Policies and Procedures
of
the Community Foundation
of Greater Jackson, Inc.

The Community Foundation Serving Hinds, Madison, and Rankin Counties, Mississippi.

Includes all amendments as of 8-20-2013

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I. Adoption

The following language, duly adopted by corporate action of The Community Foundation of Greater Jackson Board of Trustees (the "Board") on this 13th day of December, 2011, hereby constitutes the policies and procedures of The Community Foundation of Greater Jackson (the "Foundation") in accordance with its Articles of Incorporation and Bylaws. These policies and procedures may be amended from time to time by action of the Board of Trustees.

II. Mission

The Community Foundation of Greater Jackson is a nonprofit, community corporation created by and for the people of Hinds, Madison and Rankin counties. We help charitable donors establish permanent giving fund that reflect individual philanthropic interests while also making a long-term, positive impact on our community. And we serve our nonprofit partners by managing and growing their endowments. In other words, we connect people who give with needs that matter.

III. Service Area

The Foundation serves central Mississippi, primarily Hinds, Madison, and Rankin Counties.

IV. Policy Exceptions

Exceptions to these policies may be granted by a majority vote of the Trustees in office at the time the exception is considered.

V. Board of Trustees

A. Governance

A volunteer Board composed of community leaders is responsible for governance of the Foundation, including establishing policy, determining grants, and overseeing the Foundation’s operations. The Foundation is governed by its Articles of Incorporation and Bylaws and by any resolutions, policies, and procedures adopted by the Board.

B. Composition and Expectations

Members of the Board are selected for their integrity, competency, and willingness and ability to contribute to the Foundation's mission and provide a wide range of experience, skills, and interests. Also taken into consideration are geographic distribution, gender, and ethnicity. Board members are expected to expend significant effort soliciting investment assets and operating funds and are expected to make personal financial pledges to the Foundation. The Board convenes quarterly. Board members are expected to attend as many meetings as possible and to adhere to the Attendance Policy and all other requirements of the Bylaws.

C. Nondiscrimination

The Board of Trustees of The Community Foundation of Greater Jackson does not discriminate on the basis of race, color, creed, gender, handicap, sexual orientation or ethnic origin in its granting or hiring practices.

D. Committees

All committees will be chaired by a Board member but may include both Board members and non-Board members unless otherwise prohibited by the Bylaws or resolutions of the Board. The number of members on each committee will be determined by the Chairman of the Board (the "Chairman"). Each committee member is expected to actively participate in committee efforts.

E. Conflict and Duality of Interest

Occasions may arise when a Board member, staff member, or immediate family of either has an association with an organization or business which could be viewed as a conflict of interest. Board members and staff are expected to act in the Foundation's interests and not use the Foundation to further their own interests. Board or staff members who entrust the Foundation with funds are expected to act in the corporate interest of the Foundation rather than their personal interests. Therefore, to avoid any real or perceived conflicts, the Foundation has adopted a Conflict of Interest Policy.

A potential business conflict may arise when the Foundation has business or financial dealings with an entity of which a Board member, staff member, or immediate family of either is an officer, director, partner, or substantial stockholder. Such a conflict may also arise from a grant made to an organization for the primary purpose of supporting a transaction with such an enterprise. "Immediate family" shall be defined as the parents, children, spouse, or sibling of a Board member or staff member.

A potential conflict may also arise from awarding a grant to an organization of which a Board member, staff member, or immediate family of either is an officer, director, or trustee.

When any such situation occurs, the affected Board member or staff member should disclose the possible conflict of interest. If the Board member holds a paid position in or is an officer, director, partner, or significant stockholder of the entity to be discussed, he or she shall leave the room during any discussion of the subject during a Board meeting and abstain from voting. If the Board member's association is on a volunteer basis only with a nonprofit, he or she may participate in discussions during Board meetings but must abstain from voting.

This policy will also apply to any members of Foundation committees during committee meetings.

To facilitate the recording of and to avoid any potential conflicts of interest, each Board member and staff member shall at the beginning of each fiscal year sign a document attesting to any positions held with other nonprofit organizations either personally or, to the extent of the Board member's or staff member's knowledge, by members of his or her immediate family.

In addition, no staff member may hold a paid or volunteer position with another nonprofit or similar entity without prior written permission from the President. Similarly, the President may not hold such a position without prior written permission from the Chairman.

F. Confidentiality

As grant applicants and donors entrust the Foundation with important information relating to their organizations and personal finances, service on the Board assumes an obligation to maintain confidentiality on such sensitive matters, even once that service with the Foundation ceases. Any violation of confidentiality could seriously injure the Foundation’s reputation and effectiveness.

G. Standard Documents

For the convenience of donors and their advisors, the Foundation maintains a standard document type for each agreement into which it anticipates entering. Those agreements will be held by the President and may be updated by the Board or Executive Committee from time to time.

H. Public Documents

The Foundation shall make available to the public the most current Annual Report, Audited Financial Statements, IRS Form 990 and IRS Form 990-T (if applicable). These documents shall be available on the website and paper copies shall be available upon request.

I. Signature/Negotiation Authority

By corporate resolution of the Board, the President has authority to negotiate and enter into contract agreements on behalf of the Foundation.

J. Annual Report/Meeting

The Foundation will publish an annual report and hold an annual meeting detailing for the public the activities of the previous year including, but not limited to, grants awarded, major gifts received, new funds established, and significant accomplishments. The financial reports shall be audited and will be prepared in accordance with generally accepted accounting principles.

K. Whistleblower Protection

It is the policy of the Foundation to encourage the reporting of any and all information relating to the commission or possible commission of any infraction of federal and/or state laws regarding the Foundation's accounting, internal accounting controls or auditing matters. If you reasonably suspect the Foundation, or any officer, board member, employee, contractor, subcontractor or agent of the Foundation, has violated any state or federal laws regarding fraud, you should immediately report your suspicions to the Foundation's Finance Committee. Your concerns may be submitted to the Foundation's Finance Committee anonymously, if you prefer, by submitting it to the chair of that committee whose name and address are to be posted with this policy.

The Finance Committee will immediately conduct a thorough internal investigation while maintaining the confidentiality of your identity, if it is or becomes known to the committee. The Finance Committee will report its findings to the Board of Trustees, and, if your concerns are verified, the Finance Committee will report its findings to the appropriate authorities.

Neither the Foundation nor its officers, board members, employees, contractors, subcontractors or agents may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against any person for providing information, causing information to be provided, or otherwise assisting in an investigation regarding conduct which the person reasonably believes constitutes a violation of federal and/or state laws with respect to fraud where the information or assistance is provided to (a) a federal regulatory or law enforcement agency, (b) any member or committee of Congress, (c) any person with supervisory authority over the person or (d) any other person who has the authority to investigate, discover or terminate misconduct. In addition, the Foundation prohibits retaliation against any person for filing, testifying, participating in or otherwise assisting with any proceeding regarding the Foundation's accounting, internal controls or auditing matters.

L. Document Retention/Destruction

Retention of Records

In accordance with the recommendation of the Foundation's Auditors, records falling with these categories shall be retained for the following minimum periods:

• Accident reports and claims (settled cases)	7 years
• Accounts payable ledgers and schedules	7 years
• Accounts receivable ledgers and schedules	7 years
• Audit report of accountants	Permanently
• Auditor's Report	Permanently
• Bank reconciliations	3 years
• Bank statements and deposit slips	3 years
• Capital stock and bond records; ledgers; transfer registers, stubs showing issues, record of interest coupons, options, etc.	Permanently
• Cash books	Permanently
• Chart of accounts	7 years
• Checks (cancelled, but see exception below)	7 years
• Checks (cancelled, for important payments, i.e. taxes, property, special contracts -- file with papers pertaining to the underlying transaction)	Permanently
• Contracts and leases (expired)	7 years
• Contracts and leases (still in effect)	Permanently
• Correspondence (routine)	1 year
• Correspondence (general)	3 years
• Correspondence (legal and important matters)	Permanently
• Deeds, mortgages, bills of sale	Permanently
• Depreciation schedules	Permanently
• Dividend checks (cancelled)	6 years
• Duplicate deposit slips	1 year
• Employee personnel records (after termination)	3 years
• Employment applications	3 years
• Expense reports	6 years
• Expense analyses/expense distribution schedules	7 years
• Financial statements (end-of-year)	Permanently
• Financial statements (monthly)	Optional
• Fixed assets detail	Permanently
• General and private ledgers (and end-of-year trial balance)	Permanently
• Insurance policies (expired)	3 years
• Insurance records, current accident reports, claims, policies, etc.	Permanently
• Internal audit reports	3 years
• Internal reports	3 years

• Inventories of products, materials, supplies	7 years
• Invoices to customers	7 years
• Invoices from vendors	7 years
• Journals	Permanently
• Minute books for directors, including bylaws/charter	Permanently
• Notes receivable ledgers and schedules	7 years
• Options records (expired)	7 years
• Payroll (time cards, time reports, earning records)	8 years
• Payroll records and summaries (including payments to pensioners)	7 years
• Petty cash vouchers	3 years
• Physical inventory tags	3 years
• Plant cost ledgers	7 years
• Property appraisals by outside appraisers	Permanently
• Property records (including cost, depreciation reserves, end-of-year trial balance, depreciation schedules, blueprints and plans)	
• Purchase orders	1 year
• Receiving sheets	1 year
• Requisitions	1 year
• Sales records	7 years
• Savings bond registration records of employees	3 years
• Scrap and salvage records (inventories, sales, etc.)	7 years
• Stenographer's notebooks	1 year
• Stock and bond certificates (cancelled)	7 years
• Stockroom withdrawal forms	1 year
• Subsidiary ledgers	7 years
• Tax returns and worksheets, revenue agents' reports and other documents relating to tax liability determination	Permanently
• Time books	7 years
• Trade mark registrations	Permanently
• Trial balances (monthly)	6 years
• Voucher register and schedules	7 years
• Vouchers for payments to vendors, employees, etc. (includes allowances and reimbursement of employees, officers, etc. for travel and entertainment expenses)	8 years

State Requirements

In accordance with state law, a complete copy of the annual filing with the Secretary of State's Office (Unified Registration Statement, Annual Financial Report Form, and supporting documentation) shall be retained for a minimum of three years from the date of filing.

Electronic Records

This policy applies to any electronic records. Staff may determine whether a document should be held in paper or electronic format, if it exists in both. Either the paper version should be destroyed and the electronic version maintained for the time requirements of this policy, or the electronic version deleted and the paper version maintained for the time requirements of this policy. Duplication of records in both electronic and paper format is unnecessary and cumbersome.

If an employee has performed Foundation-related work on his or her home computer, any records or documents should be transferred at the earliest possible time to a Foundation-owned computer and deleted from the home computer. This ensures that the document will be maintained under this policy.

E-mail correspondence which may be identified as falling under one of the protected types of documents addressed in this policy should be saved either by printing a paper copy for filing or saving an electronic copy of same for the period specified in the policy. E-mail correspondence which does not directly fall under one of these categories may be kept as long as the staff member believes it is necessary but no more than one year. For example, a request from the President to prepare a report or notification from the Comptroller that an entry has been posted are not required to be kept. However, a response to a request for information from legal counsel or an opinion from the auditors would fall under the protected document classes and should be maintained in accordance with this policy.

The Foundation currently purchases the use of a limited voice mail system from its telephone service provider. Consequently, the amount of memory available for the archiving of voice messages is limited. As only a few messages may exist on the system at once, all voice mail messages should be deleted within 24 hours of their receipt to prevent the system from becoming full (in which case no additional messages could be left for anyone). If at some time in the future the Foundation purchases equipment for and installs a separate, stand-alone voice mail system with a greater archival capacity, this policy will be amended.

Electronic records should be backed-up on a regular basis to recordable media. The period between back-ups should be no more than two weeks.

Unnecessary Documents

Those documents whose continued preservation serves no useful purpose and may, in fact, expose the Foundation to storage costs and liability shall be promptly and systematically deleted and destroyed by the employee who generated them. These include, but are not limited to, personal e-mails and correspondence unrelated to Foundation matters; preliminary drafts of letters and memoranda if a final version has been retained; brochures and newsletters received by the Foundation unrelated to its activities; and any "junk mail" received by the Foundation. However, any of the above documents relevant to or discoverable in pending or potential litigation and other legal and official proceedings shall be retained.

Document destruction

Documents which have been held past the minimum time periods indicated in this policy may be destroyed at the direction of the President. In the event that a federal, state, or local regulatory or law enforcement agency notifies the Foundation of an investigation into its activities, all record destruction shall immediately cease until such time as confirmation has been received that said investigation has been completed. During the time of such an investigation, no records related to the investigation may be altered or concealed.

VI. Financial Policies

A. Gift Acceptance

Overview

It is the policy of the Foundation to offer the donors the opportunity to make gifts to the Foundation, both of cash and non-cash assets, in a manner beneficial to the donors while protecting the fiscal and legal integrity of the Foundation. The Foundation reserves the right to refuse any gift that it believes is not in the best interests of the Foundation or the donor. Once a gift is transferred to the Foundation, it becomes the property of the Foundation.

The Board authorizes the acceptance of gifts to the Foundation only where there is genuine donative intent, where the donor has been encouraged to seek her/his own counsel on legal and financial matters, and where the gift is in the best interests of both parties. The Board does not authorize the acceptance of gifts that would jeopardize the financial, legal, or moral integrity or reputation of the Foundation, or where the gift would cause embarrassment to the donor or her/his family.

The Foundation will enter into a Fund Agreement (the "Agreement") with each donor at the time the Fund is established.

All information concerning prospective donors shall be confidential. No information shall be released to members of the general public who do not have a need to know without securing the prior permission of the donor.

Full responsibility rests with the donor for claiming any income tax deductions, including filing federal tax form 8283 or any other form required under state or federal law. Full responsibility also rests with the donor for the value given to tangible personal property or services. The Foundation does not give legal or tax advice.

In conformance with Treasury Department regulations governing community foundations, gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

All gifts other than cash or marketable securities will require review by the Board. These gifts include, but are not limited to

- Real Estate
- Bargain Sales
- Closely Held and S-Corporation Stock
- Limited Liability Company and Limited Partnership Interests
- Tangible Personal Property
- Assets with unusual liabilities attached

Minor changes in gifts of this nature which have previously been approved by the Board may be authorized by the Executive Committee.

Unless otherwise specified by the donor, all memorial gifts will be deposited in the Community Trust Fund, the Foundation's general unrestricted endowment.

Assets Acceptable as Gifts

The following assets are acceptable as described, either as outright gifts, as bequests or devises (estate gifts), or when appropriate, as funding for a charitable remainder trust or charitable lead trust. All gifts are subject to approval by the Board and legal counsel. The Foundation may decline a gift for any reason.

- Cash: The Foundation accepts cash, checks, money orders, bank drafts, and gifts via credit card.

- Marketable Securities: The Foundation accepts gifts of publicly traded stocks and bonds. It is the Foundation's policy to sell the securities immediately.

- Securities in Closely Held and S-Corporations: Prior to approval, such gifts are reviewed by the Foundation staff and legal counsel. The Board must approve all closely held and S-corporation stock donations prior to acceptance and shall set limits to 20% of the voting stock of the incorporated business and shall monitor the holding annually for compliance with the "Excess Business Holdings" provisions of the Pension Protection Act of 2006. In the event a determination is made that the holding is in excess of the limit a liquidation will be required that is sufficient to lower the percentage as necessary to remain in regulatory compliance.

- Partnership Interests and Interests in Limited Liability Companies and Limited Partnerships: The Foundation does not accept gifts of general partnership interests. All limited partnership interests or LLC interests must be approved by the Foundation Board and legal counsel. Prior to approval, all limited liability company agreements and limited partnership agreements will be reviewed by the Foundation staff and legal counsel with particular attention given to the activity of the partnership/LLC and how allocations are made. Further, the underlying assets and liabilities of the partnership/LLC will be reviewed. The donor may be asked to cover some or all costs of holding the interest such as administrative responsibilities, tax return preparation and, particularly, any unrelated business income tax which may be generated by phantom income. All such transactions shall be limited to 20% of the profits interest of a partnership or joint venture and shall be monitored annually for compliance with the "Excess Business Holdings" provisions of the Pension Protection Act of 2006. In the event a determination is made that the holding is in excess of the limit a liquidation will be required that is sufficient to lower the percentage as necessary to remain in regulatory compliance.

- Real Estate: All real estate gifts must be approved by the Board and legal counsel. The donor shall agree to pay for the costs of an environmental audit and title search. The Foundation shall not accept gifts of real estate with restrictions upon the ultimate sale of the property. Full interests, partial interests, and remainder interests in real property are all acceptable. Conditions for acceptance shall include salability and annual maintenance costs including evaluation of any liens against the property and any real estate taxes. A donor may be asked to sign a statement regarding liability for previous and current environmental or other conditions if the Foundation deems it appropriate.

- Bargain Sales: A bargain sale is one in which the Foundation is provided the opportunity to purchase property at less than its fair market value. The gift amount is usually the difference between the sale price and the market value. The Board must approve all bargain sales prior to acceptance.

- Tangible Personal Property: Conditions for accepting gifts of tangible personal property include salability or usability and current Foundation needs for the property offered, physical condition of the property, cost of any storage or insurance needed, and any other unusual feature or condition involved in the transfer. The Board must approve all gifts of tangible personal property prior to acceptance.

- Insurance: The Foundation may be named as a percentage or contingent beneficiary of any life insurance policy. In addition, the Foundation accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to the Foundation. If the insurance policy is not paid in full, the usefulness of the gift is judged on a case-by-case basis. The Foundation shall have no obligation to continue premium payments on insurance policies. If the policy is accepted, the Foundation may choose either to cash it in for the current surrender value or to continue to pay the premium so long as the Foundation is not required to expend funds from sources other than the donor to maintain the contract. Fully paid life insurance policy gifts in which the Foundation is the owner and irrevocable beneficiary are acceptable. The Foundation does not participate in charitable split dollar insurance plans.

- Retirement Plan Assets: The Foundation may be named as a beneficiary of any retirement plan.

- Bequests: Any bequest must be approved by the Board prior to acceptance. It is requested that any such gift be submitted to the Foundation for consideration prior to insertion into a will.

- In-Kind: The Foundation may accept gifts of in-kind donation of services at the discretion of the President. It is the responsibility of the donor to provide documentation of the value of the services.

- Other Assets and Forms Gifts May Take: Other types of gifts not mentioned in this policy may be acceptable subject to approval of the Executive Committee of the Board.

- Life Income Agreements: Gifts of this nature require the approval of the Board and are acceptable when in compliance with the Internal Revenue Code (the "Code") at the time the gift is established, and are subject to reformation as tax laws change. The Foundation will work with the donor and his or her trustee. The Foundation cannot act as a trustee. The Foundation may enter into life income agreements including charitable lead trusts and charitable remainder trusts. A remainder trust is a trust that pays to the donor (and/or another beneficiary) either a fixed or variable income for the beneficiary's life, or for a set term, or a combination of the two. When the trust term expires, the remainder is then distributed to a charitable beneficiary. Operating in the opposite manner, a lead trust, which may be created by a deed of trust or will, pays the income to a fund at the Foundation for a term of years, after which the principal is paid to the donors or to any other noncharitable beneficiary. The Foundation encourages donors to consult their own legal counsel and tax advisors to create a trust.

B. Types of Funds

The Foundation offers several types of funds to assist donors in designing a philanthropic giving plan that is exactly suited to their needs and interests. Although funds can be either endowed ("permanent") or non-endowed ("pass through"), many donors choose to create their funds as permanent endowments that will benefit the community in perpetuity. Endowed funds more closely fit the Foundation’s mission of building a permanent source of funds for the community. Grants from all funds are based on the Distribution Policy of the Foundation and administrative fees are based on the Fee Policy.

Unrestricted

An Unrestricted Fund is unrestricted as to purpose on organization supported. A donor may establish an Unrestricted Fund in his or her name or make a contribution to the Community Trust Fund of the Foundation. Unrestricted funds are generally endowed funds.

Grants from Unrestricted Funds are made at the discretion of the Board upon recommendation of the Foundation’s Grants Committee and the Foundation’s program staff and allow the Foundation to address the community’s changing needs and emergencies, to support the creation of innovative responses to community problems, and to enhance the quality of community life. In the past, areas approved for grants from Unrestricted Funds have included the arts, education, the environment, health, families and children, and community building.

Donor Advised

A Donor Advised Fund allows a donor to create a fund without naming any specific charitable institutions and retains the right to recommend grants to charitable organizations of his or her choice over time. However, since the Foundation owns all funds, any such recommendations shall be solely advisory, and under no circumstances shall the Foundation be bound by any such advice or recommendation. Donor Advised Funds may be endowed or non-endowed.

In addition to the donor, the fund can be advised by a person or advisory committee named by the donor. Advisors are subject to the Foundation’s Advisor Succession Policy. The Foundation evaluates recommended grants from Donor Advised Funds to ensure that all recommended recipients are legitimate charities. Grants from Donor Advised Funds may be made to organizations outside Hinds, Rankin, and Madison Counties.

An Endowed Donor Advised Fund is subject to the Fund's Disbursement Policy. A Non-Endowed Donor Advised Fund, or "Pass-Through Fund," allows the donor to make grants from the entire fund balance.

Field of Interest

A Field of Interest fund~~s~~ allow***s a*** donor~~s~~ to address a broad area of concern without naming specific charities at the time the fund is established. The donor names the category of donee to be considered, such as the arts, education, the environment, families and children, health, community building, a geographic area, or other field of interest, and the Foundation makes grants to the most appropriate programs or organizations within the specified field of interest. Field of Interest funds are generally endowed funds.

Designated

A Designated Fund is a fund that names a specific not-for-profit organization or organizations to receive grants from the fund. If the beneficiary of a Designated Fund ceases to exist and the donor has not named a contingent beneficiary, the Board will preserve the donor's intent by redirecting the distributions from the fund to the organization with the closest similar mission. Designated funds are generally endowed funds.

Scholarship and Awards

A donor, which may be an individual, family, company, or organization, can recognize outstanding achievement of individuals through a Scholarship or Award Fund. The donor identifies the group of individuals he or she wishes to assist and the criteria to be used. While the donor may serve in an advisory capacity, the donor, their appointees or related parties may not comprise a majority of any scholarship or award selection committee. The Board approves all scholarship and award recipients. The staff has developed and will follow procedures which ensure that scholarships and awards are distributed in an equitable manner. The Board, however, will not serve as a fund's advisory committee. Family members of donors to Scholarship Funds, the Board, or a scholarship or award selection committee are ineligible to receive that particular scholarship or award.

The Foundation accepts two types of scholarship and awards programs:

a) A Scholarship or Award Fund in which the distributions are granted to a specific educational institution. The institution recommends the recipient(s) to the Board and the Foundation sends grant checks directly to the institution.

b.) A Scholarship or Award Fund in which the donor appoints an advisory committee to select the scholarship or award recipients. The donor establishes the rules for eligibility, and the committee informs all eligible applicants, publicizes the scholarship program, receives and reviews the applications, and recommends the recipient(s) to the Board.

Organization Endowment

An Organization Endowment, which is sometimes referred to as an agency endowment, holds assets for a named charitable organization and generally makes distributions to that organization on a schedule in accordance with the Foundation’s Distribution Policy. Additions may be made to an Organization Endowment Fund by the organization or by individuals who are interested in helping that particular charity. If the organization ceases to exist, the Foundation will continue the organization’s charitable objectives by making the annual grant to a similar organization. An "organization," as used here, can be any type of charity. Agency endowments are generally endowed funds.

Administrative

This fund type gives donors the opportunity to provide support for the ongoing operations of the Foundation by creating an endowment or adding to the Foundation's Administrative operating fund.

The Foundation will enter into a Fund Agreement with the donor at the time each Fund is established. Based upon the terms of the Fund Agreement, including any restrictions placed upon the Fund by the donor, the Fund will be classified into one of the following three categories:

Agency Fund – funds which are held by the Foundation as agent for the non-profit organization which opens the fund. Distributions from agency funds are ordinarily restricted payable only to that non-profit organization. Agency funds are traditionally but not required to be endowed funds.

> Amounts held for others under agency transactions are designated as such by the Foundation in the general ledger coding of the agency fund. The Foundation extracts all agency funds and recognizes them as a liability, in accordance with FASB ASC 958-605.
>
> Pursuant to FAS 136, revenues and expenses associated with agency transactions are not recognized on the Foundation's annual audited Statement of Activities. The Foundation's internal statement of activities does reflect agency transactions for balancing and transparent reporting purposes.
>
> The Foundation staff will work in conjunction to review and assure the proper identity and subsequent reporting of agency transactions on the Foundation's annual audited financial statements.

Temporarily Restricted Fund– contributions which have distribution restrictions placed upon them either by the donor as stated in the Fund Agreement or by the Foundation's Board. These funds ordinarily include field of interest, designated, scholarship and award funds held by the Foundation. The donor and/or the donor's designee as listed in the Fund Agreement have the authority to designate distributions and grants from these funds. The Foundation's Grants Committee may also be designated by the donor as having the authority to expend the funds in accordance with the Fund Agreement. Temporarily restricted funds may or may not be endowed funds.

> Temporarily restricted funds are designated as such by the Foundation in the general ledger coding of the restricted fund. These funds are wholly owned by the Foundation and therefore are reported as assets of the Foundation in both the annual audited financial statements as well as the internal financial statements.

Unrestricted Fund – contributions for which no restrictions have been placed upon distributions by either the donor or the Foundation's Board. These funds ordinarily include funds held at the discretion of the Foundation's Board as well as Donor Advised Funds. Distributions from unrestricted funds are made at the recommendation of the Foundation's Grants Committee, the Fund's advisor designated in the Fund Agreement or by the donor of each Donor Advised Fund. Unrestricted funds are ordinarily not endowed but may be endowed if the donor so chooses.

> Unrestricted funds are designated as such by the Foundation in the general ledger coding of the unrestricted fund. These funds are wholly owned by the Foundation and therefore are reported as assets of the Foundation in both the annual audited financial statements as well as the internal financial statements.

The proper classification of each Fund will be recorded in the Foundation's accounting records as determined by the Finance Officer, reviewed by the COO, confirmed by the CEO and documented in the fund file either on or attached to the Fund Agreement. Determination of the proper classification is derived from the information provided in the Fund Agreement.

As explained in Section VI. Paragraph A. of this manual, a Fund Agreement is required for each fund and becomes a part of the permanent records of the Foundation and therefore readily available for review at any time. The general ledger coding for each fund denotes any restrictions and other classifications applicable to the fund, such as a designation of distribution and/or endowment. Notes are maintained in the Foundation's database on each fund clarifying the donor's intent for distributions, timing of distributions and/or recipient(s).

Gift receipts to all three categories of funds are identified as endowed or non-endowed based upon the donor's intention at the time of the gift and are coded for general ledger recording based primarily on this distinction. Endowed gifts are recorded to the corpus which is distinguished in the fund balance and in the revenue section of the income statement. All non-endowed receipts are coded as unrestricted, even to an agency or temporarily restricted fund, with the fund classification being the primary identifier distinguishing the receipt as restricted in the presentation of the balance sheet and income statement.

Information pertaining to classification is recorded in the Foundation's software system (FIMS) and noted in the permanent fund files. Classifications may change only by modification of the Fund Agreement by the donor or fund advisor as permitted by the Fund Agreement or by action of the Foundation's Board. Recording and posting adjustments to the general ledger classification will only be made by the Finance Officer after proper authorization by the COO and CEO.

Any classification change would be reported in the internal financial statements of the month following the change and at year-end in the audited financial statements for the year of change.

C. Supporting Organizations

Supporting organization status (detailed in Code section 509(a)(3) and related regulations) gives a charitable organization many of the advantages of private foundation status while preserving its status as a public charity. A supporting organization is a separate entity from the Foundation, has its own board of trustees, determines its own grantees, undergoes a separate audit, files a separate tax return from the Foundation, and has its own Section 501(c)(3) tax-exempt status from the Internal Revenue Service. The Board of the Community Foundation exercises control over the board of the supporting organization, generally by appointing a majority of the board of the supporting organization. The minimum amount required to create a supporting organization is $1,000,000.

D. Distributions

Permanently endowed funds have an infinite time horizon. The needs of current beneficiaries must be balanced against the needs of future beneficiaries. Setting a prudent, long-term Distribution Policy helps protect the purchasing power of the endowed assets for all beneficiaries and satisfies donors' expectations that endowed funds will be working hard to serve the community long after their deaths. The Foundation's Distribution Policy is periodically reviewed and updated, as necessary, by the Board of Trustees. The Board seeks to balance two competing long-term goals:

1. To protect the purchasing power of Endowed Funds from the effects of inflation (as measured by changes in the Consumer Price Index). In other words, amounts spent for charitable needs twenty years from now should have the same purchasing power as today's spending.

2. To maximize the consistent level of distributions for today's charitable needs.

It is the policy of the Foundation to grant from endowed funds no more than five percent (5%) of the fund's average balance annually, not including any fees withdrawn from the fund. Any portion of the five percent (5%) not granted in one year may be accumulated and granted in later years. The amount granted during the first partial year of a fund's existence will be based on the beginning balance of the fund. Thereafter, the amount granted will be based on the average daily market value of the fund for the total number of months the fund has been in existence in the preceding year. The amount available for granting for the year will be calculated during the first month of each calendar year.

E. Fees

As compensation for its services, the Foundation charges its funds an annual administrative fee. Administrative fees, based on the average daily market value of a fund for the total number of months the fund has been in existence in the preceding year, shall be in addition to any charges assessed by investment managers. Fees shall be charged in advance, and the initial fee for a fund shall be prorated. The fee shall thereafter be computed in April each year and be paid directly from the fund to the Foundation's administrative account. Each fund shall be subject to a minimum annual fee based on the fund type. Administrative fees shall be assessed by the Foundation every year regardless of whether investments in a fund have generated earnings in the period of time upon which the fees are assessed. A $250 fee shall be charged for the creation of any new fund.

Endowed Funds

Administrative fees on endowed funds shall be one percent (1%) annually. A minimum annual fee of $300 shall be paid to the Foundation.

Non-Profit Organization Funds

Administrative fees on all funds held on behalf of non-profit organizations shall be one percent (1%) annually. A minimum annual fee of $300 shall be paid to the Foundation. For non-profit organization funds in excess of $500,000, one percent (1%) shall be charged for the first $500,000 and one-half percent (0.5%) for any amount above $500,000.

Pass-Through Funds

Administrative fees on pass-through funds of under $100,000 shall be two percent (2%) annually. A minimum annual fee of $500 shall be paid to the Foundation. For pass-through funds in excess of $100,000, two percent (2%) shall be charged for the first $100,000 and one percent (1%) for any amount above $100,000.

Scholarship Funds

Administrative fees on scholarship funds created after adoption of this policy shall be two percent (2%) annually. A minimum annual fee of $500 shall be paid to the Foundation.

Cycle Grant Funds

Administrative fees on funds for which the Foundation operates a competitive grant application process, other than scholarships, shall be one and one-half percent (1.5%) annually. A minimum annual fee of $300 shall be paid to the Foundation.

Supporting Organizations

The fees for supporting organizations shall be negotiated.

F. Advisor Succession

The advisor or advisors to a Donor Advised Fund are named by the donor at the time the Fund is established. At that time or at a later date, the donor may name an advisor to succeed him or her upon his or her death or resignation. The donor must identify his or her successor by name (i.e. "John Smith," not "my child") and provide the successor's most recent mailing address. Each succeeding advisor may also identify in writing a subsequent successor in the same manner. If the Foundation has received no written notification of a successor advisor during the life of the advisor and no indication within 12 months of the advisor's death that a successor was named in a will, the Fund will become part of the Community Trust Fund unless the advisor or successor advisor has requested that the fund become a Designated Fund or a Field of Interest Fund.

G. Investment.

I. PURPOSE

This Investment Policy Statement was adopted by the Board of Trustees of the Community Foundation of Greater Jackson, Inc. to establish a clear understanding of the Foundation's investment objectives and philosophy.

The Foundation was created to further the wide-ranging community support needs of the greater Jackson area. The purpose of the Foundation is to accumulate a pool of assets sufficient to build capital for future use with the corresponding obligation to support current and future needs. While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term needs with preservation of the real (inflation-adjusted) value of assets, is crucial to the long-term success of the Foundation.

SCOPE

This Policy applies to all assets that are included in the Foundation's investment portfolio for which the Investment Committee has been given discretionary investment authority.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Investment Committee and its members shall exercise prudence and appropriate care in accordance with the Prudent Investor Rule. All investment actions and decisions must be based solely in the interest of the Foundation. All Foundation assets will be invested in a manner consistent with Mississippi law, including but not limited to, the Mississippi Uniform Trustees Powers Law and the Uniform Prudent Management of Institutional Funds Act and the Foundation's governing instruments. Fiduciaries must provide full and fair disclosure to the Investment Committee of all material facts regarding any potential conflicts of interests.

II. DEFINITION OF DUTIES

Board of Trustees of the Foundation

The Board of Trustees of the Foundation has the ultimate fiduciary responsibility for the Foundation's investment portfolio. The Board must ensure that appropriate policies governing the management of the Foundation are in place and that these policies are being effectively implemented. To implement these responsibilities, the Board sets and approves the Investment Policy Statement and delegates responsibility to the Investment Committee for implementation and ongoing monitoring of the investment portfolio.

Investment Committee

The Investment Committee of the Board, which shall serve as the Investment Committee for the Foundation, is responsible for implementing the Investment Policy. This responsibility includes developing investment strategy, hiring and firing of investment managers, custodians and investment consultants, monitoring performance of the investment portfolio on a regular basis (at least semiannually), and maintaining sufficient knowledge about the portfolio and its managers so as to be reasonably assured of their compliance with the Investment Policy Statement.

The Investment Committee is responsible for managing and overseeing the Foundation's investment portfolios. The Investment Committee assumes the following responsibilities as they pertain to:

a. Statement of Investment Objectives and Policies

   Make recommendations to the Board, when deemed necessary, as to changes in the objectives, guidelines, or standards, based upon material and sustained changes in the capital markets, or changes in the goals of the Foundation.

b. Asset Allocation

Make recommendations to the Board, when deemed necessary, as to the appropriate portfolio weightings among the various major asset classes, sub-asset classes and other classes as deemed necessary by the Investment Committee.

c. Distribution Policy

Review and make recommendations to the Board as needed with regard to an appropriate distribution rate policy.

d. Selection of Investment Managers or Vehicles

Implement a selection process by identifying and screening candidates and vehicles for appropriate portfolio and organizational characteristics. This will include due diligence checks, quantitative measurement of expected risk/return relationship among various alternatives, participating in the interview process and serving as an overall information-gathering conduit for the Board and the President (including drafting and summarization of requests for proposals).

e. Managers Requested by Donors

The Committee recognizes that certain large donors may desire to recommend the use of a specific manager or broker to manage their contributed funds. This practice may also help in gaining the cooperation of the brokerage community in directing their clients toward creating a fund with the Foundation. Such requests for donor recommended managers are subject to the following conditions:

1. The contributed funds must be in excess of $250,000.
2. The donor's agreement with the Foundation must include an understanding that the appointed manager will take directions solely from the President of the Foundation, or his/her designee and is responsible only to the Foundation as regards these funds.
3. The Investment Committee will monitor the performance of such funds and advise the President as to the suitability of the investment strategies of such funds and may recommend to the President and the Board policies applicable to funds created under this section.
4. Appointment of the manager is subject to the due diligence and approval of the investment committee. All managers are required to agree to the Foundation's specific reporting requirements, as to portfolio holdings, transactions and performance calculations with separate reporting by a third party custodian.
5. If the donor and his/her selected manager or broker request to pursue an alternative investment opportunity other than the Foundation's "Balanced Pool", (a) the Investment Committee must approve the alternative

opportunity and (b) total returns over an extended period (3-5 years) must approximate benchmark returns of the 'Balanced Pool". Failure to achieve adequate returns could result in the termination of the alternative opportunity.

f. Low-Fee Index Fund Option

The Committee recognizes that some donor advisors may desire to recommend the use of low-fee index funds. The Investment Committee is authorized to establish index fund accounts to accommodate such recommendations if deemed prudent and desirable.

g. Reallocation Recommendation Option

The Committee recognizes that some donors may desire to recommend, from time to time, changes in allocations among equity, debt and cash funds. The Investment Committee is authorized to establish procedures to facilitate asset reallocation recommendations from donor advisors.

h. Monitor Investment Performance

A performance evaluation of the portfolios and their component parts will be conducted quarterly. A report will be provided to the Board following the close of the quarter.

President of the Foundation

The President of the Foundation has responsibility for administration of the Foundation's investment portfolio and will monitor the performance of the investment portfolio on a regular basis (at least quarterly). In addition, the President will consult with the Investment Committee and Board on all matters relating to the investment of the Foundation's portfolio, and will serve as primary contact for the Foundation's investment managers, investment consultants, and custodians.

The President and staff of the Foundation shall be responsible for implementing the appropriate distribution rate for each individual endowment account according to the distribution policy approved by the Board of Trustees and in accordance with state law requirements.

III. OBJECTIVES

The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus management fees and distribution needs thus protecting the assets against inflation.

STRATEGY

The Board and Investment Committee agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of endowment assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets.

ASSET ALLOCATION

In making asset allocation judgments, the Investment Committee is not expected to seek to "time" subtle changes in financial markets, or to make frequent or minor adjustments. Instead, the Investment Committee is expected to develop and adopt expressed guidelines for broad allocations on a long-term basis, in light of current and projected investment environments.

The Investment Committee's general policy for the Balanced Pool shall be to diversify investments within both equity and fixed income securities so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. The Equity Pool shall be invested in equities only but shall also be diversified so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them.

To ensure broad diversification in the long-term investment portfolios among the major categories of investments, asset allocation, as a percent of the total market value of the total long-term portfolio, will be set within the following ranges:

ASSET CLASS	
FIXED INCOME POOL	
Core/Intermediate	100%

ASSET CLASS	MINIMUM	MAXIMUM
EQUITY POOL		
Large Cap	33%	70%
Mid /small cap	17%	50%
International	8%	40%
Alternative Strategies	0%	13%
TOTAL EQUITY		

ASSET CLASS	MINIMUM	MAXIMUM
BALANCED POOL EQUITY PORTION		
Large Cap	20%	65%
Mid /small cap	10%	40%
International	5%	40%
Alternative Strategies	0%	10%
TOTAL EQUITY	60%	80%
FIXED INCOME PORTION		
Core/Intermediate	20%	40%
TOTAL FIXED INCOME	20%	40%

The Board and the Investment Committee ("the Trustees") recognize that one appropriate approach to accessing equity and fixed income investments is with the use of closed end or open end investment companies (mutual funds). Additionally, the Trustees acknowledge that many mutual funds may choose to invest in an array of asset classes (cash, large cap stocks, mid/small cap stocks, etc.) within a single fund and vary their investment mixes from time to time. Therefore, for purposes of compliance with the Foundation's target investment mix, a mutual fund will be categorized for the Foundation according to its classification by Morningstar, Lipper or some other recognized mutual fund rating organization. Nonetheless, any investment manager utilizing mutual funds may be required to report to the Trustees no less often than quarterly on the composite make up of the managed portfolio. The Trustees acknowledge that any such "see through" look at the composite portfolio will be based on the most recently publicly reported information from the funds which may include data that is as much as six months old. A manager using mutual funds will be held to the same performance and reporting standards as every other investment manager. Risk reports may be based on the most recent publicly reported information from the funds.

The Board and Investment Committee recognize that some donor advisors may desire to recommend different allocations. The Investment Committee is authorized to accept and act on allocation recommendations from donor advisors which are different from the allocations stated above if deemed by the Committee to be prudent.

The Board and Investment Committee recognize that unmanaged index funds may offer a reasonable investment alternative for donor advisors who are especially concerned about fees and expense ratios charged by management firms.

The Board and Investment Committee recognize that some donor advisors may desire to recommend allocations among the Income Pool and the Equity Pool and among income and equity index funds. The Investment Committee is authorized to consider and act on such recommendations if deemed prudent.

IV. IMPLEMENTATION

INVESTMENT OPTIONS

The Foundation will offer six options as investment vehicles for donor contributions:

OPTION I
Money Market Fund – This objective, providing current income and liquidity, is often preferred for donor funds which will distribute income and principal over a relatively short period of time.

OPTION II
Balanced Pool – The Balanced Pool is expected to provide a modest current income while allowing for principal growth. This objective is ideally suited for funds to be managed as a permanent endowment. Our investment policy establishes a target allocation of 60%-80% in mutual funds which own equities or common stocks, and 20%-40% in mutual funds which own bonds and cash. This investment model will fluctuate in value, but generally is expected to fluctuate less than the Equity Pool.

OPTION III
Equity Pool – The Equity Pool will invest in mutual funds which own U.S. and international common stocks or equities. In general, the allocation may be two-thirds of the assets in U.S. securities and the balance in international securities. Since this option is expected to experience more fluctuation in value, this choice is better suited for donors who take a long-term view with respect to the principal of the fund. Nonetheless, some would argue that its long-term prospects for return may be better than the Balanced Pool.

OPTION IV

Income Pool – The Income Pool will invest in mutual funds which primarily own bonds. This Pool seeks a higher and more stable rate of current income, consistent with long-term preservation of capital. This pool is subject to fluctuations in value; however, it is generally expected to fluctuate less than the Equity Pool or the Balanced Pool.

OPTION V

Donor Recommended Allocations – At the inception of the contract and no more frequently than semi-annually thereafter, Donors who select Option V may recommend an allocation of their funds among Options I, III, and IV. The sum of the percentages allocated among Options I, III, and IV must equal 100%.

_____% Option I
_____% Option III
_____% Option IV

OPTION VI

Index Funds – At the inception of the contract and no more frequently than semi-annually thereafter, Donors who select Option VI may recommend an allocation of their funds among the index funds (whether mutual funds or exchange-traded funds) listed below. Index funds are unmanaged or "passive" investments that track indexes. They generally have very low operating expenses because, as unmanaged investments, they are not subject to an investment advisor fee. Donors who select Option VI understand and acknowledge that investments will not be managed by an investment advisor.

_____% Vanguard Total Bond Market Exchange Traded Fund –
This ETF is an exchange-traded share class of Vanguard Total Bond Market Index Fund, which is designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index. This index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.

_____% Vanguard Total Stock Market Exchange Traded Fund –
This ETF is an exchange-traded share class of Vanguard Total Stock Market Index Fund, which is designed to track the performance of the MSCI U.S. Broad Market Index, which represents 99.5% or more of the total market capitalization of all of the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the NASDAQ over-the-counter market

TIME HORIZON

The Investment Committee seeks to achieve or outperform return benchmarks informed by the asset allocation decision, over a full market cycle. 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 over or under performance relative to the broad markets. For this reason, long-term investment returns will be measured over a 3 to 5 year moving period. The Committee reserves the right to evaluate and make any necessary changes regarding investment managers over a shorter-term using the criteria established under "Manager Evaluation."

MANAGER EVALUATION

All investment returns shall be measured net of fees. Each investment manager will be reviewed by the Investment Committee and evaluated upon criteria it establishes, including the following:

a. Avoidance of regulatory actions against the firm, its principals or employees
b. Adherence to the guidelines and objectives of this Investment Policy Statement;
c. Application of the articulated investment philosophy and process. In assessing this criteria the evaluation should be performed with reference to the manager's original stated investment philosophy and process;
d. Ability to exceed the return of the appropriate benchmarks and, for equity managers, produce positive alpha (risk-adjusted return);
e. Ability to meet or exceed the median performance of a peer group of managers with similar styles of investing; and
f. Turnover in investment manager/professionals and changes in the ownership structure of the firm.
g. Timely compliance with all Community Foundation reporting requirements.

SUMMARY OF QUANTITATIVE PERFORMANCE OBJECTIVES

The following summarizes the quantitative performance benchmarks for the active managers. Any passively managed product will be expected to approximate the total return of the benchmark established by the Committee.

Equities:

- Large Cap: S&P 500
- Small / Mid Cap: Russell 2000
- International: MSCI World Ex U.S.
- Fixed Income:
  - Core: Barclays Aggregate

Managers failing to meet these criteria over a full market cycle will undergo review and analysis by the Investment Committee.

V. GUIDELINES AND RESTRICTIONS

GENERAL

Although the Investment Committee does not dictate policy to pooled/mutual fund investment managers, it is the intent of the Investment Committee to select and retain only pooled/mutual funds with policies that generally comply with the guidelines and restrictions stated below. All managers (pooled/mutual and separate), however, are expected to achieve the performance objectives.

Each investment manager shall:

a. Have full investment discretion with regard to security selection consistent with this Investment Policy Statement. While it is preferable that a commitment to a manager be fully invested, the manager shall have discretion to hold a cash position consistent with his stated investment process at the time of hiring
b. Immediately notify the Investment Committee of any material changes in the investment outlook, strategy, portfolio structure, ownership or senior personnel;
c. Not invest in non-marketable securities, nor buy or sell uncovered options, nor use leverage.

Equity Guidelines Policies

Each active domestic and international equity investment manager shall vote proxies and share tenders in a manner that is in the best interest of the Foundation and consistent with this Investment Policy Statement.

Venture Capital / Private Equity

Investments in venture capital and/or private equity partnerships may be used to enhance the expected return of the portfolio. It is understood that these funds are long-term, illiquid, private partnerships with high variability of returns. The Investment Committee shall consider certain criteria including, but not limited to, the following in its evaluation of a fund:

i. Tenure and track record of management as a team;
ii. Expertise in targeted areas of investment; and
iii. Diversification relative to other private equity.

Equity Real Estate

Investments in direct real estate and real estate investment partnerships may be used to diversify the Foundation's total portfolio. It is understood that these funds are long-term, illiquid, private investments with high variability of returns. The Investment Committee shall consider certain criteria including, but not limited to, the following in its evaluation of a fund:

i. Tenure and track record of management as a team;
ii. Expertise in targeted areas of investment; and
iii. Diversification relative to other real estate investments.

Hedge Funds

Investments in hedge funds may be used to diversify the Foundation's total portfolio and to enhance total return. It is understood that hedge funds have limited liquidity (typically annual redemption) and are private partnerships with high variability of returns. The Investment Committee shall consider certain criteria including, but not limited to, the following in its evaluation of a fund:

i. Tenure and track record of management as a team;
ii. Expertise in targeted areas of investment;
iii. Diversification relative to other investments;
iv. Use of leverage;
v. Liquidity of investments; and
vi. General Partner investment, fees and potential conflicts of interest.

Index Funds

The use of index funds such as the Vanguard Total Bond Market Exchange Traded Fund or the Vanguard Total Stock Market Exchange Traded Fund is permitted. These funds are designed to track the underlying index and are otherwise unmanaged.

VI. APPENDIX A - DEFINITIONS

Alpha- Measures how well a portfolio performed versus its benchmark after factoring in the amount of risk (as measured by beta) taken. Technically, alpha is the difference between the excess return of a portfolio and the excess return of the benchmark multiplied by beta. Excess return is simply the actual return minus the return of the risk-free asset, U.S. Treasury Bill. A positive alpha indicates the portfolio has performed better than the benchmark on a risk-adjusted basis.

Beta- a coefficient measuring a portfolio's relative volatility with respect to its market. Technically, beta is the covariance of a portfolio's returns with the benchmark portfolio's returns divided by the variance of the benchmark portfolio's returns. Thus, a portfolio with a beta greater than 1.00, indicates the portfolio experienced greater volatility than the benchmark, whereas a portfolio with a beta less than 1.00, indicates the portfolio experienced less volatility than the benchmark.

Core Fixed Income- A portfolio of that invests in the broad U.S. bond market, limited to investment grade bonds, including U.S. Treasury, corporate, mortgage-backed, and asset-backed securities. These securities have short, intermediate, and long maturities in excess of one year.

Duration- Measures a bond's average life on a present-value basis, incorporating yield, coupons, final maturity and call features. The lower the stated or coupon rate of a bond's interest, the longer its duration.

High Yield Fixed Income- Securities that are rated "below investment grade" by either Standard & Poor's Corporation (<BBB) or Moody's Investor Service (<Baa). These securities typically pay a higher coupon to compensate investors for their greater risk of default.

Intermediate-Term Fixed Income- A portfolio that invests in investment grade bonds, including U.S. Treasury, corporate, mortgage-backed, and asset-backed securities. These securities are limited to securities with a maturity of between 5 and 10 years.

Large Cap Stocks – Equity securities in companies having a market capitalization of more than $8 billion.

Barclays Aggregate Bond Index- All Barclays Bond Indices include fixed rate debt issues rated investment grade or higher by Moody's Investor Service, Standard and Poor's Corporation, or Fitch Investor's Service, in that order. All issues have at least one year to maturity and an outstanding par value of at least $100 million for U.S. Government issues and $50 million for all others. The Aggregate Bond Index includes the Government/Corporate Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.

Merrill Lynch High Yield Index- A market-value weighted index of all domestic high yield bonds. Issues included in the index have maturities of one year or more and have a credit rating lower than Baa3/BBB, but are not in default.

Midcap stocks- Equity securities in companies having a market capitalization of less than $8 billion but greater than $1 billion.

MSCI World Ex-US Index- An unmanaged, market-value weighted index from Morgan Stanley Capital International designed to measure the overall condition of non-US stocks. Represents the foreign stocks of 49 countries in Africa, Asia, Australia, Europe, North America and South America.

MSCI EAFE Growth Index- A market capitalization-weighted index that measures stock market performance in 20 countries within Europe, Australasia and the Far East with a greater-than-average growth orientation.

MSCI EAFE Value Index- A market capitalization-weighted index that measures stock market performance in 20 countries within Europe, Australasia and the Far East with a lower-than-average growth orientation.

Russell 1000 Growth Index- Measures the performance of those Russell 1000 companies with a greater than average growth orientation, and generally higher price-to-book and price-earnings ratios. Used as a comparison for large cap growth managers.

Russell 1000 Value Index- Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth averages. Used as a comparison for large cap value managers.

Russell Midcap Index- Measures the performance of the medium-sized companies in the Russell 3000 Index by removing the largest 500 U.S. companies and the smallest 500 U.S. companies in terms of market capitalization.

Russell Midcap Growth Index- Measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. Used as a comparison for mid cap growth managers.

Russell Midcap Value Index- Measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth averages. Used as a comparison for mid cap value managers.

Russell 2000 Index- The best-known of a series of market-value weighted indices published by the Frank Russell Company. The index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization.

Russell 2000 Growth Index- Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Used as a comparison for small cap growth managers.

Russell 2000 Value Index- Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth averages. Used as a comparison for small cap value managers.

S&P 500 Index- A market capitalization-weighted index of 500 of the largest publicly traded stocks in the United States. The companies chosen for inclusion in the Index tend to be leaders in important industries within the U.S. economy. Currently there are four groups: 400 Industrials, 40 Utilities, 40 Financial and 20 Transportation. The S&P 500 is commonly used as a performance benchmark for equity portfolios.

Smallcap stocks- Equity securities in companies having a market capitalization of less than $1 billion.

Standard Deviation- A measures of variability in returns. The standard deviation measures the dispersion of returns around the average return.

UPMIFA – Mississippi enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in April 2012 becoming the 51st state or territory to do so. UPMIFA is legislation that establishes rules for the management of endowment funds and is a revision of the Uniform Management of Institutional Funds Act (UMIFA) of 1972. The original act provided statutory guidelines for management, investment, and expenditures of endowment funds of charitable institutions. The goal of the new UPMIFA remains the same as it was in 1972, to give charities the freedom to make more effective us of endowment and other investment funds and encourage more productive management of such funds. UPMIFA is an improvement on the previous law because it is consistent with advancements in charitable practice, regulation, and comparable areas of nonprofit and trust law over that same timeframe. UPMIFA expressly provides for diversification of assets, pooling of assets, total return investment, and whole portfolio management. The Act also modifies expenditure rules to allow a governing board more flexibility in making endowment expenditure decisions while considering fluctuations in the value of the endowments.

H. Grant Distributions

Board Procedure

The Board must approve or acknowledge all grants. Grants from donor advised funds or nonprofit funds of $25,000 or less to new grant recipients may be approved for payment by the President contingent upon the organization's nonprofit status being confirmed. Grants from these funds to new recipients in excess of $25,000 must be approved by either the full Board or the Executive Committee. All grants paid in this manner must be reported to the Board at its next regular meeting for acknowledgement in the minutes.

Payment of Grants

The staff will pay each grant as soon as possible after the grant has been approved and the required funds transferred to the Foundation's disbursement account. All grant checks will be accompanied by a letter explaining the grant award, identifying the fund and donor, unless the donor wishes to remain anonymous, and including a gift acknowledgement form which must be returned to the Foundation. If requested, a grant check and accompanying documentation may be sent to the donor for delivery to the grantee. Grant checks for scholarship awards are written to the educational institutions, not to the recipients. Whenever possible, the Foundation avoids writing grant checks to individuals.

Grants from Donor Advised Funds

Grants from donor-advised funds may be made to non-profit public charities, religious organizations, schools and government programs. No grants from donor-advised funds may be made to individuals. Grants may be made to non-profit organizations outside the tri-county area served by the Foundation. When a grant is issued from a donor-advised fund, a letter will be sent to the advisor verifying payment of the grant. Funds will be transferred from the Donor Advised Fund to the Foundation's disbursement account at the time the grant request is made.

Organization Endowment Fund Grants

Grants from Organization Endowment Funds are not made automatically unless the charitable organization requests automatic payment. The advisor(s) to such funds must request a payout on an annual or semiannual basis. Advisors may choose to forego a payout in any particular year. If no requests for distribution have been made for a period of two years, the Foundation will notify the organization to determine whether the organization wishes a distribution to be made. If the organization does not respond within 60 days, the Foundation will make decisions concerning disbursements consistent with the charitable purposes of the organization.

Other Grants

Grants from funds which do not have donor advisors will be issued based on a competitive application process. The Grants Committee will accept applications at all times during the year and approve grants on a quarterly basis. Grants from the Thomas M. Blake Charitable Funds of up to $2,000 each may be authorized by the President. All conditions of grant awards will be posted in the grant guidelines, and grant recipients are required to complete a post-grant report within six months of the grant's issuance or upon completion of the program or project funded by the grant.

Validation

An applying organization must be a 501(c)(3) not-for-profit organization as defined in section 509(a)(1) and/or section 170(b)(1)(a)(vi) or section 509(a)(2) of the Code except as provided in the next section. The organizations as defined under the Code sections include governmental units, but only if the grant is made for exclusively public purposes; organizations operated exclusively for religious, charitable, scientific, literary, or educational purposes, such as schools, medical institutions, publicly supported organizations assisting governmental education institutions, publicly supported organizations or supporting organizations; or to foster national or international sports competition, or for the prevention of cruelty to children or animals, organizations of war veterans, funds maintained by a fraternal society, order, or association operating under the lodge system [501(c)(10)], if such a grant is to be used exclusively for charitable purposes; and not-for-profit cemetery companies and corporations. Before any grant is issued, Foundation staff will ensure the validity of an organization's tax-exempt status by obtaining from each organization a copy of their IRS tax exempt determination letter and then confirming the current status by review of either the IRS Business Master File or the latest IRS Publication 78 listing. The Foundation staff will also access other sources as necessary, Guidestar.org and other similar services. If evidence of an organization's

501(c)(3) status or equivalent status is not already on file at the Foundation, a copy of this documentation must be obtained before a grant is issued. If this documentation was received more than one year prior to the grant request, staff must make an effort to verify tax-exempt status currently exists.

Grants to Supporting Organizations

If, while conducting the above referenced tax-exempt validation procedure, any potential grantee is identified as a Supporting Organization, the following additional steps shall be taken prior to the recommendation of approval for a grant by the board of trustees.

For Type I or Type II Supporting Organizations, the Foundation staff will obtain a written representation signed by an officer, director, or trustee of the potential grantee that fulfills the following:

(1) Such representation describes the process used for selecting the potential grantee's officers, directors, or trustees and references the pertinent provisions of the potential grantee's organizing documents that detail the potential grantee's relationship to its Supported Organization.

(2) Such representation will include providing to the Foundation copies of the potential grantee's governing documents. If the potential grantee's governing documents are not sufficient to establish the relationship, the Foundation will also collect the organizing documents of the supported organization.

(3) The Foundation will obtain a properly authorized written statement from Type I or Type II Supported Organizations indicating that the donor, advisor, or related parties do not control the supported organization.

(4) Grants will be prohibited to Type I or II Supporting Organizations if their supported organizations do not provide the necessary written statement indicating that the supported organizations are not controlled by a donor, advisor, or related party.

For Type III Supporting Organizations, the Foundation is prohibited from making grants by policy of the board of trustees.

Grants to Non-Section 501(c)(3) Organizations

In order to protect its tax-exempt status, the Foundation must be prepared to demonstrate upon audit that it has established and has maintained adequate discretion and control to assure that all grant funds were issued for charitable purposes.

If the Foundation determines through the above stated validation procedures that expenditure responsibility is required for any grant made in connection with a donor advised fund, a Type I or II Supporting Organization or any other type fund, the Foundation will perform the expenditure responsibility steps outlined in the following paragraph. Likewise for any grant to an applying organization, which is not a Section 501(c)(3) organization but is delivering a product or program that qualifies as a charitable activity as described under section 509(a)(1) and/or section 170(b)(1)(a)(vi) or section 509(a)(2) of the Code; and/or has a fiscal relationship with an organization that qualifies under the above named Code sections.

The following are the steps which must be performed for any grant that the Foundation has determined requires expenditure responsibility:

(1) The Foundation will conduct a pre-grant inquiry consisting of a reasonable investigation of the grantee. This investigation should be to determine whether the proposed activity is charitable, whether the grantee is able to perform the proposed activity and to confirm that the grantee is likely to use the grant for the stated purpose.
(2) The Foundation and the grantee must sign a written grant agreement that specifies the charitable purposes of the grant and includes provisions that prohibit use of the funds for lobbying activities and require the grantee to return any funds not used for the stated purposes.
(3) The Foundation will require the grantee to maintain the grant funds in a separate account in their accounting records so that charitable funds are always segregated from non-charitable funds.
(4) The grantee must provide a written report at the close of each of its accounting periods but at least annually to the Foundation until the grant funds are expended. The report should describe the use of the funds, compliance with the terms of the grant and the progress the grantee has made in achieving the grant's purpose.

Minimum Grant Amount

The minimum amount for which a grant from the Foundation may be issued is $100.

Maximum Grant Amount

There is no maximum grant amount limit as long as the activities of the fund remain in compliance with the Distributions Policy of the Foundation.

Limit of Grants per Fund

There is no limit on the number of grants which may be issued in a year from any single fund as long as the activities of the fund remain in compliance with all other policies and procedures of the Foundation.

Out-of-Area Grants

As the purpose of the Foundation is to serve central Mississippi, primarily the counties of Hinds, Madison, and Rankin, out-of-area grants may be made only from Donor Advised Funds at the request of the advisor. There is no limit on out-of-area grants from a Donor Advised Fund.

Grants are limited to those organizations incorporated, registered and in compliance with the Internal Revenue Service of the United States and the laws of the State(s) applicable to the grantee.

Publicity

Acceptance of any grant from the Foundation assumes an agreement that the award may be publicized to some degree by Foundation staff. This publicity varies from listing the grant in the annual report to submitting information about the grants and/or photographs to local newspapers. If the grant is from a Donor Advised Fund, it is preferred that the identity of the donor and the amount of the grant be publicized, but this information may be withheld at the donor's request.

I. Fundraising for Component Funds

The CFGJ staff is prohibited from participation in fundraising activities for component funds of the Foundation.