Community Foundation of Tompkins County
INVESTMENT POLICY STATEMENT
Revised by Board of Directors on June 24, 2019

I. The Foundation

The Community Foundation of Tompkins County, Inc. (the "Foundation") manages and administers its Foundation investment funds, raised from the donations of private citizens and organizations. The funds support grant making to charities, primarily within the community, and the operating expenses of the Foundation.

The Foundation is a publicly supported charitable organization under Section 501(c)(3) of the Internal Revenue Code. The mission of the Foundation is to improve the quality of life in Tompkins County by inspiring and supporting enduring philanthropy. The Foundation was formed in 2000 to encourage and develop local philanthropy for a broad range of community efforts that enhance the quality of life, embrace diversity, and promote a humane, participatory, environmentally sustainable and just society. Although the Foundation is not restricted from making grants to qualified charities wherever located, its principal mission is to benefit charities within Tompkins County, New York.

II. The Fund

Community Foundation of Tompkins County Fund (hereafter referred to as the "Fund") was created to provide perpetual financial support to Community Foundation of Tompkins County (the "Foundation"). The purpose of this investment policy statement is to establish guidelines for the Fund's investment portfolio (the "Portfolio") in the areas that most influence investment returns and risks. The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio's investment program and for evaluating the contributions of the Investment Managers hired on behalf of the Fund and its beneficiaries.

The Fund consists of both endowed funds and expendable funds.

III. The Financial Administration Committee

A. The Board has established a Financial Administration Committee (the "Committee"). While the Board bears the overall fiduciary responsibility for the Foundation, the Committee shall recommend to the Board the specific investment policy for the Foundation and shall be responsible for its day-to-day guidance, monitoring, oversight and allocation of assets.

B. This Investment Policy Statement ("Policies") sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Committee and the Board and any other parties to whom they have delegated investment management responsibility for Portfolio assets.

C. The Policies for the Fund contained herein have been formulated consistent with the Foundation's anticipated financial needs and in consideration of the Foundation's tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Board.

D. The Policies contained in this statement are intended to provide boundaries, where necessary, for ensuring that the Portfolio's investments are managed consistent with the short-term and long-term financial goals of the Fund. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Foundation.

E. The Committee will review these Policies at least once per year and may propose changes for consideration by the Board. Changes to the Policies can be made only by affirmation of a majority of the members of the Board, and written confirmation of the changes will be provided to all Board members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical.

F. The specific duties and responsibilities of the Committee shall be to:

    1. Recommend investment objectives and policies to the Board of Directors as outlined in these Policies;

    2. Recommend Investment Managers for the Foundation and monitor performance;

    3. Provide the Board with information regarding fund investment structure and performance against established objectives and policies;

    4. Monitor the investments with regard to the Foundation's fiduciary considerations;

    5. Establish performance benchmarks against which the Investment Managers will be measured.

    6. Recommend specific asset allocation percentage targets;

    7. Periodically review and recommend withdrawal policy to the Board for grant making and operating costs;

    8. Recommend removal of Investment Managers as warranted by investment performance;

    9. Negotiate and recommend to the Board compensation arrangements for Investment Managers;

10. Receive, review and retain the reports of the Investment Managers and other external reports on the financial condition of the Foundation, including receipts disbursements and investment performance on a quarterly basis.

IV. Investment Objective and Distributions

A. The Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Foundation.

B. For the purpose of making distributions, the Fund shall make use of a total return based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments. The spending policy shall consider the needs of fund advisors who seek a consistent annual payout, as well as those who seek to preserve the real value (accounting for inflation) of their funds. If, in the opinion of the Committee, the allowed distributions from endowed funds exceed a level that would likely erode the real value of the assets over time, then the Committee shall so notify the fund advisors.

C. The Committee will seek to reduce the variability of annual Fund distributions by factoring past spending and Portfolio asset values into its current spending decisions.

D. The Committee will review the Foundation's Spending Policy annually for the purpose of deciding whether any changes therein necessitate amending the Fund's spending policy, its target asset allocation, or both, and to recommend to the Board the allowed level of spending

E. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the Asset Allocation Policy at Section V. A. herein.

V. Portfolio Options

Different funds have different requirements with respect to returns, time horizons, and "Environmental, Social, Governance" (ESG). Accordingly the Foundation maintains four plans with different asset allocations to accommodate these requirements. These plans (and their nominal equity/fixed income percentages) are:

1. Plan A: 65/35 (non-ESG)
2. Plan B: 80/20 (non-ESG)
3. Plan C: 40/60 (non-ESG)
4. Plan D: 65/35 ESG

VI. Portfolio Investment Policies

A. Asset Allocation Policy

1. The Committee recognizes that the strategic allocation of Portfolio assets across broadly-defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.

2. The Committee expects that actual returns and return volatility may vary widely from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to

the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Fund, to the assumptions underlying Fund spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.

3. Fund assets will be managed as a balanced portfolio comprised of two major components: an equity portion and a fixed income portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.

4. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Fund liquidity needs or to facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.

5. Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Fund's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Plan A (65% stocks / 35% bonds)

Asset Class	Sub-Asset Class	Min Allocation	Target Allocation	Max Allocation
Equity		**60%**	**65%**	**70%**
	Domestic (U.S.)	34%	39%	44%
	International (Non-U.S.)	21%	26%	31%
Fixed Income		**30%**	**35%**	**40%**
	Investment Grade	30%	35%	40%

Plan B (80% stocks / 20% bonds)

Asset Class	Sub-Asset Class	Min Allocation	Target Allocation	Max Allocation
Equity		**75%**	**80%**	**85%**
	Domestic (U.S.)	43%	48%	53%
	International (Non-U.S.)	27%	32%	37%
Fixed Income		**16%**	**20%**	**24%**
	Investment Grade	16%	20%	24%

Plan C (40% stocks / 60% bonds)

Asset Class	Sub-Asset Class	Min Allocation	Target Allocation	Max Allocation
Equity		**35%**	**40%**	**45%**
	Domestic (U.S.)	19%	24%	29%
	International (Non-U.S.)	13%	16%	19%
Fixed Income		**55%**	**60%**	**65%**
	Investment Grade	55%	60%	65%

Plan D ESG Portfolio (65% stocks / 35% bonds)

Asset Class	Sub-Asset Class	Min Allocation	Target Allocation	Max Allocation
Equity		**60%**	**65%**	**70%**
	Domestic (U.S.)	34%	39%	44%
	International (Non-U.S.)	21%	26%	31%
Fixed Income		**30%**	**35%**	**40%**
	Investment Grade	30%	35%	40%

B. Diversification Policy

Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.

2. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.

3. With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

C. Environmental, Social, Governance (ESG) Policy

The screening criteria used for the ESG Portfolio (Plan D) are as follows, in which criteria 2-6 apply to the corporate revenues from individual stocks, companies and holdings:

1. Adherence to UN Global Compact Principles
2. Less than 5% revenue from adult entertainment services
3. Less than 5% revenue from alcohol products
4. Less than 5% revenue from tobacco products
5. Less than 5% revenue from gambling products
6. Less than 5% revenue from military equipment/conventional weapons
7. 0% revenue from firearms
8. 0% revenue from controversial weapons
9. Less than 5% of the entire portfolio weighting (by value) from fossil fuels

The United Nations Global Compact Principles is a principle-based framework that encourages businesses to implement sustainable and socially responsible policies—ranging from promotion of human rights, better labor standards, increased environmental awareness and a reduction in corruption and report on their adoption. This screen targets companies who are non-adherent and implicated in one or more cases involving misconduct or accident where the company or its management inflicted serious, large-scale harm through negligence or disregard for the law and/or international norms, namely the UNGC.

The Investment Manager for Plan D shall (a) report to the Committee at least annually on the Plan's compliance with these criteria (b) notify the Committee if there is a significant change in any criterion. The Committee shall determine if any change is sufficiently substantial to warrant amendment of the Policy. In consultation with the Investment Manager, the Committee shall maintain a document providing a more detailed specification of the screening criteria.

D. Rebalancing Policies

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be re-balanced to its target normal asset allocation under the following circumstances:

1. Utilize incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.

2. The Portfolio will be reviewed quarterly to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:

a) If any asset class (equity or fixed income) within the Portfolio is +/-5 percentage points from its target weighting, the Portfolio will be rebalanced.

b) If any asset class within the Portfolio has increased or decreased by greater than 20% of its target weighting, the Portfolio will be rebalanced.

3. The Investment Managers may provide a rebalancing recommendation at any time.

4. The Investment Managers shall act within a reasonable period of time to evaluate deviation from these ranges.

E. Other Investment Policies

Unless expressly authorized by the Committee, the Portfolio and its Investment Managers are prohibited from:

1. Purchasing securities on margin, or executing short sales.

2. Pledging or hypothecating securities.

3. Purchasing or selling derivative securities for speculation or leverage.

4. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of their portfolios.

VII. Monitoring Portfolio Investments and Performance

The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

A. The Portfolio's composite investment performance (net of fees) will be judged against the following standards:

1. The Portfolio's absolute long-term real return objective

2. A composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines:

1. For Plans A, B and C:

a) U.S. Equity: CRSP US Total Market Index

b) Non-U.S. Equity: FTSE Global All Cap ex US Index

c) Investment Grade Domestic Fixed Income: Bloomberg Barclays Capital US Aggregate Float Adjusted Index

d) International Fixed Income: Bloomberg Barclays Global Aggregate ex-US Float Adjusted Hedged Index

2. For Plan D:

   Relative Blended Benchmark will be: 50% Russell 3000, 15% MSCI ACWI ex US and 35% Bloomberg Barclays Aggregate Index

B. The performance of professional Investment Managers hired on behalf of the Portfolio will be judged against the following standards:

   1. A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio

   2. The performance of other Investment Managers having similar investment objectives

C. In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and Investment Manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.

D. Investment reports shall be provided by the Investment Managers on a (calendar) quarterly basis or as more frequently requested by the Committee. Each Investment Manager is expected to be available to meet with the Committee once per year to review portfolio structure, strategy, and investment performance.

VIII. Policy on Environmental, Social and Governance Investing for the ESG Plan

The Board is ultimately responsible for the management of the Foundation's financial resources. One fiduciary obligation is to effectively steward the assets of the Foundation, both currently and in the future, in order to support its mission.

In an investment world that is ever more complex and global in scope, it is not possible to be informed of every activity that a business undertakes. There are likely to be products and services that can be used in ways that are both responsible and contrary to a shared notion of responsibility. Some asset classes allow for adherence to a mission-aligned investment policy better than others.

The Foundation through its Committee and ESG Investment Manager will seek to invest, and maintain investments, in entities that have prospects for sustainable growth and profitability and also conform to the Foundation's mission. While the criteria used for selecting investments in the ESG portfolio may vary somewhat, there will be a focus on companies which have a positive impact on the environment, human rights and employment issues, diversity and inclusion, corporate governance and transparency, and community investing.

Gifts of securities which do not conform to the above standards will be accepted and sold promptly. Commingled and mutual fund holdings will be reviewed regarding the above guidelines and reported to the Committee by the Investment Manager on an annual basis.