

**CHURCH IN THE FOREST  
FUND FOR THE FUTURE  
GIFT ACCEPTANCE AND INVESTMENT  
POLICIES**

**HISTORY, PURPOSE, GOALS, AND OVERVIEW  
OF THE FUND FOR THE FUTURE**

**1. HISTORY**

The Church in the Forest (hereinafter referred to as "CitF") has established a fund named "The Fund For the Future" (hereafter referred to as "FFF"). Since February 2000, members and friends of CitF have made numerous and generous gifts and bequests to the FFF to further the mission and outreach of the Church. The first major accomplishment of the FFF was to retire the mortgage on a manse purchased by CitF. This was accomplished in 2008. Another major achievement was helping to fund the construction of the enlarged church patio in 2010 in cooperation with Stevenson School.

**2. PURPOSE**

The purpose of the FFF and these Gift Policies is to allow CitF members and friends opportunities to give gifts that support CitF's present and future mission in accordance with the giver's intent. The FFF was established with the objectives to provide financial stability for the Church, to provide financial resources to sustain and enhance the quality of services of the Church, and to provide for extension of the Church's outreach. The many persons who have responded, and will respond to this opportunity realize that a gift to the FFF represents a legacy for the future, a statement of faith in CitF's ministry, and a means to share the many blessings that God has provided.

**3. INVESTMENT GOALS**

The FFF's investment goals are threefold: (1) to endeavor to protect the principal value against inflation, (2) to seek growth of the funds donated to the FFF, and (3) to ensure that monies donated are spent in accordance with the designated purposes of the various established funds and in accordance with any restrictions which accompanied the donations.

**4. OVERVIEW**

To encourage CitF's long-standing tradition of generosity, the Trustees of the FFF have developed, and the CitF Board of Directors has approved the following documents to govern the acceptance of gifts into the FFF and to ensure their responsible management.

- Annex A: Gift Acceptance Policy
- Annex B: Designated Funds
  - 1) Capital Fund
  - 2) Operating Reserve Fund
  - 3) Program Funds
    - Music Fund
    - Garden and Plaque Fund
    - Scholarship Fund
- Annex C: Investment Policy

## ANNEX A:

### GIFT ACCEPTANCE POLICY

CitF gratefully receives gifts to further its mission to be a presence on the Monterey Peninsula and in the world. The following is a description of the structure and policies of FFF for receiving gifts. This Policy applies only to FFF gifts except as expressly described in this Policy. Gifts received in fulfillment of annual pledges to CitF's Stewardship Program, in the Sunday offerings, or for special appeals not directed at the FFF, are not covered by this Policy.

#### 1. GIFTS ACCEPTED BY FFF

CitF accepts the following types of gifts for the FFF, subject to the requirements of this Policy.

- A. **Cash:** All gifts by check or in cash for the FFF will be accepted regardless of amount. Checks must be made payable to "Church in the Forest, Fund For The Future." In no event will a check be accepted if made payable to an individual who represents CitF in any capacity. Gifts made in cash must be accompanied by written statements from the donors that specify that the gifts are for the FFF.
- B. **Donor-Advised Fund:** Distributions from a donor-advised fund made payable to the FFF.
- C. **Stocks, Bonds, and Securities:** Publicly-traded stocks, bonds, and other securities. Gifts of closely-held securities will be accepted at the discretion of FFF if they can be liquidated readily. Generally, securities will be sold or converted to cash as soon as practical, subject to the advice of the CitF Board Treasurer, in consultation with the FFF Trustees.
- D. **Personal Property:** Gifts of tangible personal property, including art, antiques, collectibles, and other personal property are accepted for the FFF at the discretion of the FFF Trustees, upon recommendation of the CitF Board Treasurer. An appraisal of the item and a companion gift of sufficient funds to care for the gift may be needed for acceptance of such a gift. The gift may be sold if the FFF Trustees determine that it is in the FFF's best interest to do so. CitF and the FFF will adhere to all government requirements relating to disposing of gifts of tangible personal property and will provide appropriate forms to the donor and taxing authorities.
- E. **Charitable Lead Trust:** Payments from a charitable lead trust designated for the FFF will be accepted with assets returned to the donor's estate at the end of the term.
- F. **Charitable Remainder Trusts:** Charitable remainder trusts for which the FFF is a remainder beneficiary are accepted, provided that neither CitF nor FFF will serve as Trustee.

- G. Insurance:** Proceeds from a life insurance policy that names CitF or the FFF as a beneficiary (primary or contingent) are accepted for the FFF. In addition, the FFF Trustees, in consultation with the Board Treasurer may accept a gift of ownership of a life insurance policy. The FFF Trustees will determine if the FFF should continue to pay the premiums if the policy is not paid up, or to accept the cash surrender value of the policy.
- H. Real Property:** Gifts of real property that is unencumbered, marketable, and free of environmental or other problems are accepted for the FFF at the discretion of the FFF Trustees, upon recommendation of the CitF Board Treasurer. Title evidence, environmental reports, appraisals, or other information normally will be needed from the donor for acceptance of such a gift. Gifts of partial interests in real property may be accepted but FFF Trustees may require a co-tenancy agreement to satisfy issues regarding payment of expenses, taxes and disposition of the property.
- I. 401K Retirement Benefit Plans And IRAs:** Payments of the proceeds of a 401(k), 403(b), or similar retirement plans or individual retirement accounts are accepted by the FFF.
- J. Other:** Other gifts may be accepted for the FFF at the discretion of the FFF Trustees, in consultation with the CitF Board Treasurer.

## 2. GIFT CLASSIFICATION

For purposes of this Policy, gifts are classified as follows:

- A. Current Gifts:** Current Gifts are received during the donor's lifetime that benefit the CitF or the FFF at the time of the gift.
- B. Estate Gifts:** Estate Gifts are received following the death of the donor or survivor of the donor. Estate Gifts may result from the CitF or the FFF being named as a beneficiary of an estate, trust, insurance policy, retirement plan, or planned-giving vehicle.

## 3. DONOR RESTRICTIONS

All gifts designated in a written instrument for permanent endowment by the donor will be placed in the FFF and are subject to a permanent endowment restriction ("Endowment Gifts"). Expenditures from such gifts will be made only in accordance with the FFF Endowment Spending Policy and California law. In addition, a donor may restrict the use of a gift to a specific purpose. Specific purpose restrictions must be imposed by the donor at the time of the gift and are subject to the following provisions:

- A. Existing Designated Funds:** Gifts of any amount may be directed by the donor to an existing Designated Fund of the CitF FFF. The Designated Funds, which support specific programs or activities of the CitF, are detailed in Annex B.

- B. New Designated Funds:** A gift may be made to a new Designated Fund for a specific purpose in furtherance of CitF's mission. New Designated Funds may be created by the FFF Trustees upon recommendation of the CitF Board Treasurer in response to a specific donor proposal. Generally, a new Designated Fund for a specific purpose will be established only if one or more donors have given or pledged at least \$25,000 for the Designated Fund. If the donor agrees at the time of the gift, the original Designated Fund description may specify that after a stated period of time, the Fund may be re-allocated as needed by the FFF Trustees.
- C. Change In Purpose:** The specific purpose of a Designated Fund may be modified or released only as follows. An endowment restriction may not be modified or released except by written consent of the donor.
- 1. Donor Consent.** If the donors consent in writing, the FFF Trustees may modify or release a restriction on the purpose of a Designated Fund..
  - 2. Court Approval.** If the donor cannot consent, then the CitF Board of Directors may petition the Probate Court under applicable California Statutes, to modify or release a restriction on the purpose of a Designated Fund if the original Fund purposes have become impossible, inexpedient, or impracticable.
  - 3. FFF Trustee Action.** If a Designated Fund has been established for at least 10 years, has a total value of less than \$10,000, and contains a restriction that is unlawful, impracticable, impossible, or wasteful, the FFF Trustees may modify or release the restriction and use the funds in a manner consistent with the donor's charitable purposes.

#### **4. DESIGNATION OF FUNDS BY FFF TRUSTEES**

- A. Restricted but Undesignated Gifts:** An endowment gift that is not restricted by the donor will be retained as a permanent endowment. The income of the endowment will be used as the Trustees determine.
- B. Unrestricted Gifts:** Unrestricted Estate and Current Gifts that are not designated by the donor for the Endowment are generally directed to the FFF by action of the CitF Board of Directors. Undesignated gifts must be accounted for separately from the Endowment. The FFF Trustees may direct such gifts to one or more Designated Funds within the FFF. The FFF Trustees may spend the principal of an Unrestricted Gift and, if the Unrestricted Gift was directed to a Designated Fund by the FFF Trustees, they may reallocate it for another purpose.
- C. Policy Application.** Reallocations of gifts by the FFF Trustees as described in Section 4.A and spending from the principal of an Unrestricted Gift are not subject to the requirements of Section 3.C of this Policy.

## 5. LIMITATIONS

- A. **Right To Decline:** FFF's Board of Trustees reserves the right to decline proposed gifts for any reason in it's sole discretion.
- B. **Will Not Act As Executor:** CitF and the FFF will not act as executor or personal representative for a donor's estate. If a CitF staff member serves as the executor or personal representative of a member of the congregation, then the staff member does so in a personal capacity and not as an agent of CitF or the FFF.
- C. **Will Not Act As Trustee.** Neither CitF nor the FFF will act as trustee of a charitable remainder trust or other trust

## 6. ENDOWMENT GIFT MANAGEMENT POLICIES

### A. Gift Receipt And Direction

1. **Cash And Checks:** Cash and checks will be deposited in the CitF bank account established for the FFF and separate from other CitF bank accounts.
2. **Securities:** Securities held for the owner by a brokerage firm (in "street name") should be transferred directly to CitF's brokerage account as directed by the CitF Board Treasurer. Certificates for securities not held by a brokerage firm should be delivered to the Board Treasurer, and endorsed by the donor for deposit in CitF's brokerage account.
3. **Other Gifts:** Other gifts will be disposed of as directed by the FFF Trustees, in consultation with the Board Treasurer, who may consult the donor or his / her representatives as appropriate.
4. **CitF Board Treasurer To Manage Estate Gifts.** The CitF Board Treasurer will present all Estate Gifts to the FFF Trustees for action, notify the CitF Board of Directors upon receipt of an Estate Gift, and provide to the CitF Board and the FFF Trustees such periodic and annual summaries of all Estate Gifts as they may require.

### B. Gift Acknowledgement

#### Letters

1. **Accounting Letter:** The Board Treasurer will send, or cause to be sent, an acknowledgement of each gift as soon as possible to the donor (if the donor is living), or the representative of the estate (if the donor is deceased) as required by either party.

2. *Pastoral Letter:* The Senior Pastor and the Chair of the FFF Trustees will send letters of appreciation as soon as possible to the donors (if the donor is living) or the representative of the estate (if the donor is deceased).

**C. Public Acknowledgement**

1. *Annual Meeting of the Congregation:* All gifts (but not amounts) will be publicly acknowledged in an appropriate manner at the Annual Meeting of the CitF Congregation, unless the donor requests that his or her gift not be publicized.
2. *Memorial Gifts Book:* Annually, a list of donors to the FFF and a summary of the total gifts for the year will be published and recorded in the Memorial Gifts Book of CitF. Requests for anonymity regarding this list will be honored.

**D. Donor Recognition.**

CitF may establish a donor society and/or offer other forms of recognition for donors to the FFF.

**E. Gift Tracking Procedures**

The FFF Trustees in coordination with the CitF staff will develop and maintain a filing system and eventually a database that includes the following data:

- Donor (current or planned) name;
- Member or non-member status;
- Preferred contact address/phone; e-mail if available
- Programs, activities, or mission areas in which the donor is interested;
- Gift type and value or expectancy, if available;
- Restrictions or designations, if any;
- Next of kin/closest contact, if available; and
- Name of attorney or financial advisor, if applicable.

**7. COMMITMENT TO DONORS**

- A. CitF and the FFF will comply with the Model Standards of Practice for the Charitable Gift Planner, as recommended by the National Committee on Planned Giving.
- B. All personal and financial information obtained from or about donors will be held in confidence by CitF and the FFF Trustees, its staff, and volunteers. The donor and amount of each gift will be recorded in the minutes of the FFF Trustees when reported by the CitF Board Treasurer.

- C. All prospective donors will be encouraged to seek the assistance of their personal legal and financial advisors relating to their gift planning and any tax or legal estate-planning consequences. At no time will CitF or the FFF Trustees provide tax or legal advice to donors.

**8. RELATIONSHIP WITH OUTSIDE INVESTMENT ADVISORS**

- A. In loyalty to the tradition and shared principles of faithful stewardship, the CitF Board and the FFF Trustees may draw upon the expertise of outside investment advisors as needed to plan and implement a planned-giving program for the FFF, including administrative support to structure and manage life income gifts, and delivery of information to the CitF congregation and friends..
- B. If a donor wishes to make a planned gift to the FFF, then the FFF Trustees may provide information about the products of the investment advisors to a donor or refer a donor to the appropriate representatives of the investment advisor.
- C. A donor may use any provider in putting together a planned gift and will be encouraged to review all plans with his or her own financial or legal advisor.

**9. CHANGES TO POLICIES**

These policies are subject to amendment by the FFF Trustees whenever the CitF Board of Directors deems such amendments are necessary. The Board may also make exceptions to these policies in handling a specific gift, with the concurrence of the FFF Trustees.

## ANNEX B

### DESIGNATED FUNDS

#### 1. CAPITAL FUND

- A. **Purpose:** The purpose of the Capital Fund is to provide support for the maintenance and improvement of the CitF property located at 3152 Forest Lake Drive, Pebble Beach, CA 93953, and the manse located at 2912 Ransford Avenue, Pacific Grove, CA 93950, as directed by the CitF Board of Directors. CitF currently leases the church building and grounds from Stevenson School under a long-term lease. The School and CitF work cooperatively to finance capital improvements to the church building and grounds, with project decisions and costs being shared equitably by mutual agreement of both parties.
- B. **Guidelines:** The FFF Trustees may raise funds for capital projects as directed by the Board of Directors. It is intended that these be significant projects or items of improvement beyond normal operations and programs funded by the CitF Operating Budget.
- C. **Board-Designated Contributions.** The CitF Board reserves the right to broaden or redirect Board-designated contributions to this fund.
- D. **Responsibility:** Administration is provided by the FFF Trustees through the CitF Board Treasurer.

#### 2. OPERATING FUND RESERVE

- A. **Origin and Purpose:** This fund was created in support of the CitF Board actions to establish an Operating Fund Reserve. The purpose of the Operating Fund Reserve is to provide a resource to supplement the operating funds of CitF.
- B. **Guidelines:** Upon request of the CitF Board, the FFF Trustees may transfer funds from the Operating Fund Reserve account to the CitF operating accounts to assure that CitF can meet its annual budget obligations.
- C. **Board-Designated Contributions.** The CitF Board of Directors reserves the right to broaden or redirect Board-designated contributions to this fund in their sole discretion.
- D. **Responsibility:** Administration is provided by the FFF Trustees through the CitF Board Treasurer.

**3. PROGRAM FUNDS: MUSIC FUND, GARDEN AND PLAQUE FUND, SCHOLARSHIP FUND AND SUCH OTHER FUNDS AS MAY BE ESTABLISHED UNDER ANNEX A, SECTIONS 3.A AND 3.B.**

- A. Origin:** These designated funds were separately established at various times by action of the FFF Trustees with the concurrence of the CitF Board of Directors.
- B. Purpose:** The purposes of the individual Program Funds are to provide annual support for these programs. Additional Program Funds may be established by the FFF Trustees as restricted assets are contributed, and as the Trustees, with the concurrence of the Board, determine the need for additional Program Funds to support and enhance the mission and outreach of the CitF.
- C. Guidelines:** These funds include both permanently restricted (endowed) assets and Board or donor designated assets, for which CitF accounts separately. The annual draw from these funds, if any, shall be determined by the FFF Trustees, with the consultation and advice of the CitF Board Treasurer.
- D. Board-Designated Contributions.** The CitF Board reserves the right to broaden or redirect Board-designated contributions to these funds with the concurrence of the FFF Trustees.
- E. Responsibility:** Administration is provided by the FFF Trustees through the CitF Board Treasurer..

## ANNEX C.

### INVESTMENT POLICY

This policy statement provides a framework for the management of the investable assets of the FFF of the CitF. This policy will assist the FFF Trustees in supervising and monitoring the investments in the Endowment/Long-Term Portfolio and the Short-Term Portfolio. An Investment Committee, appointed by the FFF Trustees, is charged with the management of the Portfolios in accordance with this policy statement. These guidelines allow for flexibility and a process to capture investment opportunities, while prudently and carefully setting forth reasonable risk control parameters for the investment program.

The statement of investment policy is intended to address asset deployment, liquidity and diversification requirements, which should not be violated over the planning horizon. Policy issues relate directly to the return requirements and risk parameters of the Portfolios and are to be considered the general principles governing the investment management of the Portfolios. The management of the Portfolios will follow basic fiduciary responsibilities. The investments of the Endowment/Long-Term Portfolio will be diversified to help reduce the overall risk of the Portfolio, unless under the circumstances, it is clearly prudent not to do so.

This policy addresses the following issues:

- 1) The goals and objectives of the Portfolios and the investment program.
- 2) The investment strategy including asset allocation, spending policy, rebalancing procedures and investment guidelines.

#### 1. ENDOWMENTS AND OTHER LONG-TERM INVESTMENTS

Endowments and Temporary Restricted funds whose investment horizon is five years or more are managed in the Endowment/Long-Term Portfolio.

- A. INVESTMENT OBJECTIVES:** The primary investment objectives of the Endowment/Long-Term Portfolio are to preserve the real purchasing power of the principal and to provide a stable source of perpetual or long-term financial support.
- B. PERFORMANCE GOALS:** On an annualized, net-of-fees basis, the total return of the Portfolio will be expected to equal or exceed the spending rate plus inflation (San Francisco CPI) over a rolling five-year period. Additionally, the returns should show favorable, relative performance characteristics. These returns should equal or exceed the average return of appropriate capital market indices weighted by the asset allocation target percentages over a rolling five-year period; and equal or exceed the average return of a universe of

similarly managed funds. Performance goals are based upon a long-term investment horizon, and interim variations should be expected.

- C. INVESTMENT PHILOSOPHY:** Asset allocation is the major determinant of investment performance over the long term. Consequently, a long-term asset allocation plan, consistent with the Portfolio’s objectives and performance goals is followed. Assets are managed on a total return basis. Although the policy recognizes the importance of preserving capital, it must also reflect that increased degrees of investment risk are generally rewarded with increased returns that compensate for the additional risk. Additionally, risk greater than that of stable long-term low-risk securities is required to preserve the purchasing power of the Portfolio. It is appropriate to pursue riskier investment strategies if such strategies are in the beneficiaries’ best interest. Selection of investment strategies is evaluated on a risk-adjusted basis as needed to meet the investment objectives of the Portfolio. Risk management of the investment program is focused on understanding the Portfolio’s investment and operational risks. The investment program seeks to reduce operational risks and achieve appropriate compensation for the investment risks the Portfolio undertakes.
- D. INVESTMENT PROGRAM POLICY:** The Endowment/Long-Term program invests according to an asset allocation plan that is designed to meet the goals of the Portfolio. The plan is based on a number of factors including the projected spending needs, the maintenance of sufficient liquidity to meet payout requirements and the return objectives and risk tolerances of the Portfolio. The asset allocation plan provides for diversification of assets in an effort to enhance the investment return while reducing the risk of the Portfolio consistent with market conditions. Because of fluctuation of market values, allocations within a specified range constitute compliance with this Policy. An extended period of time may be required to fully implement the asset location plan, and periodic revisions will be required. In addition the investment policy will be reviewed annually by the FFF Trustees.
- E. ASSET ALLOCATIONS:** The Endowment/Long-Term Portfolio is allocated across a number of investment classes to provide diversification and achieve the Portfolio’s investment objectives. The following table defines the Portfolio’s target asset allocation and range for each asset class:

Endowment/Long-Term Portfolio  
Target Asset Allocation

<b>Asset Class</b>	<b>Target Weight</b>	<b>Variation</b>	<b>Representative Index</b>
Domestic Equities	45%	+/- 10%	S&P 500
International Equities	15%	+/- 5%	MSCI World Ex-US Index
Fixed Income	25%	+/- 10%	Lehman Aggregate
Alternative Investments	10%	+/- 5%	
Cash and Equivalents	5%	+/- 5%	90 Day T-Bills

**Domestic Equity:** The domestic equity portion of the Portfolio will consist of common stocks and convertible preferred stocks. Stocks shall consist of high-quality, readily marketable securities of corporations that are traded on either the New York Stock Exchange, American Stock Exchange or the NASDAQ Exchange, with the requirement that such stocks have adequate market liquidity relative to the size of the investment. Equity holdings in any one security are limited to 5% or less of the total Portfolio value on a purchase cost basis, and no single major industry shall represent more than 20% of the total Portfolio value. Equities may be held individually or in the form of mutual funds or exchange-traded funds.

**International Equity:** The international equity portion of the Portfolio may consist of American Depository Receipts (ADRs) of non-US companies and foreign convertible securities. The same restrictions on domestic equity holding percentages apply to international equities.

**Fixed Income:** The fixed income portion of the Portfolio consists entirely of US denominated, US Government, US agency securities and corporate securities. No single issuer (excluding US Treasury and direct Federal Agency obligations) shall represent more than 5% of the Portfolio. No industry shall represent more than 10% of the portfolio. If purchased individually, corporate bonds must be investment grade at the time of purchase, as rated by Standard & Poor's and/or Moody's Investors Service. If an individually-purchased security drops below investment grade, the investment manager must advise the Investment Committee in writing and make recommendations. If fixed average credit rating of the bonds in the pool must be at least AA (Standard & Poor's) or Aa (Moody's).

**Alternative Investments:** Alternative Investments may include real estate investment trusts (REITS), natural resources equities and physical commodities. Equity real estate investments may be made in professionally managed, income producing commercial and residential property. Such investments may be made only through professionally managed, pooled real estate investment funds, as offered by leading real estate managers with proven track records. Natural resource equities and physical commodities investments are made through mutual funds or exchange-traded funds.

**Cash and Equivalents:** The investment managers are to invest in the highest quality commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds sponsored by nationally recognized banks, trust companies or broker dealers to provide income, liquidity, and preservation of the Portfolio's principal value. No more than 5% of the Fund's total market value is invested in the obligations of a single issuer, with the exception of the US Government and its agencies.

- F. PROFESSIONAL INVESTMENT MANAGERS:** The FFF Trustees may place Endowment/Long-Term and Short-term assets under the control and management of one or more trust companies, banks or registered investment advisors.
- G. REBALANCING:** The purpose of rebalancing is to maintain the long-term policy asset allocation within the asset allocation guidelines on a uniform basis. The Portfolio is evaluated quarterly by the Investment Committee and rebalanced at least annually. Tactical rebalancing of asset classes within their ranges is permissible to take advantage of near-term market conditions as long as the reallocations do not cause undue risk or expense to the Portfolio.
- H. ROLES AND RESPONSIBILITIES:** The Investment Committee, within the framework as set by the FFF Trustees, shall have direct responsibility for the oversight and management of the Portfolio and for the establishment of investment policies and procedures. Upon recommendation of the Investment Committee, the FFF Trustees shall have the power to employ or discharge fiscal agents or advisors. The CitF Treasurer shall be responsible to the Investment Committee for maintaining detailed records of all investment funds and for carrying out the investment policies and procedures established by the FFF Trustees and/or Investment Committee. The Investment Managers responsible for the investment of the Portfolio's assets shall report quarterly on the performance of the Portfolio, including comparative returns for each asset class and its representative index. Included will be a complete accounting of all transactions involving the Portfolio over the quarter, as well as a comprehensive statement of the Portfolio's performance during that period.
- I. ENDOWMENT EXPENDITURE POLICY:** The Endowment Expenditure Policy aims to protect the value of the endowments held by the FFF, to balance both short-term and long-term needs of the CitF, and to respect the gift intent of the donor. The maximum allowable spending rate for the FFF shall be reviewed and set no less than annually by the Board of Directors. In setting the spending rate, the Board of Directors shall take into consideration general conditions, the possible effects of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the FFF, and the investment policy of the FFF. The spending rate available for distribution to the CitF shall be set by the Board of Directors in accordance with the standards in the Uniform Prudent Management of Institutional Funds Act (as amended from time to time).
- J. TEMPORARY RESTRICTED FUNDS:** Temporary restricted funds are those with a donor- identified goal that includes eventual depletion of the fund. Those temporary restricted funds whose investment horizons are five years or more are placed in the Endowment/Long-Term Portfolio. With two exceptions, these funds are managed in a manner that is identical to endowment funds, as set forth elsewhere in this this document.  
The exceptions are:

1. There is no necessary expectation of an annual distribution to the program or cause identified by the donor.
2. In accordance with the donor's intent, withdrawals from temporary restricted funds may invade the corpus of the gift, and may reduce the fund value to zero when warranted.

**K. PROHIBITED INVESTMENTS:** The FFF's assets shall not be used for:

1. Buying and/or trading on margin or short sales or security loans.
2. Derivative instruments, options, puts and calls, warrants, foreign exchange and futures contracts. Exceptions to these may be made only when assets are invested in a mutual fund, closed-end fund or by professional money managers that periodically utilize these strategies to mitigate risk and/or to enhance return.
3. Program-related investments
4. Direct ownership of partnership instruments unless such instruments have a readily liquid market.
5. Illiquid securities or assets.

## **2. SHORT-TERM INVESTMENTS**

**A. PURPOSE:** The Short-Term investment Portfolio is the repository for funds whose investment horizon is five years or less. In addition, it serves as the temporary repository for funds that are destined for the Endowment/Long-Term Portfolio as well as funds from the Endowment/Long-Term Portfolio that are about to be distributed to the CitF according to donors' wishes.

**B. ALLOWED INVESTMENTS:** The FFF Trustees may invest in the following short-term interest-bearing vehicles:

1. Insured Certificates of Deposit
2. US Treasury Bills and 1-year US Treasury Notes
3. F.D.I.C. insured interest-bearing bank accounts
4. Direct obligations of US Government Sponsored Enterprises (GSEs) backed by the full faith and credit of the US Government.
5. Corporate obligations, including corporate notes and commercial paper from corporations with AA or equivalent long-term debt ratings from at least one nationally recognized rating agency. Commercial paper investments must carry A1/P1 or equivalent short-term ratings. These assets may also be held in short-term mutual funds with an average maturity of less than two years and an average credit quality of A or equivalent.
6. Money market funds sponsored by nationally recognized banks, trust companies or broker dealers.

**C. PERFORMANCE REVIEW:** The Investment Committee will review performance of the Short-Term Portfolio on a quarterly basis, and make adjustments if necessary.

**D. PROHIBITED INVESTMENTS:** The same prohibitions on investments apply as in paragraph K., Endowments and Other Long-Term Investments.

-----

These policies were developed using the following sources for suggestions/examples:

- Westminster Presbyterian Church Endowment Investment Objectives and Limitations
- Investment Policy for the Monterey Peninsula College Foundation
- Carmel Bach Festival Foundation Investment Policies
- Glendale City Church Endowment Disbursement Guidelines