Building for the Future:
Best Practices and Lessons from Community Foundations in Establishing, Managing, and Cultivating Donor Support for an Endowment

Francesca Aguiar Carson

2012 Emerging Leader International Fellow
Center on Philanthropy and Civil Society
The Graduate Center
The City University of New York

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Development Coordinator
BrazilFoundation

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Francesca Aguiar Carson
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The Graduate Center, CUNY
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1. Introduction

BrazilFoundation is a grant-making and fundraising public charity, incorporated in New York in 2000, to generate resources to support community-based nonprofits across Brazil that foster and creative approaches to local social challenges and growth of human capital. The Foundation has invested more than $18 million over the past 12 years, mostly in comparatively small one-year grants, supporting the work of more than 300 social projects throughout Brazil.[1]

As a diaspora foundation, **Brazil**Foundation serves as a link between the Brazilian community in New York (and more recently in the cities of Miami and Sydney, Australia) and grassroots nonprofit projects throughout Brazil. Similar to community foundations, the **Brazil**Foundation has in-depth knowledge of the needs of each community in which it disburses grants, and the project's relevance to the community's needs and interests weighs heavily during grantee selection. As a means of spanning the distance between these diaspora communities and the local nonprofit organizations in Brazil, the Foundation promotes knowledge of and confidence in their work through lectures, informational events, and the increased visibility of their programs and achievements. Over the past decade, **Brazil**Foundation has developed a sizeable community of supporters both in the United States and Brazil, but the majority of donors reside in the U.S.

BrazilFoundation's grants – managed at the Foundation's Rio de Janeiro office – are designed to encourage and support social entrepreneurs in the development of their

[1] **Brazil**Foundation institutional materials.

communities across Brazil. Since its first grant in 2001, the Foundation's annual selection process has defined its philosophy on social investment. The relationship with each grantee lasts at least two years from start to finish, beginning with the project selection – which includes site visits to some 50 finalists yearly – followed by financial and technical support and monitoring and evaluation. The site visits are themselves instrumental in the selection process insofar as they allow the Foundation to confirm the necessity and legitimacy of the work on the ground.

A crucial aspect of **Brazil**Foundation's grant-making is its capacity development program – **Brazil**Foundation's "boot-camp," in which organization and program managers receive training in varied aspects of nonprofit management, and is aimed at promoting the sustainability of programs and projects well beyond the scope of the grant period. The initial capacity workshops are followed by technical support throughout the life of the grant.

BrazilFoundation also disburses donor advised grants – following diligent review – to 120 nonprofit organizations chosen by individual and corporate donors in the United States, as well as nonprofits previously supported by the Foundation whose track records of success have earned the trust of the donor community.

Traditionally, as described above, the Foundation has employed a heavily "flow-through" model of fundraising and grant-making. Funds are raised each year through various campaigns and activities, the largest of which being the Annual Gala in New York, to

support the call for proposals and grantmaking process. This strategy has enabled the Foundation to move resources quickly and put them directly in the hands of community leaders and social entrepreneurs in need of immediate financial and technical support. After a decade of fundraising and grant-making, **Brazil**Foundation's model of social investment through partnerships with grantees and donors alike has proven effective.

Following a period of reflection at the 10-year mark of operations, the Foundation has introduced the initial phases of an endowment campaign, with an eye towards the future and the sustainability of the organization. The creation of an endowment, and the necessary fundraising it would entail, represents a departure for the organization and will require the support of its staff, Board, and donor community if it is to be successful.[2] The purpose of this paper will be to gather the current trends, best practices, and lessons learned from other community foundations and diaspora organizations in establishing, managing, and cultivating donor support for an endowment within today's philanthropic and economic climate. My recommendations, while specific in nature to the **Brazil**Foundation, are also applicable to diaspora and community foundations that find themselves at a similar point in their organizational development, and are seeking the stability an endowment can provide. By ensuring that the necessary administrative structures are in place, securing the support of the Board, employing targeted appeals to specific donors, engaging in endowment-specific fundraising, and balancing endowment fundraising with fundraising for current grantmaking, the Foundation can successfully establish a useful endowment.

[2] Kathryn W. Miree, "From Theory to Practice: Three Successful Models to Build Endowment," October 2003.

2. Establishment and Management of an Endowment

Many community foundations begin their life with a large gift that becomes their endowment. A sizable endowment can afford a great deal of stability for a foundation's operations.[3] This happens to be one of the most compelling reasons for Foundations without endowments to create them, but several factors should be taken into consideration before embarking on such a large and direction-shifting endeavor. The "financial calculations and management issues that an endowment raises," should not be underestimated in this process, nor should the individual organization's level of preparedness.[4] When determining an organization's readiness for endowment-building and management, two important questions should be asked: "Does a permanent need exist for this organization?" and "is the organization ready for the obligations of an endowment?"[5] After twelve years of operations, **Brazil**Foundation's role within the Brazilian philanthropic sector is relatively established, and while the organization's goal may be one day to work itself out of business, for the foreseeable future, an argument for its "permanent need" could be made easily. The second question, however, suggests that an organizational readiness evaluation should be one of the first steps in creating an endowment. The TCC Group, as part of an evaluation for the Kresge Foundation, cited ten important factors that demonstrate a foundation's readiness for endowment-building

[3] Marilyn Gelber, Brooklyn Community Foundation; Oct. 23, 2012 Meeting with fellows.
[4] GrantCraft, "Providing for the Long Term: Supporting Endowments and Investable Assets," p. 3. (http://www.grantcraft.org/?pageid=1349)
[5] Ibid, p.7.

that ranged from strategic planning to funder roles and staff capacity.[6] GrantCraft also lays out similar benchmarks that every foundation should consider prior to forging ahead with endowment fundraising. Placing these ten factors into larger umbrella categories, the most crucial areas to evaluate are: Staff, Board & Management, and Administrative Systems & Governance Procedures.[7] An important 4th umbrella category is Donors, which I will address in detail in the third section of this report.

Brazil*Foundation Readiness Evaluation:*

a. Staff

Running an endowment campaign can differ from other types of fundraising campaigns, and often calls for a diverse set of skills and strategies from the Foundation staff.[8] Unlike many community foundations, **Brazil**Foundation currently engages in a great deal of fundraising each year. Foundations such as the Winnipeg Foundation, in Winnipeg, Canada, and the New York Community Trust, which serves all five boroughs of New York City, do not actively participate in fundraising efforts, nor do they have a development department within their staff. The fact that **Brazil**Foundation has staff members that are already dedicated to events planning and fundraising is beneficial for an endowment campaign, so long as the organization can be clear about separating endowment fundraising from other fundraising efforts, and distinguishing between the language and donor targets that should accompany each. An endowment campaign requires the Foundation to clearly communicate its value as well as its role in the long-

[6] Geevarghese, Salin and Brown, Joyce, "Factors for Success: Increasing the Capacity to Raise Unrestricted Endowment," TCC Group - The Factors for Success, October 2003: p. 5.
[7] GrantCraft, "Providing for the Long Term: Supporting Endowments and Investable Assets," p. 8. (http://www.grantcraft.org/?pageid=1349)
[8] A. Scott DuPree and David Winder with Cristina Parnetti, Chandni Prasad, Shari Turitz; "Building Endowments," From *Mobilizing Resources and Support in Foundation Building Sourcebook: A practitioners guide based upon experience from Africa, Asia, and Latin America*; The Synergos Institute, August 2000; p. 197.

term, rather than simply pointing to current activities.[9] As with most community and diaspora foundations, **Brazil**Foundation has limited resourced and capacity to hire additional staff members. In the absence of a Chief Financial Officer, the Foundation should rely on a well-thought out campaign strategy and strong support from its Board members. It is also important to note that endowment campaigns draw upon some of the organization's traditional donor base, and this can affect the success of concurrent fundraising efforts, which are crucial to the organization's day-to-day operations. In the case of the **Brazil**Foundation, the annual gala events in New York and Miami must be balanced with the Foundation's efforts to fundraise for the endowment.

b. Board & Management

Board leadership when it comes to endowment-building is crucial. If Board members are divided on the importance of this type of fundraising, the campaign cannot be successful.[10] The Board's involvement and support is particularly important in **Brazil**Foundation's case because the Board is the Foundation's best asset in gauging the donors' interest in and openness to a **Brazil**Foundation endowment. **Brazil**Foundation's Board currently includes various sub-committees, which represent the interests and goals of individual members, which help to focus the Board's efforts in specific areas such as Communications or Finance. The endowment campaign may necessitate the creation of a sub-committee of Board members who would be dedicated to this purpose and tasked with drawing up endowment guidelines, setting the endowment use and investment parameters, and signing-off on a campaign strategy for the staff.

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[9] Kathryn W. Miree, "From Theory to Practice: Three Successful Models to Build Endowment," October 2003.

[10] Geevarghese, Salin and Brown, Joyce, "Factors for Success: Increasing the Capacity to Raise Unrestricted Endowment," TCC Group - The Factors for Success, October 2003: p. 6.

c. Administrative Systems & Governance Procedures

A stable foundation in administrative systems and governance procedures is necessary before launching an endowment campaign. As a practical example, endowment campaigns often involve receiving donations in alternative forms, such as bequests or stocks.[11] The Foundation must be equipped to accept these gifts, which requires forethought about various policies and procedures. In addition to making decisions regarding staff oversight of the endowment and its fundraising campaign, the organization must also have an official investment policy and financial guidelines. **Brazil**Foundation is currently in the process of producing such documents, and plans to have them in place before actively pursuing endowment fundraising. Two community foundations with particularly detailed and useful financial guidelines and investment portfolios are the Winnipeg Foundation and Berks County Community Foundation. Examples of their investment policies and fund allocations can be found in **Appendices A** and **B**.

In conjunction with the creation of an investment policy and financial guidelines, the Board and management will also need to determine the optimal endowment size for an organization of **Brazil**Foundation's size and scope. As a simple rule of thumb, an endowment should produce at least 10 percent of an organization's operating budget.[12] Organizations should also factor in the need to reinvest part of the interest back into the endowment each year, to account for inflation. See **Appendix C** for useful tools to

[11] GrantCraft, "Providing for the Long Term: Supporting Endowments and Investable Assets," p. 7. (http://www.grantcraft.org/?pageid=1349)
[12] Ibid, p. 10.

calculate the best endowment size for **Brazil**Foundation based on various assumptions.[13] Once an appropriate endowment size has been determined, it may be wise for **Brazil**Foundation to engage in a study of its fundraising potential, which will demonstrate whether or not the organization has the ability to raise the amount of resources it needs for an endowment, or whether it should consider alternative options.[14] It is also important to note that most organizations spend several years in the "preparation phase" of endowment building, before delving into full-on campaign mode, and this may well be the case for **Brazil**Foundation.[15]

3. Cultivating Donor Interest and Support for an Endowment

Addressing tensions between immediate and future needs

The question of immediate versus future need is one that many community and diaspora foundations face both internally and in conversations with donors. For Foundations that started out with an endowment, the decision to continue drawing from interest payments and maintaining the bulk of the endowment in investments is a logical one. Many have argued this approach is the surest means of guaranteeing organizational sustainability in the long-term.[16] For Foundations that began with a flow-through model of fundraising and grant-distribution, such as **Brazil**Foundation, and whose work is focused on communities with plenty of immediate need, the question of endowments and

[13] See also, Endowment calculator: http://www.grantcraft.org/index.cfm?fuseaction=Page.ViewPage&pageId=1545

[14] GrantCraft, "Providing for the Long Term: Supporting Endowments and Investable Assets," p. 11. (http://www.grantcraft.org/?pageid=1349)

[15] A. Scott DuPree and David Winder with Cristina Parnetti, Chandni Prasad, Shari Turitz; "Building Endowments," From *Mobilizing Resources and Support in Foundation Building Sourcebook: A practitioners guide based upon experience from Africa, Asia, and Latin America*; The Synergos Institute, August 2000; p. 200.

[16] Nick Deychakiwsky, Charles Stewart Mott Foundation; November 21, 2012 Meeting with fellows.

endowment-building becomes more complex. Communicating the importance of putting funds away for the future when needs exist today, and when the Foundation has had a decade of success addressing those needs, can be a difficult task. In the face of these tensions, some peer Foundations are choosing to uphold flow-through philanthropy instead of opting for the endowment model. The Women in the World Foundation, for example, which is just over a year old, has no plans to amass large amounts of wealth within the Foundation itself. One of the foundation's representatives stated that Women in the World's mission is to advocate for women and to be a bridge between donors and global "women of impact" and the nonprofits they run.[17] Their mission also entails strategic grant-making, supported by the Foundation's annual fundraising. This model of philanthropy is reminiscent of **Brazil**Foundation's founding goal to act as a philanthropic bridge between the Brazilian diaspora community and worthy nonprofit organizations in Brazil. Endowments are very much about timing, however, and should not be attempted before a foundation has achieved at least 10 years of operations.[18] Women in the World has much ground to cover before it reaches the point of organizational reflection that **Brazil**Foundation is in right now. It is useful to note, however, that endowments are not a requirement for foundations today.

Making the case for long-term funding and donor feedback mechanisms

Foundations that are currently engaged in endowment-building are employing several strategies to make the case for endowments and to communicate more effectively with

[17] **Brazil**Foundation meeting with Prisca Bae and Mabel McKeown, Women in the World Foundation; November 20, 2012.
[18] Kathryn Miree, "The growing importance of endowments," *Philanthropy Journal*, July 26, 2011. (http://www.philanthropyjournal.org/resources/managementleadership/growing-importance-endowments)

donors. As previously discussed, a well thought-out investment strategy is crucial, and can serve as a strong selling point for donor support.[19] One of philanthropy's current trends has informed the approach of foundations, and that is the phenomenon of increased donor involvement in grant-making. Marcela Orvañanos de Rovzar, Chairman at Qualitas of Life Foundation, noted that today's generation of philanthropists needs numbers and evidence, and they seem to "know everything." Donors are increasingly engaged in the work of the organizations they support, and therefore demand stronger feedback loops and more decision-making power over their contributions. This trend is exemplified by the growth of Donor-Advised funds, and their extreme popularity in recent years.[20] According to a report from the National Philanthropic Trust, "total assets managed by such funds increased to $37.43 billion in 2011," an increase of 17.5%.[21] While the donor involvement trend has made discretionary resources more difficult to come by, community foundations are embracing donors' interest by increasing the donor services they offer, producing reports that quantify impact and potential "return" on investment and affording donors the more hands-on approach to philanthropy they are seeking.[22]

For its part, **Brazil**Foundation has had great success with its own version of donor-advised funds, wherein the Foundation enables the disbursal of donor-advised grants.

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[19] A. Scott DuPree and David Winder with Cristina Parnetti, Chandni Prasad, Shari Turitz; "Building Endowments," From *Mobilizing Resources and Support in Foundation Building Sourcebook: A practitioners guide based upon experience from Africa, Asia, and Latin America*; The Synergos Institute, August 2000; p. 199.

[20] Geevarghese, Salin and Brown, Joyce, "Factors for Success: Increasing the Capacity to Raise Unrestricted Endowment," TCC Group - The Factors for Success, October 2003: p. 1.

[21] National Philanthropic Trust, "2012 Donor-Advised Fund Report," Section 4. Market Overview; 2012. (http://www.nptrust.org/daf-report/index.html)

[22] Shannon St. John, "Donor Services: New Philosophy, New Opportunities," In *Building Philanthropic and Social Capital: The Work of Community Foundations,* ed. Peter Walkenhorst, Bertelsmann Stiftung/Brookings Institute Press, 2002; p. 109.

Donors choose from a project bank of organizations that the **Brazil**Foundation has supported in the past or deems worthy of support. While the donor-advised grants have been quite successful, they tend to be concentrated in only a couple of states, and as is typical of the donor-advised trend, do not allow the Foundation much control over which programs should be prioritized. In order to generate a level of donor interest comparable to that of donor-advised funds in support of discretionary or endowment funds, **Brazil**Foundation might consider tailoring services to its key donors in relation to their interest areas, or the overall work of the Foundation. By creating issue specific portfolios and harnessing the power of the data points on needs and Brazilian grassroots NGOs (which the Foundation already possesses), **Brazil**Foundation can appeal to the donors of today who want details and a "direct" connection to their beneficiaries, without necessarily losing the discretionary aspect of their support. An example of this might be organizing donor trips to visit grantees in a specific issue area, or facilitating donor participation in the annual capacity-building workshop for grantees. **Brazil**Foundation has already sampled these strategies, and may yield higher returns from donors seeking a greater level of engagement with the Foundation's beneficiaries.

In relation to increased donor services, finding specific donors to focus on and cultivate relationships with is an almost unanimously encouraged strategy employed by fellow community foundations.[23] Not every donor should be approached about endowments, and organizations should be quite strategic about their appeals in this area. An organization's consistent donors, and not necessarily its biggest donors, are the most likely to contribute

[23] South African Grantmakers Association and Synergos, "Innovative Endowment Building and Investment for Grantmaking Organisations: Workshop Proceedings," June 2000, Johannesburg, South Africa.

to an endowment campaign and to make a bequest in the name of the organization. These donors have proven that they believe in the organization over the long-term, and have a track record of supporting it (even in small amounts).[24] In the case of **Brazil**Foundation, the logical first step in identifying these key donors is to start with the Foundation's Board. Not only are all the Board members consistent donors to the Foundation, but they have also demonstrated an extreme level of commitment and dedication to the organization by agreeing to sit on the Board. By engaging in initial conversations in the relatively "safe" space of the Board members, Foundation staff can begin to formulate the language they will use and the case they will make to begin this dialogue with other loyal donors and key supporters of the organization. Development and refinement of the Foundation's "case statement" for an endowment is critical before beginning these appeals.[25] The Board can also be quite helpful in determining which outside donors fall into the target group, and can serve as liaisons between the Foundation and the donors in initiating these conversations.

The effects of the current economic climate on endowed investments and the ramifications this can have on a donor's willingness to support an endowment are also noteworthy. Interest payments from investments are at an all-time low, and not only are community foundations having a harder time operating and distributing grants off of the interest collected from endowed funds, but donors are extra-weary of their contributions sitting in unsuccessful funds for the future, when they could be put to work through

[24] Kevin Murphy, Berks County Community Foundation; November 12, 2012 Meeting with fellows.
[25] Kathryn W. Miree, "From Theory to Practice: Three Successful Models to Build Endowment," October 2003.

grants today.[26] While the economy is certainly a factor, it has by no means completely deterred philanthropic investments, and community foundations are employing innovative strategies to reach out to potential donors. Since endowments are synonymous with legacy, one popular strategy for reaching out to the target donor community is to connect with lawyers, tax attorneys, and financial advisors who work with the Brazilian diaspora community in New York City. The reach of these individuals is wide, and they are already having conversations with potential **Brazil**Foundation donors about how best to handle their estates. Forming a relationship with these practitioners is a worthwhile investment for the Foundation and a good use of staff resources.[27] The Berks County Community Foundation (BCCF) in Reading, Pennsylvania has even gone so far as to create an award, the Door Knob award, which they bestow upon financial advisors who direct clients toward planned giving and bequests in the name of BCCF. The practitioners display the awards prominently in their offices, thereby incentivizing the advisors to compete for the awards and directing the attention of potential donors to the Foundation at the same time.

Kevin Murphy, President of BCCF, observed that **Brazil**Foundation's donor base might be on the young side for planned giving and endowment support. While it is true that even young, high net-worth donors have often already drawn up wills and made plans for their estates, Murphy suggests that a younger donor is not yet necessarily in the mindset of legacy, nor are they looking to place their philanthropic dollars in one location – they are still in the building phase of their careers. In other words: these donors are not yet in

[26] Vincent McGee, Overbrook Foundation and Atlantic Philanthropies; October 16, 2012Meeting with fellows.
[27] Kevin Murphy, Berks County Community Foundation; November 12, 2012 Meeting with fellows.

"endowment mode." Allyson Reaves, Associate Director at CCS Fundraising, echoed this sentiment and noted that mature donors are crucial for endowment-building. Endowments equal immortality – this is one of the largest selling points to donors – but this argument will only resonate with certain demographics. In addition, across the donor spectrum (both young and old), gifts from living donors are far outpacing bequests in today's philanthropy.[28] This trend and the average age of **Brazil**Foundation's donor base point towards the need for a more innovative strategy to make the case for supporting an endowment.

Donor Communications and Incentivizing Endowed Funds:

Brooklyn Community Foundation Case Study

The Brooklyn Community Foundation's model is a useful case study for **Brazil**Foundation in terms of innovating interactions with donors and incentivizing endowment support. Though BCF focuses on one borough of New York City, and **Brazil**Foundation's purview spans the whole of Brazil, there are many parallels to be drawn between the two organizations, and lessons to be learned as well. The borough of Brooklyn is extremely diverse. There are neighborhoods of extreme wealth, as well as areas of extreme poverty. There is diversity not only in terms of race and socio-economic status, but also in terms of urban versus rural communities. The population size is formidable – if Brooklyn were a city separate from New York, it would be the 7th largest in the country. For these reasons, BCF believes they have the unique ability to look at the borough as a whole, and decide which programs would be most beneficial to each

[28] Jennifer Leonard, "Creating Community Capital: Birth and Growth of Community Foundations," In *An Agile Servant*, ed. Richard Magat. NY: The Foundation Center, 1989: 89-103.

community, which communities are most in need, and which connections between the non-profits themselves should be facilitated by the Foundation for the benefit of their communities and the entire borough. Substitute the borough of Brooklyn for the country of Brazil, and the previous sentences could very well describe **Brazil**Foundation.

In addition to traditional donor-advised funds, one measure BCF has taken to incentivize endowed-giving is to create named funds – currently they have two, both of which are in memoriam. Named funds are a powerful way to honor a loved one's legacy and promote their values while benefiting the community. There are stipulations on the size of the initial gift for a named fund to ensure that the staff time and resources spent managing the funds are worthwhile to the Foundation. In terms of making the case for giving discretionary resources to the Foundation, BCF asserts that "With your support, Brooklyn Community foundation can direct more funds where they will have the greatest impact and reach people in need."[29] By branding themselves as "one place to give" for the whole of Brooklyn, BCF succinctly communicates their value – they know Brooklyn and its needs better than anyone, and a donation to BCF will maximize the donor's impact. This is a communication strategy that **Brazil**Foundation is already employing on some levels, but has yet to explicitly spell out on its website or in donor materials.

Another area where **Brazil**Foundation could borrow from BCF is their dissemination of data on Brooklyn. Given that their intimate understanding of the borough is show-cased as their greatest value, BCF takes the opportunity to display statistics about various

[29] Brooklyn Community Foundation, "Helping You Give: Maximize the Impact of Your Giving," (http://brooklyncommunityFoundation.org/give/helping-you-give).

communities on its website, and positions itself as the authority on all things Brooklyn. Created by BCF, the Center for the Study of Brooklyn is, "the first and only research center devoted exclusively to the study of public affairs and policy issues in the borough."[30] The Foundation plans to put out its first "Brooklyn Trends" report this year. An example of the Brooklyn-focused data and maps produced by this BCF initiative can be found in **Appendix D**. At this juncture it is also important to note that BCF was founded with $50 million in invested assets. This endowment gives the organization a stable base upon which to create innovative models of grant-making and fundraising, and the flexibility to mobilize resources and capitalize on its knowledge of the borough and position itself as a reference point. BCF's endowment represents one of the large differences between its current position and that of **Brazil**Foundation.[31] Given all that BCF has accomplished, and the inspiring work they are involved in, this may be all the more incentive for **Brazil**Foundation to work towards such an endowment of its own.

Crossing the cultural divide

For the **Brazil**Foundation, which engages with a diaspora donor community, and for whom an endowment campaign would represent a shift in fundraising mentality and organizational priorities, the organizational and cultural ramifications of endowment-building are critical. Raising resources through an endowment campaign is unprecedented in the Brazilian NGO community. **Brazil**Foundation sees itself as a landmark in Brazilian philanthropy, and successfully introducing the concept of endowments to the region could open many doors for future Foundations, philanthropists,

[30] Brooklyn Community Foundation, "Center for the Study of Brooklyn," (http://brooklyncommunityFoundation.org/center-study-brooklyn).
[31] Marilyn Gelber, Brooklyn Community Foundation; Oct. 23, 2012 Meeting with fellows.

and grantees alike. While this may be an important impetus for **Brazil**Foundation to undertake this initiative, the lack of existent endowments belies an important cultural factor that **Brazil**Foundation must address during this process. While the majority of community foundations are based in and make grants within the United States, where the culture of philanthropy has been existent and evolving over many years, **Brazil**Foundation must look to other diaspora foundations and international community foundations for best practices and strategies for introducing and making the case for endowments amongst predominantly non-American donors.

A strategy that has been echoed by a number of organizations dealing with a non-American donor base has been the use of matching campaigns. The Heinz Endowments initiated a campaign for an endowment that would support projects in the Czech Republic by contributing $50,000, which would then be matched by local Czech-Americans in Pittsburgh.[32] The benefits of matching campaigns, in this instance in particular, are that they build trust between the donor and the organization, help to legitimize the campaign, and can make donors feel as though their philanthropic dollars are going farther than they would have otherwise. When encouraging non-American donors to engage in endowment-building, a matching campaign can lead by example and demonstrate the power of philanthropy.

Often the largest battle for international community foundations and diaspora foundations is raising awareness and educating donors on the American perspective of philanthropy.

[32] Stephen G. Greene, "Giving Back to Their Homelands: Charities worldwide get support from emigrants in America," *Chronicle of Philanthropy*, May 16, 2002.

The Kenya Community Development Foundation's strategy for instilling the culture of philanthropy and encouraging endowment building was to initiate a matching program for community and legacy funds. Individuals, families, and local organizations throughout Kenya are invited to contribute to pooled funds, which, once they reach a certain threshold, will serve their own community.[33] The KCDF model has met with great success throughout Kenya, where immediate needs have often trumped arguments for endowments. There are lessons to be learned from KCDF's commitment to engaging community members in their own endowment-building process and in their efforts to communicate the importance of making philanthropic commitments both for today *and* for tomorrow. While the majority of **Brazil**Foundation's donors are living in the United States and have been exposed, to varying degrees, to American philanthropy, matching campaigns can also be powerful in terms of addressing a more untapped base for the Foundation – donors living in Brazil. Nick Deychakiwsky, of the Charles Stewart Mott Foundation, who spent many years working in Eastern Europe and introducing the concepts of community philanthropy to citizens of Ukraine, suggests that without raising contributions directly from the beneficiary community itself, the recipients of grants or grant-supported programs cannot be invested to the degree necessary for programmatic success, nor can they expect to continue to succeed once the grant period has ended.

Lastly, Catalina Samper Horak, founder of the Columbian-American Community foundation, raises an important point at the core of diaspora fundraising. One of the greatest values of any diaspora foundation is that it understands, and is often a part of, the

[33] Kenya Community Development Foundation, (http://www.kcdf.or.ke/).

diaspora culture and community it supports.[34] Horak cited, for example, that she and her colleagues understood that Colombian-Americans would not respond well to a direct-mail campaign, despite the fact that this strategy is very popular and successful among American fundraisers. This type of insider knowledge about the culture at-hand has informed diaspora foundations' approaches to fundraising from the very start, and its importance should not be underestimated when initiating an endowment campaign. Borrowing techniques and strategies from other community foundations and diaspora foundations will be helpful in **Brazil**Foundation's pursuit of an endowment, but applying the Foundations knowledge about what has and has not worked amongst Brazilian donors in the past will be just as vital for the campaign's success. As mentioned previously, **Brazil**Foundation has been at the forefront of philanthropy in Brazil since its founding, and educating donors about endowments is in many ways the natural next step on this journey.

4. Recommendations and Conclusion

The Community Foundation model, upon which **Brazil**Foundation was based, has provided many useful teachings in terms of maintaining endowments and fostering support for them. Looking, in addition, to examples of diaspora foundations that have struggled with the cultural barriers that exist in the world of philanthropy, has provided a very detailed picture of the options and best strategies available to **Brazil**Foundation as it moves forward into its second decade of operations. Given the various factors at play, useful recommendations for a community or diaspora foundation interested in

[34] Catalina Samper Horak and Cecilia Mejia interviewed by *Global Giving Matters*, "Creating the Colombian-American Community Foundation – Diaspora Philanthropy by Word of Mouth," *Global Giving Matters*, August-September 2003.

establishing an endowment should be focused in two areas: 1) in regards to the endowment's management (the so-called "practical" aspects), and 2), in regards to donor cultivation and strategic planning to encourage support for the endowment. Therefore, recommendations for the **Brazil**Foundation and similar organizations have been structured as such below.

A) Establishment & Management of an Endowment

i. Administrative Structures & Strategy

Administrative structures must be in place before any sort of meaningful endowment fundraising campaign can take place. These structures range from hiring or re-allocating the appropriate staff members to manage the process, to creating a detailed investment policy and determining how and when the funds will be used. The best way to ensure that all administrative structures are in place and that the endowment will launch on stable footing is to create, during this initial phase, a detailed strategy for the endowment campaign. This strategy will encompass not only the staff resources needed, but also the targets for fundraising, and guidelines for how the Foundation will approach potential donors, and who these donors might be.

ii. Board Dedication

As is the case with any major decision or matter of organizational policy, the Foundation must make certain that it has the full support of the Board members before focusing its efforts on an endowment campaign. The Board members should be considered the first tier of supporters of the Foundation, and if they cannot be convinced of the necessity of an endowment, it is unlikely that other donors will support the campaign. Not only should the Board be supportive, but the Foundation should also consider creating a sub-set of the

Board which would take on a more focused role in guiding the establishment and management of the Endowment.

iii. Fundraising Potential

As part of its endowment preparations, **Brazil**Foundation may also consider engaging in a study of its fundraising potential. This evaluation was recommended as a tool that can reveal the actual potential of the organization to build an endowment sizable enough to be worthwhile. Depending on the size of the Foundation's operating budget, 10% can often amount to a rather large sum.[35] Lastly, several foundations have noted that their "endowment prep" phase lasted up to five years.[36] Given the importance of this campaign and the need for the Foundation to be successful in establishing its endowment, it is in **Brazil**Foundation's best interest to dedicate adequate time to this phase rather than begin an unsuccessful campaign before it is ready.

B) Donor cultivation

i. Identifying Targets and Making the Case

Perhaps the most salient recommendation that was most often repeated throughout endowment literature and in conversations with practitioners was the need to identify specific target groups within the donor base, and to then perform targeted appeals to these donors. After **Brazil**Foundation has finalized its "case statement" in support of a **Brazil**Foundation endowment, the Foundation must begin to think about who might support a fund for the future, and what are the best methods of reaching and motivating those donors. This process should begin with Board members and the Foundation's most

[35] Useful tools for calculating endowment size and setting fundraising goals can be found in **Appendix C**.
[36] Geevarghese, Salin and Brown, Joyce, "Factors for Success: Increasing the Capacity to Raise Unrestricted Endowment," TCC Group - The Factors for Success, October 2003: p. 12.

frequent supporters. As Kevin Murphy of the Berks County Community Foundation suggested, working through lawyers and CPA's may be one example of an effective approach to getting at the right donor community for endowment-building.

ii. Matching Strategy

Thinking specifically in terms of what has worked for other diaspora foundations, if **Brazil**Foundation is able to orchestrate a matching aspect to the endowment campaign (on either a large or a small scale), this too can be an important tool in terms of galvanizing support, especially across cultural lines. Perhaps the profile of donor who is right for endowment support does not describe the majority if **Brazil**Foundation donors at this moment in time (either because of their age, or the fact that endowments are not a common phenomenon in Brazil or in Brazilian philanthropy). A matching campaign might be a way to engage with donors who might not otherwise support the endowment campaign, and encourage them to begin thinking of the Foundation's future and the long-term nature of their potential gift.

iii. Balance Fundraising Efforts

The Foundation must also balance its endowment fundraising efforts with annual fundraising for projects, which are critical to the everyday operations of the Foundation. This is another reason why an evaluation of the overall fundraising potential would be useful. While the benefits of an endowment are clear, the fundraising campaign must not either overshadow or interfere with the fundraising that supports the organization's annual grant making. With this issue in mind, the Foundation might consider what I outline in the following as a "soft" campaign and planned giving approach to endowment building.

iv. “Soft” Campaign and Planned Giving

Taking all of the above factors into consideration, the most useful approach to endowment-building for **Brazil**Foundation may be to engage in what is called a “soft” endowment campaign. In this scenario, **Brazil**Foundation would set relatively low financial goals for the endowment each year, at least initially, and build to larger sums in time while the Foundation continues to educate the donor population about endowments; gives the donor base more time to mature; and gives the Foundation time to solidify its plans for the endowment. Endowments, as we have learned, are not the only means of long-term sustainability. Social enterprise and successful fundraising are also important, and **Brazil**Foundation has decades of experience in the latter. The importance of fulfilling immediate needs will always outweigh thoughts on future needs, therefore a strategy of dedicating a set portion of resources or fundraising each year for the endowment, and relying more so on planned giving, without building expectations too high or taking away from flow-through fundraising, may be the most effective plan.[37]

[37] Nick Deychakiwsky, Charles Stewart Mott Foundation; November 21, 2012 Meeting with fellows.

Appendix A

"Asset Management Governance Plan & Statement of Investment Policy & Guidelines"

The Winnipeg Foundation

Asset Management Governance Plan

&

Statement of Investment Policies & Guidelines

THE WINNIPEG FOUNDATION

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Our Vision

"A Winnipeg where community life flourishes"

is supported by several core strategies, one of which is:

Stewardship

Achieving maximum returns consistent with prudent investment practices to support the grant-making activities and administration of The Foundation, and assuring that the legacy created by the donor is respected in perpetuity by protecting the purchasing power of those funds over the long term.

The Winnipeg Foundation

Board of Directors

Richard Bracken, Chair
Eric Stefanson, F.C.A., Treasurer

Gregg Hanson, F.C.A.
David Cohen
Justice Deborah McCawley
Dr. Catherine Cook
Susan Millican
Sr. Lesley Sacouman, S.N.J.M.
Carolyn Duhamel
Doneta Brotchie
Spencer Duncanson
Mayor Sam Katz (ex officio)

Investment Committee

Richard Bracken, Chair
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Gregg Hanson, F.C.A. (ex officio)
Carolyn Duhamel
Eric Stefanson, F.C.A.
Richard Archer, C.F.A
Robert G. Puchniak, C.F.A.
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Professional Advisors

Auditors
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Investment Managers
McLean Budden
Jarislowsky Fraser Limited Investment Counsel
Dimensional Fund Advisors
Baillie Gifford Overseas Limited
Assiniboine Credit Union

Custodian
RBC Dexia Investor Services

Solicitors
Thompson Dorfman Sweatman

Asset Management Consultant
Mercer Investment Consulting

Principal Banker
Royal Bank of Canada

An Introductory Note

The Winnipeg Foundation has a proud history reaching back to 1921 when William Alloway's gift of $100,000 created our first endowment fund. The following year, grants totaling $6,000 were disbursed to Winnipeg charities from the interest earned.

From our beginnings as Canada's first community foundation, stewardship and trust have been fundamental values underlying all of our work. Donors from all walks of life have expressed their confidence in our organization by the generosity of their gifts. These endowments are a wonderful legacy to our city and province and we commit to diligence in our management of them.

As part of this commitment, our Board of Directors, with the advice of our Investment Committee, has approved this revised version of the *Asset Management Governance Plan* and the *Statement of Investment Policies and Guidelines*. The reader is reminded that there are updates from time to time.

For more information respecting these policies, please contact:

Richard Frost
Chief Executive Officer

Susan Hagemeister, C.A.
Director of Finance

The Winnipeg Foundation
1350 – One Lombard Place
Winnipeg, Manitoba R3B 0X3
Phone: 204.944.9474
Fax: 204.942.2987
Email: info@wpgfdn.org
Website: www.wpgfdn.org

The Spending Policy of The Winnipeg Foundation

It is the long term objective of The Winnipeg Foundation to make available for annual grant making activities an amount of 5% of the average of the three preceding year's market value of each fund in the Consolidated Trust Fund (CTF). The average market value is calculated on the basis of 12 quarters.

The Winnipeg Foundation may annually recoup a portion of its operating expenses, as set out in The Winnipeg Foundation's Spending Policy as amended from time to time and that amount shall be determined by The Board of Directors of The Winnipeg Foundation, taking into account, the actual annual costs incurred in operating The Winnipeg Foundation, provided that in no case shall the amount charged be greater than one percent (1%) of the fiscal year end market value of an endowment fund.

The Winnipeg Foundation uses 1979 as a base year to calculate an inflation adjustment for each successive year's capital contributions to the CTF. Thus, in addition to knowing contributed capital, The Winnipeg Foundation monitors an inflation protected target which essentially is required to protect the purchasing power of the original gifts. The difference between the inflation protected target and the actual market value is monitored and if this excess deteriorates or improves on an average 3- year basis, the spending policy calculation will be adjusted upward or downward in accordance with the following:

Average excess between inflation protected target & market value over 3 years	**Amount available for annual grant- making**	**Inflation Protected target**
10% or more	5.0% average market value	100%
9% - 9.9%	4.9% average market value	98%
8% - 8.9%	4.8% average market value	96%
7% - 7.9%	4.7% average market value	94%
6% - 6.9%	4.6% average market value	92%
5% - 5.9%	4.5% average market value	90%
4% - 4.9%	4.4% average market value	88%
3% - 3.9%	4.3% average market value	86%
2% - 2.9%	4.2% average market value	84%
1% - 1.9%	4.1% average market value	82%
0% - 0.9%	4.0% average market value	80%
less than 0%	Policy Review	

Any adjustment to grant-making will not be greater than 0.2% in any given year, and any adjustment to the inflation protected target will not be greater than 4% in any given year.

The spending for the next fiscal year will be determined in January.

When any document cites the Spending Policy of The Winnipeg Foundation, it is referring to the above formula. The CRA requires that endowments "spend" at least 3.5% annually. In situations where it is appropriate, taking into account donor preference, longer term agency benefit and administrative circumstances, the Foundation may use the stipulated CRA minimum rate as an approved alternate to the Spending Policy.

The spending policy of The Winnipeg Foundation may be amended from time to time.

Asset Management Governance Plan

As at December 16, 2008

(The Statement of Investment Policies and Guidelines is a companion document.)

1. Overview

1.1 The Winnipeg Foundation (the Foundation) has adopted a vision statement:

"A Winnipeg where community life flourishes."

And a mission statement:

"To be a catalyst for strengthening community well being, now and for future generations, by promoting philanthropy, creating partnerships and supporting diverse charitable organizations." ***(amendment made Feb 2011)***

In pursuit of these overall goals, the Foundation has adopted several core strategies, including:

"Stewardship: achieving maximum returns consistent with prudent investment practices to support the grant-making activities and administration of the Foundation, and assuring that the legacy created by the donor is respected in perpetuity by protecting the purchasing power of those funds over the long term."

1.2 This asset management governance plan (the "Governance Plan") describes the processes put in place for the management of The Winnipeg Foundation's **Consolidated Trust Fund** herein referred to as the "Fund" In addition to the Consolidated Trust Fund, the Foundation operates **Other Trust Funds** as a result of specific agreements with donors. In some situations, these funds may eventually be transferred to the Consolidated Trust Fund. However, other situations require an on-going segregated management approach. Other Trust Funds are generally managed using the same investment policies and guidelines as pertain to the Consolidated Trust Fund. Accordingly, Other Trust Funds are not further referenced within this document. Also, in addition to the Consolidated Trust Fund, the Foundation operates a **Fixed Income Fund** and a **Short Term Investment Fund** for the purpose of maximizing income on cash that is expected to be used in the foreseeable future. Investment policies related to these two special funds are documented herein.

1.3 The Governance Plan is strictly concerned with investment-related matters; it does not deal with benefit and funding policy.

1.4 The purpose of the Governance Plan is to ensure the Fund is managed effectively, prudently and in compliance with all applicable legal requirements. It identifies roles and responsibilities of all parties involved and promotes co-ordination and integration of their respective contributions.

1.5 The Governance Plan is an internal document drafted by the Investment Committee (the Committee) and approved by the Board of Directors (the Board) of The Winnipeg Foundation.

1.6 Each new Board and Committee member receives an updated version of the Governance Plan. A summary of the Plan is available to the public upon request, but should be checked for recent amendments.

2. Legal Context

2.1 The management of the Fund must satisfy all applicable legal requirements. Governance Plan provisions should never be construed as suggesting legal requirements not be strictly satisfied.

2.2 The Fund includes assets pertaining to the Consolidated Trust Fund, Other Trust Funds, Fixed Income Fund and the Short Term Investment Fund of the Foundation.

2.3 The management of the Fund must comply with the provisions of:

- The Winnipeg Foundation Act;
- The Income Tax Act of Canada;
- The Securities Act (Manitoba), insofar as Managed Funds are concerned.

3. The Committee

3.1 The Board of Directors of The Winnipeg Foundation, in its capacity as Administrator of the Plan, has delegated some of its investment monitoring, and supervisory powers and responsibilities, to the Committee. The Board retains final authority on policy and overall budget control but relies on the Committee to provide advice. The Committee's terms of reference include advisory, supervisory and overview responsibilities in the following areas:

(i) Policy decisions:
- investment objectives;
- investment constraints;
- investment preferences;
- governance issues;
- permitted investments; and
- asset mix targets and ranges.

(ii) Strategic decisions:
- manager structure;
- appointment and termination of investment managers, custodians and other advisors;
- development of investment strategies and philosophies; and
- formulation of the Plan's current and future positions on capital market expectations.

(iii) Investment decisions:
- tactical asset allocation within investment policy parameters; and
- asset buy and sell.

(iv) Operational decisions:

- ensuring Investment Manager compliance with mandate;
- reviewing trust statements for unusual transactions;
- meeting with Investment Managers;
- meeting with performance measurement consultants; and
- evaluating Investment Manager performance.

(v) Expenditure decisions:

- evaluating budget variances related to investments authorized by the Chief Executive Officer.

3.2 On an annual basis, the Committee provides a written due diligence report to the Board that contains at least:

- recommended changes to the Governance Plan and to the Fund's policies and guidelines;
- description of the work completed by the Committee and its agents and advisors; and
- detailed report on the Fund's financial statements and performance.

3.3 The Committee consists of up to eight members (the "Members"), who have been appointed by the Board, and a Chairman of the Committee who is a member of the Board. The Chairman of the Board is also a member ex officio. Members are appointed by the Board annually. Up to four non-board members are appointed to add expertise and perspective that the Board deems advisable.

3.4 The Committee meets at least twice a year. The meetings will be scheduled at the beginning of each fiscal year. The Committee will meet:

- to review the Statement of Investment Policies and Guidelines and to finalize the Annual Due Diligence Report for submission to the Board;
- in Spring, to hear the presentations from Investment Managers and review 1st and 2nd quarter results;
- in Fall, to hear presentations from Investment Managers and review 3rd and 4th quarter results;
- and at such other times as the Committee deems necessary.

3.5 Meetings are convened by the Chair or, in the absence of the Chair, by the Vice-Chair of the Committee. A proposed agenda is distributed in advance of the meeting and additional information may be made available when the meeting is convened.

3.6 Quorum for a meeting is a majority of Members. Decisions are carried by simple majority of the Members present.

3.7 The Secretary prepares minutes of all Committee meetings (the Minutes). The Minutes are transmitted to Members as soon as practical, following each Committee meeting and before the next Committee meeting. A copy of any documentation formally distributed at Committee meetings is appended to the Minutes for Members who were absent.

3.8 The Minutes provide a record of at least:

- date and place of meeting;
- parties present and their capacity;
- acceptance of the Minutes of the preceding meeting;
- matters discussed;
- documents formally distributed;
- proposals submitted for voting;
- voting;
- decisions made and/or action taken;
- considerations and advice relied upon; and
- party(ies) responsible for implementation.

3.9 The Secretary maintains a permanent record of the Minutes along with any documentation formally distributed to Members which may have had a material impact on decisions made or action taken.

3.10 In the absence of the Chair and/or the Secretary at a Committee meeting, Members elect a chair and a secretary amongst themselves.

3.11 Members absent from a Committee meeting are assumed to concur with decisions made or action taken, as described in the Minutes, unless their dissidence and the underlying reasons are entered in the Minutes of the following Committee meeting, or transmitted to the Committee in writing within a reasonable period.

3.12 The Committee may recommend the services of advisors with respect to management of the Fund.

3.13 The Committee assigns terms of reference to its agents and advisors, including:

- a description of services to be provided;
- the way and time such services are to be delivered;
- financial arrangements including the amount of fees to be paid; and
- conditions governing the termination of the relationship.

The terms of reference (including contracts) for all agents and advisors currently providing services to the Foundation related to investment function are retained by the Secretary.

3.14 The Committee maintains an active role at least with respect to:

- drafting and revision of investment policies and guidelines as described in Section 6;
- selection, supervision and termination of agents and advisors.

3.15 Some employees of the Foundation provide specific assistance to the Committee with respect to the management of the Fund. The Committee elaborates on a reporting mechanism and supervises their activities on an on-going basis. Their duties are as follows and will require appropriate interaction with investment managers, the custodian and other advisors:

Chief Executive Officer

- appoints a staff member to be Secretary to the Committee;
- recommends policy changes with respect to Investment Policy and Spending Policy;
- oversees general administration of the Foundation;
- recommends retention of, or changes to, agents and advisors; and
- authorizes expenditures within the overall budget approved by the Board.

Director of Finance

- serves as Chief Financial Officer, directing and overseeing financial management and control systems of the Foundation as well as the work of the Financial Administrator;
- assures the maintenance of the asset management computer system;
- monitors performance of investment managers relative to policies and objectives established by the Board, as well as the work of the custodian and other independent professionals, in order to provide advice to the Committee and Chief Executive Officer;
- develops trend analysis relative to experience of other foundations and identifies policy alternatives;
- ensures all policies and objectives have been formalized in writing; and
- plans agendas for Investment Committee meetings, taking into account Committee responsibilities and any special considerations identified by the Chairman or Chief Executive Officer.

Manager of Accounting

- records investment transactions in accordance with established procedure;
- measures performance against a predetermined benchmark and/or an initial set of agreed-to objectives as required;
- calculates quarterly and annual returns on a timely basis;
- co-ordinates quarterly investment reports for consideration by the Committee;
- handles all short-term investment requirements in accordance with policy; and
- maintains financial files and records of the Foundation.

3.16 A checklist of recurring Committee actions is provided in the appendix. This is intended to serve as a reminder; it is strictly indicative and does not add to (or detract from) the management practices described elsewhere in the Governance Plan.

3.17 Members are reimbursed by the Foundation for reasonable out-of-pocket expenses but are not otherwise entitled to any remuneration in connection with Fund-related activities.

3.18 Financial assistance can be provided by the Foundation to Committee members to update or enhance Members' competence in investment-related matters. Such assistance must be approved by the Committee Chair in advance, based upon a written request, unless it is incorporated into the normal budget plan.

4. Duties & Responsibilities of Agents and Advisors

4.1 The Committee recommends retention of the services of one or more investment managers (the Investment Manager), a custodian (the Custodian), an asset management consultant (the Asset Management Consultant) and may retain the services of one or more other advisors on an ad hoc basis. The external auditor (the Auditor) is retained by the Board on advice of the Audit Committee of the Foundation.

4.2 The role of the Investment Manager consists of:

- allocating assets among asset classes in which they are authorized to invest;
- selecting securities or investments within such asset classes;
- initiating trades and transactions to give effect to investment decisions;
- explaining their expectations concerning the economy and financial markets, along with their strategy under such circumstances;
- calculating and reporting rates of return, by asset class on a quarterly basis; and
- providing prompt notice to the custodian of each purchase/sale.

4.3 The role of the Custodian consists of:

- safekeeping of assets;
- collecting contributions, and paying benefits and expenses, as directed by the Committee;
- collecting coupons, maturities, and other cash distributions attached to securities;
- exercising other privileges tied to securities, or disclosing their existence to those having the responsibility to exercise them and acting as directed;
- processing transactions as directed by the Committee or the Investment Manager;
- making payments regarding transaction-related charges and taking action to recover sums owed to the Fund, such as withholding taxes;
- informing the Investment Manager of cash available for investing;
- providing the Investment Manager, the Asset Management Consultant and the Auditor with agreed-upon information required to execute their mandate;
- maintaining a record of all transactions; and
- providing periodic reports of income (cash flows) and holdings.

4.4 The role of the Asset Management Consultant consists of providing investment information and advice in:

- investment policies and guidelines;
- investment management structure;
- selection and supervision of the Custodian and the Money Manager;
- measurement and evaluation of investment returns; and
- explanation of characteristics of other asset classes considered worthwhile for the Fund and how they might assist in achieving the fund’s objectives.

4.5 The role of the Auditor consists of:

- reviewing and auditing financial statements; and
- providing advice with respect to internal financial controls.

4.6 The role of other advisors is varied and usually consists of providing non-investment-related advice such as actuarial, legal or managerial advice.

5. Selection and Supervision of Agents and Advisors

5.1 When the Committee engages in a selection process for agents or advisors, it maintains a written record of at least:

- request for proposal;
- candidate criteria;
- person(s) or organization(s) called upon to submit a proposal;
- candidate(s) whose proposal was (were) discarded for lack of conformity to terms of the request for proposal and elements of non-conformity; and
- factors taken into account in the final selection process.

Selection factors include:

- organization and business plan;
- firm's philosophy/strategy;
- experience with similar mandates;
- key personnel and personnel assigned to the Fund;
- performance (or references); and
- fees.

5.2 The Committee may engage services of agents or advisors without issuing a formal request for proposal where the parties have provided current information as potential candidates for a specified mandate. Under such circumstances, the written record, referred to in the first part of article 5.1, will address:

- mandate;
- candidate criteria;
- person(s) or organization(s) satisfying such candidate criteria;
- person(s) or organization(s) satisfying candidate criteria who indicated an interest in the proposed mandate;
- factors considered to select the finalists; and
- factors taken into account in the interview of finalists.

5.3 The Committee supervises the actions of its agents and advisors. At least once a year, it receives a written report and meets with the Investment Manager and the Asset Management Consultant. The Committee performs an annual evaluation of their services, taking into consideration the following factors where appropriate:

- compliance with Committee directions and terms of reference;
- satisfaction of agreed-upon objectives;
- competence, ability to communicate, and availability of personnel assigned to the Fund;
- quality and timeliness of presentations and written reports;
- flexibility, innovation and problem-solving ability;
- co-operation with other agents and advisors; and
- developments at the firm (reputation, personnel turnover, new services).

5.4 Agents and advisors whose services are determined to be unsatisfactory are either:

- terminated, or
- advised and requested to provide to the Committee an acceptable remedial action plan within sixty (60) days.

Where a remedial action plan is implemented, the Committee will provide a follow-up report to the Board.

6. Investment Policies & Guidelines

6.1 The Board maintains written investment policies and guidelines that provide direction to the Committee and/or its agents and advisors in a companion document to this Governance Plan entitled *The Statement of Investment Policies and Guidelines.* The Board believes asset mix management can add value and therefore has established a range for each asset category and chosen a balanced fund structure. The Board also believes good security selection can add value and therefore has established active, rather than passive, mandates.

6.2 The Statement of Investment Policies and Guidelines is periodically revised. The Committee and its agents must conform with its provisions, including those dealing with conflicts of interest. A copy of the investment policy statement, and changes thereto, are transmitted to the Investment Manager, the Custodian, the Asset Management Consultant, the Foundation's solicitor and auditor, and other concerned agents and advisors. The investment policy statement takes into account:

- the type of plan involved;
- its characteristics, such as investment objectives and liquidity needs;
- its risk controls; and
- its target asset allocation.

6.3 The Committee provides the Investment Manager with a customized written manager mandate. A copy of the manager mandate and changes thereto, is transmitted to the Investment Manager involved, the Custodian, the Asset Management Consultant and other concerned agents and advisors. Among other issues, the manager mandate addresses:

- manager objectives;
- permitted investments;
- asset allocation; and
- risk factors, such as diversification, liquidity, leverage, credit and currency.

The manager mandate will not address the use of derivative products as such use would be contemplated only where the manager brings a recommendation forward to mitigate existing risks. In such circumstances, the Committee may approve the recommendation.

6.4 At least on a quarterly basis, the Investment Manager is required to confirm, in writing to the Committee, compliance with the provisions of the investment policy statement and of the manager mandate. Inadvertent violations shall be reported immediately to the Chief Executive Officer or the Director of Finance and action shall be taken to remedy the situation.

7. Monitoring the Fund

7.1 The Committee monitors the situation of the Fund's asset returns and investment-related expenses.

7.2 On a quarterly basis, the Fund's custodial data is reviewed by the Asset Management Consultant to calculate time-weighted rates of return. Rates of return are calculated net of execution costs but before management fees.

7.3 Overall rates of return are compared with those within a universe of balanced pooled funds and an index-based benchmark specified in the investment policy. The Asset Management Consultant reports fund performance against the Investment Objectives set out in the Investment Policy.

7.4 Rates of return are broken down by Investment Manager and asset class. They are compared to those obtained by other Investment Managers having similar mandates.

7.5 Security holdings and transactions are reviewed by the Asset Management Consultant to ensure strategies used by the Investment Manager to obtain returns are consistent with the approaches presented to the Committee prior to implementation.

7.6 At least once every year, the Investment Manager and the Asset Management Consultant make a formal presentation to the Committee providing an assessment of the rates of return obtained.

7.7 All normal investment-related expenses pursuant to formal contracts may be approved by the Director of Finance. Any new contracts, contract changes, additions or deletions shall be brought to the Committee for approval by the Chief Executive Officer.

7.8 On a periodic basis, or as directed by the Committee, a review of investment related expenses shall be conducted and reported to the Committee.

Statement of
Investment Policies and Guidelines

As at December 16, 2008
(Updated December 2010)
(Updated June 2011)

The Asset Management Governance Plan of
The Winnipeg Foundation is a companion document

Appendix: Conflict of Interest Policy

1. Overview

1.1 This investment policy statement (the Policy) applies to assets held by The Winnipeg Foundation (the Foundation). It contains investment objectives, investment guidelines, and monitoring procedures.

1.2 The Board must establish for the Foundation's funds an investment policy that is consistent with the duty of care that a trustee has in administering the property of others.

1.3 With respect to any portion of the Consolidated Trust Fund (the Fund) invested in pooled funds, provisions of the investment policy statement of such pooled funds shall prevail over those of the Statement to the extent that they are in conflict. The Fund will not invest in a pooled fund if the guidelines of that fund are materially different from the provisions of the Statement.

1.4 Definitions provided in the Asset Management Governance Plan of the Foundation apply to this Statement of Investment Policies and Guidelines.

2. Responsibilities

2.1 The responsibility for investment of the Fund lies with the Board of Directors of the Foundation and its Investment Committee (the Committee), as set out in the Asset Management Governance Plan.

2.2 With respect to investment of the Fund, the Committee may delegate some of its responsibilities to agents and advisors. In particular, the services of a custodian (the Custodian) and of one or more investment managers (the Manager(s)) are retained. The Committee maintains an active role with respect to the following:

(i) formulation of the Statement and manager mandates;

(ii) appointment and monitoring of agents and advisors; and

(iii) evaluation of performance.

2.3 Any person to whom the Committee delegates responsibilities with respect to the investment of the Fund must adhere to the provisions of the Policy.

3. Conflicts of Interest

3.1 The Conflict of Interest Policy of the Foundation shall apply (See Appendix).

3.2 A conflict of interest, whether actual or perceived, is defined for the purposes of this policy as any event in which the Directors, an employee of the Foundation, any Manager or delegate, the Custodian or any person directly related to the foregoing, may benefit materially from knowledge or participation in, or by virtue of, an investment decision.

3.3 Should a conflict of interest arise, the person in the actual or perceived conflict of interest shall immediately disclose the conflict in writing, with all relevant details, to the Chairperson of the Committee who, in turn, discloses it to all Committee members at the appropriate time. Any such party will thereafter abstain from decision making with respect to the area of conflict.

3.4 Any person having discretionary authority over the investment of the Fund is a fiduciary. This generally includes, but is not limited to, the Board of Directors and a member of a Committee or any employee, agent or advisor of the Foundation.

3.5 No part of the Fund shall be loaned to any Director or employee of the Foundation or to any person directly related thereto.

4. Plan Characteristics

4.1 The Foundation is a registered charity (#119300960RR0001) as defined by the Income Tax Act.

4.2 Part of the Foundation's mission is to provide for ongoing grant-making to meet certain community needs; thus, income stability and an adequate rate of return on investments is required on the Fund to meet the Foundation's spending policy objectives.

5. Investment Objectives

5.1 The Foundation's ultimate goal is to provide for grant-making in perpetuity. To attain this goal, the Foundation pursues the following five (5) investment objectives:

(i) The Foundation seeks to earn sufficient total returns to allow for annual disbursements in accordance with its approved spending policy. The spending policy targets 5% of average market value calculated over 3 years for grant-making and 0.5% of annual opening market value for its administrative expense recovery plus a percentage calculated annually for investment expenses. The Foundation monitors its performance against this objective by comparing actual total annual returns over moving four year periods against 5.5% adjusted annually for actual investment expenses.

(ii) Total annual returns over moving four year periods should be at least a 1% greater than a passive benchmark return that could have been earned by investing solely in the indices that make up the benchmark. The benchmark shall consist of 24% S&P /TSX Composite; 14 % S&P 500 Index (CDN.$); 5% Russell 2000 Index (CDN$) and 17 % MSCI ACWI ex (US) (CDN.$); 40% DEX Universe Bond Index . ***(Amended December 14, 2010).***

(iii) Performance results should be achieved in each asset class and for the total fund that rank above median in moving four year periods in a sample universe of similar funds identified by the Asset Management Consultant.

(iv) Over the longer term, total returns should be sufficient to grow the asset base so as to protect the purchasing power of the investment portfolio. That is, net of spending and new contributions, the objective is to grow the contributed capital value at least at the rate of inflation. The Foundation monitors its performance against this objective by comparing the growth of portfolio value against the consumer price index using 1979 as a base year. (While a 5% spending target for grant-making is the objective, the Spending Policy recognizes the potential need to adjust annual spending rates in circumstances where the long-term purchasing power of endowments is threatened.)

(v) The standard deviation of the total portfolio return should be less than that of the benchmark, measured over moving four year periods.

5.2 Investment decisions shall be made without distinction between principal and income; the decisions to realize investment gains or losses are strictly based on investment factors involved.

5.3 Investment returns are maximized given the level of risk deemed appropriate by the Committee.

5.4 The Managers provide active management and have full discretion in the selection of securities, portfolio structure and asset allocation, subject to the constraints of this Policy and of the Manager Mandates.

5.5 The broad intention of the Foundation's investment policy and corresponding investment managers is to consider Environment, Social and Governance (ESG) factors for the purpose of generating higher and more consistent returns. ***(Updated May 31, 2011)***

6. Permitted Investments

6.1 The Fund may only be invested in the following asset categories:
(Amended June 29, 2010)

(i) cash;
(ii) demand or term deposits;
(iii) short-term notes;
(iv) treasury bills;
(v) bankers' acceptances;
(vi) commercial paper;
vii) investment certificates issued by banks, insurance companies, trust companies and Credit Unions;
(viii) bonds and non-convertible debentures;
(ix) mortgages and other asset-backed securities;
(x) convertible debentures;
(xi) common and preferred stocks;
(xii) pooled funds, closed-end investment companies and other structured vehicles invested in any or all of the above asset categories; or
(xiii) income trusts.

6.2 The Fund may not hold derivative financial, commodity or currency-related instruments such as forward contracts, options, futures or swaps except in accordance with a program accepted in writing by the Committee. The use of leverage in holding these instruments will not be permitted.

6.3 Borrowing on behalf of the Fund is not permitted; the Fund will not be used to guarantee any borrowing. However, unanticipated temporary overdrafts when cash is not sufficient to settle a purchase are expected to occur.

6.4 The Foundation holds capital contributions in short-term investments prior to turning these funds over to the Investment Managers. These funds are turned over to the managers if not required to meet the Foundation's spending policy, taking into account the discipline of maintaining a balance of approximately 50/50 between the complementary equity management styles. In addition, the Foundation may hold capital contributions to the Fund in its Fixed Income Fund up to 3% of the total value of the Fund subject to the direction of the Committee.

The Foundation has investments for some specific funds that were transferred to the Foundation in kind. These investments are not part of the Consolidated Trust Fund. However, as these investments mature, the monies are rolled to the Consolidated Trust Fund.

7. Asset Allocation

7.1 The Fund's benchmark asset allocation and allowable ranges are:

Asset Class (Group)	Minimum	Bmark	Maximum
Short Term	0%	0%	5%
Bonds	34%	40%	46%
Total Fixed Income	34%	40%	46%
Canadian Stocks	18%	24%	30%
US Stocks	10%	14%	18%
US Small Cap Stocks	4%	5%	6%
International Stocks	14%	17%	20%
Total Stocks	54%	60%	66%

(Amended December 14, 2010)

7.2 The benchmark asset allocation has been determined in order to relate the Investment Manager's performance to the returns that would have been generated had the assets been invested in passive index funds according to the benchmark weights.

7.3 Short-term investments include cash and fixed income investments having a maturity of less than one year when issued.

7.4 Bonds include all mortgages and all fixed income securities having a maturity of one year and more when issued. Non-convertible preferred shares shall be included in this category.

7.5 Eligible stocks must be traded on a recognized exchange identified by the Investment Manager and approved by the Committee.

7.6 Canadian stocks include common stocks and convertible securities of Canadian issuers.

7.7 U.S. stocks include common stocks and convertible securities of U.S. issuers.

7.8 International stocks include common stocks and convertible securities of non-U.S. domiciled companies (which may be listed in the U.S. as ADRs).

7.9 Securities held in a pooled fund are classified on the basis of the assets comprising the major portion of such pooled funds.

7.10 Derivative instruments, along with any collateral held thereon where specifically approved by the Committee in writing, are included in the asset class comprising the securities whose return or price serves as the basis for the pricing of such derivative instruments.

7.11 The asset allocation policies noted establish a long-term target under normal market conditions. In periods of extreme market volatility, where managers would be forced to sell assets in order to rebalance the portfolio, the policy allows for some short-term discretion (up to a week) as a defensive measure to protect the capital of the funds. Such discretion shall be limited to +/- 5%. If such discretion is used by the manager it shall be reported to the CEO, who in turn will convey the information or circumstances to the Chair of the Investment Committee. If the use of this discretion continues for more than a week, or if conditions require more than +/- 5%, then a special meeting of the Committee will be called to formalize direction.

8. Investment Risk

8.A DIVERSIFICATION WITHIN ASSET CLASSES

8.1 Diversification between asset classes is provided through the asset allocation guidelines set forth in this Policy and by diversifying the investment style of our advisors.

8.2 Diversification within each asset class is provided by limiting the percentage of the market value of Fund assets invested in a single security not guaranteed by the Government of Canada or of a Canadian province and by restricting investments in a group of equities whose returns are expected to be highly correlated.

8.3 No more than 10% of the Canadian or Foreign equity portion of the Fund will be invested in the securities of a single issuer.

8.4 No more than 10% of the bond portion of the Fund will be invested in securities issued or guaranteed by any one corporation or municipality.

8.5 No more than 20% of the bond portfolio will be invested in securities issued or guaranteed by the government of a single Canadian province.

8.6 No more than the index weight for this sector, plus 30 percentage points in the bond portfolio, will be invested in corporate and municipal issues. Written permission from the Committee will be required in order to increase these percentages.

8.7 The Canadian stock portfolio will typically hold 30-55 securities. The Canadian stock portfolio will contain a maximum investment in any one sector of the Canadian equity market that is the greater of 3X the GICS sector index weight or 7 percentage points in excess of index weight by industry to a maximum of 35% per sector. The intention of this policy is to allow the manager to prudently overweight small industry groups (e.g., 3% index weight in health care could be maximum of 9.0%) yet be limited in exposure to large industries such as materials (e.g., 15% could be 22% maximum). In order to ensure adequate diversification, a minimum of 66% of the industry groups must be represented.

It is recognized that Canadian equities may be held within the special equity pooled funds which, by their inclusion, may slightly overweight the sector. It is not expected that the sectors within the pooled

funds be separated and reported on for the purposes of the compliance report. However a report by the investment manager, at the request of the Investment Committee, may need to be done from time to time.

8.8 The U.S. stock portfolio will typically hold 30-55 securities. The U.S. stock portfolio will contain a maximum investment in any one sector of the U.S. equity market that is the greater of 3X the GICS sector index weight or 7 percentage points in excess of index weight by industry to a maximum of 35% per sector. Guidelines for a U.S. Stock Pooled Investment Fund will take precedence over this requirement provided such guidelines and amendments are approved by the Committee.

8.9 The International stock portfolio will typically hold 70-110 securities. The portfolio will have guideline limits relative to the index as follows:

- guideline limits per security of +/-6 percentage points;
- guideline limits per industry + /-7.5 percentage point;
- guideline limits per sectors +/-9 percentage points; and
- guideline limits per countries +/-9 percentage points.

The Manager may exceed these guidelines if they deem that this is in the best interests of the Foundation, subject to providing subsequent written notification to the Committee. Holdings in securities invested in emerging markets will be permitted +/- 15% MSCI ACWI ex US index to a maximum limit of 35% of this portfolio at the time of purchase. The Committee must be informed if this Emerging Market limit is subsequently exceeded. ***(Amended June 29, 2010).***

The specific Investment Guidelines for an International Pooled Investment Fund will take precedence over this requirement, provided such guidelines and amendments are approved by the Committee.

8.B INTEREST RATE RISK

8.10 The duration of the bond portfolio will be between one and a half years either side of the duration of the Scotia Capital Markets Universe Index.

8.11 For the purpose of calculating the duration of the bond portfolio, short-term investments may be included, at the Manager's discretion. The Manager will indicate how this calculation is made in all compliance reporting to the Committee.

8.C LIQUIDITY

8.12 Liquidity is provided by not allowing investments in real estate, venture capital, and resource properties, as specified in the asset allocation guidelines set forth in this Policy.

For donations of assets which are not listed securities, concurrence of the Committee is required in order to accept the gift.

8.13 Written permission from the Committee is required in advance for the purchase of:

(i) private placements not expected to become publicly traded within 6 months of purchase; a6nd

(ii) stocks which do not trade on a recognized exchange.

8.14 No more than 10% of a single public issue will be held by the Manager on behalf of all its clients without notification to the committee.

8.15 No more than 10% of the bond portfolio will be invested in mortgages or other asset-backed securities.

8.16 No more than 10% of the Canadian stock portfolio will be invested in stocks having a market capitalization of less than $500 million; the portfolio will have a weighted average capitalization greater than $4 billion.

8.17 No more than 10% of the U.S. stock portfolio will be invested in stocks having a market capitalization of less than $1 billion U.S.; the portfolio will have a weighted average capitalization greater than $8 billion.

8.18 No more than 10% of the International stock portfolio will be invested in stocks having a market capitalization of less than $250 million; the portfolio will have a weighted average capitalization greater than $4 billion.

8.D QUALITY

8.19 Short-term investments will have a minimum credit rating of R-1* or its equivalent when purchased.

8.20 At least 90% of the bond portfolio investments will have a minimum credit rating of A- (credit rating used by Dominion Bond Rating Service and S & P). or equivalent when purchased. Up to 10% of the bond portfolio may be invested in bonds with a BBB rating. *(Revised and Approved June 23, 2009).*

8.21 The weighted average credit rating of the bond portfolio will be maintained at or above A+.

8.22 The Manager will notify the Committee and take immediate action to correct the situation when:

(i) more than 5% of the market value of short-term securities has a credit rating lower than R-1* or its equivalent; or

(ii) more than 10% of the market value of bond portfolio investments has a credit rating lower than A** or its equivalent.

8.23 Unrated bonds will be assumed to fail all of the credit ratings referred to in this section.

8.24 Notwithstanding other provisions of this section, the Manager will be entirely responsible for establishing the creditworthiness of issues. Defaults cumulatively over one year exceeding 3% of the Fund's market value will lead to a formal review of the services provided by the Manager. This review may lead to a dismissal.

* credit ratings used by the Dominion Bond Rating Service
** credit ratings used by the S&P

8.E CURRENCY

8.25 Currency risk is controlled by limiting the investment in foreign stocks, as specified in the asset allocation guidelines set forth in the Policy.

8.26 No more than 20% of the market value of the bond portfolio will be denominated in foreign currencies.

8.27 The Manager will not hedge foreign currency exposure without the written permission of the Committee.

9. Short Term Funds

9.1 The Foundation also operates a **Fixed Income Fund (FIF).** The approved policy guidelines surrounding this fund are:

The Foundation's objective in establishing a FIF is to maximize its return on short-term investments that are not held in its Fund. These investments may include operating funds, grants payable, temporary capital, flow-through funds and the Fund monies not yet turned over for long-term management. The FIF also consists of permanent gifts where the donor specifies that the equity investments normally held in the Fund are not permitted.

Using a laddered approach of staggered maturity/redemption dates of up to 60 months (five years), the FIF is placed into a balance of government and corporate fixed income investments in accordance with this policy. To the extent feasible and prudent, maturity/redemption dates will be equally weighted for each 6 month period within the permitted 60 month horizon of this Fund.

An alternative to this laddered bond fund, the Foundation may purchase other short term instruments listed as permitted investment s with maturity /redemption dates that will be equally weighted for reach 6 month period within a 60 month period. ***(Amended June 29, 2010).***

The performance objective will be 0.25% in excess of the annual rate of return of the Scotia Capital Short Term Bond Total Return Index measured over moving average four year periods.

This FIF is established with monies that are not expected to be withdrawn for immediate cash flow needs and, as a result, investments are made on the basis of a buy and hold strategy.

For any of the Foundation's endowments to become solely invested in the FIF, the initial contribution should be no less than $100,000 Canadian dollars.

The FIF portion contained within the Consolidated Trust Fund will comprise no more than 3% of the overall Consolidated Trust Fund portfolio.

The FIF overall will be comprised of the following bond mixes:

	Min.	Max.
Government of Canada Bonds (or cash)	35%	80%
Provincial Bond and Guarantees	0%	65%
Corporate/Municipal Bonds	0%	65%

No more than 20% of the FIF will be invested in securities issued or guaranteed by the government of a single Canadian province.

No more than 10% of the FIF will be invested in the securities issued or guaranteed by any one corporation or municipality.

The weighted average credit rating will be maintained at or above A++.

At least 90% of the bond portfolio investments will have a minimum credit rating of A- (credit rating used by S&P Canada Bond Rating Service) or equivalent when purchased. Up to 10% of the bond portfolio may be invested in bonds with a BBB rating. *(Revised and Approved June 23, 2009).*

No more than 20% of Market Value will be denominated in foreign currencies.

9.2 The Foundation also operates a **Short Term Investment Fund** for the purpose of maximizing income on cash that is expected to be used in the foreseeable future. The Short Term Investment Fund may hold cash available for granting, flow through funding, administrative funds, capital which is temporary or permanent capital which has not yet been turned over to the long-term investment managers. The investment criteria for this fund are:

- all investments will be with issuers who have a credit rating of at least R-1 (Low) (Dominion Bond Rating Services) or its equivalent;
- each investment will have a maximum term to maturity of one year;
- the average term of the entire Fund will generally range from seven days to 90 days;
- all securities will be marketable; and
- there is a maximum 10% investment in any one issuer other than government issuers.

This document does not make further references to the Short Term Investment Fund.

10. Leverage

10.1 Borrowing on behalf of the Fund is only permitted as a result of unanticipated requests by the Committee and of anticipated overdrafts when cash is not sufficient to settle a purchase. The Manager notifies the Committee where such borrowing remains outstanding for more than five business days.

10.2 The Fund will not guarantee any borrowing.

10.3 The Fund will not engage in short sales.

10.4 The Fund will not engage in the purchase of securities on margin.

11. Voting Rights

11.1 Voting rights on Fund securities are delegated to the Manager. However, the Committee reserves the right to exercise voting rights on Fund securities when it deems appropriate.

11.2 The Manager maintains a record of how Fund voting rights have been exercised.

11.3 In case of doubt as to the best interests of the Fund, the Manager requests instructions from the Committee and acts in accordance with such instructions.

12. Monitoring

12.1 Each quarter, the Manager provides a letter indicating compliance with the provisions of the Policy and indicating instances where such provisions were violated. The Manager is required to report immediately any breach of compliance in writing, along with pertinent details, explanations and remedial action taken. Continuing variation from the Investment Manager's Mandate is not acceptable without a formal written amendment to the Mandate agreed to by the Committee.

12.2 As of the end of each quarter, the market value of each Fund investment is calculated. Investments that are not regularly traded are valued by the Custodian according to a methodology acceptable to the Committee. Any such investment that may represent more than 1% of the market value of the Fund is valued by a qualified independent appraiser or by the Committee through a unanimous resolution at least every three years.

12.3 Each quarter, Fund performance is evaluated by the Asset Management Consultant. Such evaluation is focused on objectives set for the Fund and for the Manager.

12.4 The Manager reports to the Committee to:

(i) provide information concerning new developments affecting the firm and its services;

(ii) review transactions in the latest period and assets held at the end of the period and explain how they relate to the strategy advocated;

(iii) explain the latest performance; and

(iv) provide an economic outlook along with a strategy under such circumstances.

13. Statement Review

13.1 The Policy is reviewed at least annually.

13.2 Material changes in the following may cause a revision:

(i) long-term risk/return trade-off in the capital markets;

(ii) Plan spending policy;

(iii) risk tolerance; or

(iv) legislative environment.

14. Rebalancing Policy

14.1 The manager benchmark and allowable ranges are as follows:

Asset Class (Group)	Minimum	Bmark	Maximum
Balanced Fund Manager	36%	39%	42%
Balanced Fund Manager	36%	39%	42%
US Small Cap Stocks Mger	4%	5%	6%
International Stocks Mger	14%	17%	20%
Total Stocks	90%	100%	110%

(Amended December 14, 2010)

14.2 On completion of the quarterly financial statements, staff review the asset benchmark allocation to actual holdings among different portfolio managers.

14.3 In order to keep the overall portfolio within the benchmark ranges, excess cash flow derived from excess gifts over administration and grant expenses are directed to the manager(s) that are underweight in their mandate. Managers overweight in their mandate do not receive new cash.

14.4 Cash calls from managers are required only if the asset mix exceeded the ranges stipulated in the above chart and net cash flow from normal operations do not bring the portfolio within the approved ranges. The cash rebalancing is intended to bring the manager that is over/under the range back to 50% of the difference between the respective benchmark weight and maximum/minimum.

14.5 The target allocation to each balanced fund manager is 40% of the total portfolio. Each balanced fund manager has the discretion to balance their asset mix within the ranges specified in their mandate.

14.6 Mandate for Canadian Balanced Managers
The benchmark asset allocation and allowable ranges are as follows:

Asset Class (Group)	Minimum	Bmark	Maximum
Short Term	0%	0%	5%
Bonds	46%	51%	56%
Total Fixed Income	46%	51%	56%
Canadian Stocks	26%	31%	36%
US Stocks	15%	18%	21%
Total Stocks	44%	49%	54%

(Amended December 14, 2010)

Appendix to the Asset Management Governance Plan

Checklist of Recurring Committee Actions

Action	minimum frequency
Hold Committee meeting	SA
Obtain performance evaluation report	Q
Obtain report from and meet with:	
Canadian Balanced Manager	SA
Asset Management Consultant	SA
Specialty Portfolio Manager	A
Evaluate services of agents and advisors	A
Review policies and guidelines	A
Obtain confirmation of compliance from Investment Manager	Q
Prepare due diligence report for the Board	A

Appendix to the Statement of Investment Policies and Guidelines

Legend:

Semi-Annually	SA
Quarterly	Q
Annually	A

Conflict of Interest Policy
June 26, 2007

A statement of principle

Integrity is a core value of The Winnipeg Foundation and all actions of the Board, management and staff are founded on the principle of ethical community leadership.

The Board, management and staff are conscious of the possible or perceived conflict of interest which may arise in the normal course of business or as a result of Board Members being connected to charitable organizations which have received, or may apply for, a grant from The Winnipeg Foundation. At the same time, it is recognized that the process of selection of Board Members inherently involves seeking individuals that are, and will continue to be, active in the community. Likewise, The Winnipeg Foundation does not desire to deprive other charitable organizations, although they may be prospective applicants, from seeking the involvement and expertise of our Board Members.

It is in this context that the following policy is adopted:

Definitions

"**Integrity**" means conducting all affairs of The Winnipeg Foundation in an honest, forthright and impartial manner and building our community relationships on the basis of respect for the values, perspectives and aspirations of others.

"**Conflict of interest**" means a perceived, potential or actual conflict of interest between the unbiased exercise of judgment on behalf of The Winnipeg Foundation and:

- a perceived, potential or actual obligation to a person or organization that might benefit from special consideration related to a grant application; or

- a perceived, potential or actual benefit accruing to an individual, corporation, partnership, other business enterprise or non-profit organization of which the Board or staff member or volunteer or a person in his or her immediate family ("immediate family" includes anyone living in the same household) is an officer, director, partner or substantial shareholder.

Policy Provisions

(1) Obligation to Declare:

Upon consideration of any application for funding assistance from an organization with which the Director or staff member is affiliated, that affiliation shall be disclosed. The individual so affiliated shall declare a conflict and leave the room during discussions and shall not vote or use personal influence on Board action. The abstention shall be noted in the Minutes.

- It is the responsibility of each Member of the Board to advise the Secretary of organizations with which the Member or his/her immediate family have affiliation and which have received a grant from The Winnipeg Foundation in the past or might reasonably be expected to apply for a grant in the future. Foundation staff, when made aware of these potential conflicts, shall list such potential conflicts of interest on the meeting agenda. To facilitate this process and as a reminder of the policy, the Secretary shall circulate a copy of the

Conflict of Interest Policy at the first Board meeting in December of each year and immediately thereafter to all Directors and staff not in attendance at this meeting.

- It is the responsibility of the Chief Executive Officer to assure that the Board is aware of any potential staff conflicts of interest resulting from a staff member or his/her immediate family having affiliation with an organization, which has received a grant from The Winnipeg Foundation or might reasonably be expected to apply for a grant in the future.
- No employee shall participate in the decision making process surrounding a grant application where there is a perceived, potential or actual conflict of interest. As a general rule, staff can take an active role in community organizations even where those organizations are prospective grant recipients provided that no employee shall participate in the decision making process surrounding a grant application where there is a perceived, potential or actual conflict of interest. As part of this policy, the Chief Executive Officer shall ask each staff member to identify on an annual basis those organizational relationships which could potentially result in the need to declare a conflict. This list shall be included on a Board Governance Committee agenda each year.

A declaration of a conflict of interest shall not affect the quorum of the meeting.

(2) Confidentiality of Information:

Information about community projects reviewed by The Winnipeg Foundation is not generally considered to be confidential but some guidelines do apply:

- It is expected by applicants that information will be used with discretion;
- No information obtained through involvement with The Winnipeg Foundation is to be used for personal gain;
- The Board acts as a whole and positions of individual Board Members during deliberations are not disclosed – the privacy of discussion pertaining to Board decisions shall be respected;
- Third party opinions, provided with respect to grant applications, are treated in confidence; and
- Donor requests regarding confidentiality are always respected.

Matters related to personnel, litigation and property transactions are considered private.

(3) Full Disclosure:

No undisclosed or unrecorded asset or account is to be held or established for any purpose at The Winnipeg Foundation. No false or misleading entries will be made in the books and records of The Winnipeg Foundation for any reason. No payments will be approved or made with the knowledge or intention that any part is to be used for any purpose other than that described in the supporting documentation.

(4) Non-monetary Transactions:

No Member of the Board or staff of The Winnipeg Foundation shall use for personal gain or advantage the Foundation's facilities, equipment, mailing lists, computer data, employee time or other assets.

(5) Acceptance of Gifts:

No Board member, officer, employee or volunteer shall accept gifts (other than of nominal nature) or use their position at The Winnipeg Foundation to obtain personal gain from those doing or seeking to do business with The Winnipeg Foundation.

6) *Non-Compliance:*

The Chairman or the Chief Executive Officer, as the case may be, shall assess the circumstances surrounding any non-compliance with this policy and shall make a recommendation to the Board of Directors.

(7) Orientation Program:

This Conflict of Interest Policy shall form part of the orientation of every Board Member, employee and volunteer of The Winnipeg Foundation.

(8) Public Statement:

The Annual Report of The Winnipeg Foundation shall include a brief statement, referencing adherence to a written conflict of interest policy.

Appendix B

"Investment Policy Statement & Investment Opportunities and Risks in a Recovering Economy"

Berks County Community Foundation

Berks County Community Foundation
Investment Policy Statement

I. DEFINITIONS

A. Purpose

The purpose of this Investment Policy Statement is to establish a clear understanding of the investment objectives and philosophy for the Berks County Community Foundation (hereinafter, "Foundation"). This document will describe the standards utilized by the Investment Committee (hereinafter, "Committee") in monitoring investment performance, as well as, serve as a guideline for any investment manager retained.

While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term distributions with preservation of the real, inflation-adjusted value of assets, is crucial to the long-term success of the Foundation.

B. Scope

This document applies to assets that are a part of the Foundation and for which the Committee and investment manager have discretionary authority.

C. Investment Objective

The primary investment objective of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses thus, at a minimum maintaining the purchasing power of the Foundation. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending.

D. Fiduciary Duty

In seeking to attain the investment objectives set forth, the Committee shall exercise prudence and appropriate care in accordance with the Uniform Prudent Investor Act (UPIA). UPIA requires fiduciaries to apply the standard of prudence "to any investment as part of the total portfolio, rather than to individual investments". All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Board/ Committee of all material facts regarding any potential conflicts of interests.

As summarized for the purposes of this Investment Policy Statement, the UPIA states that the Committee is under a duty to the Foundation to manage the funds as a prudent investor would, in light of the purposes, scope, objectives and other relevant circumstances. This standard requires the exercise of reasonable care, skill, and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation. In making and implementing investment decisions, the Committee has a duty to diversify the investments unless, under special circumstances, the purposes of the Foundation are better served without diversifying.

In addition, the Committee must conform to fundamental fiduciary duties of loyalty and impartiality. This requires the Committee to act with prudence in deciding whether and how to delegate authority, in the selection and supervision of agents, and incurring costs where reasonable and appropriate.

E. Description of Roles

1. **Board of Directors**

   The Board of Directors is responsible for adopting the provisions of this Investment Policy Statement.

2. **Investment Committee**

   The Investment Committee is responsible for approving investment strategy; hiring and firing of investment managers, custodians, and investment consultants; monitoring performance of the Foundation on a regular basis (at least quarterly); and maintaining sufficient knowledge about the Foundation and its managers to be reasonably assured of their compliance with the Investment Policy Statement.

3. **Chief Financial Officer**

   The CFO has daily responsibility for administration of the Foundation and will consult with the Committee and the investment consultant on matters relating to the investment of the Foundation. The CFO will serve as primary contact for the Foundation's investment managers, investment consultant, and custodian.

4. **Investment Consultant**

   The investment consultant is responsible for assisting the Committee and CFO in all aspects of managing and overseeing the investment portfolio. The consultant is the primary source of investment education and investment manager information. On an ongoing basis the consultant will:

   a. Provide proactive recommendations
   b. Supply the Committee with reports (e.g. asset allocation studies, investment research and education) or information as reasonably requested
   c. Monitor the activities of each investment manager or investment fund
   d. Provide the Committee with quarterly performance reports
   e. Review this Investment Policy Statement with the Committee

F. Spending Policy

The purpose of this policy is to insure that the distributions from permanent funds entrusted to the Community Foundation are managed in a way that preserves the purchasing power over time of each fund; integrates with the Community Foundation's investment guidelines and provides a predictable flow of charitable support for the community.

In general any fund of the foundation with an expected life of ten years or more will be covered by this policy, unless otherwise provided for in the fund agreement. Such funds will be invested in the Community Foundation's endowment pool.

General Policy on Distribution

- Unless otherwise provided for by the fund agreement, minimum dollar amount to establish an endowment fund is $10,000 and distributions for the charitable purposes of the fund shall be limited to five percent of the fair market value of the fund annually, as determined by the provisions of this policy. Such amounts, after being drawn from the endowment pool shall be

transferred to the distribution grant making savings account.

- All allocations of income and changes in market value shall be made before investment management fees are deducted from the portfolio.

- The Community Foundation's investment policy seeks to maximize the investment returns using a "total return" approach. Accordingly, distributions from the endowment pool shall be made without regard to their status as income or principal.

- No distribution shall be made from any fund unless the fund has existed for at least three full calendar quarters prior to the distribution.

- The fair market value of the fund shall be determined by calculating the average fair market value for each of the preceding twelve calendar quarters. For funds with less than twelve calendar quarters of history, as many quarters as are available shall be used in the calculation.

- Charitable purpose distributions from the endowment pool shall be drawn no more than twice a year using the trailing twelve quarters ending June 30th and/or December 31st.

- In the event that any fund receives a contribution exceeding twenty percent of the fair market value of the fund, the CFO may, in his or her discretion, begin to treat the fund as though it were new for the purposes of calculating the appropriate number of quarters to use in determining the amount to be drawn from the fund.

Exceptions: Exceptions to this policy may be made through the establishing fund agreement (as provided herein) or by the Board of Directors.

II. INVESTMENT PHILOSOPHY

A. Strategy

The Committee understands the long-term nature of the Foundation and believes that investing in assets with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities, including real assets (real estate). Real assets provide the added benefit of inflation protection.

Fixed income and absolute return strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the Foundation, but is a residual to the investment process and used to meet short-term liquidity needs.

B. Asset Allocation

Asset allocation will likely be the key determinant of the Foundation's returns over the long-term. Therefore, diversification of investments across multiple markets that are not similarly affected by economic, political, or social developments is highly desirable. A globally diversified portfolio, with uncorrelated returns from various assets, should reduce the variability of returns across time. In determining the appropriate asset allocation, the inclusion or exclusion of asset categories shall be based on the impact to the total Foundation, rather than judging asset categories on a stand alone basis.

The target asset allocation should provide an expected total return equal to or greater than the primary objective of the Foundation, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall portfolio level. To achieve these goals, the asset allocation will be set with the following target percentages and within the following ranges:

ASSET CATEGORY	TARGET	RANGE
GLOBAL EQUITY	**75.0%**	**50-90%**
Public	***70***	***50-85***
U.S. Equities	50	35-80
Large Cap	*37*	*0-45*
Mid Cap	*0*	*0-20*
Small Cap	*13*	*0-20*
International Equities	20	5-30
Developed Large Cap	*10*	*0-15*
Developed Small Cap	*5*	*0-10*
Emerging Markets	*5*	*0-10*
Hedge Funds - Directional	***5.0***	***0-10***
Private	***0.0***	***0-10***
Venture Capital	0	0-5
Buyout	0	0-5
Special Situations	0	0-5
GLOBAL FIXED INCOME	**17.5**	**10-40**
Interest Rate Sensitive	***11.67***	***5-40***
Investment Grade	11.67	0-40
Inflation Protected (TIPS)	0	0-10
Credit	***5.83***	***0-15***
High Yield	0	0-10
Bank Loans	5.83	0-10
REAL ESTATE	**2.5**	**0-10**
ABSOLUTE RETURN	**5.0**	**0-10**
CASH	**0**	**0-10**

C. Active vs. Passive Management

The asset allocation will be implemented using both active and passive investment managers. Highly efficient areas of the capital markets will be managed using primarily index funds and enhanced index/portable alpha strategies due to the low probability of traditional active management outperforming an appropriate benchmark.

D. Investment Styles

The Committee understands investment styles (growth and value) are cyclical, but believes that over the long-term, value stocks outperform growth stocks and this is more pronounced for smaller market capitalization (cap) stocks. Therefore, the Foundation will employ a strategic overweight to value stocks, with a larger value overweight to mid and small cap stocks. Additionally, the Foundation will employ a strategic tilt towards smaller market cap stocks, due to the Committee's belief that over the long-term, small cap stocks outperform large cap stocks, although with higher volatility relative to larger cap stocks.

E. Rebalancing

The CFO will monitor the asset allocation structure of the Foundation and attempt to stay within the ranges allowed for each asset category. If the portfolio moves outside of the ranges the CFO,

with advice from the investment consultant, will develop a plan of action to rebalance. In many cases the additions of new money or withdrawals for spending will be used to rebalance in a cost effective manner.

F. Liquidity

A goal of the Foundation is to maintain a balance between investment goals and liquidity needs. Liquidity is necessary to meet the spending policy payout requirements and any extraordinary events. The Committee understands that in many instances, the most appropriate investment option is one that comes with liquidity constraints. The tradeoff between appropriateness and liquidity will be considered throughout the portfolio construction process.

G. Illiquid and Semi-Liquid Investments

Illiquid investments include private equity, private real estate, and natural resources. Hedge funds are considered semi-liquid due to lock-up periods, redemptions, restrictions, and in some cases, illiquidity of the underlying investments.

1. **Private Equity**

   The objective of the private equity allocation is to outperform, over the long-term, the public equity markets by 3-5% points, net of fees. The return premium exists due to the lower cost of capital, higher risk, lack of liquidity, and the uneven distribution of information and access inherent in private markets.

   For the private equity allocation to achieve the expected objectives without unnecessary risk, the Foundation should seek access to top-quality managers and be diversified. Individual funds may be concentrated in a particular sector, stage, or geographic region, but the overall private equity allocation should be diversified. A prudent investment strategy will consider the following areas for diversification.

   a. **Sub-Category**

      The target allocations to venture capital, buyout, and special situations (distressed, mezzanine, infrastructure etc.) will serve as a guideline for committing capital. As commitments to private equity are drawn down and invested over a period of years, and distributions are returned, the committed capital will be greater than the target allocation in order to reach the target market value.

   b. **Vintage Year**

      Capital should be committed continuously and thoughtfully over time. Returns are highly dependent on market cycles and stage of the investment cycle. A portfolio diversified by vintage years will reduce unnecessary risk and provide more consistent long-term returns.

   c. **Manager**

      Investments should be considered with several private partnerships (or a fund of funds) to mitigate manager specific, as well as deal specific risk.

   d. **Stage**

      Investments should be considered across the life cycle of businesses. Within venture capital, this includes early, mid, and late stage companies. Buyout investments consist of small, mid, and large market firms, and may be in the form of traditional buyouts, growth equity, recapitalizations, or restructuring.

   e. **Geography**

      Investments should be considered across the U.S. and internationally (developed and emerging markets).

f. **Sector**
The portfolio should be diversified by sector, as well as across industries within a sector.

2. **Hedge Funds**
The objective of the hedge fund allocation is to diversify the Foundation and provide returns with low correlation to the public equity and fixed income markets via structural advantages, including controlling market exposure through hedging and increased exposure to manager skill through unconstrained investment management and opportunistic investing.

Hedge funds are not an asset class, but rather an investment vehicle. The majority of hedge funds will have a "lock-up" period of 1-3 years from the date of investment, during which time money generally cannot be withdrawn. Once the lock-up period expires, most hedge funds will then allow redemptions only at scheduled intervals (quarterly, semi-annually, etc.). Hedge funds, therefore, are semi-liquid investments due to the structure of the vehicle rather than the underlying investments (which may or may not be liquid).

For the hedge fund allocation to achieve the expected objectives without unnecessary risk, the Foundation should seek access to skilled managers and be diversified. Individual hedge funds may be concentrated on a particular strategy, market or geographic region, but the overall allocation should be diversified. A prudent investment strategy will consider the following areas for diversification.

a. Strategy
The hedge fund universe can be divided into two broad categories: Absolute Return and Directional. Below are the definitions and examples of these strategies.

i. **Absolute Return**
These strategies are generally non-directional (not correlated to the markets) and tend to utilize multiple strategies that seek to exploit idiosyncratic (unique, non-market) risks that are not impacted by broad economic, political, or social events. Examples of these strategies include: Equity Market Neutral, Fixed Income Arbitrage, Merger Arbitrage, Convertible Arbitrage, and Relative Value Arbitrage.

ii. **Directional (Equity Hedge)**
These strategies tend to opportunistically invest in a broadly defined market with few constraints. As directional strategies, these funds will tend to be somewhat correlated with market movements, but generally do not closely track a market benchmark. These funds will take both long and short positions, use leverage, and actively manage market exposure. Examples of these strategies include Equity Hedge, Event-Driven, Global Macro, Distressed Securities, Emerging Markets, and Short Selling.

b. Manager Diversification
A "core-satellite" approach of combining a core allocation of fund of funds, with satellite investments in direct funds mitigates manager specific, as well as strategy specific risk.

III. Evaluation & Performance Measurement

A. Total Fund Benchmarks
The Committee seeks to outperform its benchmarks over full market cycles and does not expect that all investment objectives will be attained in each year. Furthermore, the Committee recognizes that over various time periods, the Foundation may produce significant

deviations relative to the benchmarks. For this reason, investment returns will be evaluated over a full market cycle (for measurement purposes: 5 years).

1. The primary objective of the Foundation is to achieve a total return, net of fees, equal to or greater than spending, administrative fees, and inflation. The primary objective of the Foundation is:

   Total Return greater than Consumer Price Index + Spending Policy + Administrative Fees

2. A secondary objective is to achieve a total return in excess of the Broad Policy Benchmark comprised of each broad asset category benchmark weighted by its target allocation.

   The current Broad Policy Benchmark is:

WEIGHT	INDEX	ASSET CATEGORIES
55%	Russell 3000	U.S. Equity / Real Assets
20	MSCI ACWI ex-US	International Equity / Real Assets
25	LB Aggregate Bond	Global Fixed Income / Absolute Return / Real Assets

B. Manager Evaluation

1. Each active liquid (and hedge fund) investment manager will be reviewed by the Committee on an ongoing basis and evaluated upon the criteria listed below. The Committee expects the managers to outperform the benchmarks over a full market cycle (for measurement purposes: 5 years). The Committee does not expect that all investment objectives will be attained in each year and recognizes that over various time periods, investment managers may produce significant underperformance. Each investment manager will be reviewed on an ongoing basis and evaluated on the following criteria:

   Maintaining a stable organization
   1. Retaining key personnel
   2. Avoiding regulatory actions against the firm, its principals, or employees
   3. Adhering to the guidelines and objectives of this Investment Policy Statement
   4. Avoiding a significant deviation from the style and capitalization characteristics defined as "normal" for the manager
   5. Exceeding the return of the appropriate benchmark and, for equity managers, produce positive alpha (risk-adjusted return) within the volatility limits set in the "Summary of Quantitative Performance Objectives" table
   6. Exceeding the median performance of a peer group of managers with similar styles of investing

2. Although there are no strict guidelines that will be utilized in selecting managers, the Committee will consider the criteria above, as well as, the length of time the firm has been in existence, its track record, assets under management, and the amount of assets the Foundation already has invested with the firm.

C. Summary of Quantitative Performance and Risk Objectives

1. **Liquid and Semi-Liquid Active Managers**
The following table summarizes the quantitative performance objectives for the liquid and semi-liquid (hedge fund) active managers. Managers failing to meet these criteria over a full market cycle will undergo extensive qualitative and quantitative analysis. This analysis will focus on the manager's personnel, philosophy, portfolio characteristics, and peer group performance to determine whether the manager is capable of implementing their defined portion of the overall portfolio structure. These managers are expected to outperform their primary benchmark, and the equity (and REIT) managers are expected to maintain a beta (vs. the primary benchmark) of less than 1.20.

ASSET CATEGORY	PRIMARY BENCHMARK	PEER UNIVERSE
Global Equity		
U.S. Large Cap	S&P 500	Top 50%
U.S. Mid Cap	Russell Midcap	Top 50%
U.S. Small Cap	Russell 2000	Top 50%
International Developed	MSCI EAFE	Top 50%
International Small Cap	MSCI EAFE Small Cap	Top 50%
Emerging Markets	MSCI Emerging Markets	Top 50%
Global Fixed Income		
Investment Grade Bonds	LB Aggregate Bond	Top 50%
TIPS	LB TIPS	Top 50%
High Yield	Merrill Lynch High Yield	Top 50%
Bank Loans	CSFB Leveraged Loan	Top 50%
Real Estate		
REITs	S&P / Citi BMI World PPTY Index ex US	Top 50%
Hedge Funds		
Directional	HFRI Fund of Funds	-
Absolute Return	HFRI Fund of Funds	-

2. **Public Liquid Passive Managers**
Passive (or index) managers are expected to approximate the total return of its respective benchmark. The beta for passive equity managers should approximate 1.00.

3. **Private Illiquid Managers**
The majority of private equity, private real estate, and natural resource funds will be invested with private partnerships. These partnerships typically range from 7-15 years in life, during which time the Foundation may not be able to sell the investment. Additionally, the partnership may not produce meaningful returns for 3-5 years (depending on the strategy). New investments will create a drag on fund performance in the early years (3-5 years) until these investments begin to mature. This drag on performance is often referred to as the J-curve, due to the shape created by plotting a line graph with performance on the y-axis and time on the x-axis. Private, illiquid manager performance will be measured utilizing internal rate of return (IRR) calculations and compared to an appropriate peer group. An IRR calculated from the inception of the partnership will be the primary performance measurement tool utilized for all private equity, private real estate, and natural resource managers.

   a. **Private Equity**
   Returns will be compared to the appropriate peer group in the Thompson Financial Venture Economics universe of similar style (buyout or venture capital) and vintage year.

IV. GUIDELINES & RESTRICTIONS

A. Overview

In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the investment objectives. Any such list is likely to be too inflexible to be suitable of the market environment in which investment decisions must be evaluated. Therefore, the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, will determine whether an appropriate standard of reasonableness, care and prudence has been met for the Foundation's investments.

The requirements stated below apply to investments in non-mutual and non-pooled funds, where the investment manager is able to construct a separate, discretionary account on behalf of the Foundation. Although the Committee cannot dictate policy to pooled/mutual fund investment managers, the Committee's intent is to select and retain only pooled/mutual funds with policies that are similar to this Investment Policy Statement. All managers (pooled/mutual and separate), however, are expected to achieve the performance objectives. Each traditional equity and fixed income investment manager shall:

1. Have full investment discretion with regard to security selection consistent with this Investment Policy Statement
2. Immediately notify the CFO and consultant in writing of any material changes in the investment philosophy, strategy, portfolio structure, ownership, or senior personnel
3. Make no purchase that would cause a position in the portfolio to exceed 5% of the outstanding voting shares of the company or invest with the intent of controlling management

B. Public Equity Manager Guidelines (including REITs)

Each active equity investment manager shall:

1. Assure that no position of any one company exceeds 8% of the manager's total portfolio as measured at market
2. Vote proxies and share tenders in a manner that is in the best interest of the Foundation and consistent with the investment objectives contained herein
3. Maintain a minimum of 25 positions in the portfolio to provide adequate diversification;
4. Construct a properly diversified portfolio across sectors and industries
5. U.S. equity managers should have no more than 20% of the total portfolio invested in foreign stocks or American Depository Receipts (ADRs)

C. Public Fixed Income Manager Guidelines

1. Each investment grade fixed income investment manager shall:
    a. Maintain an overall weighted average credit rating of A or better by Moody's and Standard & Poor's
    b. Hold no more than 10% of the portfolio in below investment grade (Baa/BBB) securities. Split rated securities will be governed by the lower rating
    c. Maintain a duration within +/-20% of the effective duration of the appropriate benchmark (does not apply to TIPS managers)
    d. Assure that any one issuer does not exceed 5% of the manager's portfolio, as measured at market value, except for securities issued by the U. S. government or its agencies

2. Each high yield/bank loan investment manager shall:
    e. Maintain an overall weighted average credit rating of B or better by Moody's and Standard & Poor's
    f. Hold no more than 20% of the portfolio in investments rated below B. Split rated securities will be governed by the lower rating
    g. Assure that any one issuer does not exceed 5% of the manager's portfolio, as measured at market value, except for securities issued by the U. S. government or its agencies

D. Illiquid and Semi-Liquid Investment Guidelines

Each investment will require a signed Subscription Agreement and Limited Partnership Agreement. The Foundation may wish to have these documents reviewed by independent legal counsel. As these investments are typically private limited partnerships or offshore corporations, the Committee cannot dictate policy. The Committee, however, can request side letters for revisions or addendums to the Limited Partnership Agreement. The manager is ultimately responsible to manage investments in accordance with the Private Placement Agreement (PPM) and Limited Partnership Agreement.

The Foundation is a tax-exempt organization, but certain investments may be subject to taxation on Unrelated Business Taxable Income (UBTI). Given that net risk-adjusted returns are the primary objective of the Foundation, potential tax ramifications must be considered during the investment analysis and selection process. The Foundation shall seek to minimize UBTI by selecting investment structures and geographic locations most beneficial to the Foundation.

E. Derivative Security Guidelines

1. For definition purposes, derivative securities include, but are not limited to, structured notes, lower class tranches of collateralized mortgage obligations (CMOs), collateralized loan obligations (CLOs), principal only (PO) or interest only (IO) strips, inverse floating rate securities, futures contracts, forward contracts, swaps, options, short sales, and margin trading. Before allowing managers to utilize derivative instruments, the Committee shall consider certain criteria including, but not limited to, the following:
    1. Manager's proven expertise
    2. Value added by utilizing derivatives
    3. Liquidity of instruments
    4. Amount of leverage
    5. Management of counterparty risk
    6. Manager's internal risk controls and procedures

2. The strategies in which derivatives can be used are:
    1. Index Funds – Derivatives (typically futures contracts) will be used to securitize cash in order to fully replicate the performance of the index being tracked.
    2. Portable Alpha – Derivatives (typically futures or swaps) will be used to generate "beta", while the notional exposure amount is actively managed to generate "alpha".
    3. Fixed Income – Derivatives will be used as a cost efficient means to control and/or hedge risks such as duration, credit, and currency.
    4. Overlay/Transition Management – Derivatives (typically futures contracts) will be used to securitize cash to maintain the target asset allocation without buying and selling physical securities.
    5. Hedge Funds – Derivatives will be used for many purposes. These uses include hedging, risk management, leverage, and market exposure. Due to the wide variety of

strategies in which hedge funds employ, broad policies regarding prudent use of derivatives cannot be easily defined.

Investment Opportunities and Risks in a Recovering Economy

Berks County Community Foundation (BCCF)

Investment Briefing

February 9, 2011

Fund Evaluation Group®
investment advisors

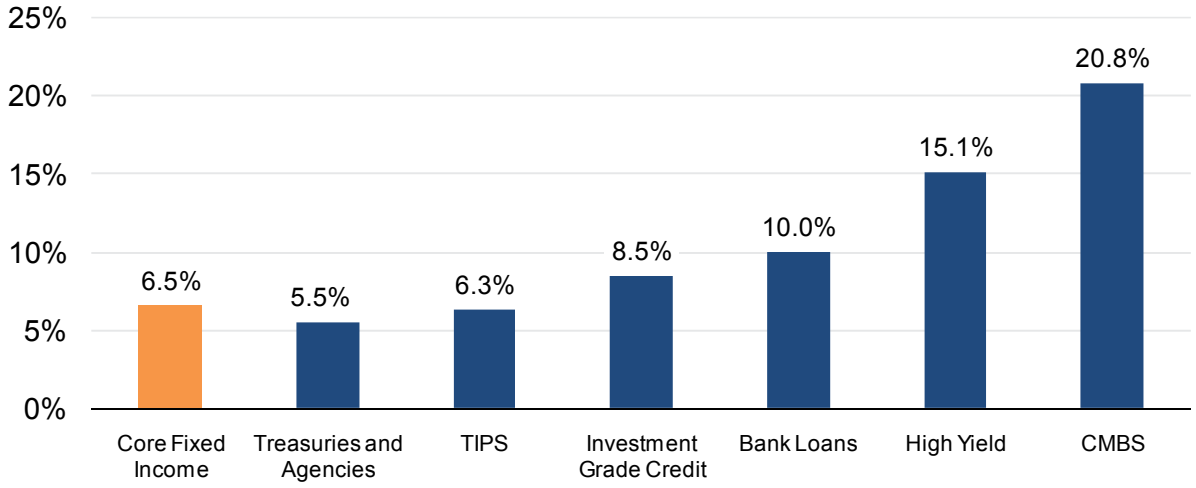
2010 Summary

What we said: Global Fixed Income

- ***CMBS –*** *Commercial mortgage backed securities offer attractive yields, compensating for expected turmoil in commercial real estate.*
- ***Investment Grade Credit –*** *Reasonable yields and low risk of defaults creates attractiveness.*
- ***High Yield –*** *Spreads approaching historic averages, yet yields adequately compensate for risk as defaults are expected to decline.*
- ***TIPS –*** *Although unlikely to generate high returns, provide inflation protection.*
- ***Treasuries –*** *Unattractive due to low yields.*

What happened:

Performance Summary as of December 31, 2010
Returns in U.S. dollars



Source: Barclays and CSFB

- Improvements in commercial real estate supported a rally in CMBS.
- Investment grade credit returns were strong amid increased issuance.
- High yield posted double-digit returns with risk assets outperforming Treasuries.
- TIPS outperformed Treasuries and agencies amid fears of inflation.

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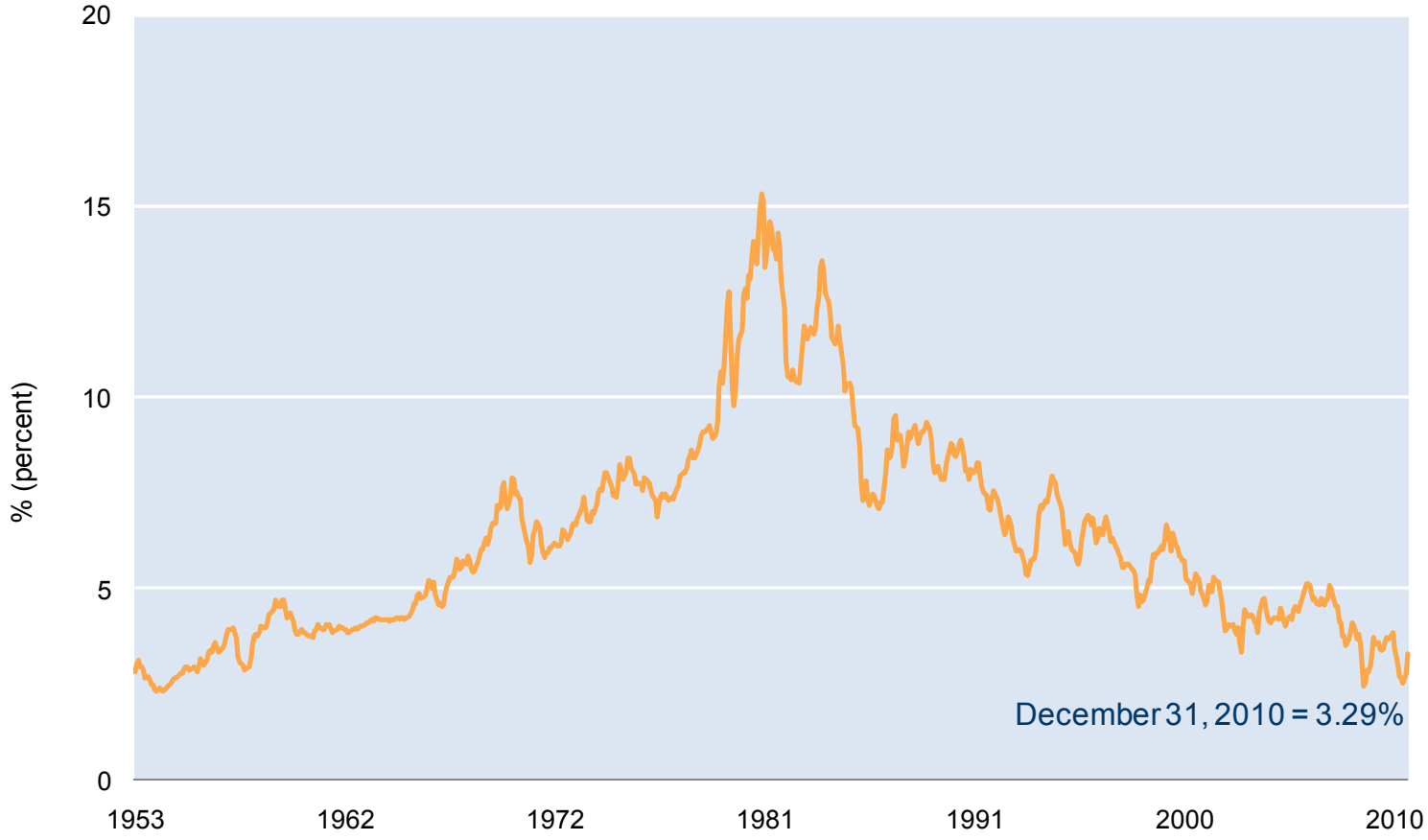
Rates Climb by Year-end

U.S. 10-year Treasury Constant Maturity



Source: Economagic

2010 Summary

What we said:

Global Equity

- ***Developed Equities** – Mixed outlook as earnings growth is expected to be strong, but valuations in the U.S. have approached long-term averages. Economic headwinds are a concern.*
- ***Emerging Markets** – Attractive due to reasonable valuations and strong economic growth.*
- ***Private Equity –** Low valuations and lack of new commitments create compelling opportunities.*
- ***Hedged Equity** – Given the likely return to a focus on fundamentals, active hedged equity managers can benefit the portfolio's risk/return profile.*

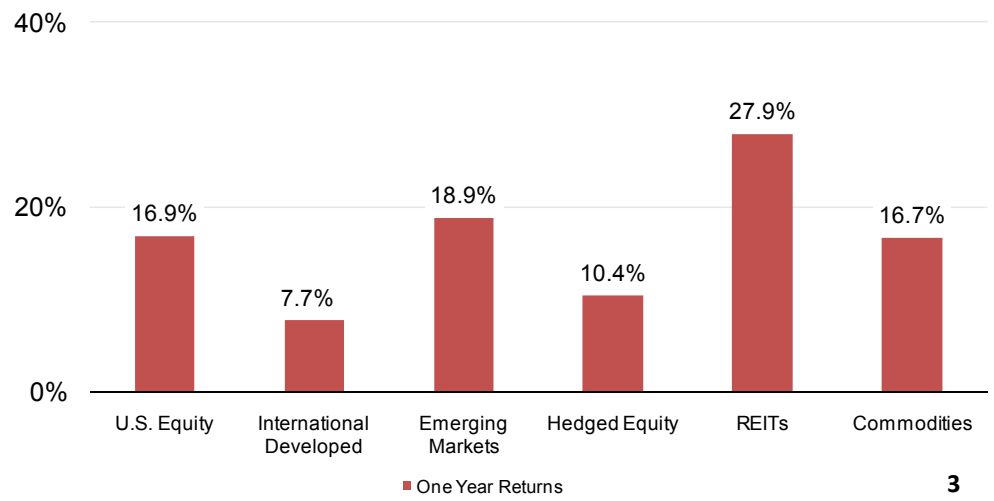
Real Assets

- ***Private Real Estate** – With commercial real estate trading at depressed prices, focus on distressed and value-added opportunities.*
- ***REITs** – Recapitalization of REITs provided improvement in balance sheets, but valuations are not compelling.*
- ***Natural Resources/Commodities** – Consider as inflation protection strategies.*

What happened:

- U.S. and emerging market equities realized double-digit gains, while international developed market equities were somewhat constrained by the European sovereign debt crisis.
- Hedged equity returns were positive, but lagged the public markets, although with less than half of the public market's volatility.
- REITs outperformed despite unattractive valuations and historically low yield spreads to Treasuries.
- Commodity returns were in-line with public equities.
- Private equity performance should be considered over the life of the fund, and thus evaluating returns is premature.

Performance Summary as of December 31, 2010
Returns in U.S. dollars



Source: Russell, MSCI, NAREIT

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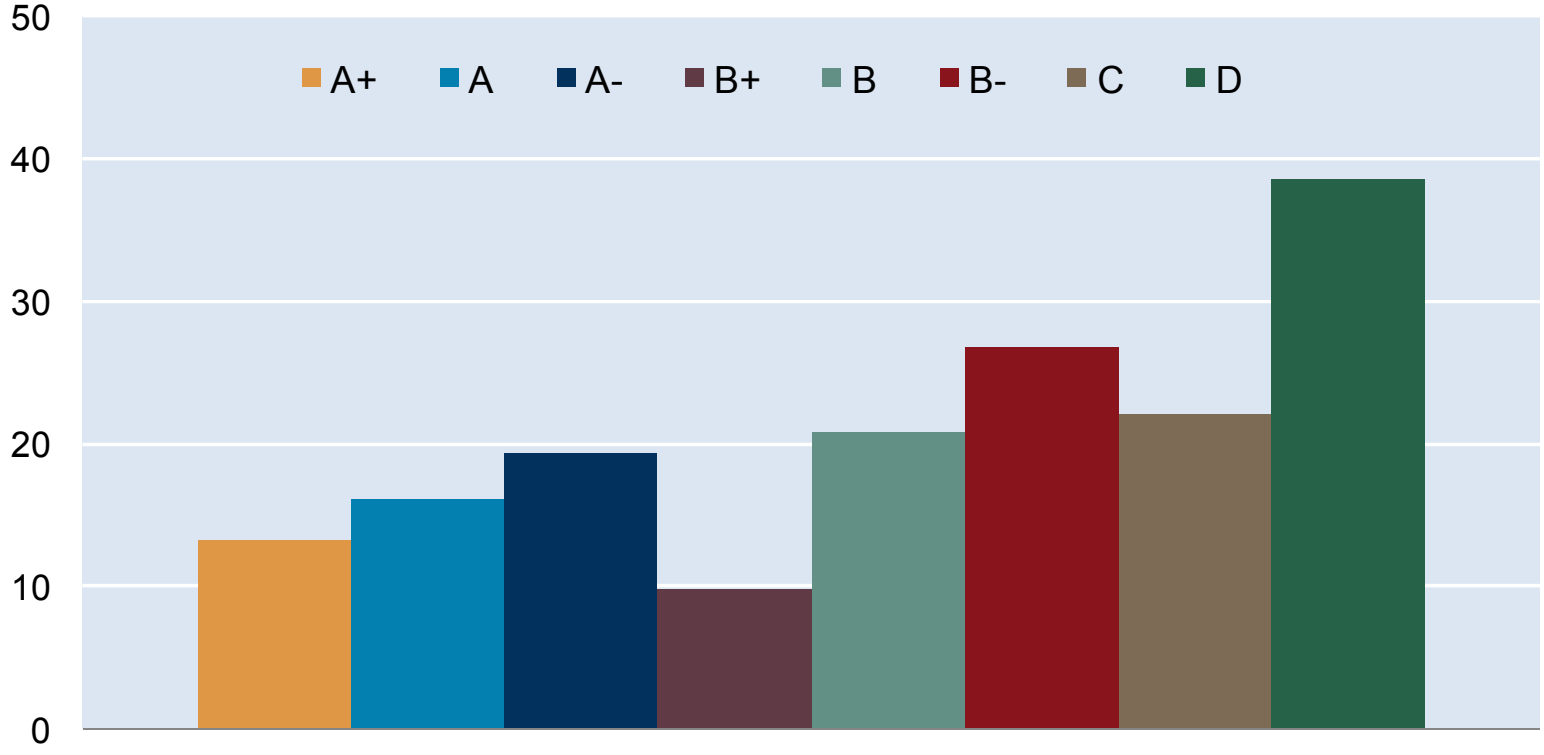
Lower Quality Outperforms in 2010

Russell 3000 Performance by S&P Earnings and Dividend Quality



Source: Thomson Portfolio Analytics

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Overview

Fund Evaluation Group, LLC

Table of Annual Investment Returns

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Emerging Markets 59.9%	Hedge Funds 21.2%	Emerging Markets 74.8%	Int'l 8.1%	Large Cap 37.6%	Real Estate 35.3%	Value Equity 34.8%	Growth Equity 35.0%	Emerging Markets 66.5%	Comdty 49.7%	Real Estate 13.9%	Comdty 32.1%	Emerging Markets 55.8%	Real Estate 31.6%	Emerging Markets 34.0%	Real Estate 35.5%	Emerging Markets 39.4%	Bonds 5.2%	Emerging Markets 78.5%	Real Estate 27.9%
High Yield 46.2%	Divers Strat 18.5%	Int'l 32.9%	Divers Strat 7.6%	Value Equity 37.0%	Comdty 33.9%	Large Cap 33.4%	Large Cap 28.6%	Comdty 40.9%	Real Estate 26.4%	Divers Strat 10.4%	Bonds 10.2%	Small Cap 47.3%	Emerging Markets 25.6%	Comdty 25.6%	Emerging Markets 32.2%	Comdty 32.7%	Hedge Funds -19.0%	High Yield 58.2%	Small Cap 26.9%
Small Cap 46.1%	Small Cap 18.4%	Hedge Funds 30.9%	Comdty 5.3%	Growth Equity 36.6%	Large Cap 23.0%	Growth Equity 28.7%	Int'l 20.3%	Growth Equity 33.8%	Bonds 11.6%	Bonds 8.4%	Divers Strat 6.5%	Int'l 39.2%	Int'l 20.7%	Int'l 14.0%	Int'l 26.9%	Growth Equity 11.4%	Divers Strat -20.3%	Growth Equity 37%	Emerging Markets 18.9%
Growth Equity 41.7%	High Yield 15.8%	Real Estate 19.7%	Hedge Funds 4.3%	Small Cap 28.4%	Growth Equity 21.9%	Small Cap 22.4%	Value Equity 13.5%	Hedge Funds 31.3%	Value Equity 8.0%	High Yield 5.3%	Real Estate 3.8%	Real Estate 37.1%	Small Cap 18.3%	Real Estate 12.2%	Value Equity 22.3%	Int'l 11.2%	High Yield 26.2%	Int'l 31.8%	Growth Equity 17.6%
Real Estate 35.7%	Value Equity 14.9%	Small Cap 18.9%	Real Estate 3.2%	Hedge Funds 21.5%	Value Equity 21.6%	Real Estate 20.3%	Bonds 8.7%	Int'l 27.3%	Hedge Funds 5.0%	Hedge Funds 4.6%	High Yield -1.4%	Value Equity 31.1%	Comdty 17.3%	Hedge Funds 9.3%	Small Cap 18.4%	Hedge Funds 10.0%	Small Cap -33.8%	Real Estate 28.0%	Value Equity 16.2%
Hedge Funds 32.2%	Real Estate 14.6%	Value Equity 18.7%	Growth Equity 2.2%	Comdty 20.3%	Hedge Funds 21.1%	Hedge Funds 16.8%	Hedge Funds 2.6%	Small Cap 21.3%	Divers Strat 3.4%	Small Cap 2.5%	Hedge Funds -1.4%	Growth Equity 31.0%	Value Equity 16.9%	Value Equity 6.9%	Large Cap 15.8%	Bonds 7.0%	Value Equity -36.3%	Small Cap 27.2%	High Yield 15.1%
Large Cap 30.5%	Emerging Markets 11.4%	High Yield 17.1%	Large Cap 1.3%	High Yield 19.2%	Small Cap 16.5%	High Yield 12.8%	High Yield 1.9%	Large Cap 21.1%	Small Cap -3.0%	Emerging Markets -2.6%	Emerging Markets -6.2%	High Yield 29.0%	High Yield 11.1%	Divers Strat 5.7%	Hedge Funds 12.9%	Large Cap 5.5%	Large Cap -37.0%	Large Cap 26.5%	Large Cap 15.1%
Divers Strat 27.4%	Large Cap 7.6%	Divers Strat 16.7%	High Yield -1.0%	Bonds 18.5%	Divers Strat 14.8%	Divers Strat 11.9%	Divers Strat -2.0%	Divers Strat 11.0%	High Yield -5.9%	Value Equity -4.3%	Value Equity -15.2%	Large Cap 28.7%	Large Cap 10.9%	Growth Equity 5.2%	High Yield 11.8%	High Yield 1.9%	Real Estate -37.7%	Divers Strat 24.7%	Divers Strat 13.9%
Value Equity 25.4%	Bonds 7.4%	Large Cap 10.1%	Small Cap -1.8%	Real Estate 15.3%	High Yield 11.4%	Bonds 9.7%	Small Cap -2.6%	Value Equity 6.7%	Large Cap -9.1%	Large Cap -11.9%	Int'l -15.7%	Comdty 20.7%	Hedge Funds 9.0%	Large Cap 4.9%	Growth Equity 9.5%	Divers Strat 1.8%	Growth Equity -38.4%	Hedge Funds 20.0%	Hedge Funds 10.4%
Bonds 16.0%	Growth Equity 5.2%	Bonds 9.8%	Value Equity -1.9%	Divers Strat 12.4%	Int'l 6.4%	Int'l 2.1%	Real Estate -17.5%	High Yield 2.4%	Int'l -14.0%	Growth Equity -19.6%	Small Cap -20.5%	Hedge Funds 19.6%	Divers Strat 8.2%	Small Cap 4.6%	Divers Strat 9.0%	Value Equity -1.0%	Int'l -43.4%	Value Equity 19.8%	Comdty 9.0%
Int'l 12.5%	Comdty 4.4%	Growth Equity 3.7%	Bonds -2.9%	Int'l 11.6%	Emerging Markets 6.0%	Emerging Markets -11.6%	Emerging Markets -25.3%	Bonds -0.8%	Growth Equity -22.4%	Int'l -21.2%	Large Cap -22.1%	Divers Strat 11.5%	Growth Equity 6.9%	High Yield 2.7%	Bonds 4.3%	Small Cap -1.6%	Comdty -46.5%	Comdty 13.5%	Int'l 7.7%
Comdty -6.1%	Int'l -11.8%	Comdty -12.3%	Emerging Markets -7.3%	Emerging Markets -5.2%	Bonds 3.6%	Comdty -14.1%	Comdty -35.7%	Real Estate -4.6%	Emerging Markets -30.8%	Comdty -31.9%	Growth Equity -28.0%	Bonds 4.1%	Bonds 4.3%	Bonds 2.4%	Comdty -15.1%	Real Estate -15.7%	Emerging Markets -53.3%	Bonds 5.9%	Bonds 6.5%

Large Cap is represented by the S&P 500 Index which measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. www.standardandpoors.com
Small Cap is represented by the Russell 2000 Index which measures the performance of U.S. small capitalization stocks. The Russell 2000 is a capitalization-weighted index of the 2,000 smallest stocks in the broad U.S. equity market, as defined by the Russell 3000 Index. These stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com
Value Equity is represented by the Russell 3000 Value Index which measures the performance of U.S. value stocks within the Russell 3000 Index, a capitalization-weighted index comprised of large capitalization (Russell 1000) and small capitalization (Russell 2000) stocks. These stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com
Growth Equity is represented by the Russell 3000 Growth Index which measures the performance of U.S. growth stocks within the Russell 3000 Index
International is represented by the MSCI EAFE Index which is a Morgan Stanley Capital International index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East. www.mscibarra.com
Emerging Markets is represented by the MSCI Emerging Markets Index which is a Morgan Stanley Capital International index that is designed to measure the performance of emerging market stock markets. www.mscibarra.com
Bonds are represented by the Barclays Capital Aggregate Bond Index which includes U.S. government, corporate, and mortgage-backed securities with maturities up to 30 years. www.barclays.com
High Yield is represented by the Barclays Capital High Yield Index which includes non-investment grade, fixed-rate, taxable corporate bonds that have a remaining maturity of at least one year and are rated high-yield (Ba1/BB+/BB+ or below)
Hedge Funds are represented by theHedge Fund Research, Inc. Fund Weighted Composite Index which is an equal weighted index that includes over 2,000 constituent funds, both domestic and offshore with no Fund of Funds included in the index. www.hfri.com
Diversifying Strategies / Absolute Return is represented by the Hedge Fund Research, Inc. Multi-Strategy Index
Real Estate is represented by the National Association of Real Estate Investment Trusts Index which is comprised of U.S. commercial real estate REITs across investment and property sectors. www.ftse.com
Commodities is represented by the Standard & Poors Goldman Sachs Commodities Index, which includes broad exposure to energy, materials, metals, agriculture, and other commodities

Diversification by Risk and Role

Asset Categories	*Risk Premia*	*Role*
Global Equity (stocks, private equity, long/short hedge funds)	**Equity Risk Premium**	**Total Return**
Global Fixed Income and Credit (bonds, bank loans, credit hedge funds)	**Interest Rates and Credit**	**Equity Risk Mitigation**
Real Assets (real estate, natural resources, commodities)	**Inflation**	**Inflation Protection**
Diversifying Strategies (absolute return hedge funds, trading strategies)	**Active Management**	**Diversification**

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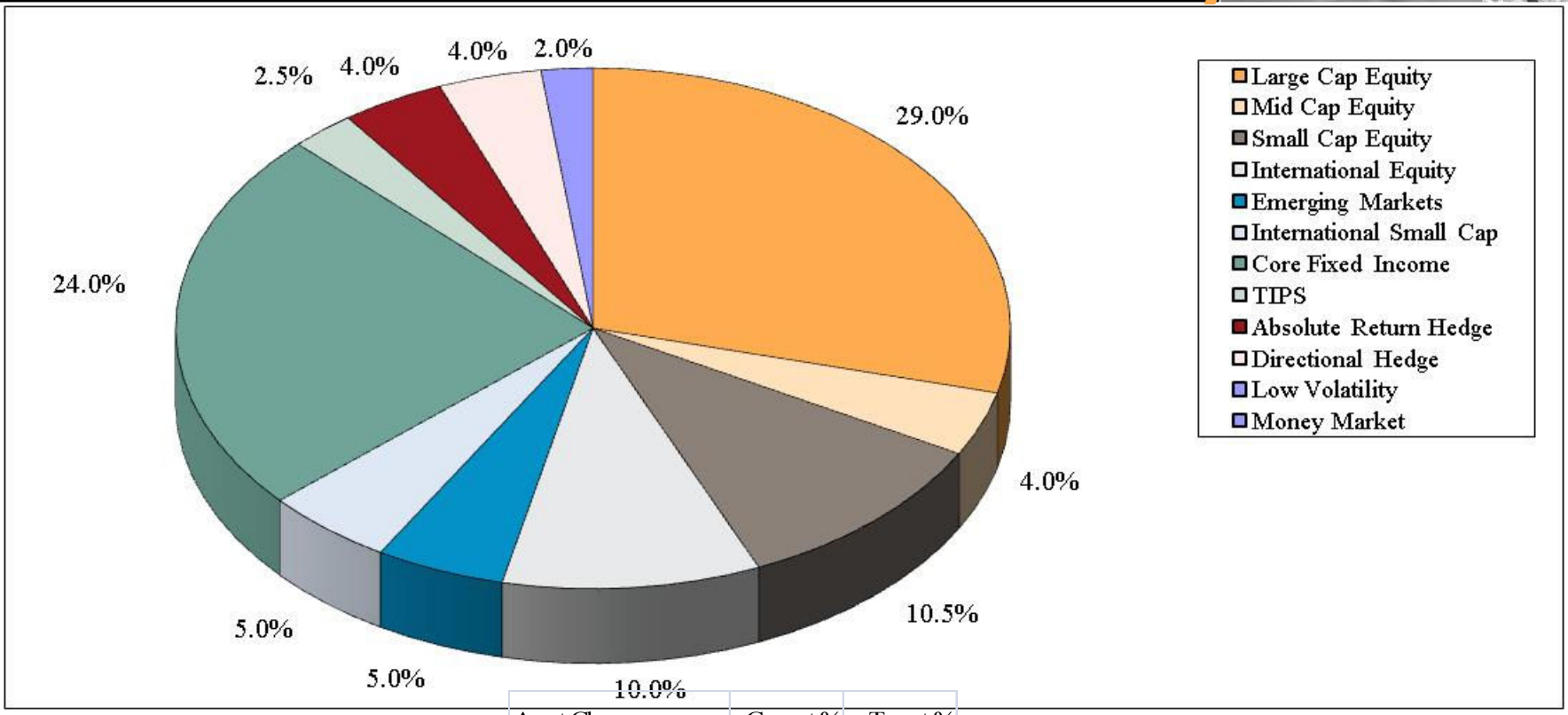
BCCF – Portfolio Target Asset Allocation



Asset Class	Current %	Target %
Large Cap Equity	28.4%	29.0%
Mid Cap Equity	4.5%	4.0%
Small Cap Equity	9.6%	10.5%
International Equity	9.4%	10.0%
Emerging Markets	5.5%	5.0%
International Small Cap	5.7%	5.0%
Core Fixed Income	22.8%	24.0%
TIPS	2.2%	2.5%
Absolute Return Hedge	4.1%	4.0%
Directional Hedge	5.8%	4.0%
Low Volatility	2.0%	2.0%
Money Market	0.0%	0.0%
	100.0%	100.0%

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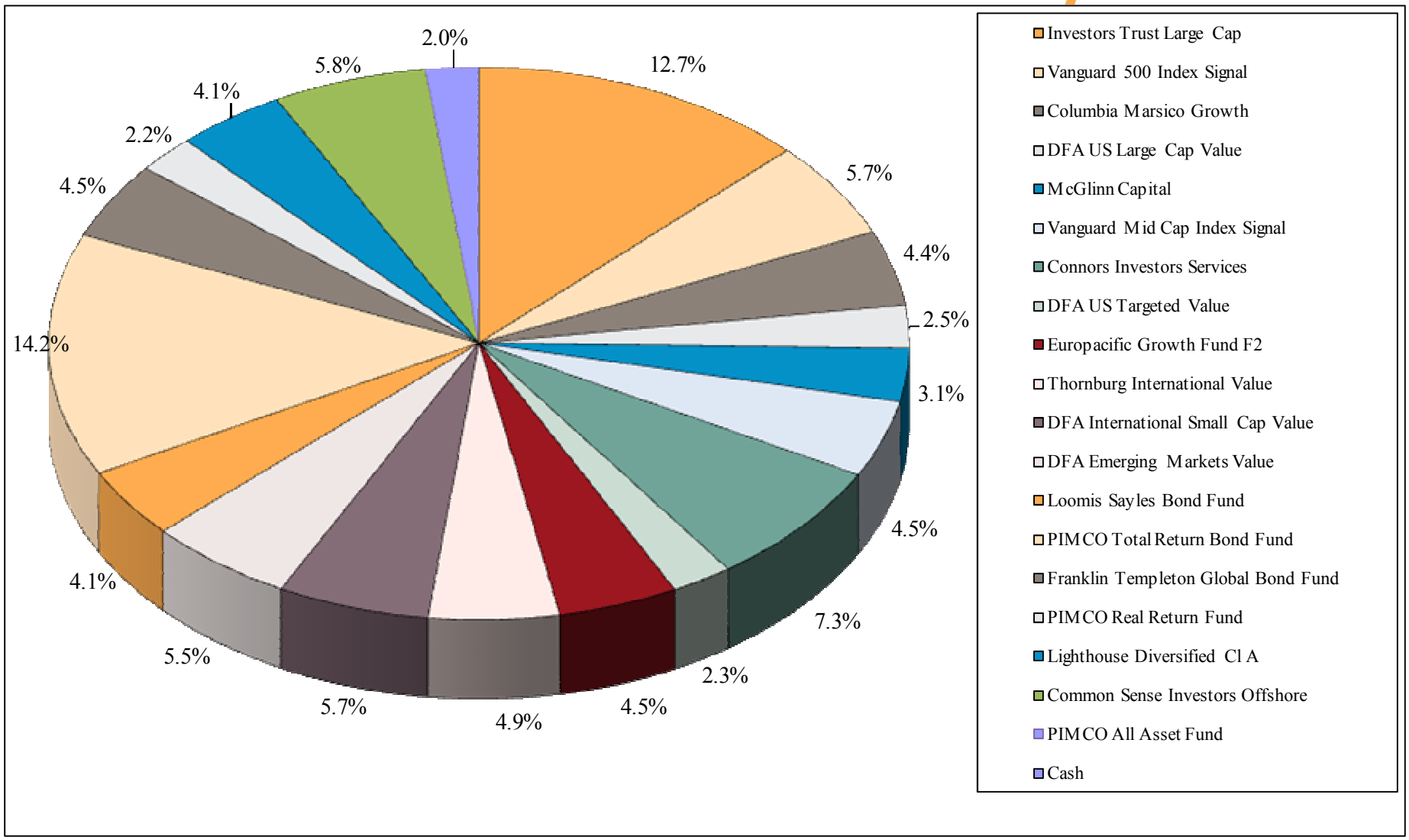
BCCF – Current Portfolio Asset Allocation



Information shown as of December 31, 2010

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BCCF Composite Returns (net of fees)

Performance Periods Ended December 31, 2010

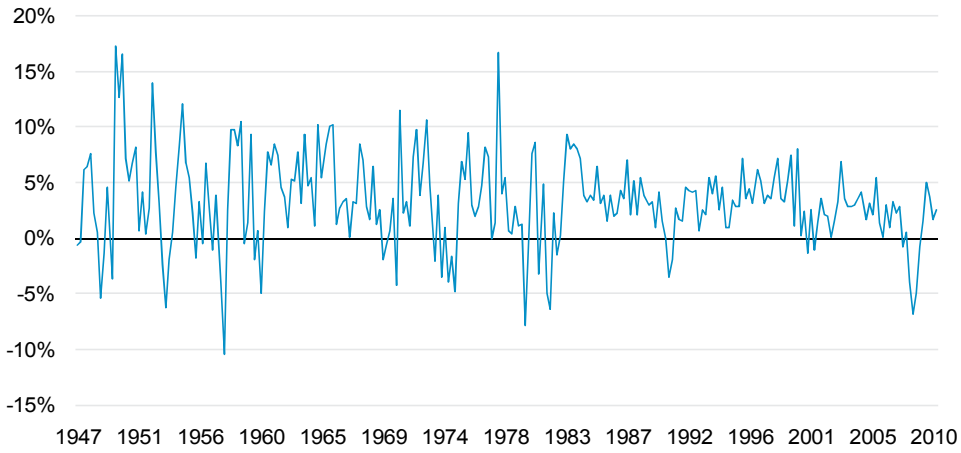
	QTR	1 Yr	3 Yr	5 Yr	7 Yr
Composite	**7.3%**	**14.2%**	**-1.0%**	**2.5%**	**3.9%**
Benchmark	6.4%	12.9%	-1.8%	2.9%	5.6%

Disclosures: Returns are presented net of fees and include the reinvestment of all income. Net results are based on actual client net performance calculations and after fees from management, custody and trading expenses have been deducted.
For comparison purposes, the BCCF Composite is measured against a Benchmark comprised of 43.5% Russell 3000 Index, 20% MSCI ACWI (All Country World Index) ex-U.S., 21% Barclays Capital Aggregate Bond Index, 2.5% Barclays Capital TIPS Index, 4.0% CS/Tremont HFI Long/Short. Equity, 5.0% JP Morgan GBI Broad, Non-Us Index, and 4.0% US T-Bill +3%.
The Benchmark is intended to be fairly representative of institutional asset mixes designed to balance long-term total return with the preservation of capital.
Composite and Benchmark returns greater than one year are annualized. Past performance is not indicative of future results.

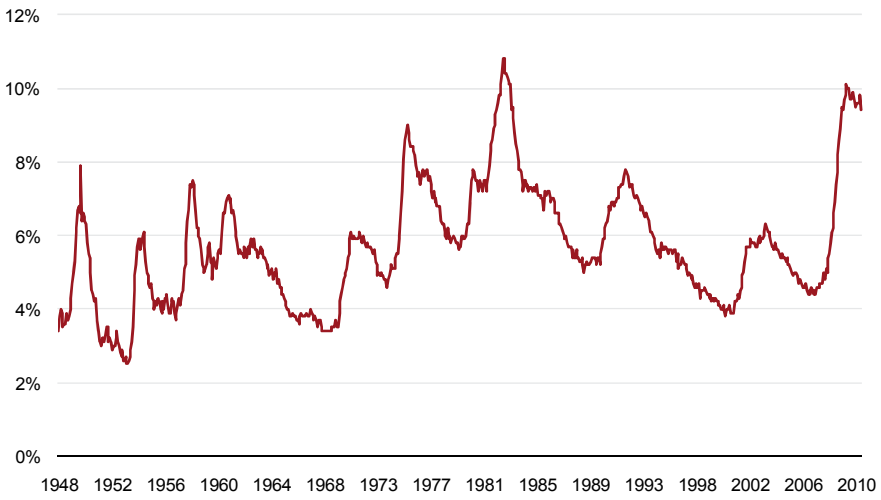
Economic Environment

- Economic growth was positive for 2010, but weakness in the recovery allowed double-dip recession concerns to linger.
- Unemployment persists slightly below 10%, and remains the dominant headwind to a sustained economic recovery.
- Stress in the residential real estate market continued amid pending foreclosures and a large unsold inventory of homes, which may lead to further declines.

GDP Growth - Trailing Quarter

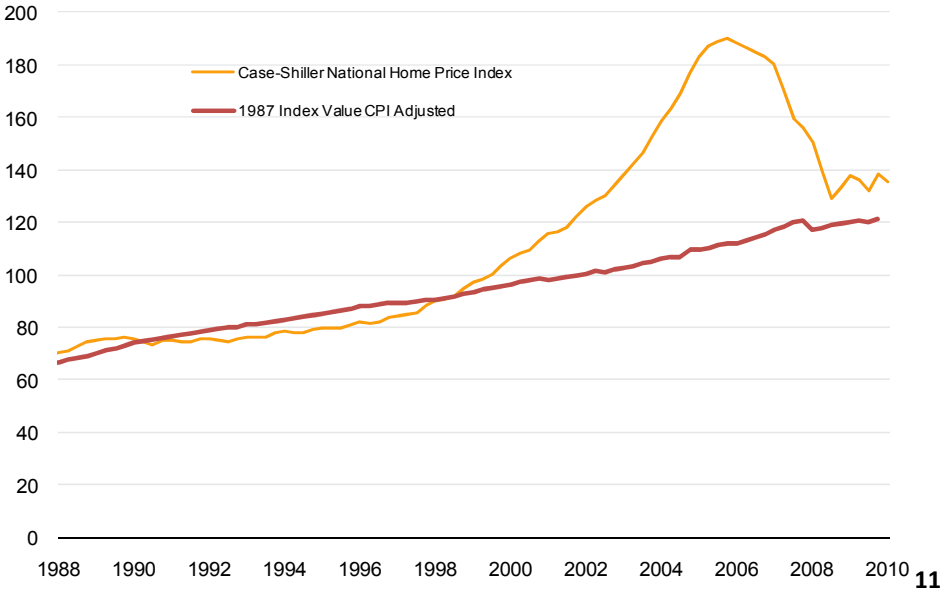


National Unemployment Rate



Sources: Bloomberg LP, Bureau of Labor Statistics, Bureau of Economic Analysis, S&P/Case-Shiller

Case-Shiller National Home Price Index



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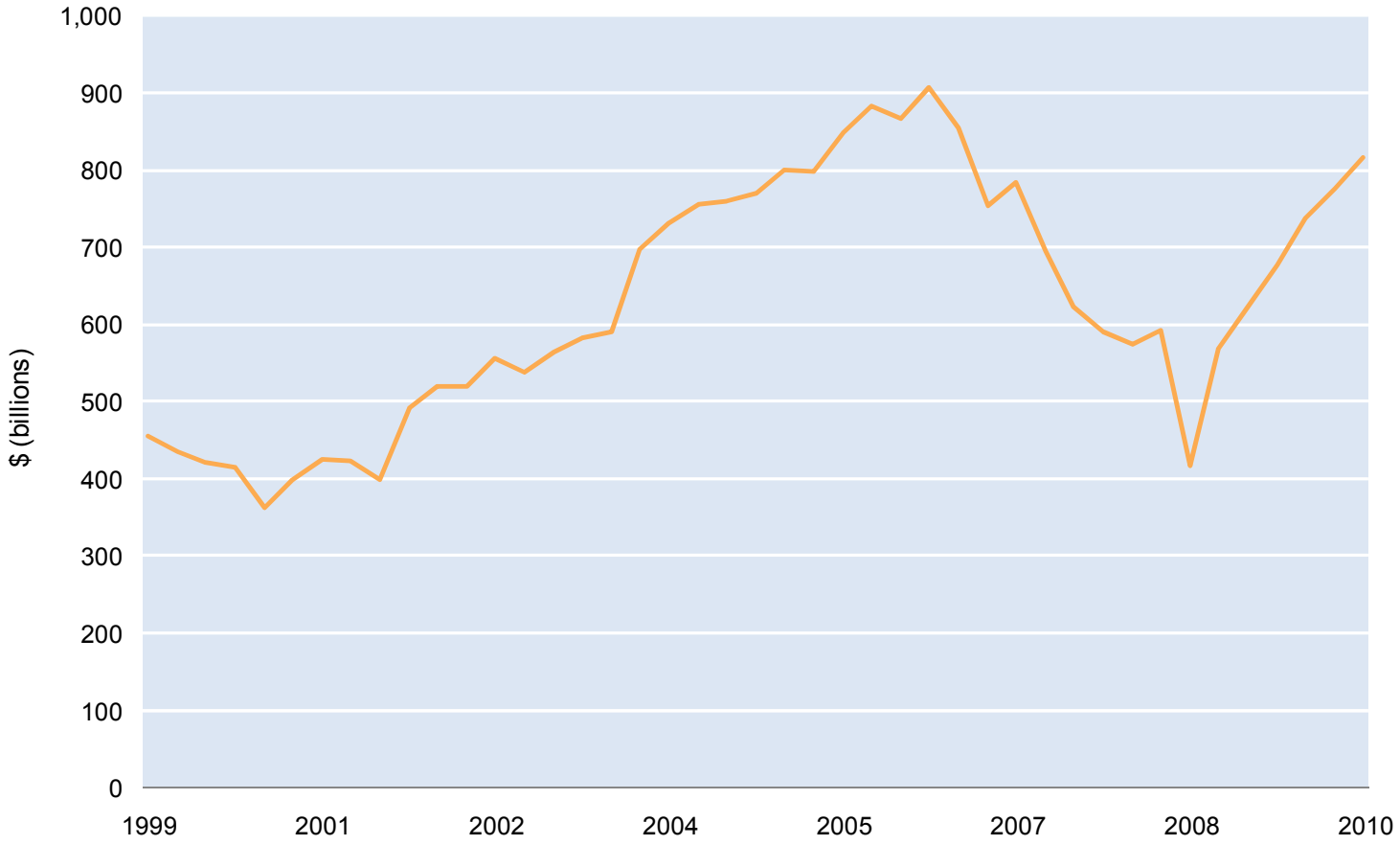
Profits Rebound

U.S. After-Tax Corporate Profits



Source: U.S. Bureau of Economic Analysis

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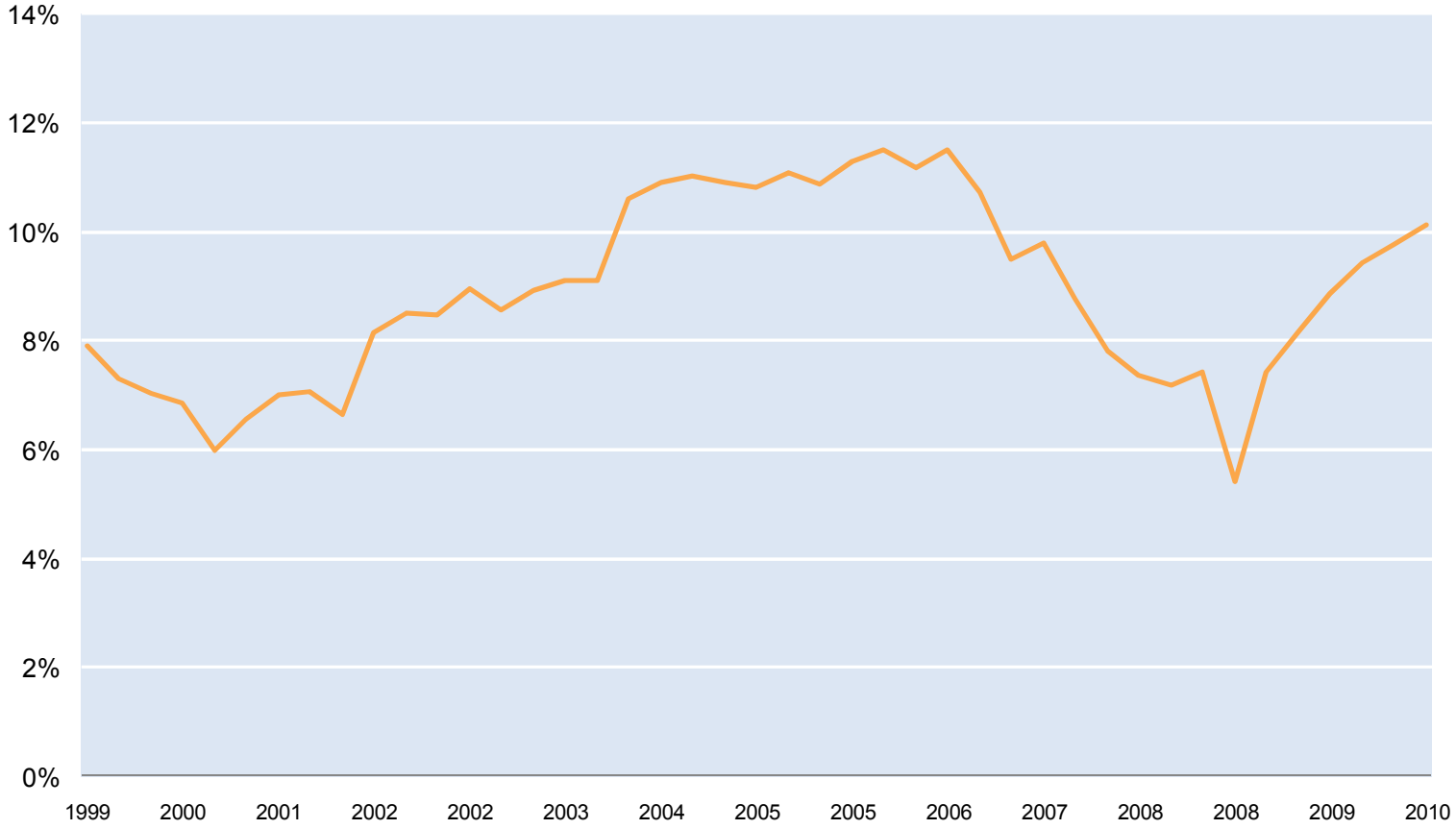
Profitability Also Rebounds

U.S Corporate Profit Margins



Source: Bureau of Economic Analysis

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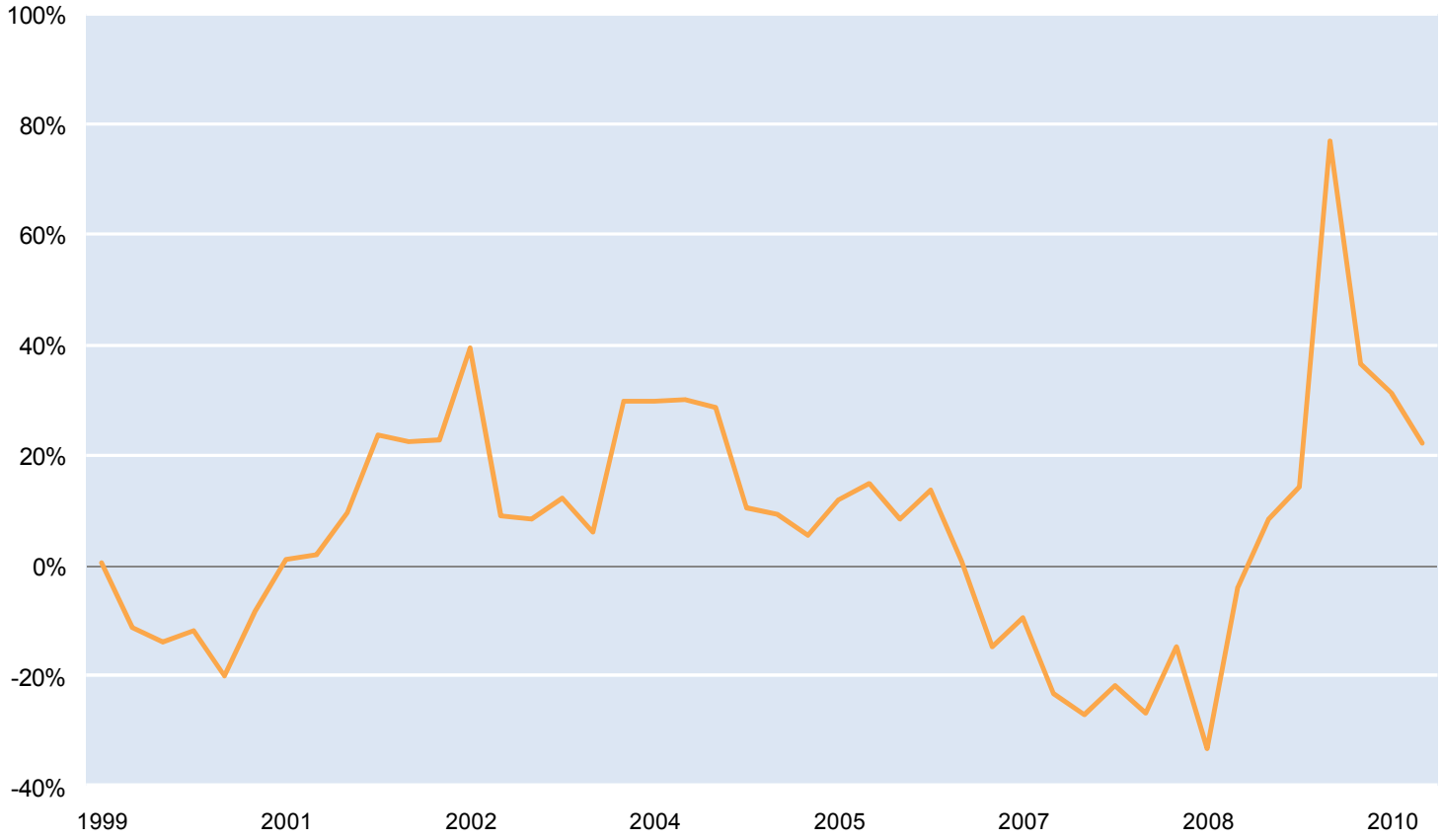
Rate of Profit Growth Slowing

Year Over Year Change in Corporate Profits



Source: Bureau of Economic Analysis

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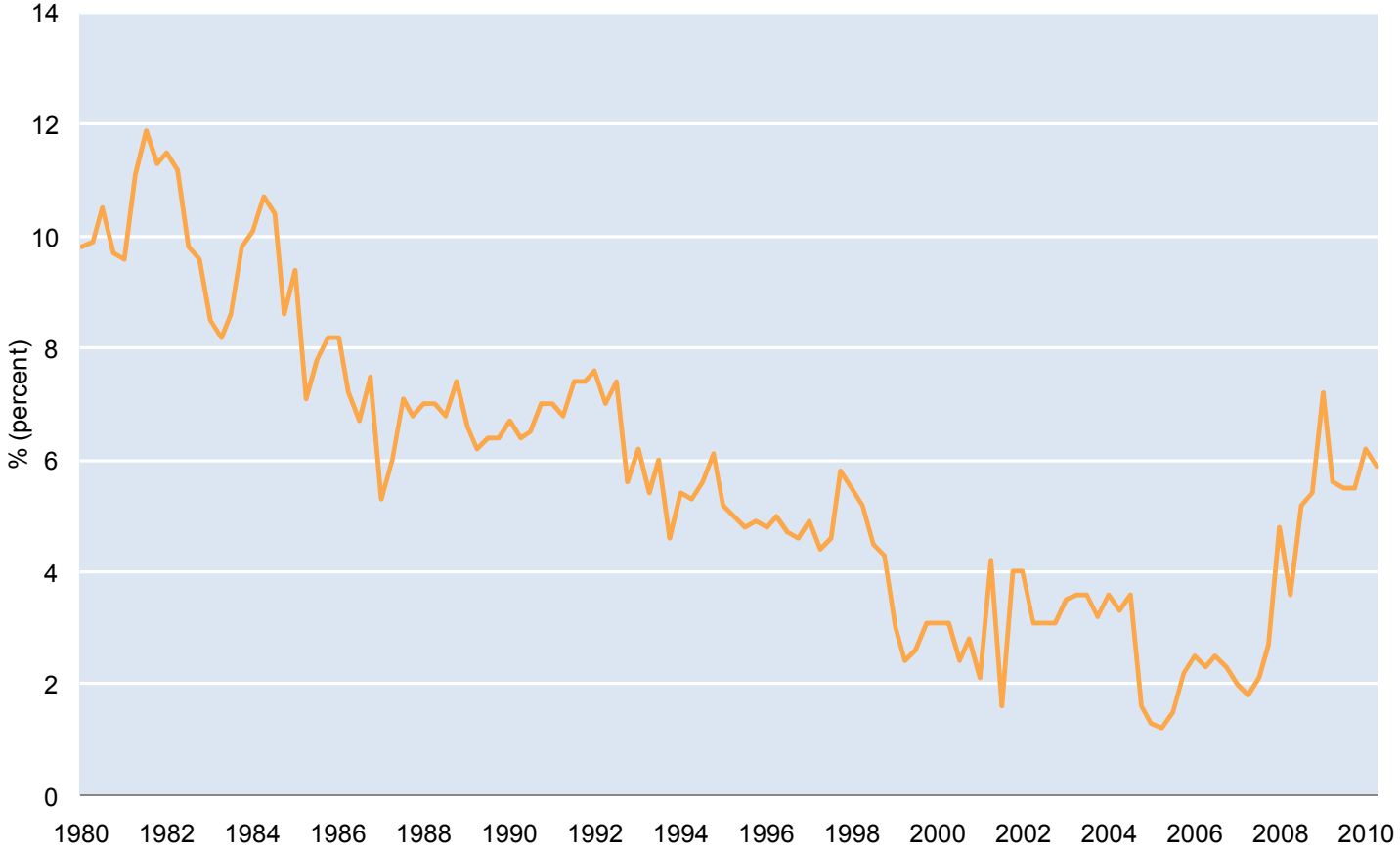
Households to the Rescue?

Personal Saving as a Percentage of Disposable Personal Income



Source: U.S. Bureau of Economic Analysis

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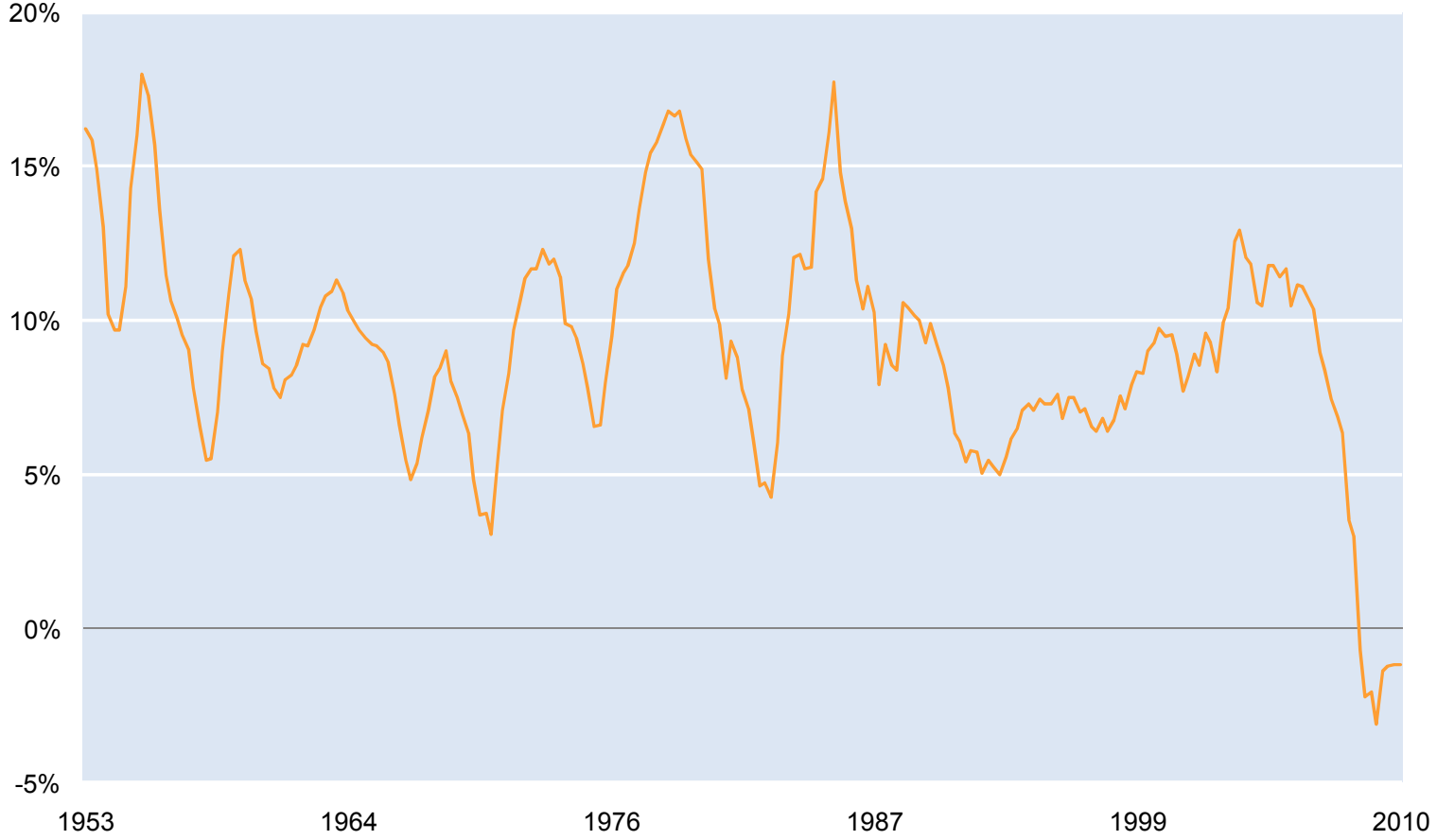
Unprecedented Deleveraging

Year-Over-Year Change in Total Household Borrowing



Source: Ned Davis Research, Inc.

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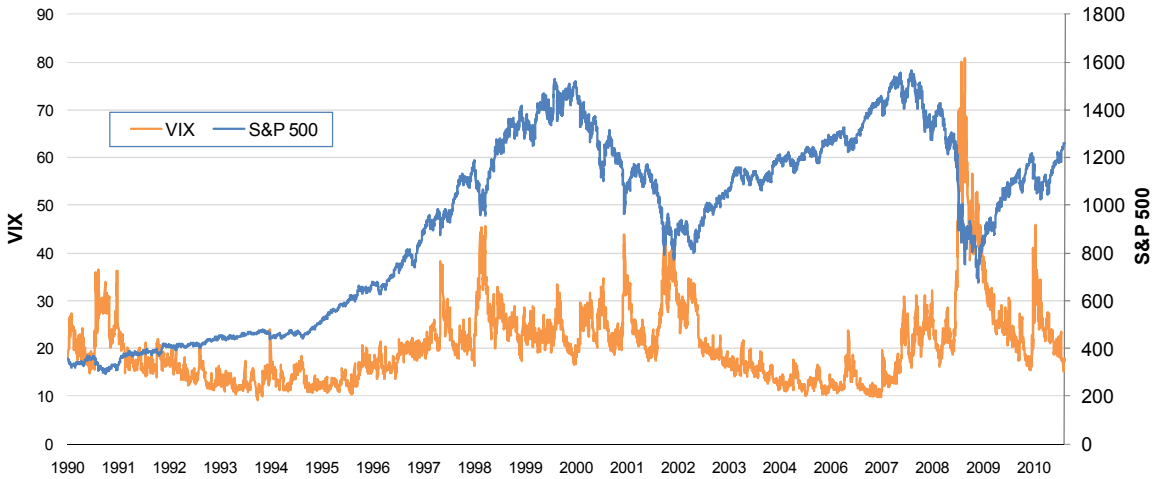
Volatility and Sovereign Default Risk

Volatility

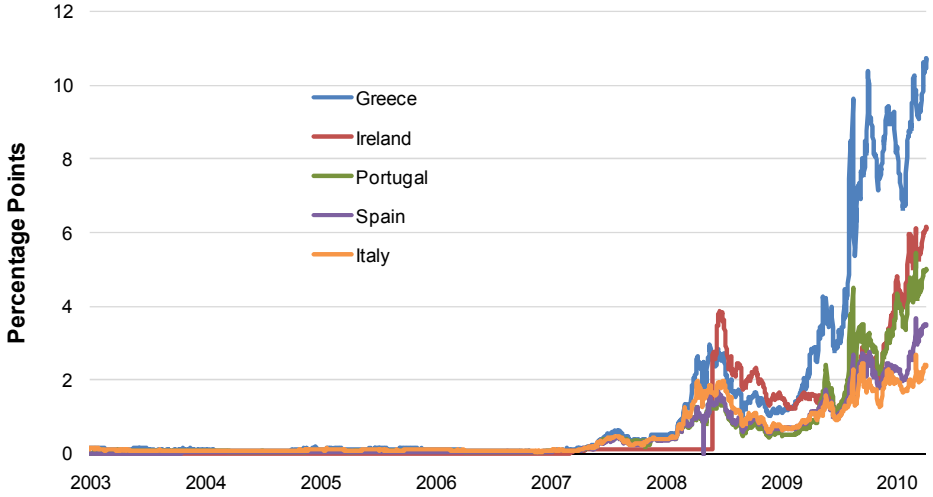
- The CBOE Volatility Index (VIX) is considered an indicator of fear in the equity markets.
- As fear drove broad sell-offs in the global markets, the VIX peaked at approximately 80 in late 2008 and rose over 40 in 2010 when double-dip recession fears surged.
- In late 2010, fear subsided and the VIX declined below its average of 20.

CBOE Volatility Index (VIX) and the S&P 500
1990 - 2009



Source: Bloomberg LP

European Sovereign Credit Default Swap Rates
"PIIGS" Nations 2003 - 2010



Source: Bloomberg LP

Sovereign Default Risk

- Credit default swap rates, a measure of the cost to insure against default, soared for the debt of the economically weak euro zone nations.
- The stronger euro zone nations and International Monetary Fund provided debt support, as the weaker nations implemented austerity measures to improve their fiscal health, but these weaker nations have failed to generate economic growth.
- Greece, Ireland, and Portugal comprise less than 7% of euro zone GDP. Spain (12%) and Italy (17%) are more meaningful to the euro zone economy.

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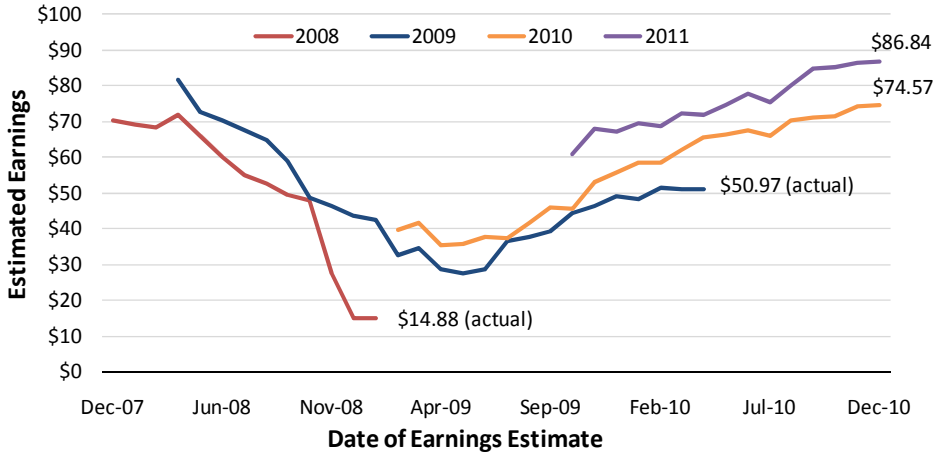
U.S. Equities – Earnings

- Earnings growth, which averaged mid-single digits on a 10-year basis since World War II, is expected to be approximately 16% in 2011, based on estimates as of December 31, 2010.
- While profitability and corporate cash positions are generally strong, apprehension remains due to the headwinds of unemployment and slow economic recovery.
- Improvements in profitability have been driven by government stimulus. Earnings will be impacted by the extent business investment, consumer spending, and exports can replace the eventual reduction and removal of government stimulus.

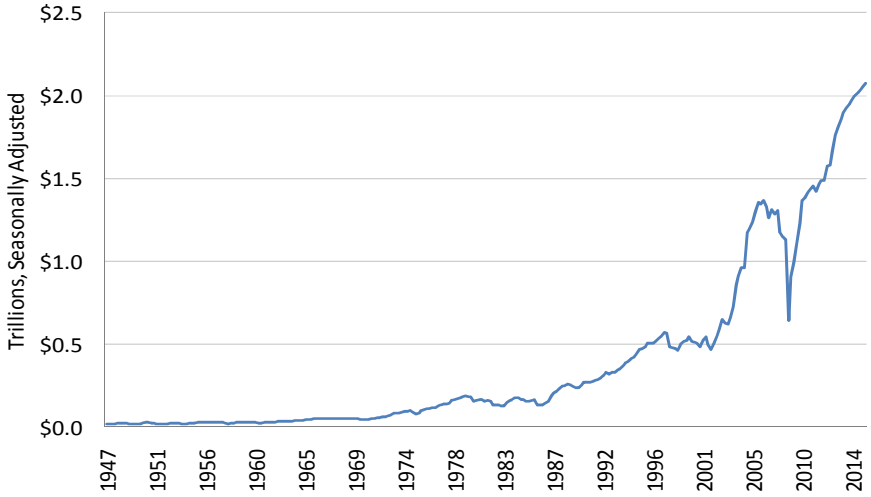
Estimated S&P 500 Reported Earnings

Estimate as of each date:



Source: Standard & Poor's

U.S. NIPA Corporate Profits - Historical and Forecasted



Source: Moody's, Bureau of Economic Analysis

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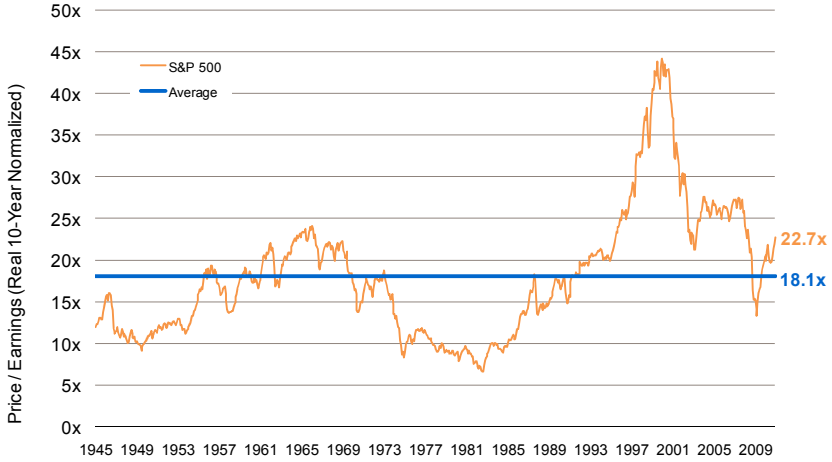
Equity – P/E Ratios

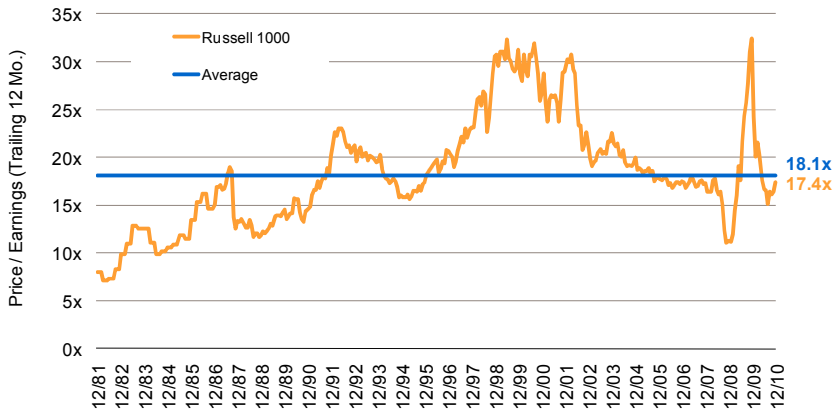
- U.S. equity valuations are near or above long-term averages (depending on measure).
- U.S. large cap stocks trade near the 30-year average P/E multiple, 17.4x versus an average of 18.1x.
- Small cap stocks trade above the 30-year average P/E multiple at 29.5x earnings versus an average of 24.7x, but below a multiple of 20x (19.6x) when excluding negative earnings.
- U.S. equity markets trade at a 10-year normalized P/E multiple that is above the long-term average.

Historical Valuations: U.S.
1945-2010



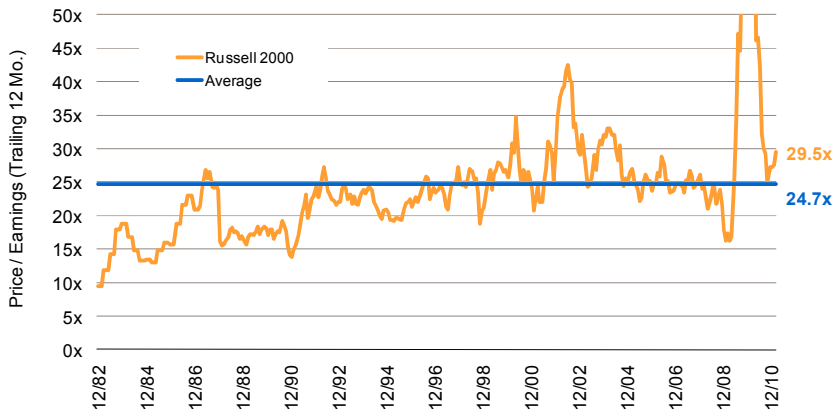
Source: Robert Shiller and Standard & Poor's

Historical Valuations: Large Cap



Source: Rimes

Historical Valuations: Small Cap



Source: Rimes

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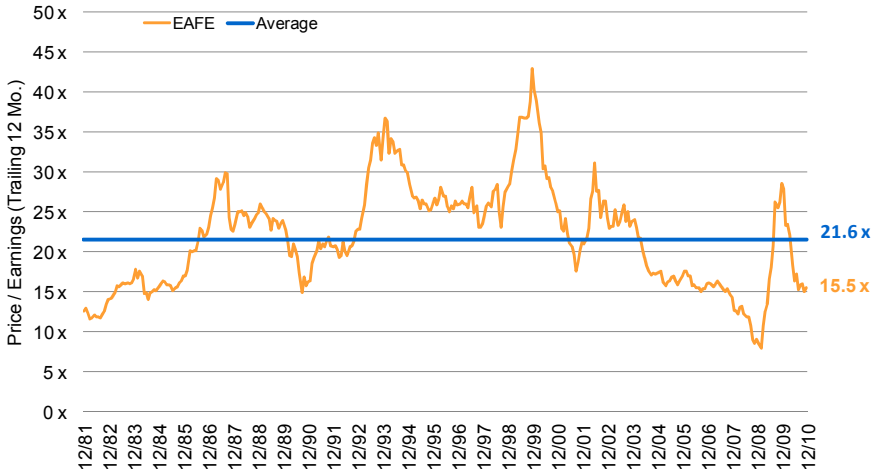
Equity – P/E Ratios

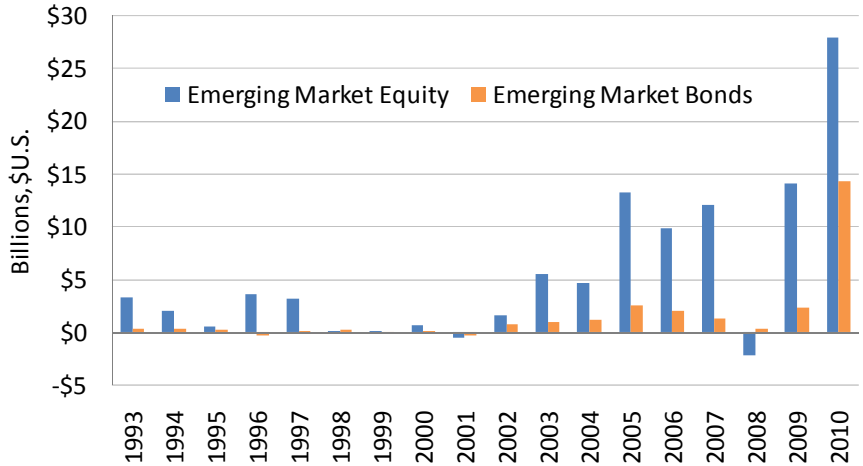
Historical Valuations: International Developed



Source: Rimes

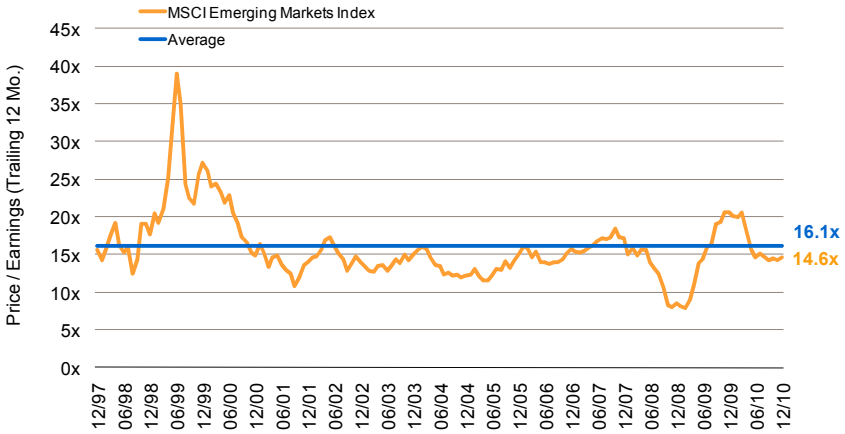
- International equity markets trade below historical averages and at lower P/E ratios than U.S. stocks.
- The sovereign debt crisis and divergence of economic growth within the euro zone, augmented by deflationary pressures in Japan, has kept developed market valuations subdued.
- Emerging markets should experience stronger economic growth, but also have greater inflationary pressures.
- Emerging markets sustained one of the strongest rallies and attracted substantial fund flows. While there is potential for a pullback in emerging equities, valuations are near average on a P/E basis, and slightly above average on a P/B basis.

Net Emerging Market Fund Flows



Source: Morningstar

Historical Valuations: Emerging Markets



Source: Rimes

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Treasuries and Inflation

Treasuries

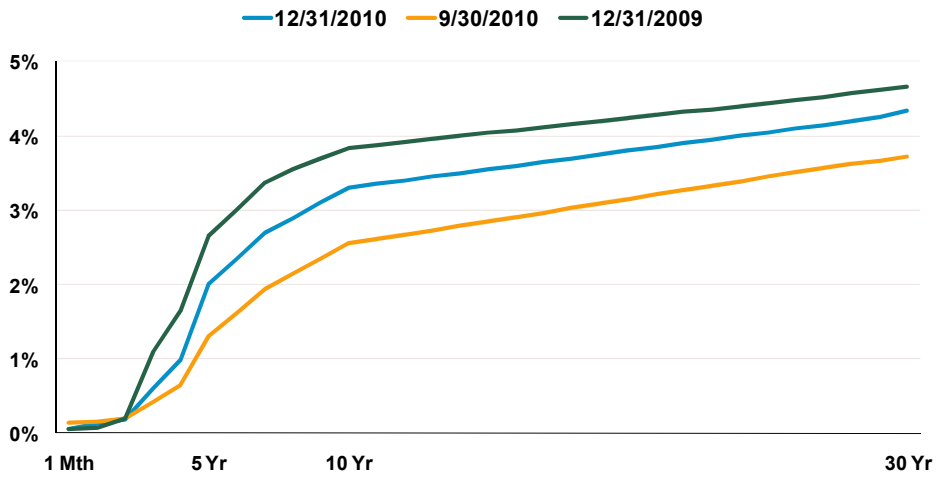
- Short-term rates are close to zero. Rates are expected to remain low in the short-term as the Federal Reserve has shown no indications of reversing easy monetary policy until the economic recovery is on sure footing.
- Consensus estimates indicate a belief that over the long-term rates will increase, thus presenting risk of declining asset values in fixed income.
- In the event of an economic shock, a flight-to-quality would likely pressure long-term rates downward.

Inflation

- Due to the substantial monetary and fiscal stimulus, deflation concerns during the financial crisis abated, but lingered in investors minds amid fears of a double-dip recession in 2010.
- Longer-term inflation concerns are highly debated in the wake of massive monetary and fiscal stimulus.
- If inflation increases over the next decade, TIPS appear attractive contrasted to 10-year Treasuries.

The U.S. 5-year by 5-year forward inflation rate is expected 5-year inflation 5-years from now and is calculated by subtracting the TIPS 5- year forward contract from the nominal Treasury 5-year forward contract.

U.S. Treasury Yield Curve



Source: Bloomberg LP

5-Year by 5-Year Forward Inflation Rate

Source: Bloomberg LP

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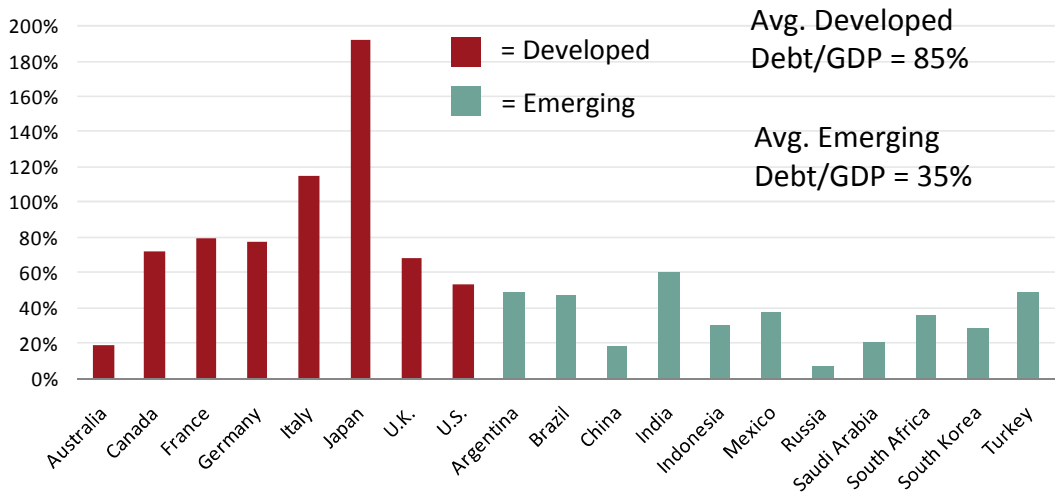
International Bonds

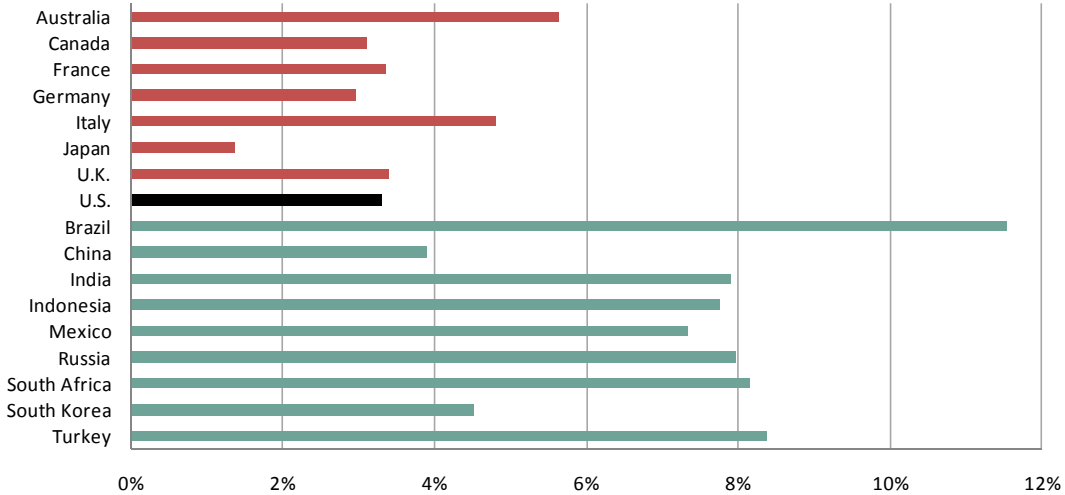
- As public sector debt levels rise, risk of credit downgrades increase; should this situation persist, future issuance could require higher yields, increasing the cost of debt service.
- While higher coupons benefit new investors, existing sovereign debt investors experience lower prices for their bonds as yields rise.
- A broad dispersion of bond yields among G-20 countries provides fixed income investors the opportunity to achieve a greater breadth of income relative to Treasuries.
- As interest income is a primary driver of sovereign bond returns, receiving a higher coupon can substantially improve long-term returns.

G-20 Public Sector Debt Levels



G-20 10 Year Note Yields

As of December 31, 2010



Note: The 20th member of the G-20 is the European Union

Source: Bloomberg LP

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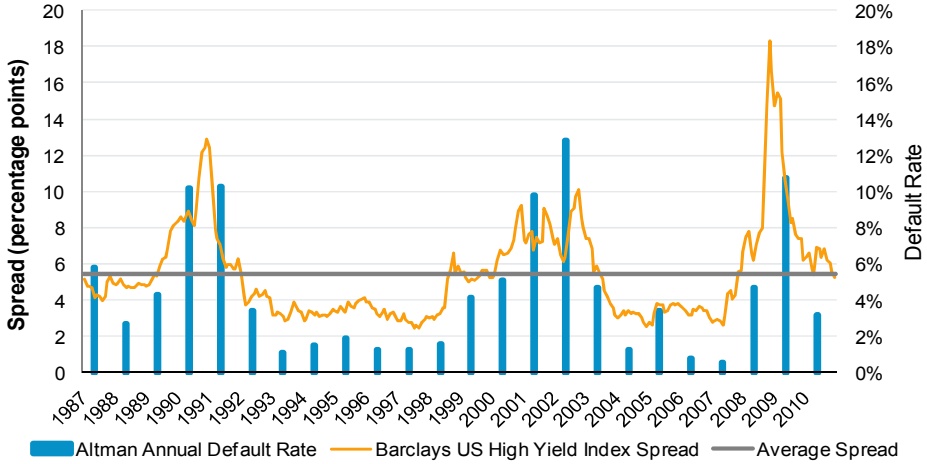
High Yield and Bank Loans

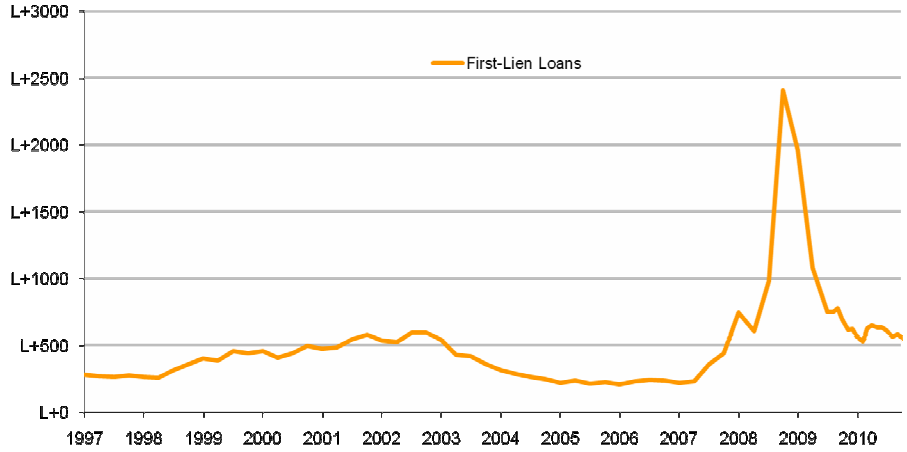
- The average yield to maturity for high yield bonds is 7.5% versus 6.0% for bank loans.
- High yield bond spreads versus Treasuries and bank loan spreads versus LIBOR retreated from historic wide levels in 2009, and default rates followed, declining in 2010.
- High yield spreads contracted further in 2010, moving bond prices slightly above par and returning spreads to historical averages.
- Bank loan spreads remain above their historical average at more than LIBOR+500 basis points (L+500) and at an average price in the mid-90s.
- High yield bonds have developed more interest rate sensitivity due to their lower absolute yields, while bank loan rates reset every three months, mitigating the risk of rising rates.
- Bank loan yields are approximately 80% of the yield of comparable high yield bonds, but offer lower default risk, higher recovery rates than high yield bonds, and an embedded hedge to rising interest rates.

U.S. High Yield Bond Spreads over Treasury Yields



Sources: Altman, Barclays Capital

Average Discounted Spread of Leveraged Loans



Source: Standard and Poor's/LCD and S&P/LSTA Leveraged Loan Index
Excludes facilities in default. Assumes discount from par is amortized evenly over a three-year life

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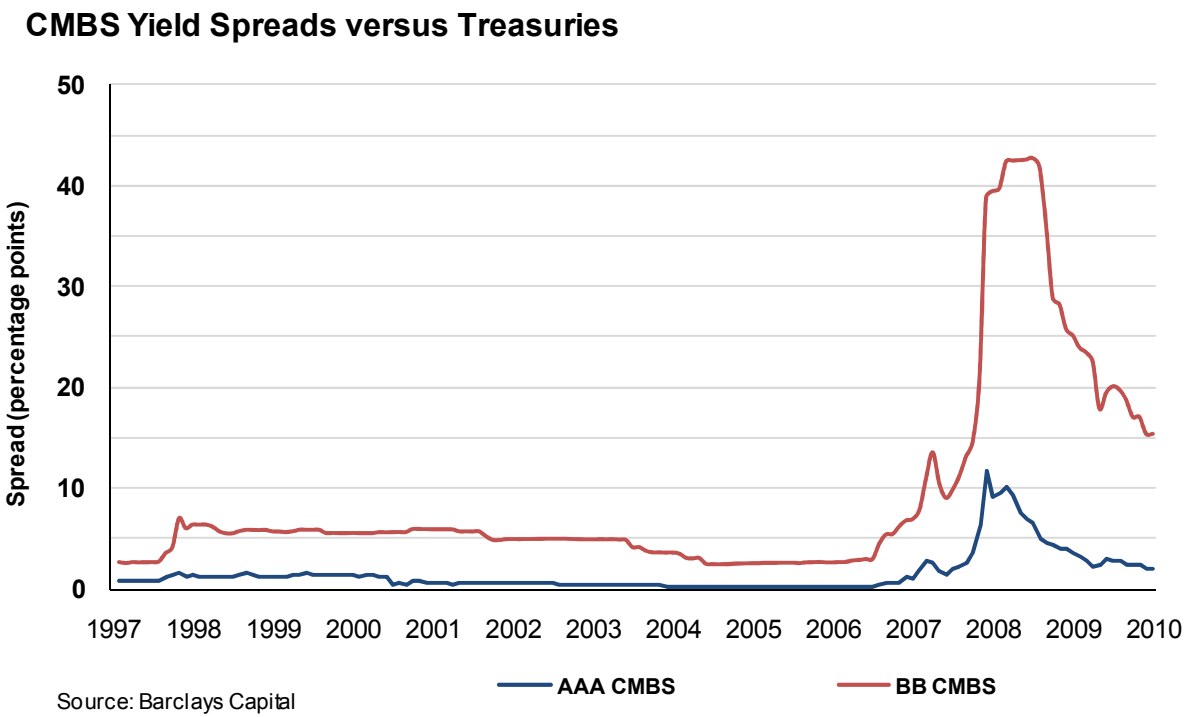
Commercial Mortgage Backed Securities

- The CMBS market remains bifurcated; specifically by credit quality and vintage year.
- Higher rated CMBS and those that were originally rated AAA were supported by government sponsored programs, while lower rated CMBS and older vintage year CMBS were not supported by government programs.
- This bifurcation manifests itself in wider yield spreads for unsupported CMBS.
- While spreads have declined, the gradually improving commercial real estate market still provides opportunity with economic recovery.



Source: Barclays Capital

2011 Opportunities and Risks

Global Equity

- **Developed Equities** – Earnings growth is expected to benefit returns, but risk arises as sustained profits depend on the successful transfer from government stimulus to the private sector in the U.S. The European sovereign debt crisis and deflationary concerns in Japan remain ongoing economic headwinds. Valuations are near equilibrium.
- **Emerging Markets** – Economic growth continues to create a favorable investing opportunity, but risk has increased with strong capital flows and inflationary pressures.
- **Private Equity** – Opportunities exist with decreased fundraising, less competition, and improving market conditions.

Global Fixed Income

- **TIPS/Treasuries/International** – Favor TIPS versus Treasuries; U.S. rate exposure can be diversified with international sovereign debt.
- **High Yield/ Bank Loans** – High yield spreads near historical averages. Default rates likely to remain low for bonds and loans, but loans yield approximately 80% of high yield, with shorter duration, lower default/higher recovery characteristics and better risk-adjusted returns if a rising rate environment develops.
- **CMBS** – Seasoned commercial mortgage backed securities offer attractive relative yields versus high yield bonds and bank loans.

Real Assets

- **Private Real Estate** – With commercial real estate trading at depressed prices, focus on distressed and value-added opportunities.
- **Natural Resources/Commodities** – Consider as inflation protection strategies which also benefit from global economic growth.

Diversifying Strategies

- Absolute return hedge funds, as well as other non-correlated strategies such as **pharmaceutical royalties and managed futures** can enhance portfolio diversification by providing risk profiles that vary from traditional portfolio risks of equity, interest rates, and credit.

Disclosures

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Firm Contact Information

201 East Fifth Street
Suite 1600
Cincinnati, OH 45202
Phone: 513.977.4400
Fax: 513.977.4430
information@feg.com
www.feg.com

Satellite Offices: Boston / Chicago / Detroit / Indianapolis

Appendix C - GrantCraft Endowment Worksheets

Worksheets

A VERY BASIC ENDOWMENT FUND
The First Five Years

YEAR		1	2	3	4	5
Principal Balance of the Endowment		$1,000,000	1,030,000	1,060,900	1,092,727	1,125,509
Real Value After Inflation @	3.0%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
EARNINGS						
Average Earning, assumed @	7.0%	70,000	72,100	74,263	76,491	78,786
USES OF FUNDS						
Earnings to be Reinvested	3.0%	30,000	30,900	31,827	32,782	33,765
Earnings Available to be Spent		40,000	41,200	42,436	43,709	45,020
Real Value of Spendable Earnings		40,000	40,000	40,000	40,000	40,000

We're assuming 3% inflation. Some years have seen much higher rates but this is consistent with longer historical trends.

Let's start with a very simple assumption: The fund earns a steady return of 7% every year. Reality usually isn't that predictable.

Here, we'll assume that the grantee always reinvests part of the earnings back into the fund to cover inflation. Note that as a result, the "real" inflation-adjusted value of the endowment remains constant at $1 million.

Thanks to these simple assumptions — steady inflation, steady earnings — the grantee gets a consistent "real" amount of money to spend every year. Because the annual reinvestments gradually increase the size of the endowment to cover inflation, the grantee's spendable earnings maintain a consistent real value. Even so, that amount is just 4 percent of the endowment's original face value!

Next, let's see what happens when our assumptions aren't quite so simple ...

SAME ENDOWMENT, DIFFERENT ASSUMPTIONS

YEAR		1	2	3	4	5
Principal Balance of the Endowment		$1,000,000	1,030,000	1,055,750	1,087,423	1,120,045
Real Value after Inflation @	3.0%	1,000,000	1,000,000	995,146	995,146	995,146
EARNINGS		(7.0%) 70,000	(2.5%) 25,750	(8.0%) 84,460	(10.0%) 108,742	(6.0%) 67,203
USES OF FUNDS						
Earnings to be Reinvested	3.0%	30,000	25,750	31,673	32,623	33,601
Earnings Available to be Spent		40,000	0	52,788	76,120	33,601
Real Value of Spendable Earnings		40,000	0	49,757	69,660	29,854

In the real world, earnings jump up and down. Note that, in these assumptions, Year 2 is a pretty bad year.

Because the fund didn't earn enough in Year 2 to cover inflation, the "real" value of the fund has dropped—even though the grantee prudently reinvested 100% of earnings in the bad year, and spent nothing.

Thanks to the loss of real value in Year 2, and subsequent earnings that were good but not spectacular, the grantee's "real" benefit from this fund in Year 5 is 25% below the amount they started with. In hindsight, it looks like they shouldn't have spent all that money in Years 3 and 4, but should have reinvested more of it.

Now, assume the grantee SPENDS part of the low earnings from Year 2, instead of reinvesting the entire amount...

YEAR		1	2	3	4	5
Principal Balance of the Endowment		$1,000,000	1,030,000	1,040,000	1,071,200	1,103,336
Real Value after Inflation @	3.0%	1,000,000	1,000,000	980,300	980,300	980,300
EARNINGS		(7.0%)	(2.5%)	(8.0%)	(10.0%)	(6.0%)
Assume the Earnings Vary Considerably		70,000	25,750	83,200	107,120	66,200
USES OF FUNDS						
Earnings to be Reinvested	3.0%	30,000	10,000	31,200	32,136	33,100
Earnings Available to be Spent		40,000	15,750	52,000	74,984	33,100
Real Value of Spendable Earnings		40,000	15,291	49,015	68,621	29,409

Here, we're assuming the grantee REALLY needs the annual earnings from this fund — and simply isn't in a position to reinvest the entire return in Year 2. The long-term consequences of that are harmful. Note that, by Year 5, the real value of the grantee's available money is even lower than in the previous example.

Once again, here is where the grantee might have prevented future problems. Instead of spending significantly more in Year 4, when earnings were above average, it would have been a smart time to reinvest and make up for the eroded value of the fund. That's where prudent management and good board oversight come in!

ENDOWMENT-LIKE GRANTS
A 5-Year Capital-Depletion Fund

YEAR		1	2	3	4	5
Principal Balance of the Endowment		$1,000,000	842,340	666,814	471,966	256,234
Real Value after Inflation @	3.0%	1,000,000	817,806	628,536	431,916	227,661
EARNINGS						
Average Earning, assumed @	7.0%	70,000	58,964	46,677	33,038	17,936
USES OF FUNDS						
Earnings to be Reinvested	0.0%	0	0	0	0	0
Earnings to be Spent Every Year		227,660	234,490	241,524	248,770	256,233
Real Value of Spendable Earnings		227,660	227,660	227,660	227,660	227,660
Balance at End of Year		772,340	607,850	425,290	223,196	1

Let's assume that the grant maker wants to provide a steady amount of income for a grantee over a short period – in this case, five years. Because the fund isn't meant to last beyond that period, the grantee can spend MUCH more each year: all of the earnings, plus part of the principal. There's no need to reinvest, because the fund is meant to disappear.

As before, inflation still takes its toll: Spending must increase each year in order for the grantee to get a steady amount after adjusting for inflation. Also, keep in mind that we're once again using VERY simple assumptions here: Both inflation and earnings on this fund are perfectly steady from year to year.

The consequences of this approach are obvious at the end of Year 5: It has been a very nice income stream, but now the grantee must either learn to live without it, or must replace it from some other source. At the end of this year, the fund is now down to its last dollar.

A 5-Year Working Capital Reserve Fund

Here, we assume that both earnings and spending needs vary considerably from year to year...

YEAR		1	2	3	4	5
Principal Balance of the Endowment		$1,000,000	1,055,000	956,375	282,885	261,174
Real Value after Inflation @	3.0%	1,000,000	1,024,272	901,475	258,880	232,049
EARNINGS		(7.0%)	(2.5%)	(8.0%)	(10.0%)	(6.0%)
Variable Annual Earnings		70,000	26,375	76,510	28,289	15,670
USES OF FUNDS						
Earnings to be Reinvested	0.0%	55,000	0	0	0	0
Earnings to be Spent		15,000	125,000	750,000	50,000	16,883
Real Value of Spent Earnings		15,000	121,359	706,947	45,757	15,000

Many grant makers prefer to make short-term, endowment-like grants as "reserve" funds – to cover unexpected needs or shortfalls in other revenue. This example shows one reason why: The earnings from these funds are likely to be just as uneven as from a long-term endowment. But since the time period is much shorter, there is less time to reinvest earnings and build up a safety cushion.

Luckily, in this example, the grantee didn't need very much of the money in Year 1, so most of the earnings could be reinvested. It's a good thing, too – because in Year 2 the earnings are well below average, and in Year 3 something serious arose, requiring the grantee to spend more than 3/4 of the value of the fund in a single year. Fortunately, this Reserve Fund did exactly what it was meant to do: It gave them a means of getting through this very demanding period.

Although the basic value of the fund is now much depleted, there remains enough to cover some future need, or to cover smaller expenses for a few more years. At this rate, though, the fund won't last much longer, and one emergency will certainly wipe it out.

Appendix D

"Our Work & Brooklyn Neighborhood Reports Presentation"

CUNY Brooklyn College, Center for the Study of Brooklyn, & Brooklyn Community Foundation

Center for the Study of Brooklyn

Our Work & Brooklyn Neighborhood Reports

Presentation

March 14, 2012

Brooklyn College The City University of New York

Center for the Study of BROOKLYN

BROOKLYN COMMUNITY FOUNDATION
DO GOOD RIGHT HERE

What do we do, and how do we do it?

Gretchen Maneval, Director
Center for the Study of Brooklyn at Brooklyn College

Center for the Study of BROOKLYN

What do we do?

The **Center for the Study of Brooklyn** at Brooklyn College is the **only research center** devoted exclusively to the study of public affairs in the borough.

1. We provide access to and produce **relevant data and research** about Brooklyn

2. We facilitate **strategic planning initiatives** and **community needs assessments**

Our work **informs and enhances policy, programmatic and funding decisions** of Brooklyn-based community groups and institutions, and local government and businesses, and supports the work of researchers and media in the borough.

Center for the Study of BROOKLYN

How do we do it?

- We provide **data analysis and mapping technical assistance** using existing data sets, primary data collection via surveying, and mapping using geographic information system (GIS) software. The result is customized reports for Brooklyn-based groups and researchers that support funding proposals, advocacy efforts, changes in programming and Brooklyn-focused research.

- We facilitate **strategic planning initiatives** and **community needs assessments** in partnership with Brooklyn community-based groups by convening stakeholders in focus groups and conducting surveys with constituencies. We also co-sponsor conferences with our community partners to engage stakeholders, share what we've learned from them and launch the implementation of plans and programming.

Center for the Study of BROOKLYN

Data Analysis and Mapping Technical Assistance

Over 50 pro bono customized reports in the last 2 years- on our website

Example 1:

Community District 14 Family and Youth Data

- **Produced For**: Midwood Development Corporation, April 2010
- **Purpose:** To provide backup data to the Midwood Development Corporation to advocate for city funding for after-school programs at P.S. 193 and P.S. 197, both of which were threatened with being defunded.
- **Testimonial:** *"The Center for the Study of Brooklyn at Brooklyn College was very helpful in preparing an impressive customized report with data that highlights the specific need in our community. As a local nonprofit with limited time and resources, it is very helpful to have a reliable community partner like the Center for the Study of Brooklyn. Thanks again to you and your researchers."* – Samuel Moskowitz, Director of Operations, Midwood Development Corporation

Center for the Study of BROOKLYN

Data Analysis and Mapping Technical Assistance

Over 50 pro bono customized reports in the last 2 years- on our website

Example 2:

Haitian Demographic Information

- **Produced For**: Brooklyn Community Foundation and United Way of NYC, January 2010
- **Purpose:** Following the devastating earthquake in Haiti, the Brooklyn Community Foundation reached out to the Center for the Study of Brooklyn seeking basic demographic data on Haitians in Brooklyn, New York City and the United States to inform an effort to assist the local Haitian community through the formation of the "New York City Haitian Community Hope and Healing Fund."
- **Testimonial:** *"The speed with which the Center was able to produce this comprehensive snapshot of the City's Haitian community was incredibly helpful in focusing our efforts, working with a group of local Haitian leaders and nonprofit executives, to create the Hope and Healing Fund as a local response to the Earthquake in Haiti."* – Marilyn Gelber, President, Brooklyn Community Foundation

Center for the Study of BROOKLYN

Strategic Planning and Community Needs Assessments

Six recent "Special Projects"

Flatbush Promise Neighborhood Planning Project

- One of only 15 grants awarded nationally by the U.S. Department of Education
- In partnership with CAMBA
- The Center is facilitating a community asset and needs assessment, and producing supporting data analyses and reports

Coalition for the Improvement of Bedford Stuyvesant (CIBS) RBA

- In partnership with the Coalition for the Improvement of Bedford Stuyvesant (CIBS)
- In support of CIBS's Results Based Accountability (RBA) project
- The Center for the Study of Brooklyn collected and analyzed Population Measures Headline Indicators, and produced trends maps so that CIBS may target their outreach and programming efforts

Sunset Park Promise Neighborhood Planning Project

- One of only 21 grants awarded nationally by the U.S. Department of Education
- In partnership with Lutheran Family Health Centers (LFHC)
- The Center facilitated a community asset and needs assessment, and produced supporting data analyses and reports. The School of Education at Brooklyn College served as the education consultant for the project.

Center for the Study of BROOKLYN

Strategic Planning and Community Needs Assessments

Six recent "Special Projects"

Building Strong Community Networks

- In partnership with the Heart of Brooklyn (HOB), a consortium of central Brooklyn's most esteemed cultural institutions
- A cultural research project funded by a National Leadership Grant from the federal Institute of Museum and Library Services (IMLS)
- The Center provided insight as to the most relevant issues impacting Brooklyn, based upon preliminary work with the Brooklyn Trends Report, produced corresponding data analyses and mapping, and helped to identify and convene Brooklyn-based stakeholders for this planning grant

Hope and Healing Fund

- In partnership with the Brooklyn Community Foundation and the United Way
- Via focus groups and surveying, the Center assessed the needs of Haitian immigrants in Brooklyn by working with 12 community-based groups supported by the Hope and Healing Fund

Brooklyn HIV/AIDS Strategic Plan

- In partnership with the Brooklyn Linkage to Care Coalition and the NYC DOHMH
- The Center facilitated focus groups with stakeholders, drafted a strategic plan, launched the implementation of the plan via a borough-wide conference and has continued to support the implementation via representation on working group committees

Center for the Study of BROOKLYN

Just released in 2012!

Brooklyn Neighborhood Reports

- Over 600 pages of information about Brooklyn and its 18 Community Districts!
- 19 reports- one for each of the borough's 18 Community Districts, and one for all of Brooklyn
- Each report includes over 90 indicators that explore 9 theme areas- Demographics, Youth & Education, Economy, Housing, Environment, Health, Public Safety, Arts & Culture and Civic Engagement
- Accompanying Data Tables provide even greater detail
- Accessible in Issuu and PDF's on the Center's website for Brooklyn-based community groups and institutions, elected officials and local government agencies, local businesses, researchers, media, etc.
- Direct link on the Center's website- (http://www.brooklyn.cuny.edu/pub/departments/csb/1659.htm)

And still to come…

Brooklyn Trends Report

- A more in-depth analysis of each of the 9 theme areas explored in the *Brooklyn Neighborhood Reports*
- Over 120 advisors engaged via interviews, surveys and meetings in the last two years
- The BTR highlights important issues impacting the borough, prioritized by advisors, and articulated via narrative, graphs, charts and mapping

Center for the Study of BROOKLYN

Other Resources on the Center's Website

www.studybrooklyn.org

Brooklyn Organizations Directory

- Web-based and first of its kind for the borough
- Includes over 1200 Brooklyn community organizations and institutions
- Searchable by 15 different service categories, zip code, neighborhood, organization, executive director name and key words

Links to Data Resources

- Web-based sources for Brooklyn data and research

Brooklyn College Brooklyn Research

- Profiles of 30 Brooklyn College faculty whose recent research has focused on Brooklyn
- To assist community-based organizations and institutions connect with academic experts at Brooklyn College to assist with their research needs

Brooklyn Elected Official and Community Board Directory

- Profile and contact information for all Brooklyn elected officials and community boards
- Features descriptions of the various functions of local, state and federal government entities

Brooklyn Neighborhood Reports 2012

Data Presentation:

- Reference Maps
- About the Data
- All Brooklyn Data
- Community District Highlights

Center for the Study of BROOKLYN

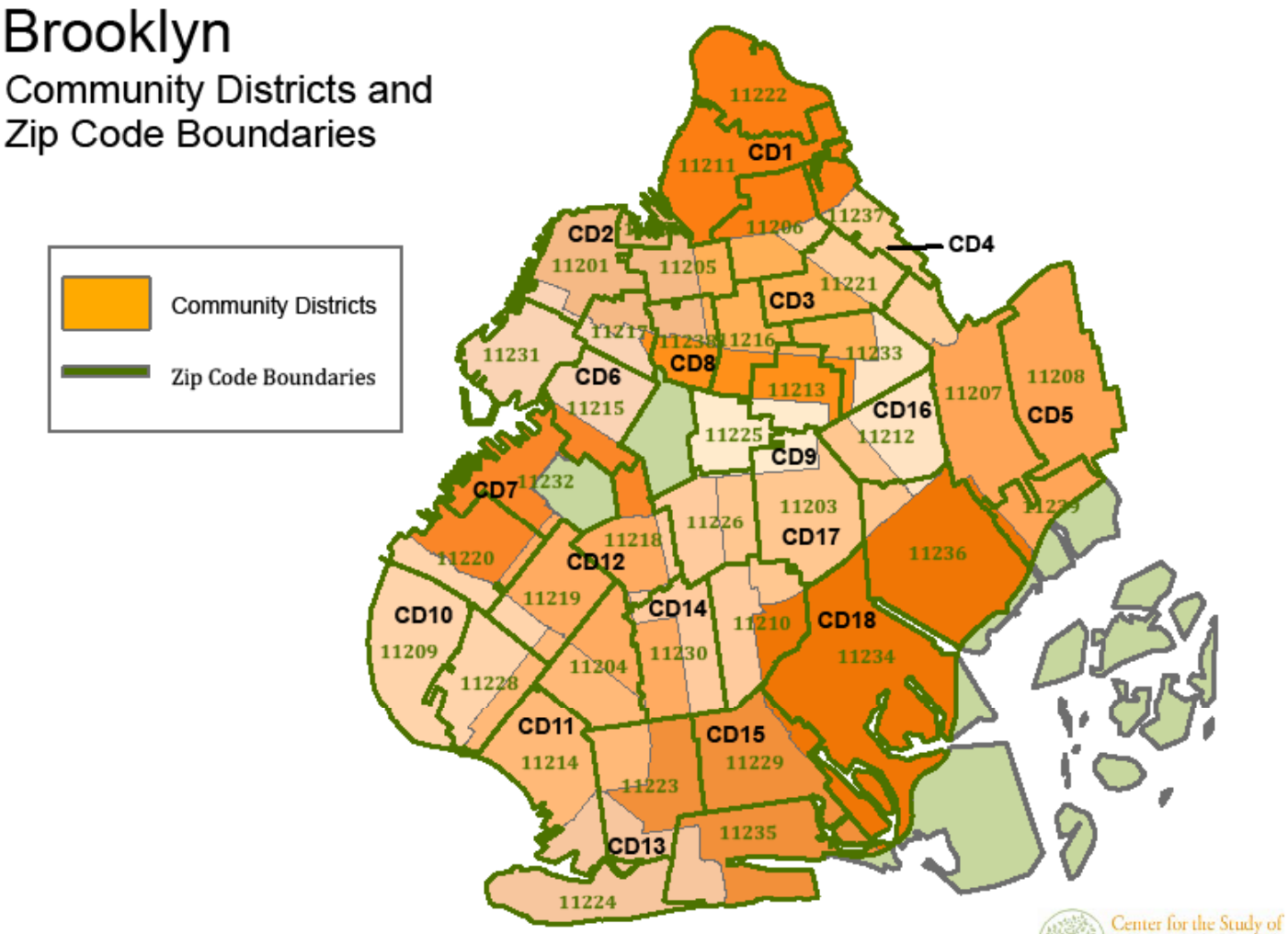
Reference Maps

Brooklyn Neighborhoods within Community Districts

Data Source: Population Division, Department of City Planning, City of New York

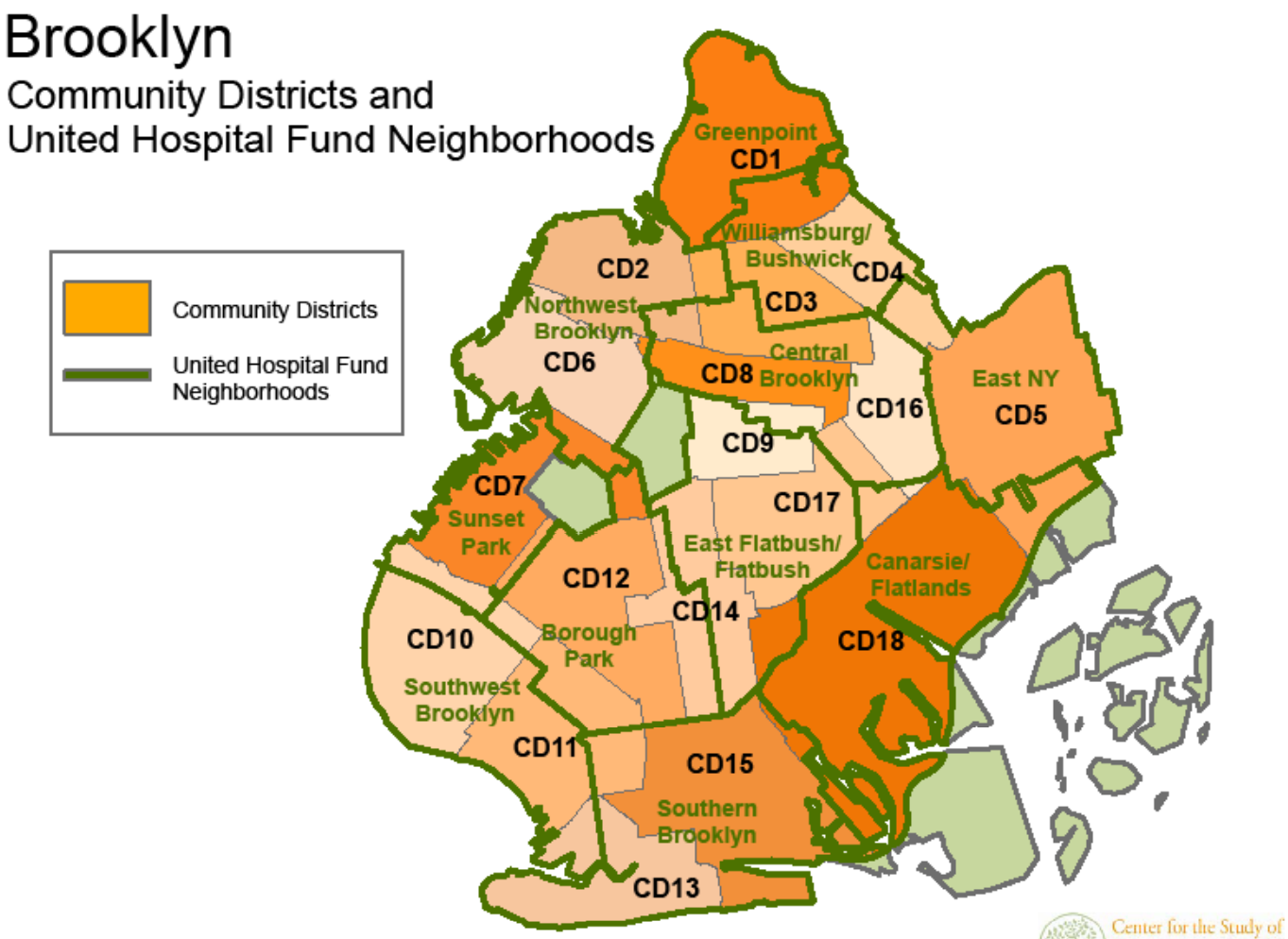
Center for the Study of BROOKLYN

Reference Maps



Data Source: Population Division, Department of City Planning, City of New York

Reference Maps



Data Source: Population Division, Department of City Planning, City of New York

Center for the Study of BROOKLYN

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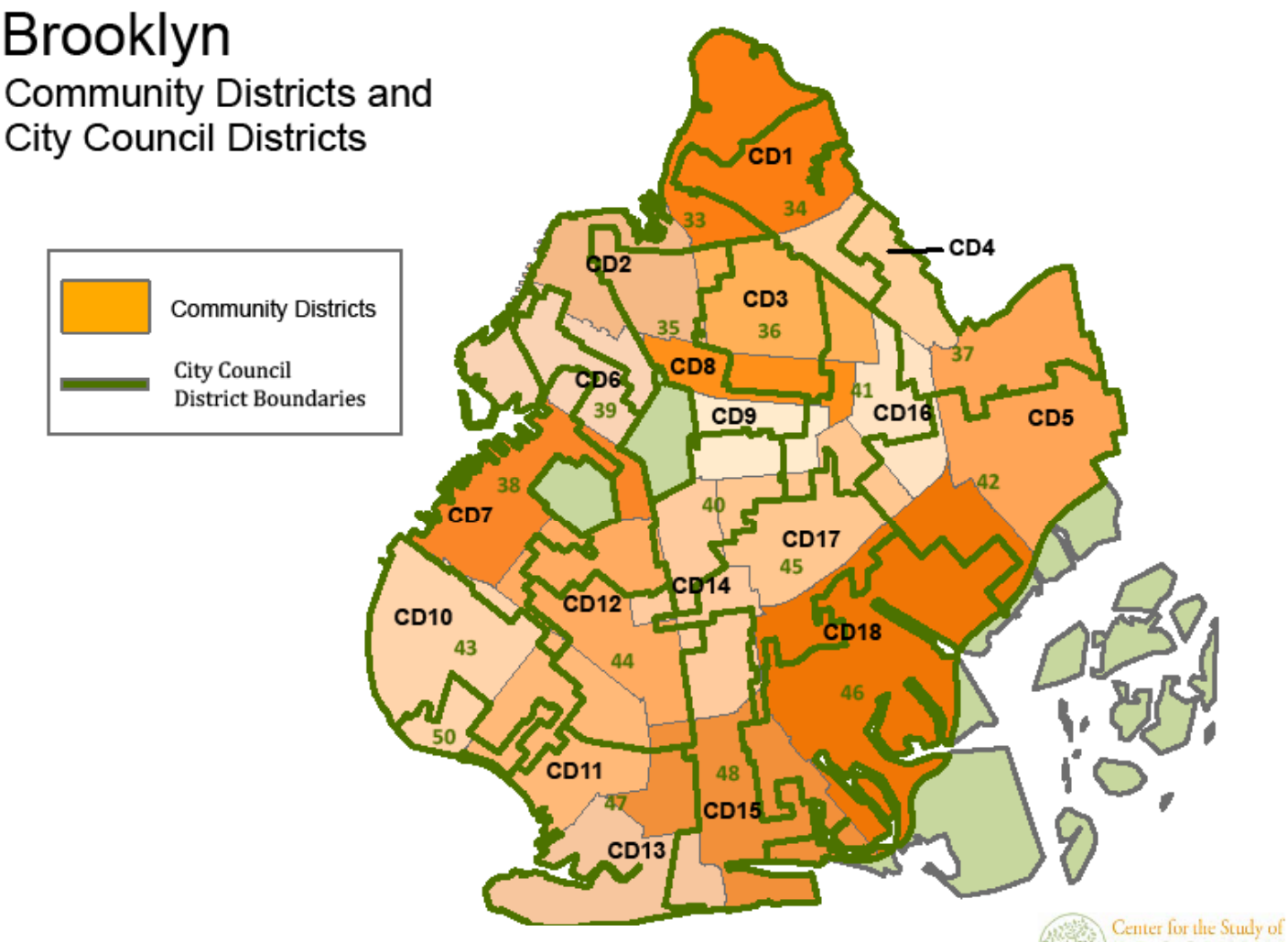


Data Source: Population Division, Department of City Planning, City of New York

Center for the Study of BROOKLYN

About The Data

•The **Center for the Study of Brooklyn** at Brooklyn College uses data from the American Community Survey (ACS), which is administered annually by the U.S. Census Bureau.

•The ACS data include self-reported demographic, economic, social and housing information for every county in the U.S.

•To improve statistical validity, the **Center** uses:

- •the most recent 3 year estimates (2008/2010), which are only available by community district or for the entire borough.
- •The ***Brooklyn Neighborhood Reports 2012*** use the 2007/2009 3 year estimates.
- •the most recent 5 year estimates that are available by census tract, or 49 Brooklyn neighborhoods are 2005/2009

•The **Center for the Study of Brooklyn** has access to and uses more than 80 data sets (including Decennial Census and ACS data) for our data analysis and mapping technical assistance, our special projects, the *Brooklyn Neighborhood Reports*, and for our forthcoming *Brooklyn Trends Report*.

Brooklyn Neighborhood Reports 2012

All Brooklyn

Demographics (2007/09)

- Brooklyn's population has increased by 11.5% since 1990- from 2.288 to 2.551 million (4th largest city in the country)
- Brooklynites come from over 130 countries, speak nearly 90 languages, and represent over 180 ethnicities
- 41.6% increase in foreign born population since 1990 (664,016 to 939,929)

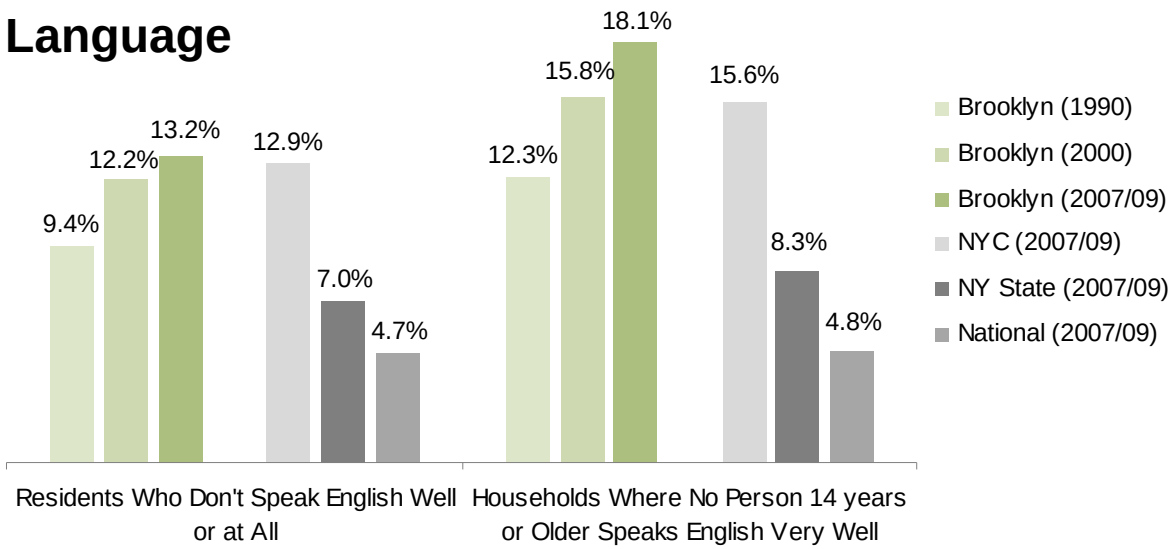
Data Sources: U.S. Census 1990; U.S. Census 2000; 2007/09 American Community Survey

Brooklyn Neighborhood Reports 2012

All Brooklyn

Demographics (2007/09)

- 36.8% White, 32.7% Black, 19.5% Latino, 9.4% Asian, and 1.5% Other
- Top 5 Ethnicities- African American (15.3%), Religious Responses (7.4%), Puerto Rican (6.0%), Italian (5.8%), Chinese (4.7%)
- 53.9% speak English as their primary language; top 5 languages after English are: Spanish (16.9%), Chinese (5.6%), Russian (5.4%), Yiddish (3.7%), Haitian Creole/French (2.9%)



Data Sources: U.S. Census 1990; U.S. Census 2000; 2007/09 American Community Survey

Brooklyn Neighborhood Reports 2012

All Brooklyn

Youth & Education

- For the school year 2010/2011 only 17.8% of students in Brooklyn's public high schools are deemed college ready, yet in 2007/09 Brooklynites 25 and older with a bachelor's degree or higher increased from 16.5% (1990) to 29.0%- surpassing the national percent (27.8%)

Economy (2007/09)

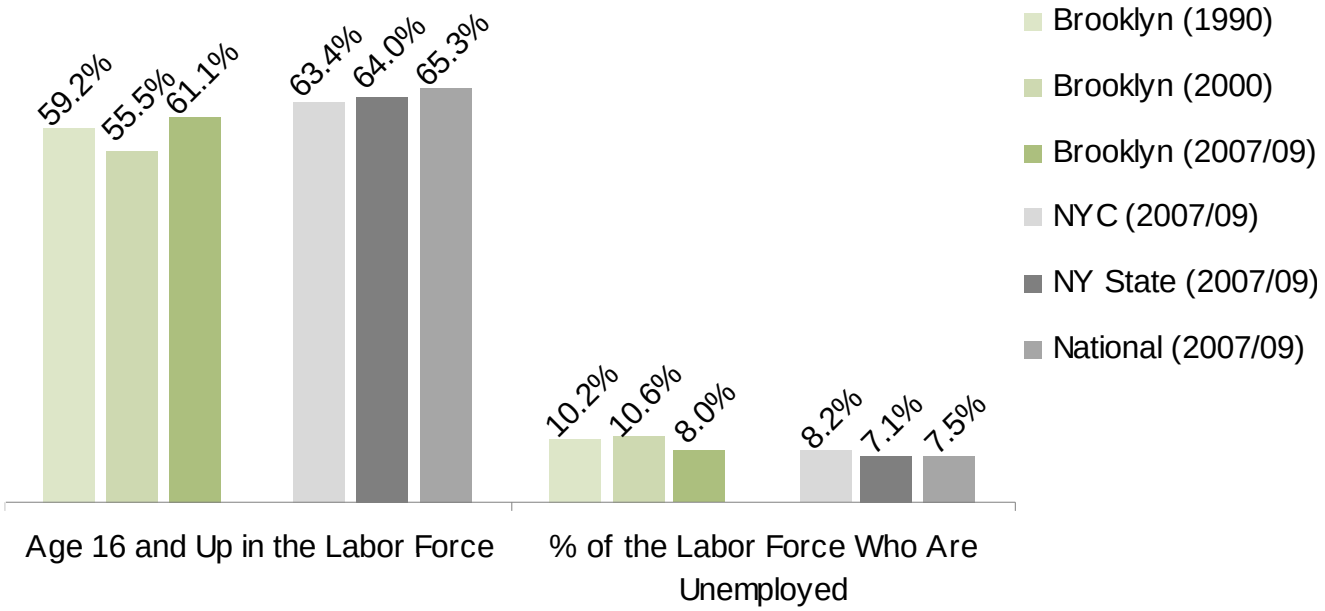
- $43,755 median household income (adjusted for inflation) increased since 2000 ($41,219)- but still less than in NYC, NYS and the US
- % Brooklynites living in poverty decreased slightly since 1990 (from 22.1% to 21.2%, including 33.3% to 30.7% for children), but still higher than NYC, NYS and US

Brooklyn Neighborhood Reports 2012

All Brooklyn

Economy

Jobs



Data Sources: U.S. Census 1990; U.S. Census 2000; 2007/09 American Community Survey; Labor Force is the percent of residents 16+ who are employed or unemployed

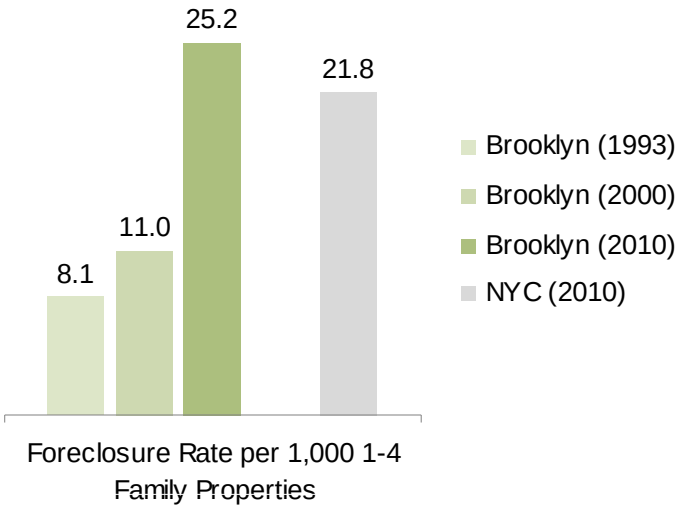
Brooklyn Neighborhood Reports 2012

All Brooklyn

Housing

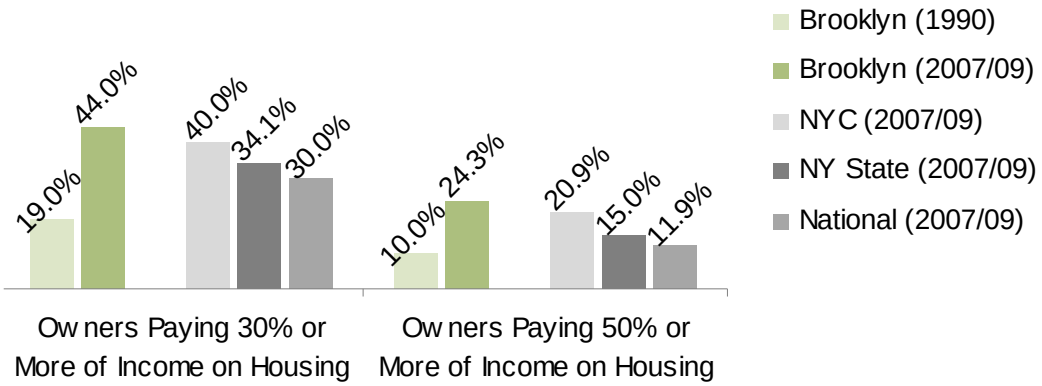
- Since 1990, median gross rent increased by 24.8%, from $803 to $1,002 (2007/09)
- Median sales price per unit in 2-4 family buildings increased 53.1% in just 10 years, from $155,077 in 2000 to $237,500 in 2010

Foreclosures



Data Source: Furman Center for Real Estate and Urban Policy

Housing Burden of Owners



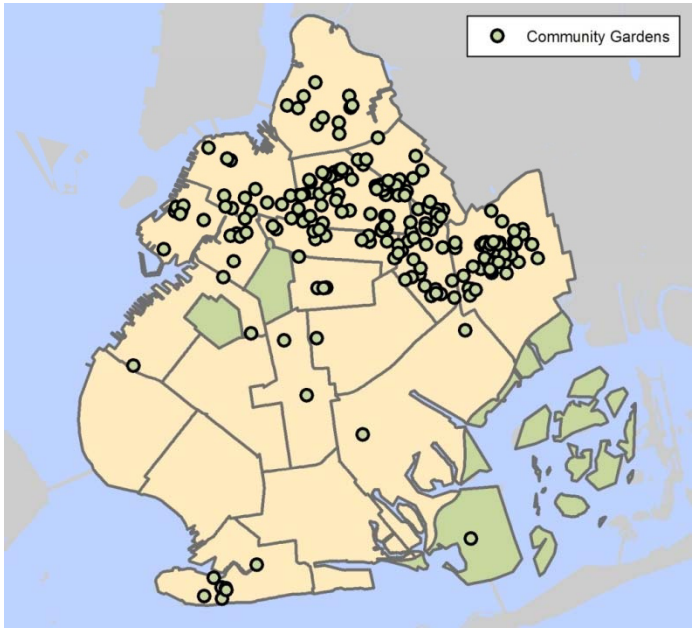
Data Sources: U.S. Census 1990; 2007/09 American Community Survey

Brooklyn Neighborhood Reports 2012

All Brooklyn

Environment

- In 2007/09, % Brooklynites that walk or bike to work (9.9%) is nearly three times national (3.4%); % that take public transportation (60.0%) is twelve times national (5.0%)
- Over 5 million pounds of garbage (85.6% of total waste) and recycling (14.4%) are collected each day in Brooklyn- that's 2.1 pounds per person daily (2011)
- 204 **Community Gardens** in Brooklyn- that's 42.2% of the total 483 in NYC (2011)



Data Sources: GrowNYC and www.OASISnyc.net (2011)

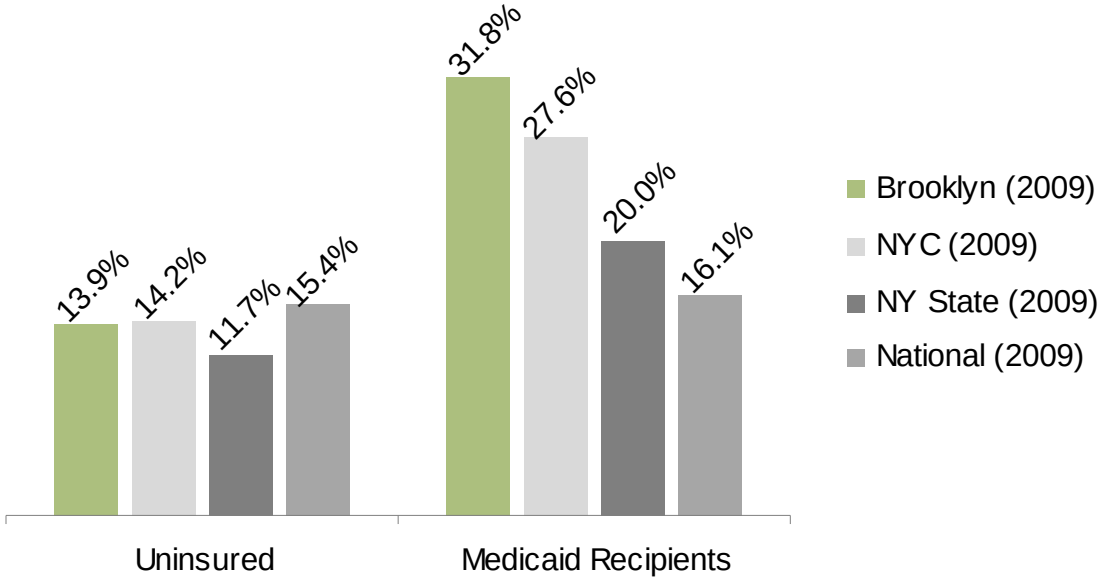
Brooklyn Neighborhood Reports 2012

All Brooklyn

Health

- 25.0% obesity and 10.2% diabetes (2007/09)
- HIV/AIDS reported diagnoses (56.9 (2002) to 40.0 (2009) per 100,000 persons) and deaths (36.4 (2002) to 16.0 (2009) per 1,000 persons living with HIV/AIDS) declined since 2002, but approx. 90% of new diagnoses and deaths in 2009 are in Black or Latino populations, who when defined by racial category, make up only 52.3% of Brooklyn's population.

Health Insurance



Data Source: 2009 American Community Survey

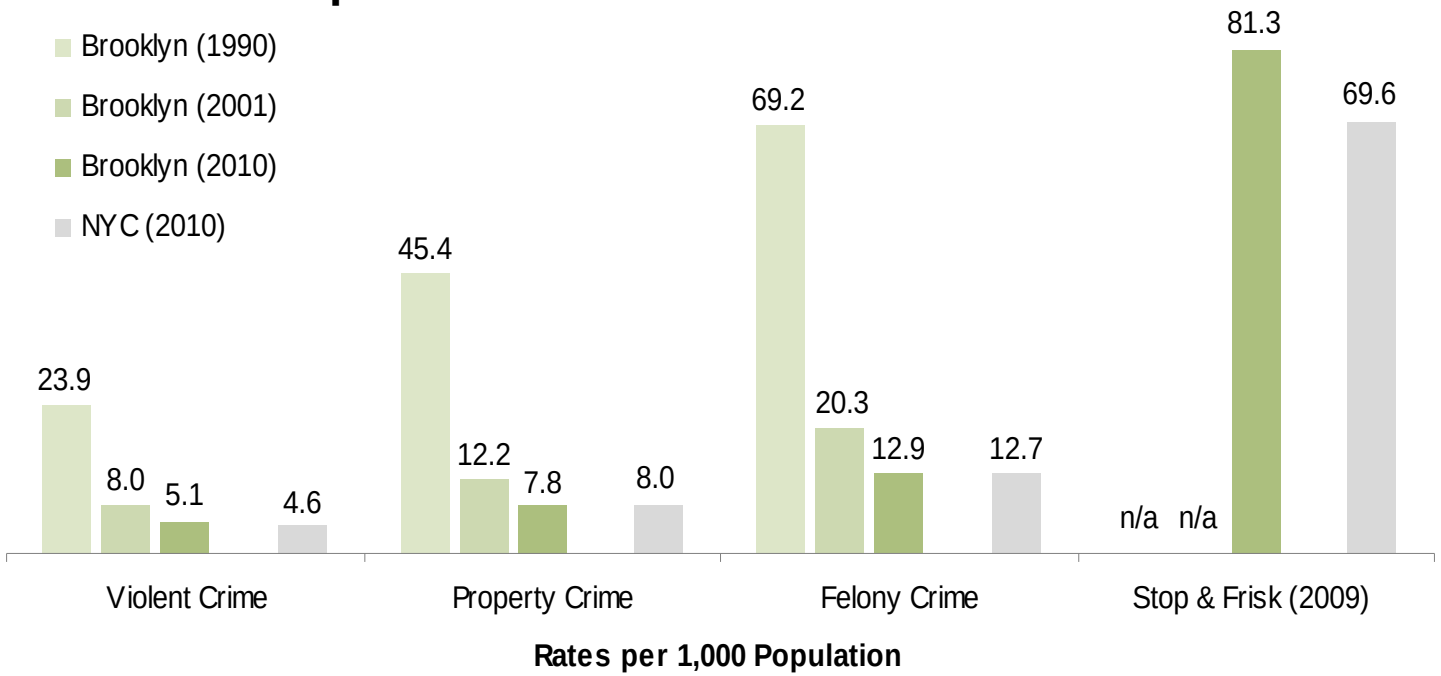
Brooklyn Neighborhood Reports 2012

All Brooklyn

Public Safety

- In 2010, felony crime rates (property plus violent crime) 1/5 of what they were in 1990
- In 2009, nearly 3,000 adults from Brooklyn were admitted to prison, at a projected cost of over $300 million over the term of their sentences

Crime and Stop & Frisk



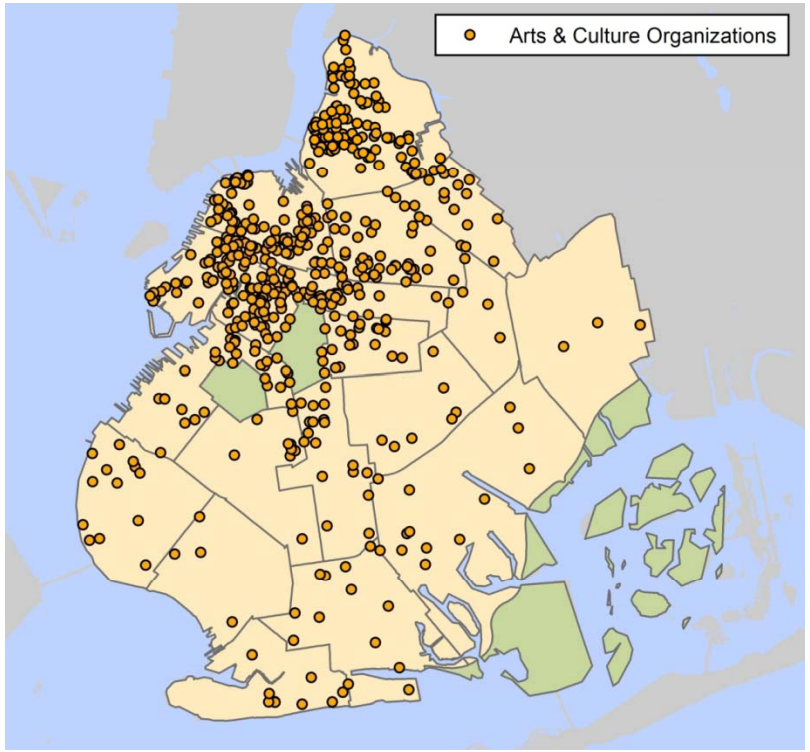
Data Sources: Crime Rates: NYPD; Stop & Frisk: NYPD, Center for Constitutional Rights, via New York Times. Felony Crimes include Violent Crimes plus Property Crimes.

Brooklyn Neighborhood Reports 2012

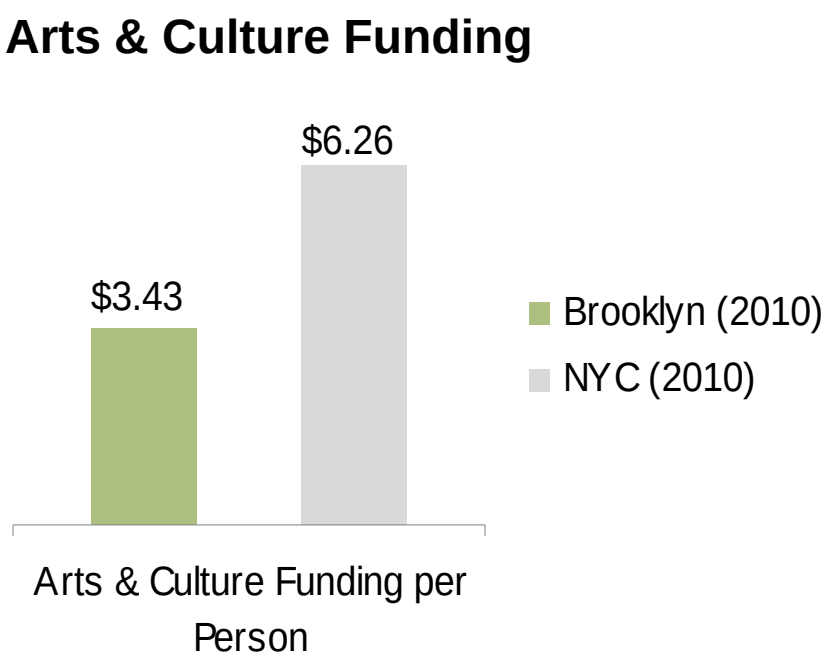
All Brooklyn

Arts & Culture (2007/09)

- 716 arts & culture organizations in Brooklyn (2011)
- % workers in arts & culture industry up from 3.4% in 2000 to 4.8%, compared to 1.7% nationally
- Top occupations in arts & culture industry: Designer (13.7%), Artist (7.6%), Editor (6.3%), Manager (5.6%) and Producer/Director (5.2%)



Data Source: Brooklyn Arts Council (2011)



Data Sources: NYS Council on the Arts and NYC Department of Cultural Affairs

Brooklyn Neighborhood Reports 2012

All Brooklyn

Civic Engagement

- 79.8% of eligible persons (citizens age 18 and above) are registered to vote (2011); 60.5% actually voted in 2008 presidential election

Campaign Donations for NYC Elections

Total Campaign Donations for 2009 NYC Elections	100.0%	$156,494,549
From Brooklyn	**4.5%**	**$6,982,933**
From NYC (excluding Brooklyn)	85.7%	$134,164,997
From NY State (excluding NYC)	5.5%	$8,583,921
From Other U.S. States (excluding NY State)	4.3%	$6,762,698

Data Source: NYC Campaign Finance Board

Brooklyn Neighborhood Reports 2012

Community District Highlights

Demographics (2007/09)

- CD 17 has the highest percentage in Brooklyn of residents who are foreign born (53.2%)

Youth & Education (School Year 2010/11)

- CD 18 has the lowest graduation rate (33.4%) and % of college ready students (5.2%)

Economy (2007/09)

- CD 3 has the highest % (47.8%) of children living in poverty, and CD 18 has the lowest (11.1%)
- CD 16 has highest unemployment rate (12.9%), and CD 1 has the lowest (5.2%)

Housing (2007/09)

- CD 6 has the lowest % of housing-burdened owners- 25.0% of owners pay more than 30% of income for housing and 15.3% pay more than 50%

Environment (2009)

- CD 1 has the most residential units within a ¼ mile of a park (98.5%)

Brooklyn Neighborhood Reports 2012

Community District Highlights

Health (2002 v. 2009)

- % of people with obesity increased in seven of the 11 United Hospital Fund (UHF) neighborhoods

Public Safety (2011)

- CD 6 has the highest rate of domestic violence-related police responses in all of Brooklyn (108.3 per 1000 population, 2011)

Arts & Culture (2010)

- CD 2 has the highest per capita funding for arts & culture from two City and State agencies at $48.71 per person; CD's 12, 16 and 18 all have the lowest at $0.00 per capita

Civic Engagement (2011)

- CD's 1 and 3 have the highest % of citizens age 18 and up registered to vote

More detailed information available by contacting:

Gretchen Maneval
Center for the Study of Brooklyn
at Brooklyn College
917-648-8200
gmaneval@brooklyn.cuny.edu
www.studybrooklyn.org