

Fund Management Fee Schedule and Spending Policy

(fees are expressed as annual fees, assessed no more than quarterly)

Minimum Distributions	<ul style="list-style-type: none"> ▪ \$500 per Distribution
Designated, Donor Advised, Geographic, Organization, and School System Endowments	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ 1.5% Annual Fee <\$1 million ▪ 1% Annual Fee >\$1 million
Field of Interest Funds: Tier I <i>FAO receives suggestions from advisors for distribution of funds, processes and distributes awards</i>	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ 1.5% Annual Fee <\$1 million ▪ 1% Annual Fee >\$1 million
Field of Interest Funds: Tier II <i>FAO coordinates committees, manages the review & award process, and processes & distributes awards</i>	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ 2.5% Annual Fee
Scholarships: Tier I <i>FAO receives suggestions from advisors for distribution of funds, processes and distributes awards</i>	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ 1.5% Annual Fee <\$1 million ▪ 1% Annual Fee >\$1 million ▪ <i>Minimum before distributions begin: \$50,000</i>
Scholarships: Tier II <i>FAO coordinates committees, manages the review & award process, and processes & distributes awards</i>	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ 2.5% Annual fee ▪ <i>Minimum before distributions begin: \$50,000</i>
Acorn Funds Funds established at less than \$10,000	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ \$200 Annual Fee
Acorn Scholarship Funds Funds established at less than \$50,000	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ Tier I: \$200 Annual Fee or 1.5% (greater value) ▪ Tier II: \$200 Annual Fee or 2.5% (greater value)
Pass Through	<ul style="list-style-type: none"> ▪ \$150 One-time Setup Fee ▪ 10% of Distribution(s)

Fund Grant Payouts – Annual Income/Spending Policy

Current Funds	100% of principal and income available (subject to pass-through management fee if held less than 6 months).
Endowed Funds	Generally, the amount of funds available for distribution or grantmaking will be reviewed and determined annually by FAO's Business and Finance Committee. In most circumstances, funds will disburse up to 4% of the average fund balance over the past 12 quarters. In the event the fund does not have twelve quarters of history, distributions and grants are limited to accounting income, if any, attributed to the fund.

General Policies

1. FAO prudently manages endowment funds with the goal of growing the fund's principal while producing interest and earnings to support charitable activities now, and in the future. This requires a disciplined, diversified approach guided by sound policy that is constantly monitored and adapted to address evolving market conditions and realities – please see FAO's Investment Policy Statement for additional information.

2. All donors and prospective donors will be encouraged to benefit Appalachian Ohio with their gifts and/or funds. Funds specifically established for regional impact, or in

multiple localities, are especially welcome. FAO will advise donors and donors' advisors of the existence of any local community foundations and encourage investigation of donor options with such institutions.

3. The minimum sum needed to establish a separately identified, component fund is \$10,000.00. A one-time setup fee of \$150.00 is levied per fund established. Donors may utilize a holding account at the Foundation to deposit an amount less than \$10,000.00, provided:
 - a. The donor demonstrates a firm commitment to contribute the remainder of the amount necessary to establish a fund within three years, or
 - b. Within three years, the donor provides documentation of a deferred planned gift that, when received, will add the amount necessary to fully establish a fund.
4. The minimum initial contribution to a holding, or acorn, account is \$5,000.00. A minimum fee of \$200 is assessed annually until the fund totals \$10,000. Once the \$10,000 minimum has been reached, the fund is elevated to full fund status and assessed an annual fee of 1.5%, regardless of fluctuations in the dollar value of the fund. In the event the minimum fund threshold is not met within the three year time-frame, the Foundation may re-characterize the donor's gift as an unrestricted gift to the Foundation. Donors may not suggest distributions from acorn funds until the fund achieves the \$10,000.00 threshold, and if endowed, accrues interest and income from which to grant.
5. A fund minimum of \$100,000.00 is required before the Foundation may consider utilizing a new investment agent or different Fund Grant Payout schedule.
6. Eligible Investment Agents: All banks with trust powers having a presence in Appalachian Ohio, as well as all Registered Investment Advisors and Licensed Securities Representatives with clients in the region are eligible to manage funds for the Foundation.
7. Fees will also be charged for all extraordinary legal, bank, investment or other costs, including fees established for direct program management, against the appropriate fund.
8. Donor Advised Funds may have one generation of designated successor advisor(s). In the event a donor advisor refrains from making grant suggestions for a period of three years or more, the Foundation, after communicating with the donor advisor or after its reasonable attempts to communicate with the donor advisor, may re-characterize the fund as an unrestricted fund of the Foundation.
9. Endowed Donor Advised Funds may have unlimited generations of successor advisors. If at any time a successor advisor no longer wishes to serve in an advisory role to the fund, or a successor advisor refrains from making grant suggestions for a period of three years or more, the fund will be converted to an unrestricted fund in the original donor's name.
10. Corporate Donor Advised Funds are assessed the same administrative fee as regular



donor advised funds when utilizing basic services (asset management and check processing (due diligence and processing and distribution of grant checks). Additional services and fees can be negotiated between the Corporate Fund and FAO's President and CEO, with review and approval by the Business and Finance Committee.

11. Pass through funds may not always align with the long-term growth goals of FAO in promoting regional sustainability. As such, a fee of 10% is assessed for such funds to compensate for immediate administrative oversight.
12. Exceptions to minimum distribution amounts, minimum amounts required in a fund prior to distribution, negotiation of administrative fees, and percentage of fund disbursement, or time limit requirements may be made at the discretion of the President and CEO when deemed in the best interest of FAO.
13. The Foundation's Board of Trustees assesses reasonable administrative fees against its component Funds for investment, custody and administrative services in accordance with its approved Fee Schedule. Please note the then-current Fee Schedule is reviewed no less than annually by the Foundation's Board and is subject to amendment from time to time.

History:

Approved 9/22/16

Approved 6/14/16

Amended 4/24/14

Amended 1/23/14

