

Distribution Policies

Distributions will be made from the Fund in accordance with the Foundation's spending rule as stated here in the Investment, Distribution & Fee Guidelines, which may be modified by the Board of Trustees from time to time.

Endowment Funds

The Foundation, maintaining exclusive legal control of all contributed assets, has adopted a total return approach to investment management under the Uniform Management of Institutional Funds Law for Permanent Endowment Funds. This allows the Foundation to capture more of the historically higher appreciation in the equity markets. "Total return" is a term used to describe the total change in fund value over a given time period that results from both income (interest and dividends) and capital appreciation (realized and unrealized gains).

Under this approach, a fund's income for grant making and/or distributions will be calculated by using a **"spending rule"** – a fixed annual rate established by the Foundation's Board of Trustees and defined as a percentage of the market value of the assets in the fund. For example, a spending rule for a given year might be 5% of the four-year average of a component fund's asset value. The amount available for grant making determined by this spending rule can include interest and dividend income, as well as realized and unrealized gains. Currently the spending rule is 4.5% of the average market value over the past 20 quarters. No distributions are allowed for one year from the time the endowment fund is established.

It is important to note that depending on market conditions, in some years the spending rule may require the distribution of a portion of the principal balance in a fund.

Donor Advised and Scholarship Funds

The Foundation will from time to time receive advice from donors or their designees regarding disbursements from donor advised, or scholarship funds. This advice will be considered upon written request to the Foundation. The President and/or the Executive Committee of the Foundation are authorized to consider this advice and make distributions. (Please note that IRS regulations prohibit distributions to fulfill pledges and/or to secure benefits from the distribution recipient. With regard to Donor Advised Funds, all disbursements must be for the benefit of a charitable organization.)

As Founder of a Donor Advised Fund or Scholarship Fund you may appoint new advisors at any time by submitting them in writing to the Foundation.

Reports

The Foundation will provide donors or designees with quarterly statements on your Fund's activity and investment performance. You can access your monthly fund performance by going to our website at CFNCM.org and creating a user name and password to view your fund balance, performance and initiate distributions/grants through an on-line portal.

Administrative Fees

Administrative tasks associated with the management of funds include investigation of grants, receipt and acknowledgment of contributions, payment of grants, oversight of investment management, and compliance with federal and state reporting requirements. To support these activities, the Foundation charges fees on funds. The fee is calculated as 1/12th% of the fund's market value at the end of each month. The fees are set by the Board of Directors and may be modified from time to time.

The current tiered fees are broken down as follows:

<u>Type of Fund</u>	<u>Fees</u>
(Endowed or non-Endowed Funds)	
Donor Advised Funds:First \$5,000,000	1.25%
Amounts over \$5,000,000	0.50%
Scholarship Funds:	1.25%
Agency Funds:	1.00%
Fiscal Sponsor:Additional 4% on all transactions	1.00%
(Endowed Funds)	
Designated and Field of Interest Funds:First \$2,000,000	1.25%
Between \$2,000,000 and \$5,000,000	0.50%
Over \$5,000,000	0.25%

Minimum Annual Fee on all funds is \$250.00

A note about administrative fees: **The Administrative Fee for endowed and non-endowed funds are subject to reasonable modification by the Board of Trustees.**

Investment Management Fees

The Investment Management Fee is comprised of the investment fee and the expense ratio. It is based on a graduated scale depending on the amount of funds the Foundation has invested. The fee is calculated by taking the investments' market value at the end of the month multiplied by the current annual rate and then dividing by 12.

- Investment Management fee rate for the Short Term fund was **0.14%** for 2021. This fee/expense percentage varies slightly over time as the mix of investment funds utilized changes.
- Investment Management fee rate for the Medium Term and Long Term funds was **0.44%** for 2021. This fee/expense percentage varies slightly over time as the mix of investment funds utilized changes.
- All investment performance reports show investment returns **net of investment management fees.**