

SJICF
FUND MANAGEMENT POLICY
Created 5/26/10
Revised 10/10/12
Revised 5/25/16
Revised 9/2/18
Board Approved on 9/27/18

Related Policies:

- SJICF Spending Policy
- SJICF Fund Administration Fee Schedule
- SJICF Investment Policy Statement
- SJICF Fund Terms & Conditions

The following document sets forth the SJICF policies with regard to the establishment and management of its component funds. These policies are approved by the Foundation Board and may be revised at any time and without notice by a majority vote of the Foundation Board.

Donor Established Funds (Individuals, Families, Agencies and Estates):

Donors may elect to establish a new fund (Donor Advised, Living Legacy, Legacy, Designated or Scholarship) subject to the minimum starting contribution indicated in the SJICF Administrative Fee Schedule document. Contributions (initial and subsequent) to the fund will be credited to the account on the date the funds are cleared (e.g. check cash date, stock liquidation date) and start to accrue earnings on the first day of the next calendar month following the date the contribution is credited. For the purposes of calculating the fund value with regard to the provisions of the SJICF Spending Policy, contributions to the fund will be considered to have been applied at the end of the quarter in which the contribution is made.

All new funds will be created upon mutual agreement of the donor and the Foundation based upon the submission of the appropriate new account form with approved signatures. Donor established funds may be endowed or non-endowed as specified in the agreement. Endowed funds place restrictions on

the expenditure of principal based upon the SJICF Board approved “Spending Policy” at an annual rate which is set to help ensure the preservation of principal, while non-endowed funds normally may use principal and earnings to make distributions as desired.

Quarterly financial statements will be supplied for each fund, normally mailed 15 - 30 days after the close of each quarter.

The SJICF Board reserves the right to place additional restrictions on all Funds if, in its prudent judgment that the donor’s intentions are best served by placing these additional restrictions. Donors should refer to the “Variance Power” section of the SJICF Fund Terms and Conditions Document.

Internally Established Funds

The Foundation may at its sole discretion establish Funds in order to fulfill its mission. Such funds will be created using the appropriate application form and will be reviewed and approved by the SJICF Fund Development Committee under its Board delegated authority. Such Funds include the Healthy Community Fund, the General Endowment, the SJICF Scholarship Fund and the Women’s Fund.

The terms of such funds including the application of administrative fees are solely at the discretion of the Board and the SJICF Fund Development Committee.

Endowed Funds (Payouts & Fees):

Endowed Funds are managed to preserve principal on the long term. Such funds include: the SJICF Endowment, Non-Profit Endowed, Designated Endowed, Donor-Advised Endowed, Legacy Endowed and Scholarship Endowed.

Endowed Fund Payouts: The SJICF in its “Spending Policy” has set a maximum annual endowed fund payout as a percentage of the fund’s rolling average balance calculated over the last 12 quarters. The percentage is established by the Foundation Board at a level that seeks to maintain the Fund’s principal over the long term and is reviewed annually. The SJICF may

change that percentage at any time to reflect current and future expectations on investment returns. An administration fee as specified in the SJICF Fund Administration Fee Schedule will be subtracted from annual payout figure along with any investment manager fees, to arrive at the actual amount available for distribution each year. Payout dates are determined by prior agreement and will be made annually following a quarterly meeting of the SJICF Board. Endowed funds must be in existence for at least one year before the first payout (pro-rated to the actual payout date).

Distributions or portions thereof that are not used within the year will automatically added to the fund for reinvestment and may be carried over to the following year. Any earnings in excess of the annual calculated payout will be credited to the fund and automatically reinvested.

Endowed Fund Fees: Endowed Funds are subject to investment and administrative fees. Fund Manager fees are automatically subtracted from the SJICF custodial account. Investment consultant fees are subtracted on a pro-rata basis by the Foundation. Administrative fees are calculated and subtracted on an end of quarter basis at a rate of one-quarter (1/4) of the annual rate specified in the SJICF Administrative Fees policy.

Endowed funds whose current balance at the time of payout is less than the cumulative historical contributions will be considered “underwater” and be governed by the applicable Washington State rules for such funds (**Uniform Prudent Management of Institutional Funds Act (UPMIFA)**). The Board of Directors, at its discretion may skip any payouts in underwater years.

Non-Endowed Funds (Payouts & Fees):

Non-Endowed Funds permit both earnings and principal to be spent. Such funds include: Designated Non-Endowed, Donor-Advised Non-Endowed and Scholarship Non-Endowed funds.

Non-Endowed Fund Payouts: Payouts will be made upon written request (using the SJICF Fund Distribution Request form), following a review and approval at a quarterly meeting of the SJICF Board with a minimum of two (2) weeks notice for a request for disbursement or by approval of the Grants

Committee if the distribution amount is \$5,000 or less. Certain single purpose funds may be pre-approved by the Board for expedited handling

Non-Endowed Fund Fees: Non-Endowed funds are subject to investment and administrative fees. Investment manager and consultant fees are automatically subtracted pro-rata and quarterly from each fund.. Administrative fees are calculated and subtracted on an end of quarter basis at a rate of one-quarter (1/4) of the annual rate specified in the SJICF Administrative Fees policy.

Minimum fund balances should be maintained, and the donor should note that minimum fees (investment and administration) may apply. Such minimum fees as specified in the SJICF Administrative Fee Schedule, will be subtracted quarterly. Funds whose current end of quarter balance would result in a negative balance in the following quarter will be notified. The donor may elect to replenish the account or if not, the account will automatically close at the end of the subsequent quarter.

Pass-Thrus:

Pass-Thrus are funded requests for payouts that are usually made to preserve anonymity of the donor and will be paid out on a calendar end-of-month basis with a minimum of two weeks notice. Pass-Thrus are charged a one-time fee on the amount of the payout (See SJICF Administrative Fee Schedule

Scholarship Funds:

Special attention is placed on the management of scholarship funds to ensure that all Federal and IRS guidelines are followed to assure a fair distribution of awards without conflict of interest. Complying with these goals is based upon the following fund management procedures:

- All Scholarship awards will be made by vote of the SJICF Board. Such vote may occur electronically as long as each Board member has an opportunity to review each applicants file, either in hard copy or electronically for a period of five (5) business days prior to the vote due date.
- The SJICF Board may delegate this authority to a SJICF Scholarship committee providing that all of the provisions of this Section are met.

- New Scholarship funds will be created with a broad enough class of persons that are able to qualify in order to assure that a fund is not created with a bias toward an individual candidate.
- The availability of scholarship applications, qualifications and submittal deadlines will be published using methods to ensure that a broad number of candidates could apply, if they wish, thereby eliminating bias through restriction of information. Compliance with this provision will be left to the chair of the SJICF Scholarship committee associated with the particular scholarship.
- An SJICF Board member will chair any scholarship committee and the committee will contain a majority of voting members who are SJICF Board members. Non-Board members may be voting members.
- Private Scholarship Fund founders may serve on the Scholarship committee in a non-voting capacity. They may review all applicants and submit their recommendations in writing to the committee. They must recuse themselves from the final discussion of applicants and from the final meeting in which a vote is taken to recommend awards to the SJICF Board for final approval.
- Private Scholarship fund applicant review committees will not have delegated authority from the SJICF Board to make awards.

Exceptions:

A number of funds have been and may, in the future be created, that are exceptions to this Fund Management Policy, particularly in regard to administration fees and fund minimums. Such exceptions and the specific conditions thereof will be noted in the New Fund Creation application or in subsequent revisions to those documents. As of October 10, 2012 new conditional exceptions will be reviewed and approved by the Fund Development Committee of the Board under authority delegated by the Foundation Board as of that date. By example:

- Cornerstone Society: Administration fees are waived.
- Donor Advised Funds: SJICF Board members have been exempted from minimum opening balances and minimum fees but are still charged normal on-going fees.

Waivers:

The Foundation Board may at any time authorize individual exceptions to these policies. Occasionally individual donations to funds, projects or programs may need to be handled as special cases based upon individual circumstances. The Foundation Board authorizes the Foundation's Executive Director (or in lieu of this person, the Chair of the Board) to make individual exceptions to the applicability of administration fees and/or minimums.