

## **Charitable Asset Management Partnership Policy**

### **Introduction**

The California Community Foundation (the “Foundation”) has established the Charitable Asset Management Partnership (“ChAMP”) Program to allow certain investment advisors (or interchangeably the “advisor”) the opportunity to provide investment advisory and management services with respect to certain assets which have been allocated to certain types of funds.

As with all charitable contributions to the Foundation, all gifts are irrevocable and are held and remain the property of the Foundation. The board of directors of the Foundation has complete and sole discretion over investment decisions for all assets of the Foundation, extending from the creation and updating of investment policies to exercising the right to approve all transactions affecting assets of the Foundation.

### **Eligibility**

The Fund must have a minimum opening balance of \$500,000. The Foundation encourages balances greater than \$500,000 for Funds participating in the ChAMP Program given the higher investment management and administrative costs.

### **Recommending an Investment Advisor**

The original donor of a Fund may suggest an investment advisor to manage his or her Fund. The donor must provide his or her suggestion in writing to the Foundation.

Recommended investment advisors may not include:

- Any donor of the Fund or any family member of the donor
- Any entity of which any donor and/or his or her family members collectively own more than 35% of the total outstanding interests (i.e., a related entity)
- Any advisor with advisory rights over the Fund

### **Approval Process**

The Foundation must approve the advisor and the advisor’s investment proposal (IP) for each ChAMP account. The Foundation will follow the signature resolution established for opening financial accounts.

### **Grantmaking**

The Foundation requires that at least 5% of the fund’s balance, assessed quarterly, be maintained in the Foundation’s short term liquidity pool for immediate and efficient grant liquidity and administrative fees. All requests for cash should be fulfilled by the third week after the close of the quarter. If a Fund does not have a balance in the Foundation’s investment pools, the grant processing times will be delayed.

Grant recommendations are to be submitted to the Foundation. Upon approval of the recommendation, the Foundation will, if required, initiate a transfer with the investment advisor from the Fund to the Foundation's short term liquidity pool.

In regard to grants and disbursements from the Fund, the investment advisor will take direction only from the authorized persons named in the Foundation's corporate resolution or their appointed representatives. The investment advisor is not to take direction regarding grants and disbursements from the donor.

### **Terminating or Changing an Investment Advisor**

The Foundation may replace the investment advisor at any time for any reason and without cause. In general, prior to termination of an advisor, the Foundation will notify the donor and discuss options.

### **Investment Proposal**

Each Fund participating in the ChAMP Program must have a documented philanthropic intent and grantmaking plan. The investment proposal ("IP") proposed by the advisor must support the philanthropic intent of the donor.

The advisor's IP should address the following points:

- Qualifications and credentials of the management firm and team
- Investment vehicles proposed for each asset class with supporting documentation and historical performance; non-publicly traded holdings greater than ten percent (10%) of the fund's balance may require additional due diligence
- Fees for each investment vehicle, the advisor and the total portfolio
- Investment Policy Statement ("IPS") detailing the asset allocation, range and process for rebalancing, and controls to ensure appropriate diversification
- Appropriate customized benchmark

### **Investment Management Expense**

The Foundation requires that aggregate fees be reasonable, considering the amount managed by the advisor, the investment strategy, the type of investments employed and fees charged by other advisors for comparable advisory services.

### **Evaluation of Investment Advisor Performance**

Investment performance will be measured at least quarterly by the Foundation using the appropriate customized benchmark.

### **Investment Advisor Standards**

Investment advisors of a ChAMP are held to the same high standards the Foundation requires of all other advisors:

1. Follow the Prudent Investors guidelines that are widely used in the investment management industry. These include but are not limited to fiduciary standards described in the Uniform Prudent Investor Act (UPIA), the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and by the CFA Institute. As fiduciaries, all advisors are expected to uphold the highest ethical standards and to carry out their investment responsibilities in order to promote the best interest of the Foundation.

2. Be registered and in good standing with appropriate agencies. Immediately report any findings against the firm or its principals, either by the SEC or any other regulatory authority. In addition, any lawsuits brought against the firm or its principals related to the advisor's business activities should also be immediately reported to the Foundation.
3. Adhere to the IP and IPS for which the advisor was selected. Investment advisor shall have full discretion to manage the Fund according to the approved IP.
4. Communicate all pertinent changes in the advisor's firm to the Foundation. This includes, but is not limited to:
  - Changes in personnel involved in the Foundation's relationship
  - Changes in ownership
  - Changes in senior investment professionals' responsibilities
  - Changes in investment style or process

**Investment Advisor Reporting Requirements**

Investment advisors of a ChAMP are responsible for:

1. Preparing quarterly statements, including performance (using time-weighted rates of return), position detail (quantity and price), transaction activity, and current portfolio allocation. Providing monthly account statements from the custodian or broker.
2. Attend meetings with Foundation staff and investment committee as needed.

**Acknowledgement**

The undersigned investment advisor acknowledges receipt and agreement with this policy.

\_\_\_\_\_  
Investment Advisor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Firm

## Charitable Asset Management Partnership Account Fee Schedule Effective July 2017

The Foundation charges administrative fees to cover general operating costs for gift establishment, receipt of assets and contributions, grants and fund administration, research on nonprofit agencies and issue areas, and its other charitable purposes. Investment management and consulting fees are charged separately. Additional fees may be charged for any mutually agreed-upon extraordinary legal, banking, separately managed investment or other services rendered on behalf of a fund.

| Fund Type  | Annual Fee Structure   |
|--|--|
| Agency   | 0.50% of assets < \$1M<br>0.33% of assets > \$1M <\$5M<br>0.25% of assets > \$5M <\$20M<br>0.15% of assets > \$20M <\$100M<br>0.05% of assets > \$100M<br><br>Assessed quarterly with a minimum fee of \$625/quarter.                |
| Committee Advised Scholarship  | 1.50% of assets<br><br>Assessed quarterly with a minimum fee of \$1,875/quarter.   |
| Donor Advised  | 1.25% of assets \$500K - \$1M<br>0.75% of assets > \$1M < \$5M<br>0.50% of assets > \$5M < \$20M<br>0.15% of assets > \$20M < \$100M<br>0.05% of assets > \$100M<br><br>Assessed quarterly with a minimum fee of \$1,562.50/quarter. |
| Permanent <ul style="list-style-type: none"> <li>• Field of Interest</li> <li>• Restricted</li> <li>• Scholarship Discretionary</li> <li>• Unrestricted</li> </ul> | 1.00% of 12-quarter trailing average fund balance<br><br>Assessed annually on July 1 with a minimum fee of \$5,000.  |
| Private Foundation Alternative (Type I Supporting Organization)  | 1.25% of assets \$3M<br>0.75% of assets > \$3M < \$5M<br>0.50% of assets > \$5M < \$20M<br>0.15% of assets > \$20M < \$100M<br>0.05% of assets > \$100M<br><br>Assessed quarterly with a minimum fee of \$3,125/quarter.             |
| Charitable Remainder Unitrusts & Annuity Trusts  | Trustee fee of 0.5%, assessed quarterly plus fees charged by third-party administrator for trust administration.<br><br>Assessed quarterly with a minimum fee \$625/quarter.   |