AACF INVESTMENT POLICY STATEMENT

Athens Area Community Foundation

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EXECUTIVE SUMMARY

Type of Fund	Community Foundation Investment Pool
Planning Time Horizon	Greater than Five Years
Long Term Investment Objective	Grow 5% +/year (adjusted for inflation and net of fees) in rolling 5 year periods.
Risk Tolerance	Moderate

Investment Pool Asset Allocation:

Long Term Balanced Allocation

	Low	Target	High
Cash	0%	5%	10%
Fixed Income	20%	30%	40%
Equity	55%	65%	70%

Benchmark-Equity Pool: 75% S&P 500/25% EAFE

Fixed Income Allocation

Core Bond 100%

Benchmark: Barclay Capital Aggregate Bond Index.

Short Term Cash Allocation

Interest Bearing Checking Account* 100%

*Use Business Interest Checking- variable rate, earning 1.29% as of 9/20/11

Benchmark: 91 Day U. S. Treasury Bill Index

SCOPE & PURPOSE OF INVESTMENT POLICY

The purpose of this Investment Policy Statement (IPS) is to assist the Foundation Board of Directors (Board) in effectively supervising, monitoring and evaluating the investment of the Foundation's Fund assets. The Fund's investment program is defined in the various sections of the IPS by:

- Stating in a written document the Board's attitudes, expectations, objectives and guidelines for the investment of all Foundation assets.

- Setting forth an investment structure for managing all Fund assets. This structure includes various asset classes, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.

- Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so that all Foundation assets are managed in accordance with stated objectives.

- Encouraging effective communications between the Board, Investment Managers, and, if hired, an Investment Consultant.

- Establishing formal criteria to monitor, evaluate, and compare the performance results achieved by the Investment Managers on a regular basis.

- Complying with all applicable fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact Fund assets.

This IPS has been formulated, based upon consideration by the Board of the financial implications of a wide range of policies, and describes the prudent investment process that the Board deems appropriate.

DELEGATION OF AUTHORITY

1. **THE ATHENS AREA COMMUNITY FOUNDATION BOARD OF DIRECTORS:** The Athens Area Community Foundation Board of Directors serves as the governing body for the AACF. To support the daily management of the Foundation assets, the Board has created and empowered the AACF Finance Committee to act in the name and on behalf of the AACF in all matters pertaining to the AACF portfolio. Changes to the Investment Policy require the approval of the AACF Board of Directors.

2. **NORTH GEORGIA COMMUNITY FOUNDATION PARTNERSHIP:** AACF shares a similar approach to investments as the North Georgia Community Foundation. AACF's Finance Committee is represented on NGCF's Investment Committee. AACF's Finance Committee reviews NGCF's overall performance as a way to monitor the performance of AACF Funds in relation to that of peer institutions.

3. **INVESTMENT MANAGERS:** The Investment Managers are granted the discretion to purchase, sell, or hold specific individual securities in accordance with the guidelines herein. Each manager will be expected to adhere to the discipline for which they were originally hired.

4. **CUSTODIANS**: The Finance Committee may retain the services of a Custodian. The Portfolio Custodian would maintain possession of securities owned by AACF, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of AACF accounts.

5. **CONSULTANT:** The Finance Committee may retain the services of an independent consultant to assist in: establishing investment policy, objectives, and guidelines; selecting Portfolio Managers; monitoring Portfolio Managers; measuring and evaluating investment performance; and other tasks as deemed appropriate.

6. **ADDITIONAL SPECIALISTS**: The Finance Committee may at any time employ additional specialists (including but not limited to: attorneys, auditors, actuaries, and other consultants) to assist in managing and meeting the financial responsibilities and obligations of AACF.

DEFINITIONS

1. **"Portfolio"** shall mean the assets within the Investment Account of the Athens Area Community Foundation.

2. **"The Board"** shall refer to the officers and members of the Athens Area Community Foundation Board of Directors.

3. **"The Committee"** shall refer to the Athens Area Community Foundation Finance Committee.

4. **"Investment Manager"** shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Athens Area Community Foundation Portfolio. Also referred to as "Manager."

5. **"Consultant"** shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/ or asset allocation, manager search, and performance monitoring.

6. **"Separate Investment Manager"** shall mean an Investment Manager employed at the request of a donor contributing $500,000 or more, to manage investments according to the Investment Policy and the Letter of Agreement (Appendix G)

7. **"Real Return"** shall mean the return adjusted for inflation. The Consumer Price Index will be used to measure inflation.

8. **"Net Return"** shall mean the return adjusted for inflation and net of investment management fees.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

MISSION AND VISION

The Athens Area Community Foundation is dedicated to enhancing the quality of life, economic well-being, and spirit of community in Athens-Clarke, Oconee, Jackson, Barrow, Madison, and Oglethorpe Counties by building, preserving, and distributing philanthropic assets.

As the primary vehicle for building and managing the community's permanent charitable resources, the Foundation envisions a community with sufficient philanthropic resources that, when invested and utilized effectively, will produce a thriving, just, and caring community for the benefit of all.

The mission of the Foundation will be accomplished through: (1) the acceptance of donations to establish donor-advised funds, permanent endowments, field of interest funds, memorial funds, fiscal sponsorship funds, nonprofit agency endowment funds and estate planning instruments such as charitable remainder trusts, gift annuities, insurance contracts and other charitable fund instruments that may become beneficial; (2) the management and investment of these assets; (3) the awarding of grants to charitable and community causes. It is the objective of the Foundation to invest its assets in such a way as to create income and achieve growth with capital preservation as a primary goal.

This Statement of Investment Policies and Objectives governs the investment management of the Athens Area Community Foundation's investment assets. It is anticipated that this statement will be effective until modified as conditions warrant by the Board of Directors. The Board, the Finance Committee and the investment advisors are expected to propose revisions in the guidelines at any time the existing guidelines would impede meeting the investment objectives. The policies and objectives apply to the Foundation's investment assets in general. Specific guidelines for individual funds will be dependent on each fund's purpose and use.

INVESTMENT OBJECTIVES

The financial objectives for the Foundation's investment assets are (1) to create income which will support the charitable purposes of The Athens Area Community Foundation, Inc., its donors and its agency endowments and (2) to preserve the purchasing power of the Foundation's assets. These objectives dictate that the Foundation conserve and prudently manage those assets. The perpetual nature of the Foundation requires a growing asset base and a growing annual return.

The primary investment objective for the total Portfolio is to attain an average annual real, inflation-adjusted total return, net of investment management fees, of at least 5% over the long term (rolling five-year periods). It is recognized that the real return objective may be difficult to attain in every five-year period, but should be attainable over a series of five-year periods.

SPENDING POLICY

1. Spending from the Foundation's investments will be defined periodically based on the nature of its various charitable funds.

2. To preserve the Portfolio’s purchasing power, long-term average spending from a fund should not exceed the expected long-term real total net return. As a general principle, the spending from the funds held at the Foundation should be in the range of 5% of each fund’s balance. It is further recognized that some funds such as endowments and funds that are building to a specific asset level may not spend anything for a number of years.

FOUNDATION FEE STRUCTURE

1. The current Foundation Fee Schedule appears in Appendix A.

2. The fee that the Foundation assesses for its management of the various types of funds is applied quarterly.

3. All investment expenses of managers and mutual funds will be netted from the account statements on not less than a quarterly basis.

INVESTMENT MANAGEMENT STRUCTURE

The Board of Directors of the Foundation is responsible for the oversight of the Foundation's investment assets and delegates regular review and management of the Foundation's investments to the Finance Committee of the Board. The Finance Committee meets at least quarterly and reports to the full Board at its next regularly scheduled meeting. The Finance Committee is responsible for contracting with investment managers, consultants, and custodians for investing the Foundation's assets including those assets held by the Foundation as Trustee and for measuring performance of the Foundation's investments.

It is the policy of the Foundation to use external investment managers to manage various parts of the Portfolio. Each investment manager will agree in writing to follow the AACF Investment Policy. Each investment manager has discretion to manage the assets in their portfolio to best achieve the investment objectives and requirements, within the guidelines set forth in this policy statement (including appendices). The Foundation may also utilize select mutual funds that fall within the overall asset allocation, quality, total return and cost parameters. All investment managers, firms and mutual funds will be reviewed and approved by the Finance Committee and the Board of Directors of the Foundation as they are added and at least annually. A formal written agreement will be negotiated with each investment manager. The Board authorizes the Finance Committee to approve and sign agreements, resolutions and necessary signature cards on behalf of the Foundation.

COMPOSITION OF INVESTMENTS

The overall character of the Foundation's investments should be one of above average quality, possessing, at most, an average degree of investment risk. The investment objective shall be to seek a reasonable balance between current income, growth of income, and longer-term capital appreciation.

Taking into account the Foundation's grant-making process and its long term goals for growth, investments are classified into five types: Equity Accounts, Fixed Income Accounts, Money Market Accounts, Alternative Investments, and Balanced Accounts. Mutual Funds should reflect the same asset allocations, structure, return expectations and cost parameters.

1. Money Market Accounts and Interest Bearing Checking Accounts ensure safety of principal, and provide relative liquidity and cash availability for the Foundation's grant making operations.

2. Fixed Income Accounts provide current income, contribute to total return, reduce the overall volatility of the Foundation's total investments, and provide a hedge against deflation.

3. Equity Accounts provide a total return that will result in growth in principal and income while preserving the purchasing power of the Foundation's assets. It is recognized that the Equities Accounts entail the assumption of greater market volatility and risk.

4. Alternative Investments, which may include commodities, real estate, private equity, or other investments, can provide added diversification benefits and inflation protection that may not be possible from traditional equity or fixed income investments. As with equity investments, alternative investments involve specific risks and market volatility.

5. Balanced Accounts provide for the long-term growth and income of the Foundation's assets through a blend of Fixed Income and Equity Accounts.

ASSET ALLOCATION

The Foundation recognizes that asset allocation is one of the most important factors affecting the return on investments. If a fund is designed for use of income over the long term then a plan that has a greater weight towards income should be utilized. If the fund is designed for short term uses and the assets will be used for grants in less than one year then a weight towards short-term investments will be used. For overall long-term endowments a long term balanced fund approach will be used. Appendix B outlines approved allocation plans.

1. Additions to principal will be allocated so as to maintain these ratios.

2. In order to make funds available for grants, expenses, and other purposes; the funds need to be planned for in advance and will come from the various portfolios.

3. To conserve value, grants and expenses from funds will be made in the following order: Money Market and Interest Bearing Checking Accounts, Fixed Income Accounts, Balanced Accounts and Equity Accounts.

4. The Foundation's investments will be diversified by investment style, asset class (e.g., equities, bonds, and cash equivalents) and within asset classes (e.g., within equities by country of origin, economic sector, industry, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the Foundation’s Funds.

5. The Finance Committee may change any of these ratios, but it is anticipated that such changes will be infrequent. Individual funds within the Foundation may vary from these ratios as needed to meet spending and investment objectives.

6. Asset Allocations will be rebalanced quarterly and reported to the Foundation.

SECURITIES GUIDELINES

INTEREST BEARING ACCOUNTS

The investment objective of the Interest Bearing Checking or Money Market Accounts is to outperform (net of fees) the 91-day U.S. Treasury Bill Index. Performance will be monitored on a regular basis and evaluated over a running three-to-five year period.

FIXED INCOME ACCOUNTS

1. The investment objective of the Fixed Income Accounts is to outperform (net of fees) the Barclays Capital Aggregate Bond Index. Performance will be monitored on a regular basis and evaluated over a running three-to-five year period.

2. Money market instruments as well as bonds may be used in the Fixed Income Accounts, but equities and convertibles are excluded. Fixed Income managers are expected to employ active management techniques without excessive trading. Changes in average maturity should be moderate and incremental.

3. Quality should be above average. Fixed income securities shall have a minimum quality rating of "Baa" by Moody's or "BBB" Standard & Poor's. Overall, the average quality must be "A". These guidelines do not apply to Treasury issues; United States agency issues, or issues whose payments the United States Government guarantees. Due attention will be paid to callable securities and their vulnerability to changing market conditions. For an issue which is split rated, the lower quality designation will govern.

4. Holdings should be well diversified as to issuer or maturity, and the weighted average duration should range within 20% of the benchmark duration (e.g. from 3.2 years to 4.8 years if the benchmark duration 4.0 years) unless the Manager has specific authorization from the Committee. Individual holdings downgraded below investment grade should be sold as soon as practicable, but no later than 30 days. Exceptions should be approved by the Investment Committee.

5. Current coupon securities should be emphasized.

6. US denominated foreign bonds are limited to 10% of the total.

7. Preference will be given to local CD investments when rates are competitive.

8. T.I.P.S. (Treasury Inflation-Protected Securities) will also be strongly considered for investment due to their unique combination of inflation protection and U.S. government guarantee of principal.

EQUITY ACCOUNTS

1. The investment objective for the Equity Accounts is to outperform (net of fees) a blend of 75% S&P 500/25% MSCI EAFE. Performance will be monitored on a quarterly basis and evaluated over a running three-to-five year period. Other indices may be used as varied equity styles are selected.

2. The Equity Accounts will be broadly diversified according to economic sector, industry, number of holdings, and other investment characteristics. It is recognized, however, that in order to achieve its investment objective, the Equity Accounts must be actively managed and therefore cannot be fully diversified. Excessive trading is discouraged. To produce overall diversification, equity Managers may be selected to employ different equity management philosophies, which together achieve the desired degree of diversification. Portfolios will be monitored for adherence to these philosophies.

3. Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover and the other tools employed by active Managers are left to broad Manager discretion, subject to the usual standards of fiduciary prudence.

4. International developed and emerging market investments can provide important country and currency diversification and should be very carefully considered. It is also recognized that globalization will create mergers and new companies whose base may no longer be in the United States.

5. Equity Managers may at their discretion hold investment reserves of either cash equivalents or bonds, with the understanding that performance will be measured as described in this policy. Balanced Managers are free to set the allocation to equities in their accounts up to the maximum allowed equity weighting as stipulated in the individual Manager guidelines.

BALANCED ACCOUNTS

The investment objective of the Balanced Accounts is to outperform the composite return of the proportional benchmarks for the Money Market, Fixed Income and Equity components.

GENERAL GUIDELINES FOR INVESTMENT MANAGERS AND SEPARATE ACCOUNT MANAGERS

1. No more than 5% of the Manager's total portfolio may be invested in securities any one issuer other than U.S. Government Securities.

2. Allocation to any one economic sector should not be excessive and should be consistent relative to the broad equity market and to Managers following similar style disciplines

3. There shall be no purchases of letter stock and other unregistered securities; commodities or other commodity contracts.

4. There shall be no: purchases on margin, short selling, securities lending, non-collateralized and/or non-delivered repurchase agreements, use of financial futures or options, non-marketable direct investment in equity or debt private placements or leasebacks or any other specialized investment activity without the prior written consent of the Committee.

5. Futures and options are not permitted without prior approval of the Finance Committee.

6. If a Manager's Foundation portfolio includes 5% or more of the voting stock of a single issuer, the Manager must advise the Athens Area Community Foundation immediately.

7. The use of leverage (borrowing) will not be allowed in any of the foundation's investments.

8. Cash equivalents should be placed with issuers whose commercial paper is rated "A-1" or "P-1" or bond ratings of "A" or better.

9. Proxy voting is at the investment manager's discretion, although the manager might be asked to vote in a particular way under certain circumstances. In general, the manager should vote all proxies so as to enhance or protect the Foundation's assets.

10. Each manager is expected to act in a prudent manner at all times with respect to the investment of the Foundation's assets. Each manager must recognize that he/she is a Fiduciary with respect to the assets of the Foundation and that he/she will follow all applicable rules, laws and regulations governing their investment.

11. Each manager shall notify the Foundation if he/she feels that any of these guidelines hinder his/her ability to meet the account's investment objectives. If temporary market conditions mandate the disposition of any asset under these guidelines which the investment manager believes should be retained, upon such notice from the investment manager, the Foundation may waive the requirement to dispose of said asset.

SELECTION OF INVESTMENT MANAGERS

The Committee will select appropriate Investment Managers to manage the Fund assets. Managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.

3. Provide performance evaluation reports prepared by an objective third party illustrate the risk/return profile of the Manager relative to other Managers of like investment style.

4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel. This information can be a copy of a recent Request For Proposal (RFP) completed by the Manager.

5. Provide clearly articulated investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

6. Selected firms shall have no outstanding legal judgments or past judgments which may reflect negatively upon the firm.

The Committee may also select Investment Managers who select mutual funds to manage a portion of the Fund's assets. Mutual funds must meet the following criteria:

1. The fund's Manager must have been in place for three years or more.

2. The funds must have been following the same investment strategy for at least three years.

3. The fund must have sufficient assets under management so that any single client does not represent more than 15% of the fund.

SELECTION OF SEPARATE INVESTMENT MANAGER

In certain situations or at the request of a donor, it may be appropriate for the Foundation to engage an Investment Manager outside of the current set of investment options available from the Foundation. This scenario will typically occur when a prospective donor has a long standing and trusted relationship with a financial advisor or financial advisory firm currently holding assets intended for donations to the Foundation. Generally, only funds or a combination of funds consolidated for investment purposes equal to or in excess of $500,000 will be considered for management outside the Foundation's primary investment pool.

All of the general guidelines for Investment Managers apply for Separate Investment Managers.

The criteria for the selection of Separate Investment Managers appear in Appendix G.

CONTROL PROCEDURES

DUTIES AND RESPONSIBILITIES OF THE INVESTMENT MANAGERS

The duties and responsibilities of each Investment Manager retained by the Board include the following:

1. Managing the Fund assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Board.

2. Exercising investment discretion, including holding cash equivalents as an alternative, within the IPS objective and guidelines set for the portfolio herein.

3. Promptly informing the Board in writing regarding all significant and/or material matters and changes pertaining to the investment of Fund assets, including, but not limited to:

    - Investment strategy
    - Portfolio structure
    - Tactical approaches
    - Ownership
    - Organizational structure
    - Financial condition
    - Professional staff
    - Recommendations for guideline changes
    - All legal material, SEC and other regulatory agency proceedings affecting the firm.

4. Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Fund set forth herein, although the Manager might be asked to vote in a particular way under certain circumstances. Each Manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto. In general, the Manager should vote all proxies so as to enhance or protect the Foundation's assets.

5. Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Funds with like aims in accordance and compliance with applicable laws, rules and regulations from local, state and federal entities as it pertains to fiduciary duties and responsibilities.

6. Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the entire IPS set forth herein, and as modified in the future.

RESPONSIBILITIES OF THE CUSTODIAN

In order to maximize the Foundation's return, no money should be allowed to remain idle. Dividends, interest, proceeds from sales, new contributions and all other monies are to be invested or reinvested promptly. If funds are not reinvested, then they will be placed in money market instruments or a money market fund immediately by the Designated Cash Manager working in concert with the Custodian.

The Designated Cash Manager will be responsible for coordinating with the various Investment Managers and the Custodian to ensure that adequate levels of liquid reserves are available to settle all pending transactions.

The Custodian will be responsible for performing the following functions:

- Accept daily instructions from the Investment Managers
- Advise Investment Managers daily of changes in cash equivalent balances
- Immediately advise Investment Managers of additions or withdrawals from account
- Notify Investment Managers of tenders, rights, fractional shares or other dispositions of holdings
- Resolve any problems that Investment Managers may have relating to custodial accounts
- Safekeeping of securities
- Interest and dividend collection
- Daily cash sweep of idle principal and income cash balance
- Process all Investment Manager securities
- Collect proceeds from maturing securities
- Provide monthly statements by Investment Manager account and a consolidated statement of all assets
- Provide a dedicated account representative to assist in all the needs relating to the custody and accountability of the Foundation's assets

GUIDELINES FOR TRANSACTIONS AND COSTS

1. As a general guideline that should apply to all assets managed, transactions should be entered into based on best price and execution. Notwithstanding the above, the Finance Committee may direct the investment Managers to utilize soft dollar brokerage commissions to pay for service-based fees incurred by the Foundation in the management of the Endowment.

2. Excessive trading which will result in higher cost to the fund is discouraged.

3. As a general rule, management fees and commissions should not exceed 1% of the funds managed. It is expected that individual Managers will give discounts for size and volume.

4. It is the policy of the Foundation to sell all gifts of stock immediately upon receipt, except when it is more cost efficient to retain the stock because it meets all criteria for holding shares and has the approval of one of the Foundation's Investment Managers. The Foundation will not speculate on the future of a stock, all decisions to hold investments are the responsibility of the Investment Managers.

5. Receipts for stock gifts will show the number of shares received and the high and low for the date of the gift. The investment manager will provide this information to the Foundation. Credit for any gift of stock will be applied net of any cost to sell or convert the asset to cash.

MONITORING OF OBJECTIVES AND RESULTS

1. All objectives and policies are in effect until modified by the Board of Directors. They will be reviewed at least annually for their continued appropriateness.

2. If at any time a manager believes that any guideline inhibits its investment performance, it is the manager’s responsibility to clearly communicate this view to the Foundation.

3. The portfolio will be monitored on a continual basis for adherence to each manager’s investment philosophy, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility.

4. Each investment manager will report the following information quarterly: total return net of all commissions and fees, returns for the equity and fixed income portions of the account, additions and withdrawals from the account, current holdings at cost and at market value, and purchases and sales for the quarter. Regular communication concerning investment strategy and outlook is expected. Additionally, managers are required to inform the Athens Area Community Foundation of any significant change in firm ownership, organizational structure, professional personnel, account structure (e.g., number, asset size and account minimums), or fundamental investment philosophy.

INCLUSION

1. This entire document is referenced and made a part of any and all agreements developed between the Foundation and its Investment Managers.

2. Additional Guidelines for individual Investment Managers may be included in the Appendix to this policy.

3. The Finance Committee must approve exceptions to this policy.

Athens Area Community Foundation
Adopted ____________ (date)
Secretary ____________

APPENDIX

A) Foundation Fee Schedule

B) Foundation Asset Allocation Schedule

C) Approved Investment Managers

D) Letter to Approved Investment Managers

E) American Funds Investment Strategy

F) American Funds Investment Allocation Schedule

G) Criteria for Selection of Separate Investment Managers

H) Letter of Agreement for Separate Investment Managers

I) Approved Separate Investment Managers

J) Members of AACF Finance Committee

K) Excess Business Holdings

L) Disclosure Statement – Separate Investment Management of Contributions

M) Disclosure Statement – Statement Covering the Relationship Between AACF, Investment Manager and American Funds

Appendix A
FOUNDATION FEE SCHEDULE

The Athens Area Community Foundation assesses an annual fee for the administration and management of the charitable assets in the various Funds established at the Foundation. Foundation fees provide for the operation of the Foundation, including the work of engaging philanthropists in local grantmaking; building local knowledge and expertise on community needs and opportunities; strengthening nonprofits through grants and guidance; participating in collaborative efforts to address community problems; and practicing organizational excellence in asset stewardship, grant review and processing, fund valuation, statement and activity reports, check preparation, mailing, data processing, management, bookkeeping and auditing. Fees vary by the size of each Fund, though there is a minimum fee of $500. Fees are calculated on the average Fund balance and applied each quarter.

- **Donor Advised Funds**

1.5% - Funds up to $1.5 million (fee no less than $500)
1.25% - Funds from $1.5 million to $2 million
1% - Funds from $2 million to $3 million
.90% - Funds above $3 million

- **Designated Nonprofit/Agency Funds – Endowed**

1% - Funds up to $1 million (fee no less than $500)
.90% - Funds above $1 million

- **Designated Nonprofit/Agency Funds – Non-Endowed**

1.5% - Any size Fund (fee no less than $500)

- **Charitable Remainder Trust, Gift Annuities, Charitable Lead Trust, etc.**

.90% - Balances up to $500,000 (fee no less than $500)
.80% - Balances from $500,000 to $1 million
.50% - Balances $1 million to $3 million
.40% - Balances $3 million up
Plus out of pocket costs including annual tax preparation.

- **Pass through gifts**

3% - Any size gift (fee no less than $500)

For funds that include assets other than cash, equities, bonds, or mutual funds, the normal Foundation fee is charged plus actual out of pocket costs unique to the management of the asset. Foundation Fees are not assessed on unfunded Agreements. Fees, commissions, and transaction expenses charged by Professional Investment Managers and Mutual Funds are netted from the fund and are considered in calculating total return for performance comparisons. All benchmarks for comparison are also net of investment management fees and expenses. The Foundation's Investment Policy directs that the Finance Committee monitor performance of its investments on a quarterly basis. Investment advisors who assist with the creation of a fund at the Foundation that use a Mutual Fund as the investment vehicle may receive a fee from the Mutual Fund Company. This is not an additional fee. It is a part of the normal fees charged by the Mutual Fund. The Finance Committee and Board of Directors of the Foundation negotiate investment management fees and seek to keep those fees below the average for the type of investment chosen.

Appendix B

FOUNDATION ASSET ALLOCATION SCHEDULE

Long Term Balanced Allocation

	Low	Target	High
Cash	0%	5%	10%
Fixed Income	20%	30%	40%
Equity	55%	65%	70%

Benchmark-Equity Pool: 75% S&P 500/25% EAFE

Fixed Income Allocation

Core Bond 100%

Benchmark: Barclay Capital Aggregate Bond Index.

Short Term Cash Allocation

Interest Bearing Checking Account* 100%

*Use Business Interest Checking- variable rate, earning 1.29% as of 9/20/11

Benchmark: 91 Day U. S. Treasury Bill Index

Appendix C

APPROVED INVESTMENT MANAGERS

The following Investment Managers are approved to invest and manage assets for the Foundation using the American Funds strategy (Appendix E).

Brooks Arnold
Senior Vice President - Wealth Management
Financial Advisor
ARH Partners
Merrill Lynch Wealth Management
272 West Hancock Ave
Athens, GA 30601

Todd Emily
Senior Vice President
Financial Advisor
Branch Manager
The Webster Shore Group at Morgan Stanley Wealth Management
225 S. Milledge Avenue
Athens, Georgia 30605

Jack Halper
First Vice President
Financial Advisor
WHM Group At Morgan Stanley Wealth Management
225 S. Milledge Avenue
Athens, GA 30605

Cissy Hutchinson
Financial Consultant, Licensed Insurance/Annuity Agent
Synovus Securities, Inc.
Vice President
Athens First Bank & Trust
150 West Hancock Ave.
Athens, GA 30601

Patrick C. (Pat) Mercardante
Vice President
Financial Planning Specialist
WHM Group at Morgan Stanley Wealth Management
225 South Milledge Avenue
Athens, GA 30605

Kevin Price, CFP®, CIMA®
Branch Manager
Managing Director-Investments
Wells Fargo Advisors, LLC
6342 Grand Hickory Drive, Ste 205
Braselton, GA 30517

Appendix D

LETTER TO APPROVED INVESTMENT MANAGERS

Letter of Agreement for Investment Managers Using American Funds

THIS MANAGED ACCOUNT AGREEMENT, dated the ______ of _____________, 20 ___, by and between the Athens Area Community Foundation, INC., a charitable corporation (the "Foundation"), and ____________________________________ ("Manager").

WITNESSETH:
WHEREAS, the Foundation has an Investment Policy Statement, ("IPS") (attached as Exhibit A)
WHEREAS, the Foundation has determined that the requirements set forth in the Foundation's IPS have been met; and
WHEREAS, Manager is willing to provide services to the Foundation in accordance with the terms and conditions hereinafter set forth:

NOW, THEREFORE, the Foundation and Manager agree as follows:

1) **Establishment of Account**: Appointment of Investment Manager and Acceptance of Appointment. The Foundation hereby delivers to Manager the securities and other assets described in the attached Exhibit B (which together with any additional securities or other assets subsequently delivered to the Manager are sometimes referred to herein as the "Account") and appoints Manager as Investment Manager for the Account. Manager hereby accepts such appointment and agrees to discharge its duties and exercise its rights as such Investment Manager in accordance with the terms and conditions of this Agreement.

2) **Duties of Manager**. Manager shall have the following duties with respect to the Account:
   (a) To invest the account in the American Funds Asset Allocation and under the American Funds Program found in Appendix E and F of the Foundation's IPS as may be amended from time to time.
   (b) To provide the Foundation access to all transactional and account data relating to the Account in the most efficient manner reasonably available.
   (c) To adhere to all investment instructions, advice and guidance provided by the Foundation.
   (d) To rebalance the account(s) to the then current asset allocation quarterly and report said rebalancing to the Foundation.
   (e) In exercising the authority granted to it pursuant to this Agreement, the Manager will use its best efforts and judgment and will act with the care, skill, prudence and diligence that a prudent person acting in like capacity would exercise under similar circumstances; however, as long as the Manager acts in good faith, the Manager will not be liable or responsible for losses in the Account or for the market performance of any investments made on behalf of the Foundation or for the act or failure to act of any broker or similar agent employed by the Manager in good faith to effect a transaction on behalf of the Foundation or for the financial solvency of any such broker or agent.
   (f) To perform all necessary bookkeeping and clerical functions.

(g) To render on a timely basis to the Foundation monthly or quarterly statements or receipts, disbursements and changes in assets, total assets, including income and principal cash on hand, and to maintain other records relating to its management available for inspection by the representatives of the Foundation all reasonable times.
(h) Both with respect to the initial funding of the Account and with respect to any additional assets added to the Account, the Manager shall have the right to review the assets delivered to it for placement in the Account prior to its acceptance thereof. Acceptance for the Account shall be conclusively presumed unless the Manager provides the Foundation with written notice of non-acceptance, stating the reasons therefor, within ten (10) business days from the date upon which such assets are delivered to the Manager.
(i) To make disbursements from income or principal in accordance with written instructions by the Foundation. Manager shall have no responsibility for the propriety of any disbursement made pursuant to such instructions or for the subsequent application of such disbursement.

3) Powers of Manager. Subject in all cases to the instructions of the Foundation, Manager shall have the following powers with respect to the Account: To buy, sell, convey, transfer, exchange, deliver, dispose of and otherwise trade mutual funds managed by the American Funds in accordance with the approved asset allocation found in IPS Appendix F. Manager. The fact that the Manager, (or any affiliate of the Manager) is providing services to and receiving compensation from any such mutual fund, trust fund or investment company as investment advisor, custodian, transfer agent, registrar or otherwise shall not preclude the Manager from investing in such entity.

4) Compensation. For all services under this Agreement, the Manager shall receive its compensation and/or expense reimbursement directly from American Funds.

5) Modification and Termination. No modification of this Agreement shall be effective unless embodied in a writing duly executed by both parties. Manager may terminate this Agreement upon written notice to the Foundation. The Foundation may terminate this Agreement at any time upon written notice to Manager. Manager acknowledges that I.R.S. regulations require that the Foundation Board have the sole discretion to terminate this Agreement and to transfer the money held by Manager to another Investment Manager under any facts or circumstances that the Board in good faith believes warrant such termination or transfer. Such facts and circumstances shall include, but not be limited to failure to adhere to the Foundation's investment instructions, advice, or guidance; has otherwise failure to perform as requested by the Foundation. Upon the effective date of any such termination. Manager shall deliver all assets then comprising the Account as instructed by the Foundation to the Foundation or to such other organization, bank or trust company as the Foundation shall designate, and shall execute all documents and perform all other actions necessary or advisable in order to complete the transfer of such assets to the Foundation or to such other organization, bank or trust company, as the case may be.

6) Acceptance of Instructions. The Manager shall follow the written instructions of the Foundation. The Manager may accept instructions of the Foundation given orally or by telephone, fax, cable, or electronic means that the Manager believes are genuine. The

Manager shall not be liable for taking or refraining from taking action in reliance upon any such instructions accepted in good faith. The Foundation shall furnish the Manager with written confirmation of any instructions not given initially in writing.

7) The Investment Manager will also acknowledge that:

- **(i)** The donor relinquishes control of the direction of investment of the assets in the Qualifying Fund (Internal Revenue Code 170);
- **(ii)** The Investment Manager shall act independently of the Fund Advisor;
- **(iii)** The Foundation has sole control and ownership of all Fund assets (Internal Revenue Code 170);
- **(iv)** The account established by the Investment Manager for management of the Fund shall be in the name of the Foundation (with the name of the Fund designated after the Foundation's name);
- **(v)** All disbursements must be approved by the Foundation;
- **(vi)** The Donor Fund Advisor will not receive any direct or indirect compensation as a result of the Foundation's relationship with the Investment Manager

8). **General. Manager shall not make any assignment** (including but not limited to any "assignment" as such term is defined by the Investment Advisers Act of 1940, as amended) of this Agreement or any of its rights, duties and powers hereunder without the prior written consent of the Foundation. This agreement has been entered into under, and shall be governed by, the laws of the state of Georgia applicable to contracts entered into and to be performed entirely within such state.

WITNESS WHEREOF, the Foundation and Manager have caused this Agreement to be executed effective the day and year first written above.

Athens Area Community Foundation, Inc.

By: ____

Title: ______________________________________ Date__________________________

(Investment Manager)

By: ____

Title: ______________________________________
Date_____________________________

Appendix E

AMERICAN FUNDS INVESTMENT STRATEGY

The Board of Directors and the Finance Committee have approved the following strategy for investments using American Mutual Funds.

The preferred vehicle for individually managed accounts with a long term outlook is the AACF Balanced Pool (see Appendix F). Equity, Fixed Income and Balanced Funds may also be used provided that they follow the approved fund mix.

Attached Appendix F is the current fund allocation for the use of the American Funds Equity, Fixed Income, Balanced and CRT accounts. These should be rebalanced quarterly by the broker with notice to the Foundation.

The Foundation will make all deposits/contributions through the broker and will process all withdrawals via fax or phone conversation with the broker.

All accounts are reconciled monthly except for the CRT accounts which are reconciled quarterly.

The Investment Manager will also acknowledge that:

a) The donor relinquishes control of the direction of investment of the assets in the Qualifying Fund (Internal Revenue Code 170)

b) The Separate Investment Manager shall act independently of the Donor Fund Advisor

c) The Foundation has sole control and ownership of all Fund assets (Internal Revenue Code 170)

d) The account established by the Separate Investment Manager for management of the Fund shall be in the name of the Foundation (with the name of the Fund designated after the Foundation's name)

e) All disbursements must be approved by the Foundation

f) The Donor Fund Advisor will not receive any direct or indirect compensation as a result of the Foundation's relationship with the Separate Investment Manager.

Appendix F

AMERICAN FUNDS INVESTMENT ALLOCATION SCHEDULE

AACF EQUITY POOL

AMCPX	AMCAP	15%
AGTHX	Growth Fund of America	15%
ANCFX	Fundamental Investors	20%
ANEFX	New Economy	10%
ANWPX	New Perspective	10%
SMCWX	Small Cap World	10%
AWSHX	Washington Mutual	20%

BENCHMARK: 75% S&P 500/25%EAFE

AACF FIXED INCOME POOL

ABNDX	Bond Fund of America	100%

BENCHMARK: Barclays Aggregate Bond

AACF SHORT TERM POOL

LALDX	Lord Abbet Short Duration Income Fund	50%
ASBAX	Short Term Bond Fund of America	50%

BENCHMARK: T-bill - 3 Month Yield

AACF BALANCED POOL

Equity Pool		65%
Fixed Income Pool		35%
or		
ABALX	American Balanced Fund	100%

BENCHMARK Blend 49% S&P 500/16% EAFE/ 35% Barclays Aggregate

Appendix G

CRITERIA FOR SELECTION OF SEPARATE INVESTMENT MANAGERS

The Foundation's Finance Committee will utilize the following criteria to inform their decision as to whether or not to incorporate a Separate Investment Managers into the Foundation's mix of approved Investment Advisors/Investment Options.

1. **Fund Size**: The Fund, or combination of Funds consolidated for investment purposes, must be of sufficient size to enable diversification in accordance with the Foundation Investment Policy, to ensure efficiency in management, and to minimize management expenses. Generally, only Funds or a combination of Funds consolidated for investment purposes, equal to or in excess of $500,000 will be considered for management outside the Foundation's primary investment pools. Exceptions to this minimum will be considered based on the likelihood of the donor's relationship maturing with the Foundation to exceed these minimums over time or through an irrevocable testamentary commitment. If the fair market value falls below $500,000 and remains below $500,000 for six months, the Foundation may terminate this agreement.

2. **Established Firm**: The proposed separate account Manager must be a firm or a person affiliated with a firm with sufficient capitalization, insurance, assets under management, management oversight, and experience to demonstrate his or her/its capability to serve as an investment advisor. The Investment Committee will review the following documents provided by prospective advisors:

    a. History, structure and management of the firm
    b. Primary ownership
    c. Past judgments or current litigation against the firm or its employees, and/or other regulatory actions
    d. Most recent audited financial statements

3. **Private Benefit to the Donor**: All relationships (personal and professional) between the Donor and the Donor's extended family, with the Manager and/or the Manager's Firm must be disclosed for evaluation regarding compliance with federal tax law rules addressing private inurement and private benefit and/or any other applicable federal or state law.

4. **Asset Allocation and Portfolio Management**: The Manager and/or the Manager's Firm must have experience overseeing the investment of assets in various asset classes and across various investment styles. The Manager and/or the Manager's Firm must support the Foundation's commitment to comply with The Uniform Management of Institutional Fund Act (UMIFA) and The Uniform Prudent Investor Act (UPIA) as applicable and/or any other applicable federal or state law. The Foundation will provide the Manager the Foundation's Investment Policy as guidance. The firm, in general, shall provide the following information regarding proposed investment approaches:

a. Description of investment philosophy and strategies
b. Description of investment styles used
c. Investment performance statistics over 1, 3, 5, and 10 year time horizons as available
d. Identification of who makes investment decisions
e. Primary sources of investment research information

5. **Reporting:** The Manager and/or the Manager's Firm must agree to provide the foundation, at least monthly, account statements in such form and containing such information as the Foundation deems necessary. The Manager and/or the Manager's Firm must also agree to provide account information to any outside consultant engaged by the Foundation to monitor investment performance.

6. **Fees:** All advisory and/or investment management fees must be clearly disclosed and the Manager and/or the Manager's firm must offer fair market value, competitive pricing with the application of any discounts the Manager and/or the Manager's Firm would offer any client with a similar size account and relationship. The fees and costs must be in line with that of the Foundation's primary managed accounts.

When a Donor or fund representative requests that a Separate Investment Managers be considered for engagement by the Foundation, the staff will collect the background information and any additional materials needed to prepare a recommendation to the Foundation Board's Investment Committee. The staff recommendation and related background materials will be provided to the committee in advance or a regular committee meeting where the recommendation has been incorporated into the corresponding meeting agenda. The proposed Manager and/or representatives of the Investment Manager's Firm may be asked to make a presentation at the committee meeting in addition to providing the requested background material.

Appendix H

LETTER OF AGREEMENT FOR SEPARATE INVESTMENT MANAGERS

THIS MANAGED ACCOUNT AGREEMENT, dated the ______ of _____________, 20 ___, by and between the Athens Area Community Foundation, Inc., a charitable corporation (the "Foundation"), with principal offices in___________________ , and _______________________________ ("Separate Investment Manager").

WITNESSETH:

WHEREAS, the Foundation has an Investment Policy Statement, (Exhibit A) ("IPS") under which a donor may, according to the requirements of the policy, recommend that a particular Investment Manager or firm hold assets given to the Foundation by the donor;
WHEREAS, _______________, a donor to the Foundation, has requested that Separate Investment Manager hold the assets that he/she has given to the Foundation;
WHEREAS, the Foundation has determined that the requirements set forth in the Foundation's IPS have been met; and
WHEREAS, Separate Investment Manager is willing to provide services to the Foundation in accordance with the terms and conditions hereinafter set forth:

NOW, THEREFORE, the Foundation and Separate Investment Manager agree as follows:

1) **Establishment of Account**: Appointment of Separate Investment Manager and Acceptance of Appointment. The Foundation hereby delivers to Separate Investment Manager the securities and other assets described in the attached Exhibit B (which together with any additional securities or other assets subsequently delivered to the Separate Investment Manager are sometimes referred to herein as the "Account") and appoints Separate Investment Manager as Investment Manager for the Account. Separate Investment Manager hereby accepts such appointment and agrees to discharge its duties and exercise its rights as such Investment Manager in accordance with the terms and conditions of this Agreement.

2) **Duties of Separate Investment Manager**. Separate Investment Manager shall have the following duties with respect to the Account:
   - **(a)** To monitor investment performance of the Account, to communicate regularly with the Foundation, and to make investment recommendations to the Foundation as requested.
   - **(b)** To provide the Foundation access to all transactional and account data relating to the Account in the most efficient manner reasonably available.
   - **(c)** To exercise the Powers of Manager in accordance with the instructions of the Foundation.
   - **(d)** To adhere to all investment instructions, advice and guidance provided by the Foundation and to be evaluated according to the same criteria and benchmark requirements as apply to other Investment Managers holding funds for the Foundation as set forth in the Foundation's IPS at the time of execution of this Agreement and as said IPS may be amended from time to time.
   - **(e)** To collect all amounts receivable with respect to securities or other assets held in the Account.

(f) In exercising the authority granted to it pursuant to this Agreement, the Separate Investment Manager will use its best efforts and judgment and will act with the care, skill, prudence and diligence that a prudent person acting in like capacity would exercise under similar circumstances; however, as long as the Separate Investment Manager acts in good faith, the Separate Investment Manager will not be liable or responsible for losses in the Account or for the market performance of any investments made on behalf of the Foundation or for the act or failure to act of any broker or similar agent employed by the Separate Investment Manager in good faith to effect a transaction on behalf of the Foundation or for the financial solvency of any such broker or agent.

(g) To perform all necessary bookkeeping and clerical functions.

(h) To render on a timely basis to the Foundation monthly or quarterly statements or receipts, disbursements and changes in assets, total assets, including income and principal cash on hand, and to maintain other records relating to its management available for inspection by the representatives of the Foundation all reasonable times.

(i) Both with respect to the initial funding of the Account and with respect to any additional assets added to the Account, the Separate Investment Manager shall have the right to review the assets delivered to it for placement in the Account prior to its acceptance thereof. Acceptance for the Account shall be conclusively presumed unless the Separate Investment Manager provides the Foundation with written notice of non-acceptance, stating the reasons therefor, within ten (10) business days from the date upon which such assets are delivered to the Manager.

(j) To make disbursements from income or principal in accordance with written instructions by the Foundation. Separate Investment Manager shall have no responsibility for the propriety of any disbursement made pursuant to such instructions or for the subsequent application of such disbursement.

3) **Powers of Separate Investment Manager**. Subject in all cases to the instructions of the Foundation, Separate Investment Manager shall have the following powers with respect to the Account: To buy, sell, convey, transfer, exchange, deliver, dispose of and otherwise trade in stocks, bonds and other securities including mutual funds managed by the Manager (or an affiliate of the Manager) and/or to invest and reinvest in collective or commingled trust funds now or hereafter established and maintained by the Manager. To the extent that assets of the Foundation are invested in such collective or commingled funds, such assets shall be held by the Separate Investment Manager in trust and in accordance with the provisions of the trust agreement under which the commingled assets are held by the Manager as trustee. The provisions of any such collective or commingled trust fund agreements in which the assets of the Account are invested shall be incorporated into and be a part of this Agreement and the Separate Investment Manager shall carry out its duties with respect to the assets of any such trust solely in accordance with said agreements. In addition, if so instructed by the Foundation, the Separate Investment Manager may invest and reinvest in any open-end or closed-end management investment company or investment trust registered under the Investment Company Act of 1940, as amended. The fact that the Separate Investment Manager, (or any affiliate of the Separate Investment Manager) is providing services to and receiving compensation from any such mutual fund, trust fund or investment company as investment advisor, custodian, transfer agent, registrar or otherwise shall not preclude the Separate Investment Manager from investing in such entity.

4) **Compensation**. For all services under this Agreement, the Manager shall receive compensation and/or expense reimbursement on the basis set forth in Exhibit C attached hereto. The fees and costs must be in line with the Foundation's primary managed accounts.

5) **Modification and Termination**. No modification of this Agreement shall be effective unless embodied in a writing duly executed by both parties. Manager may terminate this Agreement upon written notice to the Foundation. The Foundation may terminate this Agreement at any time upon written notice to Manager. Manager acknowledges that I.R.S. regulations require that the Foundation Board have the sole discretion to terminate this Agreement and to transfer the money held by Manager to another Investment Manager under any facts or circumstances that the Board in good faith believes warrant such termination or transfer. Such facts and circumstances shall include, but not be limited to, a determination made in the sole discretion of the Board that the Manager has failed to meet the benchmark requirements set forth in the Foundation IPS, including any amendments that may be made to said IPS from time to time; has failed to perform comparably to other managers; has charged fees that are incommensurate with services provided; has failed to adhere to the Consultant's investment instructions, advice, or guidance; has otherwise failed to perform as requested by the foundation. Upon the effective date of any such termination, Manager shall deliver all assets then comprising the Account as instructed by the Foundation, after deduction of any amounts due Manager under this Agreement, to the Foundation or to such other organization, bank or trust company as the Foundation shall designate, and shall execute all documents and perform all other actions necessary or advisable in order to complete the transfer of such assets to the Foundation or to such other organization, bank or trust company, as the case may be. In the event of any such termination, annual compensation payable in connection with Manager's services under this Agreement shall be prorated based on the actual number of days this Agreement was in effect during the applicable period, but no termination fee or other fee occasioned by the termination of this agreement shall be payable.

6) **Acceptance of Instructions**. The Manager shall follow the written instructions of the Foundation. The Manager may accept instructions of the Foundation given orally or by telephone, fax, cable, or electronic means that the Manager believes are genuine. The Manager shall not be liable for taking or refraining from taking action in reliance upon any such instructions accepted in good faith. The Foundation shall furnish the Manager with written confirmation of any instructions not given initially in writing.

7) **Employment of Agents**. If the Manager deems it advisable to employ agents, the Manager shall recommend to the Foundation the agents to be employed. Upon the Foundation's approval to employ such an agent, the Manager may incur such reasonable administration expenses for the use of such agent as in consistent for an agent to charge in connection with similar services and shall charge such expenses to the Account.

8) **General**. Manager shall not make any assignment (including but not limited to any "assignment" as such term is defined by the Investment Advisers Act of 1940, as amended) of this Agreement or any of its rights, duties and powers hereunder without the prior written consent of the Foundation. This agreement has been entered into under, and shall be

governed by, the laws of the state of Georgia applicable to contracts entered into and to be performed entirely within such state. WITNESS WHEREOF, the Foundation and Manager have caused this Agreement to be executed effective the day and year first written above.

9) The Separate Investment Manager will also acknowledge that:

(a) The donor relinquishes control of the direction of investment of the assets in the Qualifying Fund (Internal Revenue Code 170).

(b) The Separate Investment Manager shall act independently of the Fund Advisor.

(c) The Foundation has sole control and ownership of all Fund assets (Internal Revenue Code 170).

(d) The account established by the Separate Investment Manager for management of the Fund shall be in the name of the Foundation (with the name of the Fund designated after the Foundation's name).

(e) All disbursements must be approved by the Foundation

(f) The Donor Fund Advisor will not receive any direct or indirect compensation as a result of the Foundation's relationship with the Separate Investment Manager.

Athens Area Community Foundation, Inc.

By: ____

Title: ______________________________________ Date__________________________

(Investment Manager)

By: ____

Title: _______________________________________
Date_____________________________

Exhibit A – Athens Area Community Foundation Investment Policy Statement
Exhibit B – Initial Itemized Assets to be invested
Exhibit C – Compensation to Separate Investment Manager

Appendix I

Approved Separate Investment Managers

The following Investment Managers are approved to invest and manage assets for the Foundation as Separate Investment Managers:

Appendix J

Members of AACF Finance Committee 2015

Webster Hewitt – Committee Chair and Board Treasurer
Certified Public Accountant, Certified Financial Planner
Owner, Hewitt Lane Independent Financial Counsel

Robert M. Fezekas*
Certified Financial Analyst
Independent Financial Consultant

Cynthia Lester
Vice President
Synovus Trust Company

Pat Mercardante
Vice President
Financial Planning Specialist
WHM Group at Morgan Stanley Wealth Management

Jim Newland
Treasurer and Secretary
Newland Family Foundation

Dr. Regina Smith
Former Associate Vice President for Research
University of Georgia

Lewis Shropshire
President Retired
Motel Enterprises

*AACF's representative on NGCF's Investment Committee

Appendix K

Excess Business Holdings

Treatment of Excess Business Holdings

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 percent[1] of the voting stock[2] 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 Pension Protection Act'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 Treasury. Funds that currently hold such assets will have a much longer period to divest under the same transition relief given to private foundations in 1969.[3]

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 and 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.

What is a disqualified person?

---

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

[2] 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.

[3] 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.

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.

AACF Policy with regard to assets categorized under the PPA as "excess business holdings"

AACF will identify and monitor any new gift to a donor advised fund of any interest qualifying as an "excess business holding" under the PPA, and any proposed gift that would qualify as an "excess business holding" shall be referred to the Foundation's counsel for an opinion. AACF 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, AACF will dispose of any excess business holdings prior to the five year time limit, except in the event that the Treasury Department grants an additional five year holding period. AACF will notify potential donors of such interests of this requirement prior to the contribution of such interest.

Appendix L

DISCLOSURE STATEMENT
SEPARATE INVESTMENT MANAGEMENT OF CONTRIBUTIONS

Through the Athens Area Community Foundation's (AACF) Independent Investment Policy or through other relationships, AACF may, at the donor's recommendation, invest contributed assets with financial investment firms outside of AACF's pooled investments. AACF will be charged a fee by any such financial investment firm for investment management services, a portion of which may be rebated on an annual basis to a financial consultant at the financial investment firm with whom the donor has had a previous relationship. AACF maintains control of the invested assets and reserves the right to withdraw the assets and invest the assets with other financial institutions, Investment Managers or mutual funds. For current investment fees and the portion received by the financial consultant recommended by the donor, please contact AACF staff.

This document is to be given to donors who are interested in or have chosen to recommend an Investment Manager outside of the Athens Area Community Foundation's pooled investments.

Appendix M

DISCLOSURE STATEMENT COVERING THE RELATIONSHIP BETWEEN THE ATHENS AREA COMMUNITY FOUNDATION, INVESTMENT MANAGER AND AMERICAN FUNDS

a) The Athens Area Community Foundation (AACF) desires to establish a referral network with members of the financial planning profession as a means of increasing its charitable assets to benefit the community.

b) AACF's staff has provided informational materials about AACF and its programs to its Investment Managers, and held discussions with him/her explaining the benefits of conducting charitable giving in partnership with AACF. AACF staff's role has been to provide information on options for charitable giving through AACF; staff has not acted as a financial planner or advisor.

c) AACF and its Investment Managers adhere to the highest ethical standards and always strive to act in a manner that is in a client/donor's best interests.

d) American Funds is one of AACF's investment strategies and, as a general rule, the amount of assets managed by American Funds will depend upon the amount of outright and deferred gifts contributed by clients of American Fund's licensed broker dealers.

e) In compensating its broker dealers, American Funds takes into consideration amounts added to American Fund's investment management account for AACF resulting from such referrals. Consequently, its Investment Managers, in addition to their overriding commitment to serve the best interests of their clients, may receive financial remuneration from American Funds. Any such remuneration is paid entirely by American Funds and is not subtracted from donor funds.

We have read the disclosure statement and understand the relationship between American Funds, the Investment Manager and AACF and the basis for compensating American Funds broker dealers.

X_______________________

DATE________________________

This document to be given to donors who are interested in establishing a fund at the Athens Area Community Foundation.

Appendix N

SEPARATELY MANAGED FUNDS REQUEST FOR INFORMATION

Your firm has been identified as a potential investment advisor for donor advised funds of The Athens Area Community Foundation. Completion of this request for information will enable your firm to be considered by the Foundation's Investment Committee.

INVESTMENT ADVISORY ORGANIZATION

Name: ____

Address: ____

____

____

Phone: ____

Investment Contact: __________________________________

Phone: ____________________ E-Mail: ____________________

Client Service Contact: ________________________________

Phone: ____________________ E-Mail: ____________________

DONOR AND DONOR FUND

Name: ____

Address: ____

____

Phone: ____________________

Donor Fund: ______________________________________

THE INVESTMENT FIRM

1) Please provide a definition of your firm including the following:
   a) History and years in business

b) Current ownership structure, recent changes in ownership and any anticipated changes in ownership
c) Range of services provided
d) Underlying investment philosophy and abilities that uniquely qualify the firm for consideration

____

____

____

____

2) Is your firm, its parent, or affiliate a registered investment advisor with the SEC under the Investment Advisors Act of 1940? **YES**_____________ **NO**____________

a) If yes, please provide your most recent Form ADV, Parts I and II.
b) If no, what is our firm's fiduciary classification? ______________________________

3) Within the last 5 years, has your firm or any member of the local advisory group been involved in business litigation, arbitration or other legal proceedings related to your firm's business activities? If so, please explain and indicate the current status.

____

____

____

____

THE LOCAL ADVISORY GROUP

1) Please define the local investment advisory group, subsidiary, or local office which will directly service any potential accounts.

____

____

____

____

2) Please indicate the number and type of investment professionals that will be directly impacting the Foundation's investments.
   a) How long do you consider this investment team to be in place?
   b) What was the level of turnover for the last 3 years?
   c) What experience does the team have with community foundations?
   d) Please attach biographical information for each member of this investment team.

____

____

____

____

INVESTMENT PROCESS

1) Please describe your investment process, including asset allocation, sector weighting and security selection.

____

____

____

____

2) Please describe your process for selecting external managers:

   a) How many managers are included in your manager database:
   b) How is the manager data obtained
   c) What are the conditions and the process for evaluating and terminating external managers?
   d) Does your firm receive any compensation from external managers?
   e) How does your firm manage conflicts of interest?

____

____

____

____

3) Please indicate how you would initially invest the Foundation’s portfolio, given the strategy selection, guidelines and restrictions outlined in the Investment Policy Statement. Include specific securities and commingled vehicles if possible.

____

____

____

____

REPORTING AND COMPLIANCE

1) Please provide your firm’s policies and procedures for the calculation, reporting and marketing of performance, including asset valuating source, methodologies, recognition of trades and recognition of cash flows and income.
2) Is your firm GIPS compliant? Please provide annual disclosures.
3) Is GIPS compliance verified by a third party?
4) Does your firm maintain and market composites? Please provide.
5) Does your firm have a representative account consistent with the Foundation’s strategy? If so, please provide historical performance figures.
6) How many employees are responsible for performance reporting?
7) What kind of performance attribution are you able to provide?

____

____

____

8) Describe the process you will use to ensure compliance to the Foundation’s Investment Policy Statement.

____

____

____

FEES AND VALUE ADDED

1) Please provide a detailed description of your proposed fee arrangement, including all expenses.

____

____

____

2) Please detail all sources of revenue that your firm may receive related to the Foundation's portfolio.

____

____

____

3) Please describe how your firm measures value added for advisory services.

____

____

____