

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

Table of Contents

CONFLICT OF INTEREST POLICY	3
Section 1. Purpose.....	3
Section 2. Definitions.....	3
Section 3. Procedures for Addressing a Possible Conflict of Interest.....	4
Section 4. Procedures for Addressing a Violation of the Conflict of Interest Policy	4
CONFLICT OF INTEREST POLICY – RECEIPT OF POLICY – FORM A.....	6
IRS FORM 990 AVAILABILITY AND DISTRIBUTION POLICY.....	7
Section 1. Duties and Responsibilities	7
Section 2. Board Checklist for IRS Form 990	7
INVESTMENT POLICY STATEMENT	8
Section 1. Introduction.....	8
Section 2. Purpose.....	8
Section 3: Investment Policy	9
Section 3.01: Investment Objectives.....	9
Section 3.02: Time Horizon	10
Section 3.03: Investment Philosophy Statement.....	10
Section 4: Responsibilities of Parties to the Investment Policy Statement.....	10
Section 4.01: Responsibilities of the Foundation Board and the Finance Committee	11
Section 4.02: Responsibilities of the Investment Consultant.....	11
Section 4.03: Responsibilities of the Custodian.....	12
Section 5. Investment Guidelines and Restrictions.....	13
Section 5.01: General Investment Guidelines and Restrictions	13
Section 5.02: Approved Investments	13
Section 5.03: Prohibited Investments.....	14
Section 5.04: Strategic Asset Allocation.....	14
Section 5.05: Asset Allocation Strategy	14
Section 5.06: Investment Fund Selection.....	15
Section 5.07 Investment Fund Performance Evaluation	15
Section 5.08: Spending Policy	17
Section 5.09: Tax, Legal, Regulatory and Unique Considerations	20
Section 6: Conflicts of Interest.....	20
APPENDIX A	21

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

RECORDS RETENTION AND DOCUMENT DESTRUCTION POLICY	22
Section 1. Purpose.....	22
Section 2. Document Retention	22
WHISTLEBLOWER POLICY.....	24
Section 1. Purpose.....	24
Section 2. Duties and Responsibilities	24
Section 3. Reporting Violations	24
Section 4. Compliance Officer.....	24
Section 5. Accounting and Audit Matters	24
Section 6. Confidentiality	25
Section 7. Handling of Reported Violations	25

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

CONFLICT OF INTEREST POLICY

Section 1. Purpose

The purpose of the Conflict of Interest Policy is to protect the interests of this tax-exempt organization, Sandusky Area Zonta Club Fund, hereinafter referred to as the Foundation, when it is contemplating or entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace any state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions.

a. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a *direct or indirect* financial interest, as defined below, is an interested person.

Examples may include:

- Zonta Club of Greater Sandusky Club Officers and Directors – administer club funds
- Finance Committee – administer foundation and investments
- Non-Traditional Scholarship Committee – administer selection of scholarship recipients

Rev: 6/03/2020

Interested persons will receive and sign a copy of this policy (Form A) annually, stating that they have read it, understand it and agree to comply with it in full and that they understand that Zonta is tax-exempt and must engage in activities that accomplish one (1) or more of its purposes.

b. Financial Interest – areas in which conflict may arise

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- 1) An ownership or investment interest in or compensation arrangement with any entity with which the Foundation has a transaction or arrangement; or
- 2) A proposal ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction.

Examples may include:

- persons supplying goods and services to;
- leasing property or equipment to;
- dealing with gifts, sales of real estate, securities or other property to;
- grant recipients of; or

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

- agencies, organizations and associations that affect the operations of Zonta.

A financial interest is not necessarily a conflict of interest. A member who has a financial interest may have a conflict of interest only if the Club President and Board decides that a conflict of interest may exist.

Section 3. Procedures for Addressing a Possible Conflict of Interest

- a. In connection with any actual or possible conflict of interest, an interested person **must disclose** the existence of the financial interest and be given the opportunity to disclose all material facts to the Club President and Board and those with delegated powers considering the proposed transaction or arrangement.
- b. If the interested person is on the Club Board, the Bylaws and Policy Committee and two (2) members-at-large, selected by the Bylaws and Policy Chairman, will hear the issue and vote on it.
- c. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the Club Board meeting while the determination of a conflict of interest is discussed and voted upon.
- d. After exercising diligence, the Club Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- e. If it is determined that the club can obtain, with reasonable efforts a more advantageous transaction or arrangement from another person or entity, then that alternative will be pursued by the Club Board, based on the disinterested person's or committee's recommendations.
- f. If a more advantageous transaction or arrangement is **not** reasonably possible under circumstances not producing a conflict of interest, as determined by the disinterested person's or committee's recommendation, then the Club Board shall re-examine the issue and determine if the transaction or arrangement under discussion is in the Foundation's best interest, for its own benefit and whether it is fair and reasonable. The Club Board will then make its decision by majority vote whether to enter into the transaction or arrangement. *Rev: 6/12/18*

Section 4. Procedures for Addressing a Violation of the Conflict of Interest Policy

- a. If the Club Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for that belief and give the member an opportunity to explain the alleged failure to disclose.

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

- b. If, after hearing the member’s response and after making further investigation as warranted, the Club Board or committee has determined that the member has failed to disclose an actual or possible conflict of interest, the board or committee will take appropriate disciplinary and/or corrective action, up to and including dismissal from the club, under the guidance of Zonta International District leadership.

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

CONFLICT OF INTEREST POLICY – RECEIPT OF POLICY – FORM A

I, _____, have read and agree to
(print name)
abide by the Conflict of Interest Policy for Sandusky Area Zonta Club Fund. To the best of my knowledge, I have no conflicts as described in this policy. In addition, I will review the Foundation agenda items with this in mind.

NAME: (Print) _____

SIGNATURE: _____ DATE: _____

OR

I, _____, have read and agree to
(print name)
abide by the Conflict of Interest Policy for the Sandusky Area Zonta Club Fund. In addition, I will review the Foundation agenda items with this policy in mind. To the best of my knowledge, I have no conflict(s) as described within this policy, except for the following relationship(s) and/or affiliation(s) noted below.

Please be aware of the following affiliation(s), financial interest(s) and/or relationship(s):

NAME: (Print) _____

SIGNATURE: _____ DATE: _____

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

IRS FORM 990 AVAILABILITY AND DISTRIBUTION POLICY

Section 1. Duties and Responsibilities

- a. The Treasurer shall ensure that tax payments and other government-ordered payment(s) or filing(s) are filed in a timely and accurate manner.
- b. The Treasurer shall sign and certify that the IRS Form 990 is accurate and complete.
- c. The Finance Committee shall review and approve the IRS Form 990 annual tax filing prior to submission. *Rev: 6/12/18*
- d. The full board shall receive a copy of the IRS Form 990 within thirty (30) days of its submission.
- e. Consistent with the requirements of Section #6104(d) of the IRS Code and the regulations there under, copies of the Foundation's Form 990 shall be made available upon request, in a timely manner and without charge OR subject to the charges permitted by law, to any individual(s) who request it.

Section 2. Board Checklist for IRS Form 990

The Board shall ensure that the following steps toward public disclosure of the Sandusky Area Zonta Club Fund's financial status occur each year:

- a. Distribute to the full Board a copy of the Form 990 in advance of filing for review and consideration.
- b. Review Form 990 by October 15, based on the fiscal year ending May 31.
- c. File accurate, complete, timely and in compliance with regulatory requirements Form 990 by October 15, based on fiscal year ending May 31, without extension each year.
- d. Disclose to the general public, through the Foundation's website, availability of Form 990 by November 30, based on fiscal year ending May 31.

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

INVESTMENT POLICY STATEMENT

Section 1. Introduction

The name of this organization shall be the Sandusky Area Zonta Club Fund, hereinafter referred to as the “Foundation”. It shall exist as a separate legal entity, but only as an adjunct to the Zonta Club of Greater Sandusky, and only so long as the Zonta Club of Greater Sandusky, hereinafter referred to as “ZCOGS”, continues as an organization.

The Foundation is a 501(c)(3) non-profit, charitable organization under the United States tax ID 74-3066725.

The Sandusky Area Zonta Club Fund Board, hereinafter referred to as “Foundation Board”, has adopted this Investment Policy Statement to facilitate a clear understanding of the investment policy, guidelines and objectives among the Foundation Board, ZCOGS Board of Directors, the Treasurer, the Finance Committee, hereinafter referred to as the “Board”, the “Treasurer”, the “Finance Committee, the Investment Consultants, Advisors and/or any other interested party to this Investment Policy Statement.

This policy will provide a basis against which the performance of all investments and service providers will be monitored and measured on an ongoing basis. This policy sets forth the guidelines and restrictions to be followed by Foundation representatives, its agents and the Investment Consultants and/or Advisors.

This policy is designed to comply with all fiduciary, prudence and due diligence requirements commonly utilized by experienced investment professionals, and with all applicable laws, rules and regulations from various entities that may have an impact. It is the intention of this Investment Policy Statement to be sufficiently specific to be meaningful, yet flexible enough to be practical.

The Foundation Board delegates to the Finance Committee the responsibility to review and recommend changes or addendums to this policy. The Finance Committee is responsible for monitoring the management of the fund investments and recommending changes to the Foundation Board for final approval by the Club Membership. The Foundation fund assets shall be invested in a moderately conservative manner in accordance with the investment guidelines. The Treasurer has the approval to authorize all fund transfers – after approval by the Board and Club Membership. Both the President and Treasurer are required to sign all checks. The Foundation Board has the authority to implement this policy. *Rev: 6/12/18*

Section 2. Financial Assets and Purpose

The financial assets of the Foundation are comprised of:

- (1) General Funds

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

- a. advocacy and service funds, i.e. funds held in reserve to support the Foundation’s projects, serve as a resource during economic downturns or to provide an additional source of income in support of furthering Zonta’s mission.
 - b. operating funds, which are intended to be used to cover its short-term operating.
- (2) Restricted funds are funds which have been restricted by the donor or the Board for a specific purpose, but which are not restricted as to the timing of their expenditure. Restricted funds should be held in a separate account.
- (3) Endowment funds, which are funds the Foundation has received pursuant to a gift instrument that are not wholly expendable on a current basis. The endowment funds must be kept in separate accounts.

Financial assets may be subject to a specific donor restriction, if reflected in a record of a gift instrument¹, as to the investment, management, use or expenditure of such assets and shall be invested, managed, used and spent in accordance with the donor's restriction, as long as such restricted use comports with the mission of Zonta.

The Foundation portfolios exist to provide continuing, long-term financial support for the charitable service purposes of ZCOGS. The Foundation is organized exclusively for charitable purposes, accepting property by way of gift, bequest or device, by any person, firm, trust or corporation, and to be held, administered and disposed of in accordance with their Bylaws and the purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954. No part of the net earnings of the ZCOGS shall inure to the benefit of, or be distributable to its members, directors or officers. It is the goal of the Foundation Board to maintain and invest the portfolios so that the growth will be sufficient to offset the effects of inflation and to provide funding for Foundation programs.

Rev: 6/03/2020

¹ A gift instrument may be (i) a gift agreement between the donor and Zonta International Foundation creating or contributing to an endowment fund; (ii) the Foundation’s solicitation materials in which the Foundation represents that funds raised pursuant to solicitation will be endowed funds; (iii) minutes of a Board meeting at which a donor's gift of endowed funds is announced; or (iv) any other record under which a fund is granted, transferred or conveyed to the Foundation containing a directive from the donor that makes the fund an endowment.

Section 3: Investment Policy

The Foundation employs a total return investment approach whereby a mix of equity, fixed income, cash and cash equivalents are used to maximize long-term performance for a prudent level of risk.

Section 3.01: Investment Objectives

Foundation investment objectives include:

- Maintaining the purchasing power of current assets and future contributions with respect to inflation by producing positive real rates of return;
- Maximizing return within reasonable and prudent levels of risk;

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

- Limiting short-term investment losses;
- Portfolio outperformance relative to a customized policy benchmark or asset allocation benchmark over a full market cycle;
- Meeting all anticipated liquidity requirements;
- Controlling costs in administering and managing the portfolio; and
- Funding distributions from the portfolio in accordance with the Spending Policy (*Section 5.08. Spending Policy*). *Rev: 6/12/18*

Section 3.02: Time Horizon

The Foundation has a long-term investment time horizon. It is recognized that a portion of the portfolio will be held in short-term liquid assets to be used for program disbursements. It is also recognized that the portion of the portfolio not needed for near-term disbursements will be diversified and invested in a combination of medium-term and long-term assets. *Rev: 6/12/18*

Section 3.03: Investment Philosophy Statement

The following statements represent the investment principles and philosophy governing the investment of funds held by the Foundation. These statements describe the core values and beliefs that form the basis for investment decision making.

These commonly held fundamental investment beliefs include:

- That the single most important recommendation that the Finance Committee makes is the long-term asset allocation decision.
- That the capital markets are mean-reverting by nature. The Finance Committee will, therefore, use long-term strategic asset class allocation and rebalance to those allocations within suitable ranges.
- That the achievement of long-term investment goals is derived directly from sound investment strategy decisions and efficient and consistent implementation of the strategy. *Ad-hoc* asset allocation or manager allocation changes (usually in reaction to recent market performance) are likely to result in poor outcomes that will impair the long-term performance of the funds. As a result, the Finance Committee will delegate all tactical implementation decisions to its investment managers and will avoid *ad-hoc* re-allocation to any manager or asset class in reaction to recent market conditions.
- That some asset classes are inefficient and active managers can clearly add value. Other asset classes, most notably the domestic large-cap equity market, are more efficient. As a result, the Consultant may allocate assets between active and passive (index) allocations based on its ability to identify active managers that can add value net of fees and expenses.

Section 4: Responsibilities of Parties to the Investment Policy Statement

The Foundation Board is responsible for all investments and investment-related decisions including the authority to hire and fire Investment Consultants and/or

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

Advisors. The Foundation Board has retained an outside firm to act as an Investment Consultant vis-à-vis certain investments. The Foundation Board may delegate day-to-day management of certain investments to the Investment Consultant. The formal relationship between the Foundation Board and the Investment Consultant is handled in a separate agreement between the two (2) parties, which includes all below stated responsibilities.

Section 4.01: Responsibilities of the Foundation Board and the Finance Committee

- Notify the Investment Consultants and/or Advisors (herein referred to as 'Investment Consultant') of any change in the Foundation overall investment objectives and/or risk tolerance;
- Notify the Investment Consultant of any significant event that may affect overall investment objectives and/or risk tolerance;
- Notify the Investment Consultant of any change in liquidity needs whether near-term or long-term;
- Engage in an open and active dialogue with the Investment Consultant to ensure it is sufficiently aware of any factors that may affect the Foundation relative to its stated investment program;
- Finance Committee will recommend Spending Rate guidelines to the Foundation Board;
- Review and evaluate investment results in the context of predetermined performance standards, and implementing corrective action as needed;
- Evaluate the performance of the Consultant at least annually. Such evaluation will include comparisons of the investment portfolio's performance to the stated benchmark as outlined in Appendix A of this Policy and evaluation of Consultant management fees;
- Evaluate the overall level of Consultant's customer service (i.e. responsiveness, timeliness, accuracy, etc.); and
- Review this Investment Policy Statement at least annually to ensure that stated investment objectives and risk tolerance remain relevant.

Section 4.02: Responsibilities of the Investment Consultant

The Foundation Board has retained an Investment Consultant to assist with investments, the implementation thereof and oversight. The Investment Consultant is responsible for guiding the Foundation Board through a disciplined and rigorous investment process. The Investment Consultant is expected to be proactive in recommending changes in investment strategy, asset allocation and investment managers if the situation warrants change. The primary responsibilities of the Investment Consultant are to:

- Obtain relevant information in order to quantify investment objectives and risk tolerances;
- Facilitate the portfolio's design (asset allocation) and implementation process;

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

- Conduct Investment Manager searches as needed and provide recommendations as to appropriate Investment Managers for each asset class;
- Monitor the asset allocation of the portfolio relative to this Investment Policy Statement;
- Monitor portfolio performance relative to stated policy objectives, appropriate benchmarks and a universe of comparable investment returns;
- Report portfolio performance over distinct time periods: latest quarter, year-to-date, latest one (1), three (3), five (5) year periods, and since the portfolio's inception;
- Monitor and report investment expenses;
- Perform ongoing due diligence on the chosen Investment Managers and recommend changes as warranted;
- Inform the Foundation Board as soon as reasonably possible of any changes such as, but not limited to: an Investment Manager's firm ownership, organizational structure, professional personnel, accounts under management or fundamental investment philosophy;
- Send an annual report to the Foundation Board within forty-five (45) days after May 31, the Foundation's fiscal year end;
- Communicate with the Finance Committee on a regular basis; and
- Meet with the Foundation Board and/or Finance Committee at least annually.

Section 4.03: Responsibilities of the Custodian

The Custodian is responsible for the safekeeping of the Foundation investment assets. The specific duties and responsibilities of the Custodian include, but are not limited to:

- Maintain separate accounts by legal registration;
- Value the holdings;
- Collect all income and dividends owed to the Foundation in its custody;
- Settle all transactions initiated by the investment manager; and
- Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report.

Each investment manager shall:

- Be a bank, insurance company or be registered as an investment adviser under the Investment Advisers Act of 1940 (where applicable);
- Maintain adequate fiduciary liability insurance and bonding for the management of this account; and Acknowledge in writing that it is a fiduciary with respect to the assets under its management.

Absent delegation to another service provider, each investment manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. The investment

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

manager(s) shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines and/or summary of proxy votes shall be provided to the Finance Committee or the Foundation Board upon request.

Section 5. Investment Guidelines and Restrictions

Section 5.01: General Investment Guidelines and Restrictions

The overall portfolio shall be diversified in an effort to achieve superior investment performance and to provide reasonable assurance that no single asset class or security will have a disproportionate impact on absolute performance. Adequate diversification will ensure that the risk level of the overall portfolio will be maintained within a predetermined tolerance. The predetermined tolerance will be based on the expected risk and return profile of the overall portfolios. Should the overall risk/return profile of the portfolio deviate beyond the predetermined tolerance, the portfolio will be rebalanced back to the target risk/return characteristics.

Section 5.02: Approved Investments

No asset class or investment vehicle is expressly prohibited from inclusion in the portfolio unless otherwise noted by the Foundation Board and detailed in *Section 5.03. Prohibited Investments*.

Rev: 6/12/18

In order to achieve the greatest possible diversification, portfolio components may include, but are not limited to:

- Cash and Cash equivalents including Certificates of Deposit (CDs), U.S. Government and agency obligations (domestic bonds), obligations of international governments (foreign bonds), investment grade and high-yield corporate bonds, liquid common stocks trading on U.S. and established foreign stock exchanges, domestic and international real estate investment trusts (REITs), commodities, and master limited partnerships (MLPs). In addition to single securities, investment vehicles permitted in the portfolio may include but are not limited to: mutual funds, exchange-traded funds/notes, commingled trusts, separately managed accounts, and limited partnerships.
- Equities shall be allocated globally, across both value and growth styles, and/or among large-capitalization, mid-capitalization and small-capitalization issues. The purpose of equity investments is to provide growth through capital appreciation and dividend reinvestment. It is recognized that equity investments may have the potential for greater market volatility and capital loss.
- Fixed income investments shall be utilized to provide or generate a stream of fixed cash-flows and to mitigate the volatility in equity market investments. It is recognized that fixed income investments are generally not expected to produce similar returns to equity market investments. Rather, reduced market volatility and lower absolute risk of capital loss offsets the lower expected returns.

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

- Separately managed accounts and discretionary accounts are expected to manage the Foundation assets in a manner consistent with the investment objectives, guidelines and constraints outlined in this Policy Statement and in accordance with applicable laws. This obligation includes discharging responsibilities with respect to the Foundation consistent with "Prudent Investor" standards and all other applicable fiduciary regulations and requirements.

Section 5.03: Prohibited Investments

The portfolio is prohibited from investing in the following financial instruments:

- Private placement convertible issues, also known as "144A" convertible securities;
- Unregistered, restricted stock, letter stock, private placement, or direct payments;
- Trading on margin;
- Short sales;
- Alternative Investments;
- Commodities transaction unless by managers approved for that strategy; and
- Investments by the investment manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Foundation Board)

Section 5.04: Strategic Asset Allocation

The target asset allocation for the investment portfolio is recommended by the Finance Committee with the approval of the Foundation Board. No asset class is automatically excluded from inclusion in the portfolio unless otherwise noted by the Foundation Board, the Finance Committee and detailed in *Section 5.03. Prohibited Investment*. *Rev: 6/12/18*

Section 5.05: Asset Allocation Strategy

In line with the Foundation return objectives and risk parameters, the mix of assets should be maintained as follows (percentages are of the market value of the Fund's investments):

Asset Class	Minimum	Target	Maximum
Large Cap Equity	40.00%	50.00%	70.00%
Small/Mid Cap	0.00%	10.00%	15.00%
Fixed Income	15.00%	33.00%	50.00%
Cash Equivalent	0.00%	7.00%	15.00%

Asset Class Totals

	Minimum	Target	Maximum
Total Equity	45.00%	60.00%	85.00%
Total Fixed Income	15.00%	33.00%	45.00%
Total Cash Equivalents	7.00%	7.00%	15.00%

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

Section 5.06: Investment Fund Selection

Searches for investment funds should include candidates that have demonstrated successful investment history. It is the intent of the Finance Committee to generally use Morningstar's definition for style categories to determine which funds will make up the universe of each specific style category. Benchmark indices will primarily be the representative "Morningstar Peer Universe"; however, a custom policy index may also be considered. In selecting an investment fund, a due-diligence process will be followed that will analyze the investment fund in terms of:

- All mutual funds shall be registered Investment Companies as defined under the Investment Company Act of 1940. The Investment Companies need not be classified as "diversified" Investment Companies (as defined in the Investment Company Act of 1940);
- Investment performance track record and consistency of returns given the risks taken;
- Alignment of fund investment philosophy and style with plan option objectives;
- Size and experience of professional staff;
- Tenure of investment management team;
- Competitiveness of investment management fees;
- Compatibility with plan trading requirements;
- An assessment of the likelihood of future investment success relative to other opportunities;
- The stability and financial soundness of the company offering the fund;
- Size of the fund by assets under management; and
- Funds should be in the top thirty percent (30%) or better, according to Morningstar ranking relative to their peers, over a five (5) year and three (3) year time period.

Section 5.07 Investment Fund Performance Evaluation

The Finance Committee will review the performance of investment funds semi-annually to determine if they are achieving the established objectives. Investment performance reports will be sent to the Finance Committee members semi-annually coincident with scheduled Finance Committee meetings. In the event that a meeting cannot be scheduled, individual Finance Committee members will review performance information and initiate Finance Committee actions as necessary. Interim meetings may be called on an ad-hoc basis at the discretion of the Finance Committee Chairman.

The following general criteria will be evaluated:

Quantitative Measures.

- **Active Investment Strategies.** Funds employing active management are compared across various metrics to the appropriate peer group for rolling three (3) year and five (5) year periods. It is also expected that the risk of each fund, as defined by standard deviation of returns, be commensurate with the appropriate market index and/or peer

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

group. Benchmark indices will primarily be the representative "Morningstar Peer Universe"; however, a custom policy index may also be considered. The benchmarks, peer groups and risk measures are outlined in Appendix A.

- **Passive Investment Strategies.** Passive Funds are expected to track the performance of the index that the option is designed to replicate (less management fees), within a specified margin of error. Typically, rolling three (3) and five (5) year periods will be evaluated. It is also expected that the risk of each fund, as defined by standard deviation of returns, be commensurate with the risk of the appropriate market index. The benchmarks and risk measures are outlined in Appendix A.
- **Qualitative Measures.** The funds will be monitored on an ongoing basis for other material changes that the Finance Committee may determine are important in the decision to retain an investment fund. Such changes may include personnel departures, organizational changes or alterations in investment style, philosophy or strategy, and failure to adhere to stated guidelines.
- **Time Periods.** The Finance Committee acknowledges that fluctuating rates of return characterize securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in a fund's performance, the Finance Committee intends to employ investment funds with long-term investment strategies and will evaluate fund performance from a long-term perspective. Performance over market cycles of three (3) to five (5) years will be weighted more heavily than performance over shorter time periods, such as one (1) year or less.
- **Investment Fund Termination.** All investment funds are expected to perform according to their prescribed objectives. The Finance Committee recognizes the long-term nature of the Foundation investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this policy will not necessarily lead to the termination of a fund. Underperformance will provoke thoughtful consideration by the Finance Committee of the factor causing underperformance and possible courses of action that the Finance Committee may take.

The Finance Committee may place a fund on probation or a watch list that calls for a greater level of review and analysis of the fund's performance. The Finance Committee may decide to take action including, but not limited to the following:

- Remove the fund from probation or watch list;
- Extend the probation or watch period;
- Cease new contributions to the fund; and/or
- Terminate the fund and reallocate fund assets to an alternate fund or replacement fund.

Factors contributing to placing a fund on probation (watch list) are:

- Performance below the performance objectives relative to the peer group over three (3) and five (5) year rolling periods, specifically the fund falls below the

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

fifty percent (50%) ranking for the three (3) and five (5) year rolling periods threshold as measured by "Morningstar's Peer Universe";

- Significant change in the risk profile of the portfolio as measured by the standard deviation of returns;
- Significant increase in management fees or expense ratios;
- Turnover in the management team of the portfolio;
- Significant decrease of assets under management due to withdrawals or declining market values;
- Deviation from the investment style on which selection of the fund was based;
- Significant organizational change, changes in ownership, mergers, etc.; and/or
- Other factors which the Finance Committee may determine are important for consideration.

The Finance Committee will endeavor to use its best judgment and information available to act in a prudent manner on behalf of the Foundation. The Finance Committee reserves the right to terminate any investment fund at any time for any reason when it determines such termination is in the best interests of the Foundation.

Quorum and Manner of Acting. A quorum will be a simple majority of the Foundation Board. A quorum must be present (in person, by telephone, by video or other electronic access) for the Foundation Board to take action. Similarly, a quorum will be a simple majority of the Finance Committee. A quorum must be present (in person, by telephone, by video or other electronic access) for the Finance Committee to make recommendations to the Foundation Board. Decisions for any action taken will be by the majority vote of the full Foundation Board.

Section 5.08: Spending Policy

Purpose

The purpose of this *Spending Policy* is to set forth the standards and guidelines governing spending from the funds of the Sandusky Area Zonta Club Fund, Foundation, which comprise of Operating and Service Funds not fully expendable by the Foundation on a current basis. Funds that are not restricted as to expenditure under the terms of a gift instrument but have been so restricted by action of the Board are not endowment funds. An endowment fund comprises restricted assets, regardless of the accounting treatment of any endowment fund.

1) General Fund

A. Advocacy and Service Funds

The Advocacy and Service Funds are held in reserve to support the Foundation's projects, serve as a resource during economic downturns or to provide an additional source of income in support of furthering Zonta's mission.

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

(1) Up to four (4) High School Scholarships will be awarded annually not to exceed \$1,000 each. Checks will be made payable to the recipient's college/university/institute with the recipient's name on the subject line of the check.
Rev: 10/04/21

(2) The Jane M. Klausman club nominee to District 5 will be awarded \$500.00. The check will be made payable to the club nominee.
Rev: 10/04.21

(3) Advocacy and Service committee budget will be determined after the close of the fiscal year based on the balance of the fund. The fund may distribute annually an amount between ten (10) and twenty (20) percent of its then current market value. Notwithstanding this policy, no distribution shall be made from the Fund that will cause the fund to be less than \$50,000, without board approval.

B. Operating Fund

The operating fund shall be invested with the objective of preserving its assets to cover operating expenses and realizing earnings in a way that allows for immediate liquidity to meet ongoing program and operational needs. The fund's assets may be maintained in the checking account which is used for day-to-day operations

The treasurer will monitor and review the allocation of Operating Fund assets between the checking account and other investments to determine an appropriate allocation based on cash-flow needs of the Foundation. Funds not immediately required should be invested in accordance with recommendations from the Finance Committee. The treasurer will also consider whether the Operating Fund assets are sufficient to allow for the designation of a portion of such assets to the service funds.

2) Restricted Funds

Funds which have been restricted by the donor or the Board for a specific purpose, but which are not restricted as to the timing of their expenditure. Restricted funds should be held in a separate account.

a. The Non-Traditional Scholarship award will be determined after the close of the fiscal year based on the balance of the fund. The fund may distribute annually an amount between three (3) and five (5) percent of its then current market value. Notwithstanding this policy, no distribution shall be made from the Fund that will cause the fund to be less than \$50,000, without board approval. The check will be made payable to the recipient's college/university/institute with the recipient's name on the subject line of the check.
Rev: 10/04/21

3) Endowment Funds

All spending from any Foundation endowment fund must comply with (a) any specifically stated donor restrictions on spending imposed on such fund by a gift instrument². In creating

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

an endowment fund, the donor also may have restricted the purpose or purposes for which funds from the endowment may be spent. All decisions regarding expenditures from an endowment fund restricted as to purpose must comply with such purpose restrictions. Expenditures from endowment funds that are not restricted as to purpose may be used for any purposes of the Foundation.

² An endowment gift instrument may be (i) a gift agreement between the donor and the Foundation creating or contributing to an endowment fund; (ii) the Foundation's solicitation materials in which it represents that funds raised pursuant to the solicitation will be endowed funds; (iii) minutes of a Board meeting at which a donor's gift of endowed funds is announced; or (iv) any other record under which a fund is granted, transferred or conveyed to the Foundation containing a directive from the donor that makes the fund an endowment.

Decisions to appropriate³ funds from each of the endowment funds for expenditure or to accumulate such funds may only be made by the Board. The Board may authorize the ZCOGS Finance committee, hereinafter the Finance Committee, to assist the Board in carrying out its responsibilities with respect to the expenditure of The Foundation's endowment funds. The Finance Committee may be authorized to make recommendations to the Board regarding the expenditure of the endowment funds but the final decision as to such matters shall be made by the Board.

³ An appropriation is generally understood to mean a decision by the Board to release a portion of an endowment from the donor-imposed restriction on spending, thus authorizing it to be spent in accordance with the terms of the gift instrument. Funds appropriated for expenditure need not be spent immediately.

The Finance Committee, in making a recommendation, and the Board, in making a decision to appropriate funds for expenditure or to accumulate such funds, must act both in keeping with the intent of the donors and the best interest of the Foundation in mind, i.e., to ensure that the purchasing value of the fund endures while allowing some amounts of income and appreciation be spent. In acting to appropriate funds, the Finance Committee and the Board shall act in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and must (a) consider the uses, benefits, purposes and duration for which the endowment fund was established and (b) consider each of the following factors, if relevant:

- (1) the duration and preservation of the funds,
- (2) the purposes of the Foundation,
- (3) general economic conditions,
- (4) the possible effect of inflation or deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Foundation,
- (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Foundation, and

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

(8) the Foundation's investment policy.

Documenting Spending Deliberations

The Finance Committee must keep a contemporaneous record of its decisions regarding the appropriation of endowment funds for expenditure, describing the nature and extent of the consideration that the Finance Committee or the Board gave to each of the eight (8) factors listed above.

Section 5.09: Tax, Legal, Regulatory and Unique Considerations

- Foundation is not subject to federal or state income taxes.
- Foundation is subject to Unrelated Business Taxable Income.
- Foundation is subject to the following regulation(s):
Uniform Management of Institutional Funds Act unless superseded by the
Uniform Prudent Management of Institutional Funds Act.

Section 6: Conflicts of Interest

All persons responsible for investment decisions or who are involved in the management of the Foundation or who are consulting to or providing any advise whatsoever to the Finance Committee shall comply with the Foundation Conflict of Interest Policy.

Any members of the Finance Committee responsible for investment decisions or who are involved in the management of the Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Finance Committee or the ZCOGS Board. The intent of this provision is to eliminate conflicts of interest between Finance Committee membership and the Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the Finance Committee.

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

APPENDIX A

FUND	BENCHMARK
MONEY MARKET	<i>Citi Treasury Bill 3 Mon USD</i>
FIXED INCOME	
Intermediate-Term Bond	<i>BarCap US Agg Bond TR USD</i>
World Bond	<i>BoAML Global Govt TR USD</i>
High Yield Bond	<i>BarCap US Corporate High Yield TR USD</i>
DOMESTIC EQUITY	
Large Value	<i>Russell 1000 Value TR USD</i>
Large Growth	<i>Russell 1000 Growth TR USD</i>
Mid Value	<i>Russell Mid Cap Value Growth TR USD</i>
Mid Growth	<i>Russell Mid Cap Growth TR USD</i>
Small Blend	<i>Russell 2000 TR USD</i>
Small Growth	<i>Russell 2000 Growth TR USD</i>
Technology	<i>S&P North America Technology</i>
Commodities Broad Basket	<i>Commodities Broad Basket</i>
FOREIGN EQUITY	
World Stock	<i>MSCI World NR USD</i>
Foreign Large Growth	<i>MSCI EAFE Growth NR USD</i>
Foreign Small/Mid Growth	<i>MSCI EAFE Small Cap NR USD</i>
World Allocation	<i>60% MSCI AC World NR USD; 40% Citi WBIG NonUSD USD</i>

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

RECORDS RETENTION AND DOCUMENT DESTRUCTION POLICY

Section 1. Purpose

- a. This policy provides for the systematic review, retention and destruction of documents received and/or created by the Sandusky Area Zonta Club Fund, hereinafter referred to as the “Foundation”, in connection with the transaction of Foundation business. *Rev. 6/12/18*
- b. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents shall be kept and how records shall be destroyed (unless under a legal hold).
- c. The policy is designed to ensure compliance with Federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Foundation’s operations by promoting efficiency and freeing up valuable storage space. *Rev. 6/12/18*

Section 2. Document Retention

- a. Corporate Records:

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
Bylaws	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Correspondence – General	3 years
- b. Accounting and Corporate Tax Records:

Annual Audits and Financial Statements	Permanent
IRS Form 990 Tax Returns	Permanent
General Ledgers	7 years/Permanent
Business Expense Records	7 years
IRS Forms 1099	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records	5 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts	3 years
- c. Bank Records

Check Registers	7 years/Permanent
-----------------	-------------------

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

d. Donor and Grant Records

Donor Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	7 years

e. Legal, Insurance and Safety Records

Insurance Policies	Permanent
Stock and Bond Records	Permanent

f. Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

g. Emergency Planning

The Foundation records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Foundation operating in an emergency will be duplicated or backed up at least every week and maintained off-site. *Rev: 6/12/18*

h. Document Destruction

The Foundation’s Treasurer is responsible for the on-going process of identifying its records which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

i. Compliance

Failure on the part of members or employees to follow this policy can result in possible civil and criminal sanctions against the Foundation and its members or employees and possible disciplinary action against responsible individuals. The Treasurer and Finance Committee Chair will periodically review these procedures with legal counsel or the Foundation’s certified public accountant to ensure that they are in compliance with new and/or revised regulations. *Rev: 8.13.12; 6/12/18*

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

WHISTLEBLOWER POLICY

Section 1. Purpose

The Sandusky Area Zonta Club Fund, hereinafter referred to as the “Foundation”, is committed to preventing reprisals against members and employees who acting on behalf of the Foundation in connection with:

- a. The performance of official Foundation activity that may be in violation of any state or Federal law or related regulation; or
- b. The Foundation’s corporate account practices, internal controls or audit (collectively referred to as “Protected Disclosure”).

Rev: 6/12/18

Section 2. Duties and Responsibilities

The Foundation and any individual associated with the Foundation will not:

- Retaliate against a member or an employee who has made a Protected Disclosure or who has refused to obey an illegal or unethical request, or otherwise harass or cause such person(s) to suffer adverse employment consequences; or
- Directly or indirectly use or attempt to use the official authority or influence of their position for the purpose of interfering with the right of a member or an employee to make a Protected Disclosure to the Foundation’s leadership.

Rev: 6/12/18

Section 3. Reporting Violations

The Foundation has an open door philosophy and suggests that members and employees share their questions, concerns, suggestions or complaints with someone who can address them properly. Individuals may contact the Foundation’s Compliance Officer directly, if they so choose.

Rev: 6/12/18

Section 4. Compliance Officer

The Foundation’s Compliance Officer is the Chair of the Finance Committee.

The Foundation’s Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning Protected Disclosure(s) and, at his or her discretion, shall advise the Foundation’s President and/or the Finance Committee.

In the case of a complaint against the Compliance Officer, the complaint shall be reported to the Foundation’s President.

Rev: 6/12/18

Section 5. Accounting and Audit Matters

The Finance Committee shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately

SANDUSKY AREA ZONTA CLUB FUND FOUNDATION – POLICY STATEMENTS

notify the Finance Committee of any such complaint and work with the committee until the matter is resolved.

Section 6. Confidentiality

Protected Disclosure(s) may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Section 7. Handling of Reported Violations

The Compliance Officer will promptly notify the sender and acknowledge receipt of a Protected Disclosure (unless such report was submitted anonymously). All reports will be investigated promptly and appropriate corrective action will be taken if warranted by the investigation.

Reports and copies of Protected Disclosure(s) shall be retained by the Foundation in accordance with its record retention policy.

Rev: 6/12/18