

M E M O

TO: Budget & Finance Committee
FROM: Director of Finance & Business Services
SUBJECT: Non-Wasting Endowment
DATE: June 1st, 2018

RECOMMENDATION:

It is recommended that the committee review the documents for setting up an outside endowment.

BACKGROUND:

As part of the District's habitat conservation plan and capital project mitigation, the District set up its own land bank for an area in the Olympia Watershed to be preserved.

Part of this process requires the District to establish a non-wasting endowment which is funded as capital projects require environmental mitigation. The District cannot easily invest money in perpetuity to gain interest rates at the expected rates the plan proposes. This has required us to look into how we should establish the endowment.

From discussions with other agencies that utilize endowments, it was recommended to look into Community Foundation of Santa Cruz County (CFSCC). Attached are different pamphlets and information from CFSCC.

This would essentially work where the endowment no longer belongs to the District, but we are given an investment return on the principal.

There are pros and cons to everything, it is important the District take a serious look at how to operate the endowment in perpetuity. While the funding amounts are minimal now, over time it could become unrealistic to manage internally, thus paying a management fee may end up more reasonable in the long run.

Agency Endowment



An Agency Endowment at Community Foundation Santa Cruz County is a safe and simple way for your nonprofit organization, or government entity to create a permanent and predictable source of funding. The Foundation handles all the investment management and administrative details. Our experienced staff can also help your group develop planned giving programs to grow your endowment.

What is an endowment?

An endowment is a commitment to hold the principal of a fund in perpetuity in order to generate earnings that will benefit a charitable use. Earnings from the endowment over time provides a steady income stream, supporting your nonprofit's programs and services forever.

Who should have an endowment?

A nonprofit organization committed to providing service over the long haul should consider building an endowment. Organizations formed in support of short-term causes or particular events, that lack a broad donor base, or that are relatively new, are unlikely candidates for an endowment.

Endowment vs. operating reserve: Is there a difference?

Yes. A healthy agency should have a fully accessible operating reserve account which covers between three to six months of its basic expenses. An endowment, on the other hand, is a fund where only the earnings on the fund, not the principal amount, are available for disbursement.

Will having an endowment conflict with current donors' giving?

It shouldn't. Developing an endowment is very different from fundraising for annual operating support. An endowment effort can be presented to your current donors as an additional way to support your organization. It shows your foresight as an organization that is planning for its financial future. Strategically minded organizations earmark all planned gifts, such as bequests, for their endowment.

The O'Neill Sea Odyssey Fund

O'Neill Sea Odyssey (OSO) was founded in 1996 by wetsuit innovator Jack O'Neill, whose vision was to create a living classroom on board a 65-foot catamaran and sail it on the Monterey Bay National Marine Sanctuary.

Since its inception, the O'Neill Sea Odyssey has served more than 30,000 4th to 6th grade students, many from schools in low-income communities. Students receive hands-on lessons about marine habitat and the importance of the relationship between the living sea and the environment.

The O'Neill Sea Odyssey set up an agency endowment in 2004 at Community Foundation Santa Cruz County. This fund is a commitment to continuing Jack's dream: to keep the Odyssey catamaran sailing on the Monterey Bay.

(Continued on reverse)

Agency Endowment

How it works

- You determine the amount your organization would like to invest in an endowment and then work with our staff to complete a fund agreement. Our fund minimum is \$25,000.
- Our staff and Investment Committee of top local investment professionals handle all the administrative details including expert investment management.
- Your nonprofit organization has 24 hour online access to your financial statements.
- Your organization can add to the endowment at any time.
- When your organization has an agency endowed fund, your donors can establish a charitable gift annuity for as little as \$10,000.
- Your fund is invested to grow over time, and a portion of your earnings, as determined by our spending policy, are returned to your organization annually. You now have a permanent source of community capital, doing good work forever.

Will the Foundation support our endowment fundraising efforts?

Certainly. Our reputation as a permanent community resource reassures donors who may wish to contribute to your agency's endowment. We can help you accept gifts that may be too complicated for many organizations to handle, such as stock, real estate, life insurance, or IRAs. We can assist your donors and their professional advisors in integrating planned gifts into their estate plans to benefit your organization. And, the Foundation can provide resources to market your planned giving program for gifts to your endowment.

Can we just manage our endowment ourselves?

You could, but why would you want to? The Foundation's economies of scale provide your organization the benefits of a diverse investment portfolio, such as solid total returns and low investment fees that typically come only with very large funds. Many boards of directors have members with investment expertise, but while endowments and the Foundation are forever, your board members are not. Managing an endowment also consumes staff and board time for investment management and administration, including audits and tax reporting, that could otherwise be focused on your organization's core mission and fundraising.

Agency Endowments held at the Foundation (December 2015)

Agri-Culture J.J. Crosetti, Jr. Memorial Fund
Agri-Culture Sandhill Bluff Conservation Easement Monitoring Fund
Agri-Culture Jeannie Witmer Memorial Scholarship Fund
Agricultural History Project Endowment Fund
Bonny Doon Education Fund
Snug & Dub Brown Children's Fund for Big Brothers Big Sisters
Court Appointed Special Advocates Endowment Fund
Congregational Church of Soquel Endowment Fund
Elkhorn Slough Foundation Fund
Happy Valley School Foundation Fund
Jimmie Cox Memorial Scholarship Fund
Kuumbwa Jazz Endowment Fund
Monarch Services Fund
Mountain Community Resources Endowment Fund
Museum of Art and History Endowment Fund
O'Neill Sea Odyssey Fund
Frank F. Orr and Zoe Ann Orr Fund for Elkhorn Slough Foundation
Pajaro Valley Historic Association Borina Archive Fund
Pajaro Valley Quilt Association Agency Endowment
Santa Cruz Sailing Foundation Fund
Santa Cruz Shakespeare Endowment Fund
Save Our Shores Forever Fund
Second Harvest Food Forever Fund
SPCA/Blackie's Senior Friends Fund
Stein Memorial Endowment Fund for the Watsonville Public Libraries
Temple Beth El Next Generation Fund
T.H.A.N.K.S. Agricultural Education Fund
Dottie Tyler Fund for Agrarian Oral History
Ron and Dottie Tyler Fund
for Restored Agrarian Equipment Maintenance
Watsonville Wetlands Watch Endowment Fund
Watsonville Wetlands Watch Laura Hofmeister Scholarship Fund

For more information, contact Sam Leask, philanthropic services director at 831.662.2060 or sleask@cfssc.org.

**Community Foundation Santa Cruz County
Agency Endowment Fund Agreement
for the
(Fund Name)**

This Agency Endowment Fund Agreement ("Agreement") is made on **Date, 2018** (the "Effective Date") by and between **ORGANIZATION NAME** ("Organization"), and COMMUNITY FOUNDATION SANTA CRUZ COUNTY ("Foundation"), a California nonprofit public benefit corporation, to create a charitable fund at the Foundation. This Agreement sets out the terms and conditions that will apply to said Fund beginning on the date of the initial contribution to the Fund.

Agreement, Part A

1. Initial Contribution

The initial contribution must be a minimum of Twenty-five Thousand Dollars. The Organization hereby irrevocably transfers or will cause to be transferred to the Foundation for deposit in the Fund as the initial contribution to the Fund the following asset(s):

Put description of asset(s) here _____

2. Fund Establishment and Fund Name

Upon acceptance of the initial contribution by the Foundation, a fund shall be established on the books of the Foundation, which shall be known as the **"Fund Name"** (the "Fund").

3. Fund Purpose

The Fund's general purpose is to promote and further the Foundation's charitable purposes as set forth in the Foundation's Articles of Incorporation and Bylaws. **In particular, the Fund is being established solely to Put specific purpose here, if any or delete entire sentence.**

4. Type of Fund

a. Not a Donor-advised Fund. It is the express intent of the Organization and the Foundation that the Fund shall not be treated as a "donor-advised fund," as defined in Internal Revenue Code Section 4966(d), by virtue of the Fund being

described in Internal Revenue Code Section 4966(d)(2)(B)(i), as a fund that benefits only a single identified organization, to wit, the Organization.

b. Agency Endowment Fund. As an endowment, it is intended that the Fund will continue to provide for the charitable purposes described above in perpetuity. The Fund will be an endowment fund, and distributions from the Fund shall be subject to the spending plan for endowed funds approved by the Board of Directors of the Foundation, as the same may be amended from time to time. Currently, the spending plan provides for a 4% annual payout calculated on the average balance of the Fund over 12 trailing quarters (or such shorter period of time as the Fund has been in existence) ending on December 31 each year (each December 31 will be referred to as a "Measurement Date"). The payout amount, if any, will be disbursed to the Organization by February 28 of the following year; provided, however, that no distributions shall be made from the Fund unless the Fund has been in existence for not less than four calendar quarters as of the Measurement Date, and only to the extent that accumulated earnings are available to spend on the Measurement Date.

5. Fund Investment Pool Selection

Organization wishes the Fund Assets to be invested in the (put investment pool name here) as described in Part B, Section 1 of this Agreement.

6. Foundation Services Fee

The Foundation Services Fee helps to cover management services that the Foundation provides directly to the Fund. The Foundation Services Fee also supports the services of the Foundation which benefit our community. These include, but are not limited to programs that 1) assist donors, 2) educate and strengthen local nonprofits, and 3) build regional partnerships to address critical local issues.

The Foundation shall charge this Fund a monthly Foundation Services Fee, determined as follows:

The annualized Foundation Services Fee for agency endowment funds will be an amount equal to the greater of (a) \$250 or (b) 1.50% of the Fund balance.

Based upon the foregoing annualized Foundation Services Fee formula, the monthly Foundation Services Fee for agency endowment funds will equal 0.125% of the balance of the Fund as of the last day of the month. The Foundation Services Fee will be due and payable in arrears on a monthly basis.

In the event the aggregate amount of Foundation Services Fee paid out of the Assets for the year is less than \$250, the difference in the two amounts shall be due and payable and shall be deducted from the Assets.

7. Dissolution of the Foundation

In the event of the dissolution of the Foundation, or in the event the Foundation ceases to be a Charitable Organization (defined below), the Assets remaining in the Fund, after payment or making provision for payment of any fees, expenses or other liabilities properly chargeable to the Fund, shall be distributed:

- a. to the Organization; or
- b. if the Organization is not then in existence or has ceased to be a Charitable Organization, to one or more such other Charitable Organizations located in Santa Cruz County that serve charitable purposes that are similar to those of the Organization as the Foundation's Board of Directors shall determine.
- c. As used in this Agreement, a "Charitable Organization" is a nonprofit public benefit corporation or a charitable trust that is organized under the laws of the State of California and recognized by the Internal Revenue Service as being described in Internal Revenue Code Section 501(c)(3) other than a "private foundation" (as defined by Internal Revenue Code Section 509(a)).

8. Dissolution of the Organization

In the event of the dissolution of the Organization, or in the event the Organization ceases to be a Charitable Organization, the Foundation shall maintain the Fund; provided, however, the purposes of the Fund shall be modified to provide financial support to one or more such other Charitable Organizations that serve charitable purposes similar to those of the Organization as the Foundation's Board of Directors shall determine.

9. Merger or Change in Structure of the Organization

If the Organization merges with another organization, the entity resulting from such a merger shall succeed to the rights, powers and privileges of the Organization under this Agreement, but only if such resulting entity is a Charitable Organization. If the resulting entity is not a Charitable Organization, the Foundation shall maintain the Fund, and the Fund's purposes shall be modified in the same manner as is described in Part A, Section 8 above.

10. No Partnership

This Agreement does not constitute and shall not be construed as constituting a partnership or joint venture between the Foundation and the Organization. Neither the Organization nor its governing board nor any representative of said board shall have any right to obligate or bind the Foundation in any manner whatsoever, and nothing in

this Agreement shall give, or is intended to give, any rights of any kind to any third persons.

11. Representations and Warranties

The Organization and the Foundation each represent and warrant to each other that:

a. it has received a ruling from the Internal Revenue Service (the "Service") that it is an organization described in Internal Revenue Code Section 501(c)(3) other than a private foundation and a ruling from the California Franchise Tax Board ("FTB") that it is an organization exempt from California income and franchise taxes under California Revenue & Tax Code ("California R&T Code") Section 23701d; (b) the facts and circumstances forming the basis for the issuance of these rulings have not substantially changed since the date of issuance thereof; and (c) the rulings have not been revoked;

b. it shall promptly notify the other party in writing in the event the Service or the FTB revokes its ruling that the Organization is a tax exempt organization described in Internal Revenue Code Section 501(c)(3) other than a private foundation or Section 23701d of the California R&T Code, as the case may be, or if the Service, the FTB or the California Attorney General's office has commenced proceedings or an investigation that may result in any of these actions; and

c. this Agreement has been duly authorized by requisite action of the representing party and has been executed on behalf of the representing party by persons authorized to do so.

12. Notice

Any notice required or permitted to be given by this Agreement shall be in writing and shall be deemed given (1) when delivered in person, (2) when dispatched by facsimile or electronic mail transfer (confirmed in writing by postage prepaid first class mail simultaneously dispatched), (3) when sent by nationally-recognized overnight courier service (with receipt confirmed by such overnight courier service), or (4) when sent by registered or certified mail, to the other party at the address of such party set forth below or at such other address as such party may from time to time specify in writing to the other party in accordance with this Section 12.

If to the Organization:

Organization name
Street address
City, State, Zip
Attn: Name/Title

If to the Foundation:

Community Foundation Santa Cruz County

7807 Soquel Drive
Aptos, CA 95003
Attn: Robin Larsen, Donor Services Officer

13. Amendment

This Agreement may be amended only by an agreement in writing approved by a majority of the Board of Directors of the Foundation and the governing body of the Organization. No amendment shall be valid if it would be inconsistent with or jeopardizes the Foundation's status as a Charitable Organization.

14. Arbitration

The Organization hereby agrees that all controversies which may arise between the Foundation and the Organization concerning any transaction or the construction, performance, or breach of any provision of this Agreement, whether entered into prior to, on, or subsequent to the date herein, shall be determined by arbitration. Any arbitration shall be held in Santa Cruz County, State of California, and shall be governed by the rules of the American Arbitration Association and the laws of the State of California.

End of Part A – No further text on this page.

Agreement for Fund Name

Part B-Endowed Funds

1. Asset Management and Investment Pool Descriptions

a. Asset Management. The Foundation will hold, manage, invest and reinvest the Assets as part of the Foundation's investment portfolio consistent with the Foundation's investment policy, a copy of which is available upon request. Although the Assets may be commingled with other assets of the Foundation, the Fund's separate identity will be maintained.

b. Choice of Investment Pool. The Assets will be managed in the investment pool set forth in Part A, Section 5 of this Agreement.

c. There are several choices available depending on the expected duration of the Fund and the Organization's risk tolerance. Endowed funds may be invested in either the Long-Term Pool or the Socially Responsible Long-Term Pool described below.

Long-Term. Invested for long-term growth in accordance with the Foundation's investment policy.

Socially Responsible Long-Term. Invested with same target return and asset allocations as the Long-Term Pool, with a preference toward three areas:

i. *Socially Responsible Investing (SRI).* An exclusionary approach that seeks to avoid investing in companies whose products or services are ethically and environmentally questionable or controversial.

ii. *Environmental, Social, and Governance (ESG).* An integrative approach that seeks to include companies that have been identified as "best-in-class" when evaluated against key environmental, social, and governance metrics.

iii. *Impact Investing.* An approach that seeks investments that deliver social good within our community, as well as competitive financial returns.

d. The Organization, may recommend once per calendar year that the Fund Assets be moved into another investment pool by submitting its recommendation to the Foundation in writing, which recommendation will be

considered and evaluated by the Foundation. Organization must include a reference that its Board of Directors has approved the change in investment pools in its written request. Approved changes will be effective by the end of the month following the month the request is received (*e.g.*, If the request is received in March, the fund will be moved no later than April 30).

2. No Guarantee of Investment Return

a. Rate of Return. The Foundation does not guarantee that the Fund will earn a particular rate of return with respect to the investment of the Assets; rather, the Assets shall be invested in the investment pool selected in accordance with Part A, Section 5 above and shall earn the identical return on those assets in said investment pool that the Foundation earns with respect to its other assets invested in that particular investment pool. All income and capital gains or losses of the investment pool in which the Assets are invested shall be allocated to the Fund on a monthly and pro rata basis, based upon the ratio that the value of the Assets invested in the investment pool bears to the aggregate value of all assets invested in said pool.

b. Diminution of Value. The Foundation will not be liable for any diminution in value of the Assets, including, but not limited to, 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 or otherwise.

3. Fees and Expenses Description

a. Foundation Services Fee. The Foundation Services Fee helps to cover management services that the Foundation provides directly to the Fund. The Foundation Services Fee also supports the services of the Foundation which benefit our community. These include, but are not limited to programs 1) that assist donors, 2) educate and strengthen local nonprofits, and 3) build regional partnerships to address critical local issues. The Fund shall be charged the Foundation Services Fee as determined in accordance with the formula set forth in Part A, Section 6 ("Foundation Services Fee"). Said formula is subject to change from time to time on advance notice of such change to the Organization.

b. Investment Management Fees. Investment management and other fees and costs charged by the investment managers managing the investment pool in which the Assets are invested shall be allocated and charged to the Fund on a pro rata basis, based upon the ratio that the value of the Assets invested in said investment pool bears to the aggregate value of all assets invested in said pool.

c. Direct Expenses. In addition to the Investment Management Fees described in Part B, Section 3(b) above, the Foundation may, from time to time, incur third-party expenses in connection with the administration of the Fund,

including but not limited to legal, accounting, credit card fees, and other professional fees and related charges (collectively, the "Direct Expenses"). Such Direct Expenses shall be allocated and charged to the Fund. Where such Direct Expenses relate to one or more investment pools in which Assets were invested, they will be allocated and charged to the Fund on a pro rata basis, based upon the ratio that the value of the Assets invested in the applicable investment pool bears to the aggregate value of all assets invested in said investment pool.

d. Organization's Expenses. The Organization shall be responsible for payment of all fees to the Organization's own professional advisors (attorney, accountant, financial advisor, etc.) involved in the set-up of the Fund.

e. Payment of Fees and Expenses

i. *Foundation Services Fee.* The Foundation Services Fee shall be due and payable in arrears and shall be deducted from the Assets on the last day of each month.

ii. *Investment Management Fees.* The Investment Management Fees shall be deducted from the Assets in accordance with agreements between the Foundation and the applicable investment managers for the pool or pools in which the Assets are invested.

iii. *Direct Expenses.* The Foundation shall be entitled to reimbursement for Direct Expenses out of the Assets. The Foundation shall deliver to the Organization a notice of its intent to be reimbursed within fifteen (15) days in advance of the applicable reimbursement.

4. Additions to Fund

a. It is anticipated by the Organization and the Foundation that, from time to time, other assets may be contributed to the Fund. Contributions of cash and marketable securities from the Organization may be accepted and deposited into the Fund at any time. The Foundation will have the discretion to accept or refuse any non-cash contributions. All of the property transferred to the Foundation by the Organization for deposit in the Fund, including additional contributions and any net income, minus any net losses derived from the investment of such property as provided herein shall be collectively referred to as the "Assets" and shall be administered and distributed in accordance to the provisions of this Agreement, including, without limitation, for the purpose set forth in Part A, Section 3 of this Agreement

b. Contributions of cash and securities from third parties (those other than the Organization) may be accepted, but per Financial Accounting Standards

Board Statement 136, the assets from third parties will be deposited in a Donor Gifts Fund Sub-Fund of the Fund for accounting purposes and reported to the Organization separately. All of the property transferred to the Foundation by the third parties for deposit in the Fund, including additional contributions and any net income, minus any net losses derived from the investment of such property as provided herein shall be collectively referred to as the "Donor Gift Sub-Fund Assets" and shall be administered and distributed in accordance to the provisions of this Agreement and accounted for in accordance with Financial Accounting Standards Board Statement 136.

c. Any materials (including materials in written or electronic form or intended for broadcast) designed to raise money for or to otherwise publicize the Fund must be submitted in writing for review by the Foundation. No such materials shall be used without the Foundation's prior approval.

5. Ownership of Assets

All gifts and contributions made to the Fund are irrevocable and become the sole property of the Foundation. The assets of the Fund will, at all times, be the property of the Foundation, held by the Foundation in its corporate capacity as a component fund of the Foundation under Treasury Regulation Section 1.170A-9(e)(11), and the Fund will not be deemed a trust fund held by the Foundation in a trustee capacity. The assets of the Fund will be reported as assets of the Foundation for both tax reporting purposes and for purposes of the Foundation's financial statements.

6. Reports

The Foundation shall report to the Organization the investment performance of the investment pool in which the Assets are invested. Reporting shall be made on a quarterly basis approximately thirty (30) days following the end of each calendar quarter during the term. Audited annual financial statements of the Foundation will be made available on our web site and upon request.

7. Compliance with Internal Revenue Code

Nothing in this Agreement shall affect the status of the Foundation as an organization described in Internal Revenue Code Section 501(c)(3), and as an organizations that is not a private foundation within the meaning of Section 509(a) of said Code. This Agreement shall be interpreted to conform to the requirements of the foregoing provisions of the Internal Revenue Code and any regulations issued pursuant thereto. The Foundation is authorized to amend this Agreement to conform to the provisions of any applicable law or government regulation.

8. Variance Power

The Organization acknowledges and agrees that the Fund and all of the Assets will be administered by the Foundation in accordance with the terms and conditions of the Foundation's Articles of Incorporation and Bylaws, and applicable California and Federal statutes as may be amended from time to time. The Organization also acknowledges that, notwithstanding any provision contained in this Agreement to the contrary, the Foundation's Board of Directors has the sole variance power to modify any restrictions or conditions imposed upon the Fund or the Assets if, in the judgment of the Foundation's Board, such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes or needs served by the Foundation.

9. Miscellaneous

a. The Fund assets shall be administered and this Agreement and the validity thereof shall be governed by and construed in accordance with the laws of the State of California, without regard for the conflicts of laws principle thereof, and the applicable provisions of the Internal Revenue Code, as the same may be amended from time to time.

b. The captions of this Agreement are included for convenience only and shall in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

c. Neither party may assign any of its rights or delegate any of its duties under this Agreement. This Agreement shall be binding upon and shall inure to the benefits of the parties hereto and their respective successors.

d. If in any jurisdiction any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of the restriction, prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction or its application to other parties or circumstances.

e. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were upon the same instrument.

f. This Agreement may not be modified except by written instrument signed by both the Foundation and the Organization and only as consistent with all applicable state and federal law; provided, however, that while restrictions, if any, imposed by the Donor(s)/Organization upon the Fund may be removed by an amendment to this Agreement, no such restrictions may be changed and no new

restrictions may be added by the Organization.

g. This Agreement, together the exhibits and other documents referred to herein, contains the entire agreement of the Organization and the Foundation concerning the subject matter hereof and supersedes all prior and contemporaneous negotiations, correspondence, understanding, letters of intent, and agreements, whether verbal or written, between the parties regarding the subject matter hereof.

End of Part B, no further text on this page

Agreement for Fund Name
Signature Page

IN WITNESS WHEREOF, the Organization and the Foundation have caused this Agreement to be executed as of the date written above on Part A, page 1.

PUT ORGANIZATION NAME HERE

**COMMUNITY FOUNDATION
SANTA CRUZ COUNTY**

Name

Susan True

Title

Chief Executive Officer

Street Address

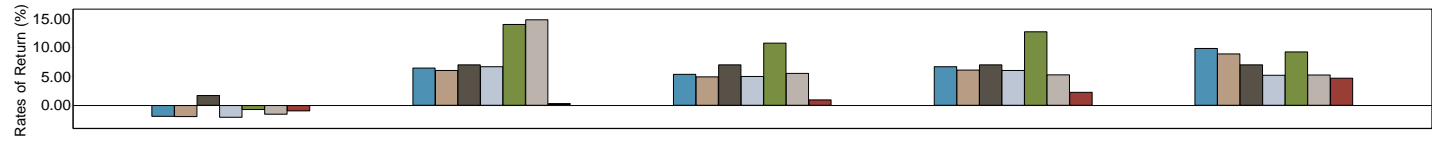
7807 Soquel Drive

City, State Zip

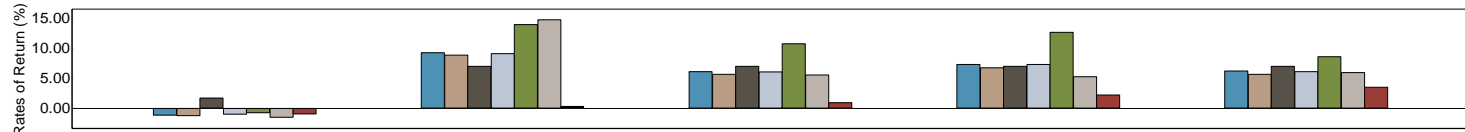
Aptos, CA 95003

email

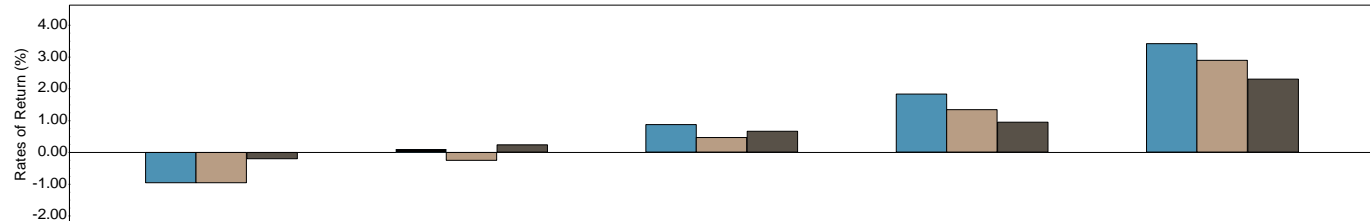
strue@cfsc.org



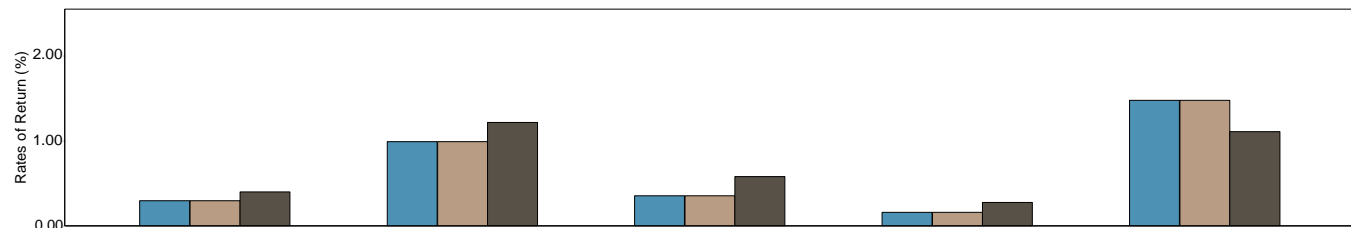
	Year To Date	One Year	Three Years	Seven Years	Since Incep (6/30/95)
Long Term Portfolio Gross Time Weighted Return	-1.91	6.44	5.36	6.69	9.83
Long Term Portfolio Net Time Weighted Return	-1.98	6.04	4.91	6.11	8.90
7% Annual Return	1.71	7.00	7.00	7.00	7.00
Composite Benchmark	-2.11	6.70	4.98	6.05	5.19
S&P 500 Index	-0.76	13.99	10.78	12.71	9.24
MSCI Net EAFE	-1.53	14.80	5.55	5.31	5.25
BB Int Gov/Cr	-0.98	0.35	0.94	2.25	4.69



	Year To Date	One Year	Three Years	Seven Years	Since Incep (5/20/04)
SR LT Portfolio Gross Time Weighted Return	-1.16	9.29	6.13	7.32	6.26
SR LT Portfolio Net Time Weighted Return	-1.24	8.89	5.71	6.79	5.68
7% Annual Return	1.71	7.00	7.00	7.00	7.00
Composite Benchmark	-1.03	9.15	6.11	7.36	6.14
S&P 500 Index	-0.76	13.99	10.78	12.71	8.63
MSCI Net EAFE	-1.53	14.80	5.55	5.31	5.99
BB Int Gov/Cr	-0.98	0.35	0.94	2.25	3.52



	Year To Date	One Year	Three Years	Seven Years	Since Incep (7/31/03)
Short Duration FI Portfolio Gross Time Weighted Return	-0.96	0.10	0.88	1.83	3.42
Short Duration FI Portfolio Net Time Weighted Return	-0.96	-0.25	0.47	1.35	2.90
Barclays 1-3 Govt/Cr	-0.20	0.24	0.66	0.95	2.30



	Year To Date	One Year	Three Years	Seven Years	Since Incep (8/31/05)
Capital Preservation Portfolio Gross Time Weighted Return	0.30	0.99	0.36	0.16	1.48
Capital Preservation Portfolio Net Time Weighted Return	0.30	0.99	0.36	0.16	1.48
3 Month T-Bill	0.40	1.22	0.58	0.28	1.11



Community Foundation Santa Cruz County

Annual Returns 1995 - 2017

THE SHARPES GROUP AT GRAYSTONE CONSULTING

Brian Sharpes, CIMA®

Institutional Consultant
Managing Director
Brian.Sharpes@morganstanley.com
Brian.Sharpes@MSGraystone.com
(925) 746.2919

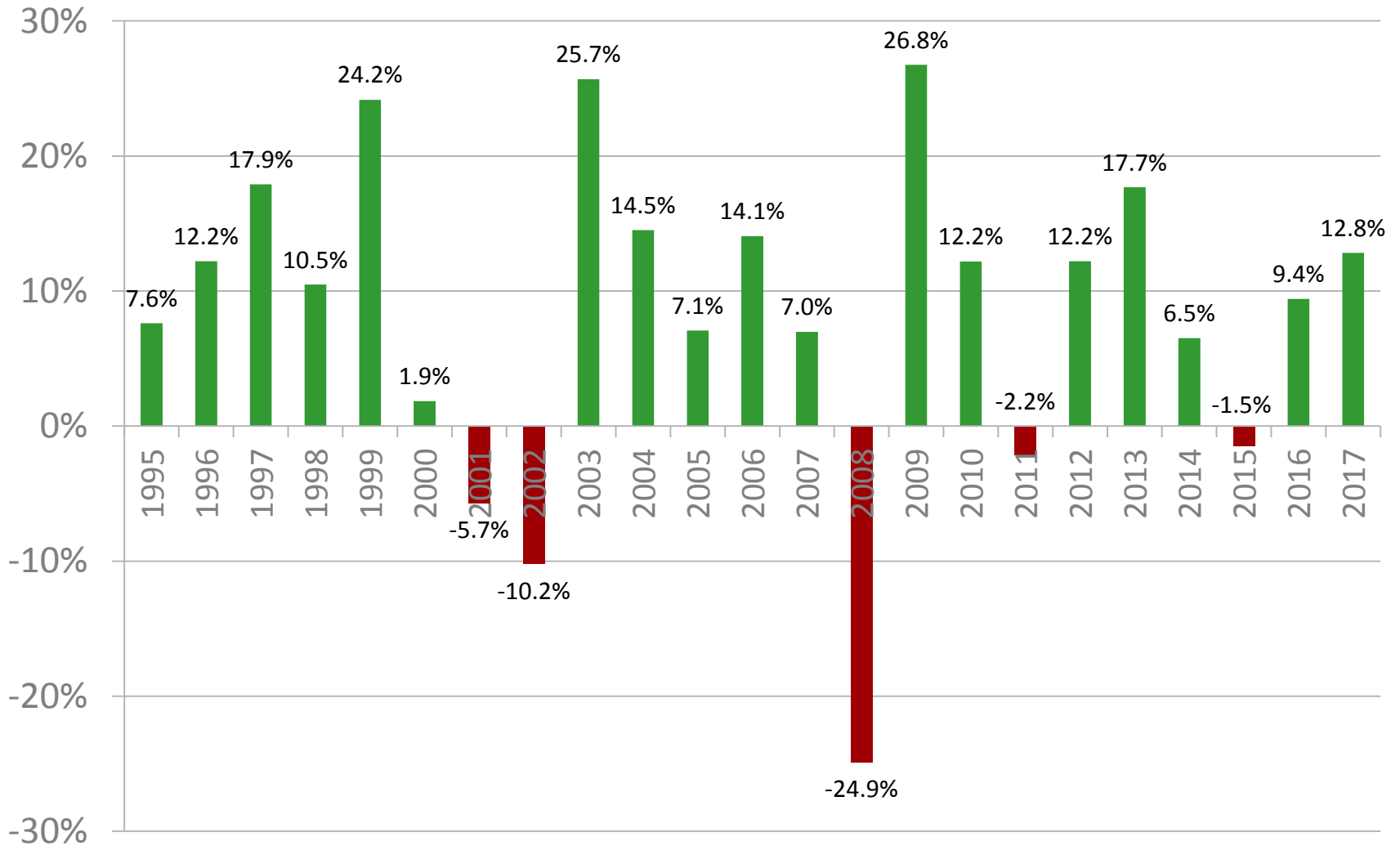
San Francisco Office

555 California Street, Suite 1400
San Francisco, CA 94104

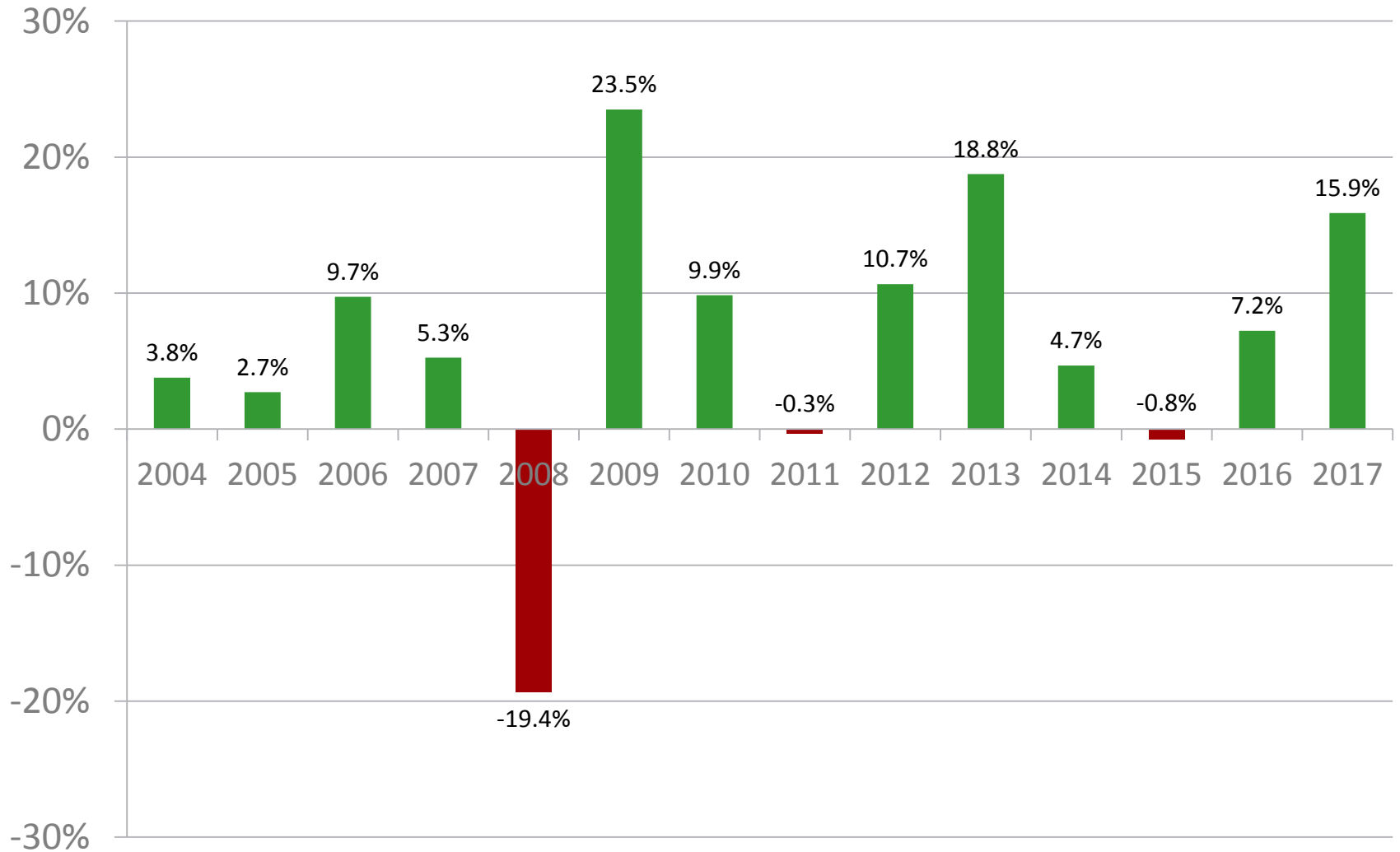
Walnut Creek Office

1333 North California Blvd. Suite 133
Walnut Creek, CA 94596

LONG TERM PORTFOLIO - ANNUAL RETURNS



SOCIALLY RESPONSIBLE PORTFOLIO – ANNUAL RETURNS



Investments and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC. Member SIPC

This Unofficial Portfolio Summary has been prepared for informational purposes, as of the dates set forth above. This is not your official customer statement. While we have based this unofficial Summary on data we believe is accurate, we do not guarantee its accuracy or completeness. To the extent there are differences between your official customer statement and this Summary, your official customer statement will control. Morgan Stanley does not take responsibility for any errors in this Unofficial Summary and you should not rely on this Summary for any purpose. Values shown on this Unofficial Summary may differ materially from those in your official customer statement due to the use of different reporting methods. Such figures may not include all relevant costs. Although we have tried to provide appropriate benchmark comparisons, we do not guarantee that these are the most appropriate comparisons; be aware that your portfolio's performance may be lesser or greater than that of other benchmarks. This report may include assets not held by Morgan Stanley based on information provided by you or third parties. Morgan Stanley has not verified and is not responsible for such information. Please contact each custodian of the assets to obtain the Official Statements and to determine the applicability of SIPC coverage. Non-securities positions are not covered by SIPC.

Although the statements of fact, data and pricing contained in this report have been obtained from, and are based upon sources, including third-party sources, that Morgan Stanley believes to be reliable, we do not guarantee their accuracy, or timeliness, and any such information may be incomplete or condensed.

This is not a trade confirmation or an offer or solicitation of an offer to buy/sell the securities/instruments mentioned. Morgan Stanley and its affiliates may own, trade, marketmake in and lend on the securities/instruments mentioned or may advise the issuers. This is not a research report, and will not be updated, but may refer to research available through Client Link. Past performance is not indicative of future returns. E-mail may not be used to request, authorize or effect the purchase or sale of any security/instrument, to send transfer instructions, or to effect other transactions. This communication is confidential and solely for the addressee.

This report may show the consolidated performance of some, but not necessarily all, of your Morgan Stanley accounts. In addition, it may include the full performance history of your accounts or just the performance of your accounts since inception in their current Morgan Stanley programs. In some cases, it may show the combined performance of brokerage accounts and advisory accounts. Accounts included in this report may have had different investment objectives, been subject to different rules and restrictions, and incurred different types of fees, mark-ups, commissions, and other charges. Benchmarks included in consolidated reports may not be the ones primarily associated with the investment objectives of the account(s), and may be used for informational purposes only. Accordingly, the performance results for this portfolio may blend the performance of assets and strategies that may not have been available in all of your accounts at all times during the reporting period.

It is important that you understand the combination of accounts and account histories that are included in this report. Upon your request, performance information can be obtained for other accounts you may have at Private Wealth Management or Morgan Stanley, but which are not shown here.