

# Welcome to The Erie Community Foundation



Here are the documents that will formalize our charitable partnership – allowing you the opportunity to continue to manage your clients’ charitable assets with ECF, and us the opportunity to help you guide them.

## **What can you expect?**

- Respect for your role as your clients’ trusted advisor whenever we are included in your conversations
- In-depth knowledge of the region’s issues and nonprofits
- Tax and bureaucracy-free solutions for your clients’ charitable gifts
- Fund Agreements that can be adapted to meet clients’ specific wishes and needs
- Public recognition for your commitment to our community and your clients

Let’s get started!

*Questions? Contact Susannah Weis Frigon at [sfrigon@eriecommunityfoundation.org](mailto:sfrigon@eriecommunityfoundation.org)*

## DUE DILIGENCE PROFILE

### FINANCIAL ADVISOR INFORMATION

**Name:**

<b>Firm:</b>	Address:	Phone:
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**Home address:**

City:	State:	ZIP Code:
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Email:	NYSE LOS:	Years at Current Firm:
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**List Prior Firms (if applicable):**

<b>Professional Licenses/Designations Held:</b>	<b>Member of Advisory Team? Y N</b>
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<b>Individual Assets Under Management:</b>		
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<b>Gross Annual Revenue (approximate):</b>		
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<b>FINRA CRD Disclosures in last 5 Years?</b>		<b>If Yes, describe on additional page</b>
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#### ANNUAL FEE INFORMATION

**Total Annual Fee that Donor will Pay:**

**Please Itemize (advisory, internal expense ratio, etc.)**

#### PROPOSED ASSET ALLOCATION DESCRIPTION

#### SIGNATURES

**I hereby confirm that I have read and agree to abide by the roles, responsibilities, and guidelines of The Erie Community Foundation ("ECF"), as set forth in ECF's Financial Advisor Program Review Guidelines. By execution of this document, I acknowledge receipt of the Foundation's Asset Allocation Guidelines and agrees that all investment accounts maintained for the Foundation will be managed in accordance with such Asset Allocation Guidelines.**

<b>Advisor Signature:</b>	<b>Date:</b>
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**I have reviewed the foregoing, and hereby confirm that the above-named Financial Advisor meets the criteria of The Erie Community Foundation's Financial Advisor Program.**

<b>Susannah Weis Frigon, Vice President of Investor Relations</b>	<b>Date:</b>
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<b>Barbara F. Sambroak, Vice President of Finance &amp; Administration:</b>	<b>Date:</b>
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<b>Michael L. Batchelor, President:</b>	<b>Date:</b>
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# FINANCIAL ADVISOR PROGRAM REVIEW GUIDELINES

## Financial Advisor Responsibilities

For purposes of The Erie Community Foundation's (the "Foundation") Financial Advisor Program ("the Program"), the term "Financial Advisor" refers to an employee of an Investment Advisor (i.e., an entity or organization with which the Foundation places assets for investment purposes) who has completed the Foundation's Due Diligence Profile and been deemed a satisfactory candidate for participation in the Program. All assets of the Foundation placed with a Financial Advisor remain at all times the exclusive property of the Foundation. Subject to the guidelines set forth in this Policy, all investment decisions must be made by the Foundation.

Only authorized officers of the Foundation may request distributions from the investment account held by the Financial Advisor. All distributions must be made directly to the Foundation.

The Financial Advisor and the investment managers that he or she elects to use will be held to the highest professional and ethical standards. The Financial Advisor must monitor investment manager performance to assure adherence to these standards. The Financial Advisor acknowledges that he or she will be required to conduct activities in a manner that is consistent with the following:

1. Adherence to prudent investor guidelines and fiduciary standards widely used in the investment management industry is required. Investment responsibilities must be carried out in a manner that always promotes the best interests of the Foundation.
2. The Financial Advisor will be expected to attend meetings with the Foundation's consultant, staff, or Investment Committee, as needed.
3. The Financial Advisor will be expected to execute all transactions in the best interests of the Foundation, including procurement of the best net realized price for the purchase or sale of a security. Research and other services are expected to be included in the basic fee arrangement between the Foundation and the Financial Advisor.
4. The Financial Advisor will be expected to promptly communicate all pertinent information to the Foundation regarding investments that he or she oversees, as well as relevant changes involving the Financial Advisor's employer (the "Investment Advisor"). Examples of situations around which communications must occur include, but are not limited to:
  - Changes in the Investment Advisor's personnel involved in the relationship with the Foundation
  - Changes in ownership of the Investment Advisor
  - Changes in the responsibilities of personnel involved in the relationship with the Foundation

- Proposed changes in investment style or process
  - Proposed changes to the fee structure of the investment program
5. Any findings against the Investment Advisor or its principals, or against the Financial Advisor individually, either by the SEC or any other regulatory authority, must be immediately reported to the Foundation. In addition, any litigation initiated against the Investment Advisor, its principals, or the Financial Advisor related to the firm's business activities should also be immediately reported to the Foundation.

## **Investment and Reporting Requirements**

The Financial Advisor must adhere to the Asset Allocation Guidelines established by the Foundation from time to time. The Foundation's current Asset Allocation Guidelines are attached hereto as Schedule A. Additionally, investments of the Foundation handled by a Financial Advisor must be held in separate accounts for each Donor or entity (each being an "Account").

The Financial Advisor agrees to the following reporting requirements:

- Monthly reports for each Account in form and content satisfactory to the Foundation, which must be furnished to the Foundation by the eighth (8<sup>th</sup>) day of the following month, including:
  - Management fees, commissions, or other charges
  - Performance, net of fees, against benchmark(s) identified by the Foundation
  - Transaction costs (if any)
  - Addition/withdrawal activity
  - Realized gains and losses
  - Unrealized gains and losses
  - Interest/dividend income
  - Total market value of the portfolio
  - Total cost basis of the portfolio
- A single 12-month cumulative report at year end for each Account

## **Investment Related Fees**

The Foundation reserves the right to evaluate investment fees charged by the Financial Advisor in light of advisory services provided, investment vehicles employed, custody charges (if any), and trading costs in an effort to ensure that fees are reasonable and consistent with industry standards. No less than annually, the Financial Advisor will present a detailed report of all fees, commissions, and other investment related charges to the Foundation with respect to each Account handled by the Financial Advisor.

Investment performance will be measured by the Foundation's investment consultant and reviewed quarterly by its staff and Investment Committee. The Foundation may replace a Financial Advisor following thirty (30) days' written notice for good reason as determined by the Foundation including (but not limited to) deviation from the Foundation's Asset Allocation

Guidelines, repeated performance following reasonable notice that does not meet or exceed established benchmarks, excessive fees, or disciplinary action levied against the Financial Advisor or the Investment Advisor with whom the Financial Advisor is associated.

The historical performance of the Foundation's Financial Advisors will be maintained and reported to donors, charities, and the public as part of the Foundation's open communication practices.

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## SCHEDULE A

### FINANCIAL ADVISOR PROGRAM ASSET ALLOCATION GUIDELINES

Asset Class:	Long-Term Policy Target (%)	Range (%)	Specified Asset Class Benchmark Indices
Global Equity	58	53 - 63	MSCI All Country World Index
Diversifying Assets	16	11 - 21	HFR Fund of Funds Diversified Index
Real Assets	12	7 - 17	33% DJ UBS Commodity Index, 33% FTSE EPRA/NAREIT Developed Real Estate Index, 33% MSCI World Natural Resources Index
Fixed Income	14	9 - 19	Barclays Government/Credit Bond Index

The investments shall also be diversified within asset classes and by investment manager. The purpose of this diversification is to provide reasonable assurance that no class of securities, manager or individual holding will have a disproportionate effect on aggregate results. To achieve its long-term investment objective, the endowment assets shall be invested primarily in equities, but will also include allocations to asset classes that serve to offset the effects of inflation and deflation and provide enhanced diversification. The overall portfolio shall be well diversified.

In order to accomplish the investment goals, portfolio investments must be diversified to seek real a return objective of CPI + 5%, with a tolerable level of risk. The following types of assets are among those approved for investment:

**Global Equities.** This is comprised of equity investments in U.S. and non-U.S. companies, including emerging and frontier markets. With a primary objective of providing for the long-term growth of the portfolio, this asset class comprises the largest portion of the portfolio. The portfolio will be diversified by country, economic sector and market capitalization. Exposure can be achieved through the employment of investment managers or through passive investments in index funds.

**Diversifying Assets.** The purpose of Diversifying Assets is to reduce the return volatility of the overall portfolio while generating long-term returns between Global Equity investments and Fixed Income investments. The Diversifying Assets investments will be diversified by manager and strategy, and shall be implemented through funds of funds or individual managers. In general, the portfolio should be comprised of funds with high levels of transparency and liquidity, with little portfolio leverage.

**Real Assets Investments.** The primary objective of the Real Assets investments is to support the portfolio during periods of unexpected high inflation, while maintaining a similar long-term return profile to that of the Global Equity portfolio. Investments in the portfolio may include U.S. and non-U.S. public real estate, natural resource equities, and commodities.

**Fixed Income.** The principal purpose of the Fixed Income investments is to reduce risk by reducing the overall volatility of returns. Components of this part of the portfolio may also serve as a partial hedge against periods of prolonged economic contraction associated with poorly performing equity investments in the case of nominal bonds. It is expected, though not required, that the majority of the Fixed Income portfolio shall be comprised of intermediate-term and long-term investment-grade government and corporate securities, as these securities typically outperform other fixed income securities in an economic contraction or a flight to quality associated with a short-term economic shock.

Investments in each of these asset classes can be implemented through separately managed accounts or commingled vehicles (e.g., institutional-class mutual funds). The “Financial Advisor Program Review Guidelines” contains specific guidelines regarding fees and performance reporting.

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# **DONOR DISCLOSURE INDIVIDUALLY MANAGED FUNDS**

## **Newly Established Fund**

Fund Name ("the Fund"): \_\_\_\_\_

Donor Name: \_\_\_\_\_

To the Trustees of The Erie Community Foundation ("ECF"):

Today, I have established the above-named Fund at The Erie Community Foundation, valued at approximately \$\_\_\_\_\_. It is my recommendation that my Fund be managed by my Financial Advisor and held at his/her firm as a component fund in the name of The Erie Community Foundation. I understand that my Fund will be charged an administrative fee by ECF, as described in "The Erie Community Foundation Terms of Agreement". I further agree that my Fund will be charged an annual investment management fee by my Financial Advisor. This fee is indicated below.

Financial Advisor Name: \_\_\_\_\_

Financial Advisor Firm: \_\_\_\_\_

Annual Investment Fee: \_\_\_\_\_

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Donor Name



**Bequest**

Fund Name ("the Fund") if applicable: \_\_\_\_\_

Donor Name: \_\_\_\_\_

To the Trustees of The Erie Community Foundation ("ECF"):

My estate plan includes a bequest to ECF. It is my recommendation that after all debts and obligations are paid, the Fund be managed by my Financial Advisor and held at his/her firm as a component fund in the name of The Erie Community Foundation ("ECF"). I understand that my Fund will be charged an administrative fee by ECF, as described in "The Erie Community Foundation Terms of Agreement". I further agree that the Fund will be charged an annual investment management fee by my Financial Advisor, which will be regularly reviewed by the Foundation.

\_\_\_\_\_  
Donor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Financial Advisor Name

\_\_\_\_\_  
Firm

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# THE ERIE COMMUNITY FOUNDATION TERMS OF AGREEMENT

Name of Fund: \_\_\_\_\_

Description of Donated Property: \_\_\_\_\_

## **Fund Type, as described in the "Eight Great Ways You Can Make a Difference" document:**

Donor Advised \_\_\_\_\_ Scholarship \_\_\_\_\_

Donor Designated \_\_\_\_\_ Agency \_\_\_\_\_

Field of Interest \_\_\_\_\_ Community Impact \_\_\_\_\_

Pass-Through \_\_\_\_\_

## **Fund Investment Management:**

Pooled \_\_\_\_\_ Individually Managed \_\_\_\_\_

Socially Responsible \_\_\_\_\_

Delivery has been made to The Erie Community Foundation (the "Foundation") by the undersigned donor(s) (collectively "Donor") of the property described above. Delivery of said property constitutes an irrevocable gift to the Foundation upon acceptance by its Board of Trustees (the "Board") in accordance with the terms and conditions below. Additional contributions to the Fund may be made by the Donor and others upon acceptance by the Foundation. All grants from the Fund will be in accordance with the Foundation's Articles of Incorporation, bylaws and normal policies and procedures.

1. **Purpose.** The Fund is established to primarily benefit the community of Erie, Pennsylvania through grants made in accordance with the "Income and Principal Distributions" section below. As a service to donors, grants can also be awarded to deserving and qualified nonprofit entities throughout the United States.
2. **Ownership.** The Fund shall be the property of the Foundation held by it as a component fund in its corporate capacity and shall not be deemed to constitute a trust fund held by the Foundation in a trustee capacity.
3. **Spending Policy.** Grants shall be made by the Board in accordance with the spending policy (the "Spending Policy") established by the Board from time to time. The Spending Policy of the Foundation is designed to ensure that the value of its portfolio is maintained over time after taking inflation into account. The spending rate from each

Fund is established each December 31<sup>st</sup> by the Board in consultation with the Foundation's Investment Committee. The current target spending rate is 4% of a 20-quarter rolling average of market value, adjusted to reflect material net cash flows. This rate is subject to change from time to time at the discretion of the Board.

4. Income and Principal Distributions.

- a. **Donor Advised Fund Only:** Recommendations for grants from the Fund to deserving and qualified non-profit organizations may be made in accordance with the attached "Schedule of Advisors." It is understood that these recommendations are advisory in nature and are subject to the Spending Policy.
- b. **Donor Designated Fund Only:** Grants from the Fund in accordance with the Spending Policy shall be used exclusively to support the organization(s) listed in the attached "Donor Designation Schedule."
- c. **Field of Interest Fund Only:** Grants from the Fund in accordance with the Spending Policy shall be used exclusively to support qualified and deserving non-profit organizations whose activities and mission address the need of \_\_\_\_\_ in our community, as determined by the Board from time to time.
- d. **Scholarship Fund Only:** Grants from the Fund in accordance with the Spending Policy shall be used exclusively to support a scholarship program as described in the attached "Scholarship Profile."
- e. **Agency Fund Only:** Grants from the Fund in accordance with the Spending Policy shall be used exclusively to support \_\_\_\_\_ (the "Agency"). Grants in excess of the Foundation's Spending Policy may be made to the Agency in any year provided the distribution enables the Agency to satisfy either or both of the following purposes to the satisfaction of the Board: (a) to acquire or renovate a capital asset, or (b) to meet unexpected or non-recurring financial needs. Recommendations for such grants may be made from time to time to the Foundation by the Agency upon the approval of its Board of Directors.
- f. **Community Impact Fund Only:** Grants from the Fund in accordance with the Spending Policy shall be used to support the most critical needs of the community through the Foundation's competitive grant-making process and other strategic initiatives established by the Board from time to time.

5. Fees.

- a. **For Pooled and Socially Responsible Investments:** An administrative fee is charged to the Fund at the following annual rates: (i) Scholarship Funds – 1%, (ii) Community Impact Funds – 1%, (iii) Agency Funds -.5%, and (iv) all other Funds - .6%. Fees are assessed in quarterly installments based on the average market value of a Fund for that quarter. In addition to the administrative fee, the

Fund will be charged a prorated share of investment and financial management fees paid by the Foundation.

- b. **For Individually Managed Investments:**
- i. *Administrative:* An administrative fee is charged to the Fund at the following annual rates: (i) Scholarship Funds – 1%, (ii) Community Impact Funds – 1%, (iii) Agency Funds -.5%, and (iv) all other Funds - .6%. Fees are assessed in quarterly installments based on the average market value of a Fund for that quarter.
  - ii. *Investments:* The Fund is charged an annual investment fee determined by the Financial Advisor managing the Fund’s portfolio. The fee and its effect on the overall Fund performance is reviewed periodically by The Foundation as described in the “Financial Advisor Program: Advisor Review Guidelines” (v. 2014) document.
- c. **Modification of Fees:** The Foundation may modify administrative fees from time to time as determined by its Board in order to defray operating costs of the Foundation.
6. Accounting and Record-Keeping. The Foundation will provide all appropriate accounting and related financial management services associated with the Fund. An accounting of the Fund is available to the Donor at all times upon reasonable notice.
7. Internal Revenue Code. Nothing in this Agreement shall affect the status of the Foundation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and as an organization which is not a private foundation within the meaning of Section 509(a) of the Code. The Foundation is authorized to amend this Agreement to conform to the provisions of any applicable law or government regulation in order to carry out the foregoing intention. The Foundation shall have the power to modify any restriction or condition on the distributions of funds for any specified charitable purpose or specified organizations if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. This power is further set forth in Tax Regulations 1.170A-9(e) (11) (V) (B), (C) and (D). References herein to provisions of the Code shall be deemed to be references to the corresponding provisions of any future Internal Revenue Law.

The Donor's signature below indicates acceptance of the above terms and conditions.

\_\_\_\_\_  
Donor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Donor

THE ERIE COMMUNITY FOUNDATION

By: \_\_\_\_\_  
Michael L. Batchelor

\_\_\_\_\_  
Date

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SAMPLE

# THE ERIE COMMUNITY FOUNDATION

## Schedule of Advisors for Donor Advised Funds

The initial Advisor(s) who may make recommendations for grants from the Fund shall be:

- The Donor
- The following person(s) who will act by majority vote:

\_\_\_\_\_

\_\_\_\_\_

\* If the initial Advisor(s) is/are unwilling or unable to serve, the secondary Advisor(s) shall be:

- None
- The secondary Advisor(s) shall be the Donor's living children, who will act by majority vote.
- The secondary Advisor(s) shall be the following person(s) who will act by majority vote:

\_\_\_\_\_

\* If the initial Fund ceases to have Advisor(s) pursuant to the preceding instruction, the Fund shall be converted to:

- A Community Impact Fund to support the most critical needs of the Erie community as determined by the Board from time to time.
- A Field of Interest Fund for meeting the needs of \_\_\_\_\_ in the Erie community.
- A Donor Designated Fund for the benefit of the following charities (please indicate % to be allocated to each nonprofit):

\_\_\_\_\_

\_\_\_\_\_

Other Considerations:

\_\_\_\_\_

\_\_\_\_\_

- \* These options are available only during periods in which the Fund has a fair market value in excess of \$250,000.

**IF THE DONOR IS NOT ACTING AS THE ADVISOR, NOT LESS THAN SEVENTY-FIVE PERCENT (75%) OF THE RECOMMENDATIONS BEING MADE BY THE ADVISOR(S) MUST BENEFIT QUALIFIED NON-PROFIT ORGANIZATIONS BASED IN ERIE COUNTY, PENNSYLVANIA.**

**THE ERIE COMMUNITY FOUNDATION  
Donor Designation Schedule**

Grants from the Fund in accordance with the Foundation’s Spending Policy shall be allocated to the charities listed below on the following basis:

	<u>Name of Charity</u>	<u>Percentage</u>
1.	_____	_____ %
2.	_____	_____ %
3.	_____	_____ %
4.	_____	_____ %
5.	_____	_____ %

The Donor may modify the percentage interest of a charity by written amendment accepted by the Foundation.

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