment Fund. The Investment Fund is the principal vehicle for the management of liquid assets. Donor-advised funds with differing distributions and recipients are co-mingled in the Investment Fund with the unrestricted endowment assets in brokerage and bank accounts for investment purposes.

Purpose

The purpose of the Investment Fund is to create a perpetual source of funds so that The Community Foundation of Howard County can continue to meet the charitable needs of Howard County.

The purpose of this Investment Policy is to establish a clear understanding as to the investment goals, objectives and management policies applicable to the Investment Fund.

This statement:

- Describes an appropriate risk position for the Investment Fund;
- Establishes investment guidelines regarding the selection of Investment Managers, permissible securities and diversification of assets;
- Specifies the criteria for evaluating the performance of the Investment Managers and of the Investment Fund as a whole; and
- Defines the responsibilities of the Board of Trustees, the Investment Committee, the President & Chief Executive Officer and other parties responsible for the management of the Investment Fund.

The Board of Trustees believes that the investment policies described in this statement should be dynamic. These policies should reflect the financial needs and circumstances of The Community Foundation of Howard County, the time horizon available for investment and the Board of Trustees' philosophy and duties regarding the investment of these assets. These policies will be reviewed and revised periodically to ensure they adequately reflect changes related to The Community Foundation of Howard County's financial condition and the Board of Trustees' tolerance for risk and the capital markets.

II. Information about The Community Foundation of Howard County

Address: 10630 Little Patuxent Parkway, Suite 315, Columbia, MD 21044

Telephone: (410) 730 7840

Primary Contact: Beverly White-Seals, President & CEO

Fiscal Year End: December 31st

Mission Statement

Inspiring life-long giving and connecting people, places and organizations to worthy causes across Howard County.

Tax/Regulatory Status

The Community Foundation of Howard County is organized as a non-profit organization in accordance with the Internal Revenue Service Regulations, Section 501(c)(3). Accordingly, the income and earnings of the organization are exempt from State and Federal taxes.

The assets of the Community Foundation of Howard County are titled in the name of Greater Horizons, which is also a 501(c)(3) organization. Accordingly, the income and earnings of the organization are exempt from State and Federal taxes.

Gifts of Securities

Gifts of securities to The Community Foundation of Howard County should be sold immediately and proceeds invested in the Investment Fund, unless specified to the contrary by the donor.

III. Responsibilities of Fund Representatives

Please refer to Appendix 1 for a table on the governance structure of The Community Foundation of Howard County.

Board of Trustees

The **Board of Trustees (“Board”)** is responsible for:

- Adopting and approving the investment policy and any updates or changes presented by the Investment Committee;
- Defining the investment objectives for the Foundation’s investments;
- Determining the amount of distribution from the Unrestricted Fund;
- Determining the beneficiaries of the distribution from the Unrestricted Fund, taking into consideration the preference of the Named Funds within the Unrestricted Fund.

Investment Committee

The **Investment Committee (“Committee”)** is appointed annually by the Board, the majority of whom will be members of the Board. The CEO and Board Chair are ex-officio members and count towards the quorum. The Committee is responsible for:

- Reviewing the investment policy annually and recommending to the Board changes to the policy, guidelines and objectives as needed;
- Recommending to the Board, the selection or termination of Investment Consultant(s), administrators, and custodians for each pool;
- Monitoring and evaluating the performance of each Investment Manager/fund and of the Investment Fund as a whole each quarter;
- Reviewing and reporting to the Board the actual asset allocation and performance at least each quarter-end in order to ensure compliance with asset allocation guidelines;

- Overseeing the actions of the President & Chief Executive Officer who has been delegated the responsibility for the day-to-day oversight of the Investment Fund; and
- Executing such other duties as may be described in this policy or delegated by the Board.
- Recommending to the Board the appropriate annual spending allocation based on the Spending Policy.
- Reviewing and approving limited partnerships as recommended by Investment Consultant(s).

President & Chief Executive Officer

The Committee has delegated to the **President & CEO**, a member of the Committee, the following responsibilities:

- The day-to-day oversight of The Community Foundation of Howard County's investment assets;
- Acting as the primary contact between The Community Foundation of Howard County, Greater Horizons and the Investment Consultant(s), Investment Manager(s), custodian, and any other parties interested in the management of The Community Foundation of Howard County's financial assets;
- Facilitating meetings and communications between the Committee and the Investment Consultant(s), Investment Manager(s) and custodian;
-
- Maintaining appropriate records of the Investment Fund, including the minutes of Investment Committee meetings and supplying them to the Committee and the Board;
- Providing an accounting of the assets and the performance of the Investment Fund to the Board on an annual basis;
- Notifying the Investment Consultant(s) about any gifts of securities received in the Investment Fund and directing them to be sold immediately upon receipt;
- Keeping the Committee and the Investment Consultant(s) informed of any significant events that may impact The Community Foundation of Howard County; and
- Executing such other duties as may be described in this policy or delegated by the Committee.

Greater Horizons

Greater Horizons is responsible for the administration of contributions and withdrawals into the long-term portfolio and approving limited partnerships as recommended.

Investment Consultant(s)

The **Investment Consultant(s)**'s role is to manage the funds entrusted to it by the Investment Committee. The Investment Consultant must acknowledge in writing its acceptance of responsibility as a fiduciary. The day-to-day investment decisions will be managed on a

discretionary basis by the Investment Consultant within the investment and governance parameters delineated in these investment policies. Specific responsibilities of the Investment Consultant include, but are not limited to :

- Reviewing investment policies and objectives, and suggesting appropriate changes to be approved by the appropriate responsible party at least on an annual basis;
- Proactive asset allocation concerning the existing fund assets and new contributions as well as periodic rebalancing of the asset allocation. These responsibilities will include both asset allocation (stock, bond, cash mix) and style allocation (international versus domestic allocation, growth-style versus value-style equities, large-capitalization versus small-capitalization equities, and long versus short-term bonds);
- Rebalancing portfolio as necessary by executing transactions among approved managers to implement approved targets or to rebalance (for example, when cash is deposited or withdrawn).
- Hiring and terminating specific Investment Managers, who are consistent with the investment policies, objectives, asset allocation and style allocation strategy with the exception of limited partnerships which will require the approval of the Investment Committee;
- Measuring, evaluating and reporting the Investment Manager(s)' performance results on a quarterly basis;
- Attending quarterly meetings as requested;
- Maintaining contact with and reporting on changes within the Investment Manager(s)' organizations; and
- Providing ad hoc analyses related to the investment program and other services to support the Investment Committee, as requested.

Investment Manager(s)

The Investment Managers (which refers to separately managed accounts, mutual funds and exchange-traded funds) will have full discretion to make all investment decisions for the assets placed under their jurisdiction. It is the intention of The Community Foundation of Howard County to utilize mutual funds, exchange-traded funds, Treasury bonds, Treasury Inflation Protected Securities (TIPS), Limited Partnerships and structured products to implement the Investment Fund. For mutual funds, exchange-traded funds and other commingled funds, the prospectus or trust documents of the fund(s) will govern the investment policies of the fund investments. Where there are differences between the prospectus and this investment policy, the prospectus shall govern.

IV. Investment Manager Selection Criteria

Investment managers shall be chosen using the following factors:

- Past performance, considered relative to other investments having a similar investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance;
- Costs relative to other funds with like objectives and investment styles;

- The manager's adherence to investment style and size objectives;
- Size of the fund;
- Length of time the fund/manager has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager's organization and personnel;
- The historical volatility and downside risk of each proposed investment;
- How well each proposed investment complements other assets in the portfolio;
- The current economic environment;
- The likelihood of future investment success, relative to other opportunities; and
- Registration with appropriate regulatory bodies.

V. Spending Guidelines

The following policy has been adopted for the annual distribution from all monies in the Investment Fund, with the final decision of the percentage and amount to be made each year by the Board of Trustees.

The distribution policy for the Investment Fund attempts to balance 1) the desire to make significant distribution of monies from the Investment Fund with 2) the fiduciary responsibility for the preservation of capital and growth of principal sufficient to offset the effect of inflation.

In balancing these competing values, the spending policy will be as follows:

- Distribute each year from the Investment Fund, an amount equal to a three-year average of 4% of the year-end market value of the Investment Fund.

The eligibility requirements for the Endow Maryland Tax Credit requires the following: "The fund must be a qualified permanent endowment fund that is held in perpetuity by an eligible community foundation and has an annual spending rate of 5% or less calculated using at least a 12-quarter trailing average of the total amount of the fund."

This minimum distribution will be based on the calculation formula and not on what has been actually distributed in the previous year, if that is more. Beginning with the distribution based on year-end results for 2009, the distribution will be based on the market value of the Unrestricted Fund on September 30. In calculating the formula the market value of years prior to 2009, the year-end value of December 31 will continue to be used.

Prior to their action on the amount to be distributed from the Investment Fund, the President & Chief Executive Officer will be responsible for providing the Investment Committee and the Board of Trustees a written report with the following information relating to the Investment Fund: the year-end market value as of September 30 of the current year; the applicable year

end value of the previous two years; the proposed amount of the distribution according to the Investment Policy, the percentage that represents of the year end value; and the amount of distributions from the Unrestricted Fund in the previous two years. The President & Chief Executive Officer will also be responsible for assuring that the distributions planned are compatible with relevant federal and state laws.

The Investment Committee will send to the Board of Trustees the policy calculation for that year's distribution together with its recommendation. The Board of Trustees will make the final determination of the amount and percentage of market value to be distributed from the Investment Fund for the year.

VI. Guidelines for the Investment Fund

Investment Objectives

The goal of The Community Foundation of Howard County's Investment Fund is to provide preservation of purchasing power and growth of principal in addition to providing a return for use by the Foundation and its donors for grants and operating expenses.

Time Horizon

The investment guidelines, including the strategic asset allocation, are based upon an investment time horizon of 10+ years.

Investment Guidelines

The assets in the managed account portion of the Investment Fund shall:

- Emphasize investments in marketable securities managed by professional Investment Managers;
- Be broadly diversified by asset class, investment style, number of issues, issue type, and other factors, consistent with the investment objectives outlines in this investment policy; and
- Be invested with prudent levels of risk and with the expectation that long-term total returns (yield plus capital appreciation) will maintain and may possibly increase the purchasing power of the Investment Fund.

Allowable Investments

The following are allowable investments for the Investment Fund, as defined in Appendix 1 of this investment policy statement:

- Equities
- Fixed Income
- Alternative Investments
- Cash & Cash Equivalents

Allowable Investment Vehicles

The Board shall be authorized to invest the Investment Fund as follows:

- Mutual Funds
- Exchange Traded Funds
- Individual Treasury Bonds
- Treasury Inflation Protected Securities (TIPS)
- Separately Managed Accounts (SMAs)
- Limited Partnerships [Any limited partnerships should be subject to the approval by the Investment Committee]
- Structured Products

Risk Tolerance

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns one must accept higher risk (i.e.. volatility of returns and/or of account values).

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Investment Fund is the determination of the amount of risk the Board of Trustees can tolerate.

An understanding of investment risk influences how aggressively or conservatively a portfolio will be invested. Like a scale, risk needs to be balanced with the need for returns to achieve the investment goals. The Board of Trustees desires long-term investment performance sufficient to meet the goals. The Board of Trustees understands that to achieve such performance the portfolio may experience periods of decline. The Board of Trustees further understands that in a severe market correction, the potential recovery period could be extended.

The Board is comfortable with a risk level of the Investment Fund as measured by volatility (standard deviation) that is *similar to* the volatility level of the style index when measured over five-year rolling time periods and a full market cycle. This style index is defined in Appendix 3.

Portfolio Return Objectives

The objectives of the Investment Fund represent a long-term goal of maximizing the returns without exposure to undue risk, as defined herein. It is understood that fluctuating rates of return are characteristic of the securities markets. The primary concern should be long-term appreciation of the assets and consistency of total portfolio returns. Recognizing that short-term market fluctuations may cause variations in the account performance, the expectations of the account will be to achieve the following objective over a ten-year time period:

- Growth of the portfolio in real terms after meeting spending guidelines to be measured as CPI + Spending (4%)

Asset Allocation

In order to manage the risks and rewards of the Investment Fund, the following asset categories and ranges have been selected as guidelines for the endowment fund assets. The broad diversification by asset class is designed to help control the volatility of returns of the Investment Fund.

ASSET CLASS	MINIMUM	MAXIMUM	COMPOSITE BENCHMARK
U.S. Large Capitalization Stocks	15%	35%	S&P 500
U.S. Mid Capitalization Stocks	0%	10%	Russell Mid Cap
U.S. Small/Micro Capitalization Stocks	0%	10%	Russell 2000
U.S. Micro Capitalization Stocks	Note ¹	Note ¹	Russell 2000
International Developed Markets	10%	20%	MSCI EAFE (net) Index
International Emerging Markets	0%	5%	MSCI Emerging Markets (net) Index
Real Estate Investment Trusts	0%	5%	Wilshire RESI Index
TOTAL EQUITIES	25%	70%	
Core Bonds	0%	20%	Barclays Aggregate Bond Index
International Bonds	0%	5%	Citigroup Non-US World Govt. Bond Index
High-Yield Bonds	0%	5%	Barclays Aggregate Bond Index
Laddered US Treasuries/Govt. Bonds	10%	60%	Citigroup 1-10 Year Govt./Credit Bond Index
Laddered US TIPS	Note ²	Note ²	Citigroup 1-10 Year Govt./Credit Bond Index
TOTAL FIXED INCOME	15%	75%	
Alternative Strategies	5%	30%	
TOTAL ALTERNATIVE INVESTMENTS	5%	30%	HFRX Fund of Funds Index
Cash	0%	25%	Citi Treasury Bills 30 Day
TOTAL CASH	0%	25%	

VII. Restrictions

The Investment Fund may not be invested in the following:

- Purchases of letter stock, private placements (including “144A” securities), or direct payments;
- Purchases of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts (REITs);

¹ Permit Micro Cap Equities in the Small Cap Equities class.

² A single asset class for the laddered Treasury bond portfolio, eligible for TIPS or regular Treasuries as determined by the Committee.

- Debt issued by real estate investment trusts;
and
- Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Board.

The following transactions are generally restricted. However, they may be allowed only in certain mutual funds, exchange-traded funds or other commingled funds, invested in alternative strategies:

- Short sales;
- Leveraged transactions;
- Commodities transactions;
- Puts, calls, straddles, or other option strategies; and
- Managed futures.

See Appendix 5 for Treatment of Excess Business Holdings in Donor-Advised Funds.

VIII. Rebalancing

The portfolio will be reviewed at least on a quarterly basis and more frequently if required, to ensure that the Investment Fund remains within the approved asset allocation guidelines. The rebalancing of the portfolio has been delegated to the Investment Consultant(s) who will recommend rebalancing of the portfolio, if required, to the President & CEO or Chair.

IX. Performance Evaluation

The Committee will report the performance of the Investment Fund on a quarterly basis to the Board of Trustees, through the Investment Committee.

The Committee will evaluate each Investment Manager's contribution in achieving the investment objectives outlined in this document over at least a five-year time horizon. The Committee realizes that most investments go through cycles. Therefore, there will be periods of time in which the investment objectives are not met or when some Investment Managers fail to meet their expected performance targets.

The Investment Fund's performance should be reported in terms of rate of return and changes in dollar value. The returns should be compared to appropriate market indexes for the most recent quarter and for annual and cumulative prior time periods. It is desired that the Investment Fund earn returns higher than the "market," as represented by a mix of indices reflective of The Community Foundation of Howard County's strategic allocation.

The Community Foundation of Howard County's Investment Fund is expected to exceed the average annual return of this style index (defined in Appendix 4) on a risk-adjusted basis over a five-year rolling time period and a full market cycle.

The Investment Fund's asset allocation shall be reported on a quarterly basis.

Each Investment Managers' performance will be evaluated in similar fashion according to the performance standards summarized in Appendix 2.

X. Investment Monitoring and Control Procedures

Reports

The Investment Consultant(s) shall provide Greater Horizons with monthly statements for each account held by The Community Foundation of Howard County and subject to this Investment Policy. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.

The Consultant(s) shall provide the Investment Committee the following management reports on a quarterly basis:

- Portfolio performance results over varying time periods
- Performance results of comparative benchmarks over varying time periods
- Review of current asset allocation versus policy guidelines
- An annual report showing the portfolio's performance after adjustments for additions, withdrawals, gain or loss and inflation.
- Any recommendations for changes to the above reports

Meetings and Communications with Investment Consultants

Investment Consultants shall meet with the Investment Committee approximately quarterly to review and explain the Investment Fund's performance and any related issues. Investment Consultant(s) shall also be available on a reasonable basis for telephone and email communication as needed.

At the quarterly meetings, the Investment Consultant(s) shall keep the Investment Committee apprised of any material changes in their outlook, report any recent changes to Investment Managers and recommend changes to limited partnerships if any.

Any recommendations for limited partnerships shall be presented in advance to the Investment Committee for approval. At the Committee meeting following receipt of the recommendations to add or change limited partnerships, the Committee shall discuss the recommendations and by motion either adopt, modify, table or reject the recommendation.

Adoption

The Board of Trustees have reviewed, approved and adopted this Investment Policy Statement. This Investment Policy is to be reviewed periodically by the Investment Committee to determine if any revisions are warranted by changing circumstances including, but not limited to changes in financial status, risk tolerance or changes involving Investment Managers. The Board of Trustees, in consultation with the Investment Committee, reserves the right to make any changes to this Investment Policy Statement as deemed necessary. All such changes will be made in writing and the Investment Consultant(s) will be duly informed.

Chair, Board of Trustees

Date

Chair, Investment Committee

Date

Appendix 1: Community Foundation of Howard County Investment Policy Governance

Fiduciary Level	Investment Policy	Asset Allocation	Asset Class Strategy	Portfolio of Managers	Security Selection
Board	Decides	Oversees			
Investment Committee/Staff	Recommends	Oversees	Oversees	Oversees	
Greater Horizons	none	none	none	none	none
Investment Consultant(s)	Recommends	Decides s	Decides	Decides	Oversees
Investment Managers					Decides

Appendix 2: Asset Class Definitions & Style Indices

Equities

The equity asset classes should be maintained at risk levels roughly equivalent to the sectors of the market represented, with the objective of exceeding a nationally recognized index measuring the performance of the designated sector over a three-year moving time period net of fees and commissions. Mutual funds and/or exchange-traded funds conforming to the policy guidelines may be used to implement the investment program. The following definitions shall apply for the purposes of this policy:

U.S. Large Capitalization Stocks: A portfolio of stocks comprised primarily of U.S. based companies with the average of the stocks held having a market value exceeding \$6.0 billion and primary shares of which are traded on a major U.S. stock exchange.

These are indexed against the Standard & Poor's (S&P) 500 Index.

U.S. Mid Capitalization Stocks: A portfolio of stocks comprised primarily of U.S. based companies with the average of the stocks held having a market value between \$2.0 billion and \$6 billion and primary shares of which are traded on a major U.S. stock exchange.

These are indexed against the Russell Mid Cap Index.

U.S. Small Capitalization Stocks: A portfolio of stocks comprised primarily of U.S. based companies with the average of the stocks held having a market value less than \$2 billion.

These are indexed against the Russell 2000 Index.

U.S. Micro Capitalization Stocks: A portfolio of stocks comprised primarily of U.S. based companies with the average of the stocks held having a market value between \$50 million and \$300 million. They typically trade on the over-the counter (OTC) market.

These are indexed against the Russell Micro Cap Index.

International Developed Markets: Stocks of non-U.S. based companies, located in developed international markets, the primary shares of which are traded on exchanges outside the U.S.

These are indexed against the MSCI EAFE Index.

International Emerging Markets: Stocks of non-U.S. based companies, located in emerging markets, the primary shares of which are traded on exchanges outside the U.S.

These are indexed against MSCI Emerging Index.

Real Estate Securities (REITs): Equity REITs, mortgage REITs, CMO or mortgage-related securities

REITS, Health Care REITS, and equities of real estate operating companies. Equity REITs are those securities that meet the National Association of Real Estate Investment Trusts' (NAREIT) asset mix definition of an equity REIT (currently, equity REITs are those where 75% of assets are equity financed properties). REITs may be perpetual life REITs or finite life REITs.

These are indexed against the Wilshire RESI Index.

Alternative Investments

Alternative investments represent investments in strategies that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Diversification standards within each investment shall be according to the prospectus. Investments in these strategies carry special risks. The fund(s) may utilize aggressive investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns.

Some of the underlying strategies are:

Market Neutral: A strategy in which the manager seeks to profit from both increasing and decreasing prices in a single or numerous markets. Such strategies are often achieved by taking matching long and short positions in different stocks to increase the return from making good stock selections and decreasing the return from broad market movements.

Alternative Beta-Replication: Alternative beta-replication strategies are designed to deliver the broad market exposures of the hedge fund universe through a mutual fund or exchange-traded fund. This is achieved from exposure to liquid broad market factors. Beta-replication is based on the idea that hedge fund returns can be broken down into different return components: alpha returns, linear and non-linear beta returns, and fund-specific returns. Beta returns arise from factors driven by systematic market risks, and they are deemed to be 'good risks' as they carry a premium. Beta measures the sensitivity of hedge fund returns with respect to a given risk factor and indicates how much factor risk the portfolio is exposed to.

Absolute Return: Absolute return strategies aim to produce a positive absolute return regardless of the directions of financial markets. They typically achieve this by investing the portfolio's assets in low volatility investments and then taking hedging long and short positions in portfolios of securities that, when combined, are expected to have modest exposures to market returns. Absolute returns strategies attempt to have low correlation with financial market performance.

Arbitrage Strategies: Arbitrage is an investment technique used to take advantage of price differences in separate markets to generate profits without risk. Arbitrage is carried out by the simultaneous purchase and sale of an asset in order to profit from a difference in the price. It is a trade that profits by exploiting price differences of identical or similar financial instruments, on different markets or in different forms. Arbitrage opportunities exist as a result of market inefficiencies.

Long-Short Strategy: A long-short strategy is an investing strategy that involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to

decrease in value. Ideally, the long position will increase in value, and the short position will decline in value. If this happens, and the positions are of equal size, the long-short fund will benefit. The strategy will work even if the long position declines in value, provided that the long position outperforms the short position. Thus, the goal of any long-short strategy is to minimize exposure to the market in general, and profit from a change in the difference (or spread) between two stocks.

Hedged Equity: Equity hedging techniques can reduce portfolio volatility, when used appropriately. Two very basic hedging techniques can be effective tools for controlling portfolio risk when used together, particularly when markets are volatile. Selling **index call options** and buying **index put options** are relatively conservative strategies that can be used to help protect the overall value of a stock portfolio by generating income and limiting losses caused by sharp market declines over a short period of time.

- **Selling index call options:** against portfolio holdings allows managers to collect option premiums in any market environment. In particular, the portfolio receives cash (the “premium”) from the purchaser. The purchaser of an index call option has the right to any appreciation in the value of the index over a fixed price (the “exercise price”) on a certain future date. Since the portfolio will have collected the premium in return for giving up potential stock appreciation, sales of index call options tend to add to relative return compared to owning an unhedged stock portfolio – in a flat or fluctuating stock market. Conversely, in a strong upwardly trending market, the sale of index call options may not compare favorably to an unhedged stock portfolio, though they will mitigate risk.
- **Buying index put options:** against portfolio holdings can help decrease the potential for loss if the stock market declines sharply over a short period of time (although the cost of buying put protection reduces total return if the market does not go down).

Managed Futures: Managed Futures is a strategy in which professional portfolio managers, known as Commodity Trading Advisors (CTAs), use futures contracts as a part of their overall investment strategy. Managed futures provide portfolio diversification among various types of investment styles and asset classes to help mitigate portfolio risk in a way that is not possible in direct equity investments. A diversified managed futures portfolio will generally have exposure to a number of markets such as commodities, energy, agriculture and currency. Introducing futures into a portfolio reduces risk because of the negative correlation between asset groups.

These are indexed against HFRI Fund of Funds Index.

Fixed Income

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. Mutual funds and/or exchange-traded funds conforming to the policy guidelines may be used to implement the investment program. The weighted average maturity of the fixed income portion must be 10 years or less. The following definitions shall apply for the purposes of this policy:

Core Bonds: A portfolio comprised primarily of fixed income securities denominated in U.S. dollars issued by the U.S. Government or U.S. corporations rated investment grade (“BBB”) or better.

These are indexed against Barclays Aggregate Bond Index.

Treasury Inflation Protected Securities (TIPS): A special type of Treasury note or bond that offers protection from inflation. Like other Treasuries, it pays interest every six months and pays the principal when the security matures. The difference is that the coupon payments and underlying principal are automatically increased to compensate for inflation as measured by the Consumer Price Index (CPI). These are a sub-set of core bonds.

These are indexed against Barclays US Treasury Inflation Protected Securities Index.

International Bonds: These are issued by non-US governments or corporations and offer significant portfolio diversification, since US government and corporate debt often move in a similar manner to U.S. specific events. These bonds most often trade in the currencies of their domestic markets.

These are indexed against Citigroup Non-US World Govt. Bond Index.

High-Yield Bonds: A portfolio comprised primarily of fixed income securities denominated in U.S. dollars issued by the U.S. Government or U.S. corporations rated below investment-grade, with high "risk-adjusted" returns. The credit risks of these bonds are compensated for by their higher yields.

These are indexed against Barclays High-Yield Index.

Cash and Equivalents

It is generally expected that the Investment Manager(s) will remain fully invested in equities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the custodian's money market fund, short-term maturity Treasury securities, insured savings instruments of commercial banks and savings and loans.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Committee by the Investment Manager(s) prior to executing transactions, when practical. Such deviations may be authorized in writing by the Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

These are indexed against the Citigroup Treasury Bills 30-Day Index.

Appendix 3: Performance Standards

It is desired that each Investment Manager produce a level of return higher than the "market", as represented by the style index standards shown in the table below. Each Investment Manager is expected to exceed the average return of the style index on a risk-adjusted basis over five-year time periods. The exchange-traded funds and mutual funds shown in the table below are recommendations by the Investment Consultant, approved by the Committee and are subject to change in the future.

<i>Investment Objective/ Investment Style</i>	<i>Benchmarks</i>
Large Capitalization	100% S&P 500 Total Return Index
Mid Capitalization	100% Russell Mid Cap Index
Small & Micro Capitalization	100% Russell 2000 Index
International Developed	100% MSCI EAFE Net Index
Emerging Markets	100% MSCI Emerging Markets Net Index
Real Estate Securities	100% Wilshire RESI Index
International Bonds	100% Citigroup Non-US World Govt. Bond Index
Domestic Fixed Income	100% Citigroup 1-10 Year Govt./Credit Bond Index
Alternative Investments	100% HFRX Global Hedge Fund
Cash	100% Citi T-Bills 30 Days Index

Appendix 4: Style Index

Primary Benchmark: The portfolio should earn long-term returns in excess of CPI+4%. Volatility should be similar to the style index.

<i>Target Weight (Approved Oct 2010)</i>	<i>Asset Class</i>
22.3%	Large Capitalization
7.4%	Mid Capitalization
3.7%	Small & Micro Capitalization
10.0%	International Developed
1.6%	Emerging Markets
1.5%	Real Estate Securities
5%	International Bonds
26.5%	Domestic Fixed Income
20.0%	Alternative Investments
2.0%	Cash

Appendix 5: Treatment of Excess Business Holdings in Donor-Advised Funds

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.³ 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 percent⁴ of the voting stock⁵ 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 much longer period to divest under the same complicated transition relief given to privation foundations in 1969.⁶

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 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.

³ 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.

⁴ Thirty-five percent if it can be shown that persons who are not disqualified persons have effective control of the business.

⁵ 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.

⁶ 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.

Who 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)

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 five years of the date of the gift, as required under the PPA. In any event, the Foundation will disposed 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.

APPENDIX C: RETURN ON INVESTMENT

COMMUNITY FOUNDATION OF HOWARD COUNTY INVESTMENT RETURNS 1992 - 2015

<u>YEAR</u>	<u>PERCENTAGE</u>
1992	8.09
1993	13.55
1994	0.84
1995	24.70
1996	14.55
1997	19.79
1998	16.37
1999	19.66
2000	2.70
2001	(2.01)
2002	(8.31)
2003	22.76
2004	10.23
2005	7.20
2006	11.71
2007	6.52
2008	(24.25)
2009	20.25
2010	11.24
2011	(0.42)
2012	9.46
2013	14.47
2014	3.03
2015	(1.71)
Three-Year Average	5.26%
Ten-Year Average	5.03%
Since Inception	8.35%

ADMINISTRATIVE FEES

Administrative fees are used exclusively to support our mission-based operations. These fees are your investment in a 501(c)(3) public charity dedicated to increasing charitable giving, educating and connecting donors to community needs they care about, and leading on critical community issues.

Funds can range in size from a few thousand dollars to millions of dollars. The administrative fee structure below illustrates the annual cost for a fund. These fees are assessed to the funds on an annual basis in the first quarter of the year. The fee is based on the higher of a minimum or the average quarterly balance of the market value of the fund as calculated on December 31 of the previous year. For newly established funds, the fee is prorated over the remainder of the year.

Fund Type	Fee	
Donor Advised – Endowed Fund	Minimum of \$200 or 1.00%	<p>Sample Fee Calculations for A Donor Advised Endowed Fund</p> <p>Scenario #1 Fair Market Value of Fund Assets End of Qtr. 1 = \$10,000 Fair Market Value of Fund Assets End of Qtr. 2 = \$15,000 Fair Market Value of Fund Assets End of Qtr. 3 = \$23,000 Fair Market Value of Fund Assets End of Qtr. 4 = \$20,000 Average Quarterly Balance = \$17,000 \$200 minimum fee applies: 1.00% of \$17,000 is less than \$200 Total annual administrative fee = \$200</p> <p>Scenario #2 Fair Market Value of Fund Assets End of Qtr. 1 = \$100,000 Fair Market Value of Fund Assets End of Qtr. 2 = \$105,000 Fair Market Value of Fund Assets End of Qtr. 3 = \$ 75,000 Fair Market Value of Fund Assets End of Qtr. 4 = \$ 90,000 Average Quarterly Balance = \$92,500 1.00% fee applies: 1.00% of \$92,500 is greater than \$200 Total annual administrative fee = \$925</p> <p><i>Funds may be charged for extraordinary services or direct expenses incurred on behalf of a specific fund, such as online processing fees or commissions for the sale of contributed stock.</i></p>
Donor Advised- Non-Endowed Fund	Minimum of \$250 or 1.50%	
Scholarship Fund	Minimum Of \$250 or 2.00%	
Designated Fund	Minimum of \$200 or 1.00%	
Field of Interest Fund	Minimum of \$100 or 1.00%	
Unrestricted Fund	Minimum of \$100 or 0.75%	
Nonprofit Agency Endowment Fund	Minimum of \$100 or 1.00%	

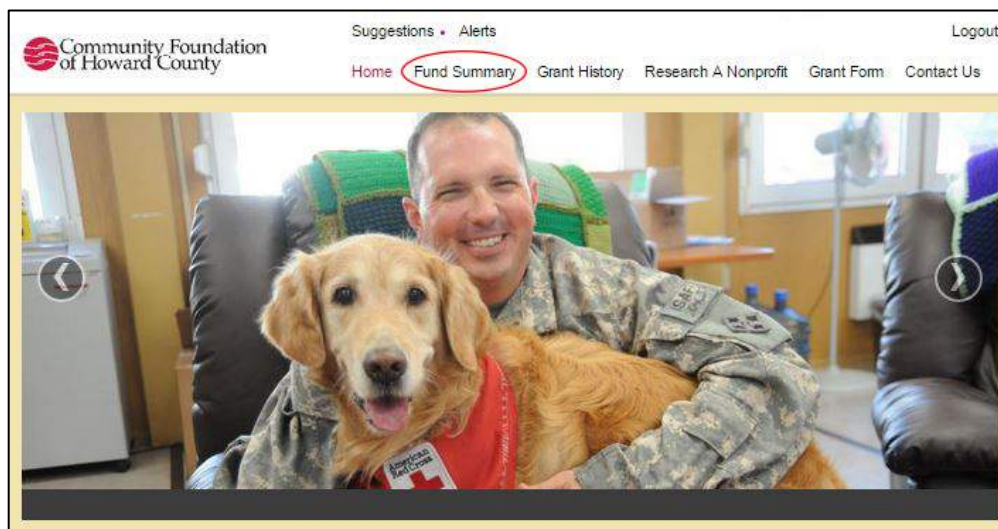
HOW TO ACCESS YOUR FUND STATEMENTS

1. Start at the Community Foundation of Howard County's home page, www.cfhoco.org. Click the "DonorCentral" button in the upper right corner.
2. To log in to DonorCentral, enter your username and password. If you have trouble logging in, contact the Foundation at 410-730-7840 or e-mail info@cfhoco.org.



The screenshot shows the Community Foundation of Howard County logo at the top left. Below the logo is a vertical menu with five red buttons: "Give", "Receive", "Plan", "Impact", and "About CFHoCo". To the right of the menu is the "DONORCENTRAL SIGN ON" section. It contains two input fields labeled "User Name" and "Password", followed by a "Sign On" button. Below the "Sign On" button is a link that says "Forgot Your Password?".

3. This is the DonorCentral home page. To see details about your fund and access your fund statement, click "Fund Summary."



- This is your fund summary. Use the arrows to expand each category. Click the arrow next to “Fund Statement” to access past and current statements.

Fund Summary
Print Page Export Gifts Export Grants

Fund: A. Donor Fund
Period: All

Fund Balance	\$10,000	Detail
Contributions	\$50,000	▼
Investment Income	\$500	▼
Pending Suggestions	\$250	▼
Spendable balance	\$10,250	
Fund Statement		▼

- Select a date range and choose to view the statement on your screen or e-mail the statement to yourself or someone else. Click the “Get Statement” button.

Fund Statement

Select a range
04/01/2015 - 06/30/2015

View Fund Statement*
 Email Fund Statement

Get Statement

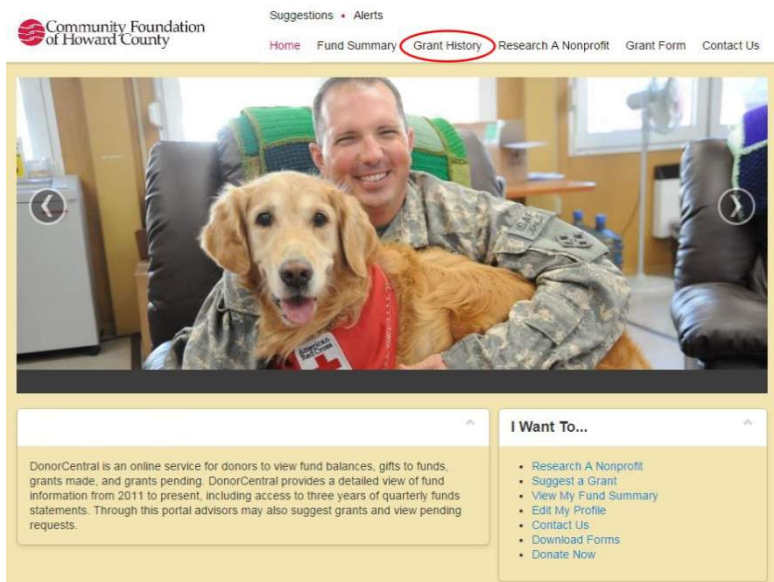
HOW TO GRANT FROM YOUR FUND

1. Start at the Community Foundation of Howard County's home page, www.cfhoco.org. Click the "DonorCentral" button in the upper right corner.
2. To log in to DonorCentral, enter your username and password. If you have trouble logging in, contact the Foundation at 410-730-7840 or info@cfhoco.org.

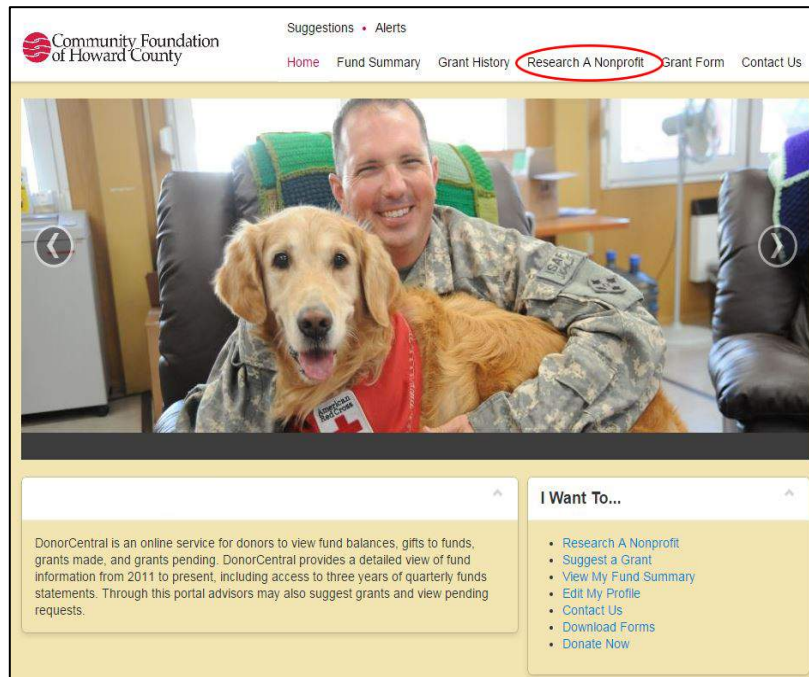


The screenshot shows the Community Foundation of Howard County logo at the top left. Below the logo is a vertical menu with five red buttons: "Give", "Receive", "Plan", "Impact", and "About CFHoCo". To the right of the menu is the "DONORCENTRAL SIGN ON" section. It contains two input fields labeled "User Name" and "Password", followed by a "Sign On" button. Below the "Sign On" button is a link that says "Forgot Your Password?".

3. This is the DonorCentral home page. If you would like to make a grant to an organization you have previously supported, click "Grant History." This will bring up a list of your past grants. Your most recent grants are at the top of the list. To sort alphabetically by organization name, click "Grantee" in the column heading. Find the desired organization and click "Make a Grant" to bring up a grant suggestion form.



4. If you would like to make a grant to an organization you have not previously supported, click “Research a Nonprofit and Suggest a Grant.”



5. Type the name of the organization you wish to support in the “Name” field. You can also search by location or program area. Click “Search.”

The screenshot shows the 'Research A Nonprofit' search form. The form includes several input fields and dropdown menus. The 'Name' field is circled in red. Below the 'Name' field are fields for 'City', 'State/Province', and 'Zip/Postal'. There is also a 'Tax ID (optional)' field and an 'Interest Code Operator' dropdown set to 'OR'. Below these are three dropdown menus for 'GranteeType' (Animal Welfare, Arts/Culture, Civic/Community), 'Population' (Adults, Children / Youth, Economically Disadvantaged), and 'Region' (Howard County). At the bottom of the form, there is a checkbox for 'Only search in prior suggestions' and three buttons: 'Search' (circled in red), 'Clear', and 'New Grant'.

6. Your search results will appear below the search fields and may return more than one result. Here are the results from a search of “Foundation.” The first 10 results are shown here. If the organization you want to support does not show up on the first page, you can navigate the results by using the arrow and numbers at the bottom. You can also click, “Location” to sort alphabetically by city and state. Once you find your desired location, click “Make a Grant.” If you are unable to find the organization you want to support, or if you do not want to sort through the results, click the “Blank Suggestion Form” button above the search results.

Organization Name ▲	Location	Actions
American Civil Liberties Union Foundation CS	New York, NY, 125 Broad Street 18th Floor	Make a Grant View Detail
Howard County Public Schools Educational Foundation Inc. CS	Ellicott City, MD, Bright Minds Foundation 10910 Route 108	Make a Grant View Detail
Community Foundation of Howard County CS	Columbia, MD, 10630 Little Patuxent Parkway Century Plaza, Suite 315	Make a Grant View Detail
Columbia Delta Foundation CS	Columbia, MD, PO Box 1310	Make a Grant View Detail
Howard Community College Educational Foundation CS	Columbia, MD, 10901 Little Patuxent Parkway	Make a Grant View Detail
Howard County Foundation for Black Educational and Cultural Achievement CS	Columbia, MD, P. O. Box 69	Make a Grant View Detail
Howard County Police Foundation CS	Ellicott City, MD, 3410 Courthouse Dr.	Make a Grant View Detail
Howard Hospital Foundation CS	Columbia, MD, 10705 Charter Drive Suite 320	Make a Grant View Detail
The James and Anne Robinson Foundation CS	Columbia, MD, 7340 Grace Drive Suite A	Make a Grant View Detail
Lazarus Foundation CS	Ellicott City, MD, The Application Research Lab 10920 Route 108	Make a Grant View Detail

1 2 » → Page size: 10 ▼


7. If your search did not yield any results, click “Grant Suggestion Form” at the bottom of the screen.


Research A Nonprofit

Search for a nonprofit using any of the following options; then scroll to the bottom of the page to view your results. For a list of nonprofits serving Howard County, under Region, select Howard County. To suggest a grant to a nonprofit not listed, click on the Blank Suggestion Form at the bottom of the page.

Name

City State/Province Zip/Postal

Tax ID (optional) 

Interest Code Operator 

GranteeType

Population

Region

Only search in prior suggestions

No matching results were found. Continue to a blank [Grant Suggestion Form](#) or search again.

8. This is the grant suggestion form. If you were able to find the desired organization in the search results, or if this grant is to an organization you have previously supported, most of the fields will be populated automatically. If this is a grant to an organization that is not already in our system, only the “Donor(s)” and “Funding Source” fields will be populated. Only fields marked with an asterisk are required, so it is OK if you are not able to enter all of the requested information. The Community Foundation will exercise due diligence to make sure grants are given to IRS-qualified public charities.

Make sure to note if you want the check mailed back to you or directly to the organization, and check the box to agree to our terms of agreement. Click “Save” when done, and then click “OK” on the pop up window.

Grant Suggestion Form

To suggest a grant from your fund, please complete the form below.
If you have any questions, please contact us at grants@CFHoCO.org or 410-730-7840

Funding Source *

Amount *

Organization Name *

Address 1

Address 2

City *

State * Zip

Contact Person

Contact Title Phone

EIN or Tax ID

Would you like this grant to be anonymous? *

Do you want to provide a purpose for your grant or send a message to the nonprofit organization?
(For example, areas needed most, to benefit XYZ program, in honor of John Smith, etc.)
Information on the check will appear as typed below.

Grant Purpose

Do you want to provide a purpose for your grant or send a message to the nonprofit organization?
(For example, areas needed most, to benefit XYZ program, in honor of John Smith, etc.)
Information on the check will appear as typed below.

Grant Purpose

Do you want to provide special instructions to us here at the Community Foundation of Howard County as we process your grant check?
This information will not appear on the check.

Special Instructions

Terms of Agreement

I hereby certify that this suggestion will not provide "more than incidental benefits" to me, my family, any advisor to the fund or their family, or any businesses that any of us control, and will not support political campaigns. I acknowledge this suggestion must receive approval of the Community Foundation of Howard County.

Examples of benefits that may be considered more than incidental include:

- fulfillment of an irrevocable or legally binding pledge or other personal financial obligation made to any institution; raffle tickets;
- membership benefits;
- admission to a charitable event or goods or services received or purchased while attending a charitable event (e.g., dinner or auction items); and
- personal benefits to any individual, including tuition or scholarships.

I agree I do not agree

9. After you click “Save” you will see a list of your pending grant suggestions. Take a moment to review the list to make sure the grants listed are accurate. If you want to suggest another grant, click the “Continue Suggesting Grants” button. This will take you back to the “Find a Nonprofit and Suggest a Grant” page, where you can search for another organization. Check the boxes next to the grants you wish to submit, click “Submit List” to complete your grant requests, and then click “OK” on the pop-up window.

Pending Suggestions \$50.00

To submit your suggestions, check one or more of the boxes on the left and click the **Submit List** button only once. You will receive a confirmation prompt once the submission process has completed.

<input type="checkbox"/>	Organization Name	Amount	Actions
<input checked="" type="checkbox"/>	ABC Nonprofit Organization	\$50.00	Edit ✖

[Continue Suggesting Grants](#) [Recent Grants](#) [Submit List](#)

10. Once you have submitted your grants, you will see the “Suggestion Confirmation” screen summarizing your grant suggestions. You will receive an e-mail confirming your submissions, but if you would like to send an additional record, enter an e-mail address in the box and click “Send.” In addition if you choose to send the grant checks directly to the organizations, CFHoCo will send you an e-mail when the checks have been mailed.

Suggestion Confirmation
[Print Page](#)

Thank you for giving through the Community Foundation of Howard County. We have received your grant suggestion(s) and are processing now. If any of your grants require special handling, feel free to contact us at info@CFHoCo.org or 410-730-7840. You will receive an email confirming your submissions, but if you would like to send an additional record of your grant suggestion(s) to yourself or someone else, please enter an email address and click "Send" to receive a confirmation email.

[Send](#)

Suggestion #1

Funding Source: A. Donor Fund
Amount: \$50
Organization Name: ABC Nonprofit Organization
Address 1: 123 Main Street
Address 2:
City: Columbia
State: MD
Zip: 21044
Contact Person:
Contact Title:
Phone:
EIN or Tax ID:
Would you like this grant to be anonymous?: NO
Grant Purpose:
Special Instructions:

[Make a Grant](#) [Suggestions](#)



____ I would like to contribute to the **Community Foundation of Howard County's Annual Fund.**

- | | |
|-----------------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> \$2,500 Chairman's Circle | <input type="checkbox"/> \$250 Supporter |
| <input type="checkbox"/> \$1,000 Strategic Partner | <input type="checkbox"/> \$100 Contributor |
| <input type="checkbox"/> \$500 Investor | <input type="checkbox"/> Other Amount \$ _____ |

____ I **do not** wish to contribute to the **Annual Fund**, but I would like to contribute to another component fund at The Community Foundation of Howard County.

Name of Fund: _____

- My check for the full amount is enclosed (*payable to: Community Foundation of Howard County*).
- Please charge my ____ Visa ____ MasterCard ____ American Express ____ Discover
Card Number: _____ Exp. Date: _____
- I would like to pledge \$ _____. Enclosed is my first payment of \$ _____.
Please bill me in _____ additional installment(s) of \$ _____ to complete my
pledge by _____, 20 _____. (Please limit pledge payments to no more than
five years.)
- I would like to make a contribution of stock or other appreciated securities. Please contact
me at (phone) _____ or (E-mail) _____.

Please list your name(s) as you like to be recognized. I/we prefer to remain anonymous.

Name: _____

Address: _____

City: _____ **State:** _____ **Zip:** _____

Phone: _____ **E-Mail:** _____

You may also go to our Web site at www.cfhoco.org to make a gift at anytime. If you have questions or need additional information, please call 410- 730-7840.

- I would like to learn more about establishing a named fund at CFHoCo.
- I would like to learn more about how to leave a bequest to The Foundation in my will.

The Community Foundation of Howard County (the "Foundation") is a 501(c)(3) public charity. A copy of the current audited financial statement and IRS Form 990 are available by written request directed to the office of the Foundation at 10630 Little Patuxent Parkway, Suite 315, Columbia, MD 21044 or by calling (410) 730-7840. Pursuant to the Pension Protection Act of 2006 a copy of the Foundation's Form 990D (and Form 990T when there is one) is also similarly available upon request. Documents and information submitted under the Maryland Solicitations Act are also available for the cost of postage and copies, from the Maryland Secretary of State, State House, Annapolis, MD 21401, (410) 974-5534.