

NONPROFIT ENDOWMENT FUND TERMS AND CONDITIONS

Status of Contribution

A California nonprofit public benefit corporation (the “participating charity”) may establish a nonprofit endowment fund at Silicon Valley Community Foundation (the “community foundation”). These are component funds of the community foundation, a Section 501(c)(3) public charity. All assets contributed to a nonprofit endowment fund by the participating charity will be marked irrevocable. All legal control and responsibility for the fund rests with the community foundation. Contributions other than cash must first be approved by the community foundation. The community foundation cannot accept additions to a nonprofit endowment fund from individual donors.

Variance Power

All funds are subject to the community foundation’s “variance power,” as set forth in the community foundation’s bylaws. Variance power gives the community foundation the authority to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if, in the sole judgment of the community foundation’s board of directors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

Investment of Assets

In contributing assets to the community foundation, the participating charity gives up the right to investment management of its fund. In particular, the participating charity gives up the right to choose investments, investment managers, brokers or to veto investment choices for its gifts. Therefore, the board and investment committee of the community foundation have the right to make any or all investment decisions regarding gifts received, except that the participating charity and its fund advisors have advisory privileges with respect to investment pool options. All assets contributed to funds will be managed in the community foundation’s investment pools. Investment allocations among the community foundation’s investment pools can be

changed no more than once per calendar year, unless a significant change to grantmaking or fund balance occurs and prudence requires a change. The community foundation may hold up to 5% of fund assets in non-interest bearing cash at any time. All income and capital gains or losses will be allocated to the fund on a monthly basis.

The community foundation shall not be liable for any loss of any kind that may arise in connection with the establishment and maintenance of the fund and the performance of its obligations under this agreement except for cases of its gross negligence or willful misconduct. The community foundation is not liable for any losses directly or indirectly caused by acts of war, acts of terrorism, labor disputes, exchange or market decisions including the suspension of trading, market volatility, trade volume or by government restriction. The participating charity covenants not to sue the community foundation and shall duly indemnify and hold harmless the community foundation from any liability that may arise hereunder except liability arising from the gross negligence or willful misconduct of the community foundation.

Fund Distributions

The community foundation shall hold, manage, invest and reinvest the nonprofit endowment fund, shall collect the income, and shall pay and disburse the distributable amount for public, educational and charitable purposes, in accordance with the policies of the community foundation to the participating charity. The payout is typically 5% based on 12 trailing quarter balances. Requests for distributions as specified above shall be made in writing by a fund advisor to the board of the community foundation. Such suggestions may be accepted or rejected, in whole or in part, by the board of directors of the community foundation in its sole and absolute discretion.

Fees and Minimums

Funds established at the community foundation are required to maintain a \$5,000 minimum balance and are subject to support and investment fees. The community foundation reserves the right to change its fee or minimum policies at any time.

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Role of Advisors

The following Fund Advisory Privileges and Fund Relationship definitions further explain the role of advisors and other interested parties to nonprofit funds at the community foundation. These terms correlate to the Nonprofit Endowment Fund Agreement form and will help you determine your fund contacts and advisors.

Fund Advisory Privileges Definitions:

Fund Advisor: this individual has full advisory privileges over a nonprofit fund including fund withdrawal, investment recommendations and other fund administration advisory privileges.

Secondary Advisor: this individual is able to withdraw from the nonprofit fund but has no other fund administration advisory privileges. (This is an intermediate level of authority.)

Fund Representative: this individual has access to fund information only but no fund administration advisory privileges to change anything about the fund. (This is the lowest level of authority.)

Fund Relationship Definitions:

Primary Contact: One person per fund who should be contacted first for anything concerning the fund. This individual may or may not have full fund advisory privileges.

Board Member: The community foundation requires one board member contact for a nonprofit fund. This individual may or may not have any fund advisory privileges.

Recommended Spending Policy for Endowments

Although not required, the community foundation recommends 5% annual distribution rate for grants, based on 12 trailing quarter balances.

Fund Management

Nonprofit endowment funds are permanent and cannot be closed. The community foundation is in full compliance with California law UPMIFA, the Uniform Prudent Management of Institutional Funds Act of 2009. As such, the community foundation has a fiduciary responsibility to adhere to any donor imposed restrictions on the nonprofit endowment fund.

Fund Inactivity

If an advisor is no longer willing or able to advise the fund's distribution or if the advisor's recommendations cannot be fulfilled in the sole discretion of the community foundation, the community foundation's board will exercise its responsibility for grantmaking. If payout requests are not received for a period of two consecutive years, the community foundation's staff will attempt to contact the fund advisor at least three times via certified mail and allow 30 days for a response. If contact cannot be made, the community foundation's board will advise an annual payout to support the community grantmaking program in accordance with community foundation spending policies. If two more years pass with no contact from the advisor, the fund in its entirety will be transferred to the Community Endowment Fund. A fund must have advisor inactivity for a total of four years before being transferred to the Community Endowment Fund.

Fundraising Policy

The community foundation cannot assist event organizers with any kind of public fundraising event to benefit a fund at the community foundation.

Conflict of Terms

In the event of an inconsistency between these terms and conditions and any terms and conditions appearing elsewhere in connection with any fund, these terms and conditions, as interpreted by the community foundation, shall govern. The community foundation reserves the right to take any actions at any time which, in its discretion, it deems reasonably necessary or desirable for the proper administration of any fund to comply with applicable law.

Please contact the community foundation at businessservices@siliconvalleycf.org or 650.450.5444 if you have questions about these terms and conditions.