Yellow Springs Community Foundation Investment & Fee Policy

Effective: June 2026 | Revised 2026 | Board Approved: June 22, 2026

I. Overview & Purpose

The Yellow Springs Community Foundation (YSCF) has established this Investment and Fee Policy to guide the stewardship of charitable assets held on behalf of donors, fundholders, and the broader community. This policy governs all Foundation Funds and applicable Agency Funds.

The specific purposes of this policy are:

- To ensure the safety of YSCF funds through investment in a diversified portfolio of securities.
- To produce income sufficient to maintain liquidity, support operating expenses, and fund grantmaking.
- To establish investment guidelines and asset allocation parameters for each fund type.
- To provide the Investment Manager with clear direction to maximize performance and manage volatility within defined parameters.
- To ensure that appropriate administrative fees are assessed to each fund equitably and transparently.

II. Governance & Responsibilities

Finance Committee*

The Finance Committee of the YSCF Board of Trustees holds primary responsibility for investment oversight, including:

- Establishing, reviewing, and recommending updates to this policy for Trustee approval.
- Selecting and monitoring the Investment Manager(s) in accordance with this policy.
- Meeting periodically — at minimum annually — with the Investment Manager(s) to review portfolio performance, fees, and policy compliance.
- Reporting investment performance and any policy recommendations to the full Board.

**In the absence of an active Finance Committee, the YSCF Board of Trustees assumes all Finance Committee responsibilities as defined above.*

Conflict of Interest

Finance Committee members and Trustees must recuse themselves from any investment decision in which they have a personal, financial, or organizational conflict of interest. Conflicts shall be disclosed promptly and documented in meeting minutes, consistent with the YSCF Conflict of Interest Policy.

III. Fund Ownership & Types

Fund Ownership

Fund Category	Description
Foundation Funds	Funds owned by and reported on YSCF's books. YSCF retains full fiduciary responsibility.
Agency Funds	Long-term savings accounts for nonprofit partners; reported on the agency's books. Funds are invested through YSCF's pooled accounts for the benefit of reduced fees and community-aligned investing. The agency may recall funds, gifted to the fund by the nonprofit partner, per its agreement with YSCF.

Fund Types

Fund Type	Distribution Basis
Endowment	Permanent fund; distributions based on this policy or as specified in the Fund Agreement
Spend-Down	Distributions per Fund Agreement; may reduce fund to a zero balance
Pass-Through	All assets directed to the identified field of interest; not held long-term
Donor Advised Fund	Grants to nonprofits at the recommendation of the Donor Advised Fund Advisor

Note: Field of Interest (FOI) and Scholarship designations may apply within all three fund types.

IV. Investment Manager

The Investment Manager(s) is selected to act as a Managed Agent, executing investment decisions in accordance with this policy while exercising professional judgment on relative investment values. The Investment Manager is authorized to:

- Select approved asset classes.
- Make periodic adjustments to the proportions of equity and fixed income holdings.
- Diversify YSCF assets within the limits established by this policy.

The Finance Committee is responsible for conducting periodic competitive reviews and may recommend a change or addition of Investment Manager to the Board when warranted.

V. Investment Guidelines

Asset Classes

Cash: Invested in cash equivalents including U.S. Treasury bills and money market instruments.

Common Stocks: For diversification and cost efficiency, indexed Exchange-traded Funds (ETFs) are the preferred vehicle for equity exposure.

Bonds: U.S. Government issues, investment-grade corporate issues, and fixed income mutual funds may be used at the Investment Manager's discretion. Bond maturities will ordinarily not exceed 10 years. Laddering bond portfolios is encouraged.

The range of asset allocation for each fund will follow the US Bank Wealth Management "Private Client Group" Investment Objectives (Exhibit A). Trustees select from among approved investment objectives for each investment account.

Strategic Investments

To manage volatility, the Investment Manager is authorized—but not required—to allocate a limited portion of individual, larger fund accounts into the following strategic investment categories:

Asset Category	Minimum	Maximum
Commodity Mutual Funds	0%	5%
Real Estate Investment Trusts (REITs)	0%	8%
Long/Short Hedge Mutual Funds	0%	7%
Structured Notes	0%	3%
Total (all strategic categories combined)	**0%**	**10%**

Investment Strategies

YSCF maintains the following approved investment strategies:

- **Growth Balanced Fund** — *Advisor: US Bank Wealth Management*
- **Balanced Fund** — *Advisor: US Bank Wealth Management*
- **Socially Responsible Fund (SRI)** — *Advisor: US Bank Wealth Management*
- **Local Impact Investment** — *Advisor: Finance Committee*
- **Cash** — *Advisor: US Bank (savings / checking)*

The YSCF's socially responsible and local impact investment options reflect a values-consistent approach to stewardship, offering donors the opportunity to align their charitable giving with community-centered investing without compromising prudent financial management.

Investment Election

All funds of the YSCF will be managed in accordance with this policy as approved by the Board. Founding Contributors to a fund may suggest an investment preference from among the approved strategies. By executing a Fund Agreement, the Founding Contributor acknowledges that final and exclusive authority to select the investment manager and make investment decisions rests with the YSCF Board of Trustees.

Policy Exemptions

Upon recommendation by the Finance Committee and approval by the Trustees, the YSCF may grant a written exemption to this policy for investments that fall outside the approved strategies. Such investments may include, but are not limited to, stock or bond portfolios, real estate, and long-term financial agreements. All exemptions will be documented in Board minutes.

VI. Funds Received & Invested

Donations will be received, acknowledged, and allocated to the designated fund within 48 hours of receipt under normal operating conditions. Month-end close procedures will include reconciliation of all donations to corresponding accounts and transfer to the appropriate investment election.

VII. Performance Standards

Performance will be evaluated using the following measures:

- Minimum objective: Grow invested assets (excluding set-aside cash) by an average annual percentage that exceeds the Consumer Price Index, measured over each full business cycle.
- Annual review: Compare the percentage change in portfolio value—excluding uninvested new contributions—against the market value on December 31 of the preceding year, or another one-year period selected by the Finance Committee. Each fund will be reviewed separately.
- Equity benchmark: Equity portfolio performance will be compared to the S&P 500 Index.
- Fixed income benchmark: Bond portfolio performance will be compared to an appropriate fixed income index selected by the Investment Manager.
- Investment performance data will be disclosed upon request after Trustees and the Investment Manager have reviewed data for accuracy.

VIII. Spending Policy

Distribution Method

Subject to gift instruments and applicable statutory requirements, distributions are determined using a total return system. The following terms apply unless otherwise specified in the individual Fund Agreement.

Distribution Timing

Distributions are reviewed and recommended by the Finance Committee and presented for approval by the YSCF Board annually after the close of the prior year, generally at the January Board meeting, unless otherwise specified in the Fund Agreement.

Distribution Calculation

The distribution is based on the market value of the total fund multiplied by a percentage determined annually by the Trustees based on fund performance. Absent specific fund provisions to the contrary, YSCF anticipates distributing 4% of the 20-quarter average fund balance annually. This amount shall not exceed 5% of the most recent quarter’s ending balance.

Additional parameters:

- Distributions in excess of net annual pay-out from pure endowment funds will not be made except in accordance with individual endowment agreements.
- Distributions will be made from total return, including interest, dividends, and realized and unrealized gains. Interest and dividend payments will be reinvested as earned.
- The Trustees will determine the annual pay-out rate each fiscal year.
- Funds new to YSCF created after January 31 will generally not receive a distribution until the January following the completion of a full year, unless otherwise provided in the Fund Agreement. Funds with significant value (greater than $25,000) within the first 12 months due to donations may be considered for an earlier distribution at Trustee discretion.
- Exceptions to this policy as noted in individual Fund Agreements will be documented in Exhibit B with an explanation.

IX. Fee Policy

The YSCF is committed to maintaining competitive, transparent administrative fees that maximize the impact of each charitable dollar. Fees are assessed based on quarter-end fund balance; in the case of a significant intra-quarter reduction in assets, fees may be assessed based on the daily average balance for the quarter.

For donations processed with a fee (e.g., credit card transactions), processor fees apply unless otherwise noted in the Fund Agreement.

Tier	Fund Type	Fee Structure
1	Actively Managed Endowment Funds (Non-Agency)	2% annually; assessed quarterly (0.50% per quarter) on market value
1a	Actively Managed Spend-Down Field of Interest Funds	2% one-time fee per donation, assessed at time of donation and 2% annually; assessed quarterly (0.50% per quarter) on market value on the prior December 31.
2	Investment-Only Agency Endowment Funds (Not actively managed)	0.50% annually; assessed quarterly (0.125% per quarter) on market value
2a	Investment Agency Spend-Down Funds (Not actively managed)	0.50% one-time fee per donation, assessed at time of donation and 0. 50% annually; assessed quarterly (0.125% per quarter) on market value on the prior December 31.
3	Donor Advised Funds	0.50% annually; assessed quarterly (0.125% per quarter) on market value; gifts which are requested to be immediately granted 0.50% at time of donation.
4	Fiscal Sponsorships & Restricted Pass-Through Funds	7.5% processing fee on donated amounts at time of donation; negotiated rates available for long-term agreements (governed by signed MOU)
4a	For-Profit Pass-Through Funds (COVID-19 Origin)	7.5% processing fee on donated amounts; 20% of donation directed to Business Rainy Day Endowment Fund (tax-deductible)
5	Temporary Restricted Scholarship Funds	No fee
5a	Endowment Scholarships	One-time setup fee: $250 at opening; 3% annually assessed quarterly on market value
5b	Spend-Down Scholarships	Setup fee: $250 (fund $1,000–$4,999) or $500 (fund $5,000+); 3% one-time fee per donation at time of donation

Tier	Fund Type	Fee Structure
6	Legacy Gifts	2.00% one-time fee, assessed at time of donation.
10	Fee-Exempt Funds	No fee; governed by specific agreement and/or fund purpose

Exhibit A — Investment Objective Descriptions

The following investment objective descriptions are provided by US Bank Wealth Management and incorporated by reference. YSCF relies on the most current version of these descriptions as maintained by the Investment Manager.

Cash Equivalents

Designed for investors seeking minimal volatility and current returns similar to very short-term fixed-income obligations, including Treasury bills, commercial paper, money market funds, and short-term fixed-income investments up to one year in maturity.

Income

Provides a moderate level of current income. Fixed income investments comprise the largest portfolio share, with an equity component included to help keep pace with inflation. Suitable for investors with a time horizon of at least three to five years.

Conservative Balanced

Provides current income with low to moderate capital growth. Suitable for investors tolerant of moderate to substantial price volatility with a time horizon of five to seven years.

Balanced

Provides moderate current income and moderate capital growth. Suitable for investors tolerant of price volatility and substantial periodic declines with a time horizon of five to ten years.

Growth Balanced

Provides capital growth with a low to moderate level of current income. May employ relatively high allocations to equity categories, including small-cap and international. Suitable for investors tolerant of substantial price volatility.

All Fixed Income

Designed for investors seeking no equity exposure, or those who hold equities in separate portfolios.

Aggressive Growth

Provides a relatively high level of capital growth. May employ high allocations to various equity categories. Suitable for investors tolerant of substantial price volatility and significant value declines.

All Equity

Designed for investors seeking no fixed income exposure, or those who hold fixed income in separate portfolios.

Additional Investment Strategies

Socially Responsible Fund (SRI)

Managed by US Bank Wealth Management. Invests in funds that consider environmental, social, and governance (ESG) factors alongside financial return.

Local Impact Investment

Managed by the Finance Committee. Investments made with the intention to generate positive, measurable social and environmental impact within Yellow Springs and Miami Township alongside a financial return.

Exhibit B — Fund-Specific Distribution Exceptions

The following funds carry distribution terms that differ from the general spending policy described in Section VIII. Each exception is documented here with an explanation.

Exhibit B is maintained as a living addendum and updated by YSCF staff as Fund Agreements are executed or amended. Current exceptions are on file with YSCF Operations.

Amendment History

Date	Description
July 17, 2012	Initial revision
May 20, 2014	Amendment
December 15, 2015	Amendment
January 25, 2017	Amendment
March 3, 2017	Amendment
January 7, 2018	Amendment
January 22, 2020	Amendment
June 25, 2020	Amendment
January 31, 2022	Full revision; adopted as current base policy
June 22, 2026	Routine refresh: streamlined language, added conflict of interest provision, clarified Finance Committee meeting cadence and performance standards, modernized formatting, increased legacy giving 2% upon receipt of gift.

This policy may be amended at the discretion of the Yellow Springs Community Foundation Board of Trustees.