REDWOOD EMPIRE FOOD BANK

Endowment Fund Policy

Introduction

This policy was adopted by the Board of Directors of Redwood Empire Food Bank (REFB) to provide procedures for the creation and management of the Endowment Fund. This revision to the policy supersedes any and all prior actions and policies regarding fund management and investment.

Policy Philosophy Statement

To ensure exceptional stewardship and proper use of REFB resources by: 1) focusing on the preservation of capital and the minimization of risk; 2) investing to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index; 3) minimizing costs of investing, including management fees.

Purpose

The REFB has established an Endowment Fund to provide permanent support for its goals and mission. Economic declines, natural disasters, disease and unexpected conditions present unprecedented challenges to those who strive to feed the hungry. The Endowment Fund can provide a reliable and sustainable source of income to support operations and will help ensure REFB remains financially viable over the long-term.

The goal for the Board Designated Sub-Fund (3), unless otherwise specified, and the goal of the earnings from the corpus of the Unrestricted Donor Sub-Fund (2) is to ultimately provide a reasonable, predictable, and sustainable amount of funds available for use by the REFB. Funds will be utilized during periods of time when the Short-Term Reserve and Long-Term Reserve Funds do not meet the operating or capital requirements.

The Restricted Donor Sub-Fund (1) shall be managed and utilized in accordance with the specific terms and intent set forth by the donor, while remaining aligned with the overall mission of the REFB.

Definitions

The Endowment fund is comprised of three separate sub-funds:

Donor Restricted Sub-Fund (1)

This fund will be structured as a Donor Restricted Endowment Fund committed to long-term investment. The restriction shall be recorded as temporary or permanent in accordance with explicit donor stipulations. Each donor restricted gift shall be accounted for in a manner that

allows each level of restriction to be properly presented on all reconciliations and financial audits. Restricted funds may be co-mingled with income accounted for on a pro-rata basis. All activity will be recorded consistent with requirements of Generally Accepted Accounting Principles (GAAP) and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Donor Unrestricted Sub-Fund (2)

Donor Unrestricted Sub-Fund is committed to long-term investment and will be held in perpetuity with the exception of earnings from the investment of the corpus. The corpus may not be invaded except by the Board of Directors, upon a two-thirds affirmative vote. Donor Unrestricted Endowment funds are recorded as restricted to the extent that the corpus is to be preserved. All activity will be recorded with the requirements of Generally Accepted Accounting Principles (GAAP) and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Board Designated Sub-Fund (3)

The Board Designated Sub-Fund consists of funds committed to long-term investment by a Board of Directors resolution. The Board Designated Sub-Fund is unrestricted funds received by the REFB, not directed to Sub-Fund (2), and are surplus funds available at year-end that are not allocated to another category of reserves.

Upon the recommendation of REFB Management and review by the Finance Committee, additional funds may be added to this account with approval by the Board of Directors.

Board Designated Sub-Fund funds will be recorded as unrestricted funds. All activity will be recorded with the requirements of Generally Accepted Accounting Principles (GAAP) and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Delegation of Authority

The Board of Directors designated committee, Finance Committee, acts in a fiduciary capacity, and is responsible for directing and monitoring the management of the various fund assets on behalf of the Redwood Empire Food Bank. As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to, Investment Management Consultant, Investment Manager, Custodian, and additional specialists.

Responsible Parties

Board of Directors

The Board of Directors (Board) has a direct oversight role regarding all decisions that impact the REFB's institutional funds. The Board has delegated supervisory responsibility for the management of our institutional funds to the Finance Committee. The Board shall ensure that its fiduciary responsibilities concerning the proper management of the REFB's funds are fulfilled through appropriate investment structure, internal and external management. Based on the advice and recommendations of the Finance Committee, the Board shall approve

investment policies and objectives that reflect the long-term investment-risk orientation of all Endowment Funds.

Finance Committee

As it relates to the management of the investment assets, the Finance Committee is responsible for reviewing and monitoring the financial performance of the all Endowment Funds. In addition, the Finance Committee will,

- determine that institutional funds are prudently and effectively managed with the assistance of REFB Management and any necessary investment consultants and the portfolio performance is consistent with all policies and procedures.
- based on REFB Management's review and recommendations regarding the performance of all parties responsible for managing institutional funds, the Finance Committee shall approve the retention and/or dismissal of investment consultants and service providers.
- review and approve contractual relationships with any necessary outside service providers-such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals- as recommended by REFB Management.
- at least quarterly, receive and review reports from REFB Management and investment advisor.
- at least annually, meet with the investment advisor on topics that include discussion on the total investment activity, market conditions, and future recommendations to ensure all investment objectives are met.
- convene annually to evaluate whether this policy, investment activities, asset allocation ranges, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of investment funds; develop and/or propose policy recommendations to the Board with regard to the management of all investment funds.

REFB Management

Management shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or the Finance Committee concerning the management of institutional funds. REFB Management shall also be the primary liaison between any investment consultants and/or other outside professionals that may be retained to assist in the management of such funds. The Chief Financial Officer will be primarily responsible for executing all REFB Management responsibilities.

Additionally, REFB Management shall:

- ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of the REFB; and, performance monitoring systems are sufficient to provide the Finance Committee with timely, accurate and useful information.
- regularly meet with any outside service providers to evaluate and assess compliance with investment guidelines, performance, outlook and investment strategies; monitor asset allocation and rebalance assets, as directed by the Finance Committee and in

accordance with approved asset allocation policies, among asset classes and investment styles; and, tend to all other matters deemed to be consistent with due diligence with respect to prudent management of institutional funds.

- monitor and evaluate the performance of all parties responsible for managing institutional funds and recommend the retention and/or dismissal of investment consultants to the Finance Committee.
- conduct an analysis of the services provided by each banking and financial services firm every three years to ensure that the REFB is achieving the desired level of performance. Report the results of the analysis, along with any findings and recommendations, to the Finance Committee.
- propose to the Finance Committee the engagement of any necessary service providers – such as investment consultants, investment managers, banks, and/or trust companies and or any other necessary outside professions – as needed for appropriate management of REFB funds.
- comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments, especially alternative investments.
- prepare and issue periodic status reports to the Board and the Finance Committee.

Investment Guidelines

Investment Objectives
The investment strategy of the Endowment Fund is to emphasize net total return; that is, the aggregate return from capital appreciation, dividend and interest income minus investment management costs.

Specifically, the primary objective in the investment management of the Endowment Fund shall be (in order of importance):

1. Preservation of purchasing power – To achieve returns in excess of the rate of inflation as measured by the CPI inflation index over the investment time horizon in order to preserve purchasing power and assets of the organization. Risk control is an important element in the investment of assets.
2. Long-term growth of capital – To emphasize the long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of S&P 500 market index is anticipated, though management should strive to contain it.
3. Preservation of capital – To balance risk and return consistent with the philosophy to preserve capital understanding that market volatility is expected from time to time.

General Principles

1. Investments shall be made solely in the interest of Redwood Empire Food Bank and Endowment Fund.
2. The assets shall be invested with a fiduciary standard that is done with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund.
3. Investment of these funds shall be so diversified as to minimize the risk of large

losses.

4. The REFB may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Based on the recommendation of REFB Management, the Finance Committee may approve the hiring of an independent investment advisor whose duties will include developing investment proposals, assessing organizational risk tolerance, preparing required investment reports, delivering investment education as needed, and demonstrating compliance with all federal and state regulations.
6. The independent investment advisor shall have one of the following certifications: Certified Financial Planner (CFP), Chartered Financial Analyst (CFA), Chartered Financial Consultant (ChFC), Certified Investment Management Analyst (CIMA) or equivalent experience.

Diversification

Investment management of the assets of the Endowment Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum	Evaluation Benchmark
Cash Equivalents	0%	25%	FTSE 3-Month T-Bill Index
Fixed Income	25%	60%	BC U.S. Aggregate Bond Index
Equities	25%	75%	MSCI All World Net Index
Alternatives*	0%	10%	Based on type of alternative

*This category of investment is typically less correlated with traditional asset classes and provides a source of portfolio diversification.

The Finance Committee may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate portfolio, such disciplines must fit within the overall asset allocation guidelines established in this statement.

This Finance Committee will monitor and reevaluate the investment allocation in reference to the Endowment Fund Asset classes at least annually.

Allowable Assets

The Endowment Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded efficiently for the Endowment Fund, with minimal impact on market price.

1. Cash Equivalents (less than one year to maturity and investment grade)
    a. U.S. Government, Municipal, and Agency securities (at least BBB)
    b. Corporate notes and bonds (at least BBB)

c. Money market funds
d. Banker's acceptances
e. Certificates of deposit

2. Fixed Income
    a. U.S. Government and Agency securities
    b. Corporate notes and municipal bonds (investment and non-investment grade - non-investment < 10% of total portfolio, and at least B rated securities)
    c. Mortgage-backed bonds
    d. Preferred stock

3. Equities
    a. Common stocks
    b. Convertible notes and bonds
    c. Convertible preferred stocks
    d. American Depository Receipts of non-US companies (ADRs)

4. Alternatives
    a. REITs
    b. Commodities
    c. Inflation linked bonds
    d. Donated Private equity
    e. Donated Private real estate

5. Exchange Traded Funds and Mutual Funds that invest in securities as allowed in this statement.

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange and NASDAQ.

Communication and Performance Reporting

The investment of the Endowment Fund will be evaluated at least annually on a total return basis. The evaluation will be based on the stated investment goals, analysis of the risk performance of the portfolio, and comparisons of results as determined by the Finance Committee and Investment Advisors. The report will be prepared by REFB management and the investment advisor(s), then presented to the Finance Committee. The Finance Committee will present a report to the Board of Directors at least annually.

Spending Rate

With a goal of allowing the funds to build over time, recommended distributions should ensure a prudent tradeoff between current program needs and long-term endowment purchasing power. Endowment funds should only be accessed after depleting other short- and long-term reserve funds. The spending rate range, when distribution is needed, will be 3%-6%, with the desired optimal target of 4%.

Any Donor Restricted Endowment funds will be spent according to the Uniform Prudent

Management of Institutional Funds Act (UPMIFA).

During the periods of negative market returns, an Endowment Fund may have a market value that is less than the original gift. The Finance Committee will continue to evaluate program support during periods of negative financial returns, applying the following criteria of prudence:

- The duration and preservation of the fund
- The purposes of the organization and the Donor Restricted Sub-Fund (1)
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investment
- Other organization resources, and
- The investment policy

Spending Guidelines - Donor Restricted Sub-Fund (1)

Donor Restricted Endowment is restricted by the document or donor to generate income for the REFB. In absence of a restriction the corpus may be invaded upon a two-thirds affirmative vote of board approval. If a donor stipulates certain conditions regarding the spending of the endowment donation, the donor stipulations will supersede Board procedures and be honored.

Spending Guidelines - Donor Unrestricted Sub-Fund (2)

Upon REFB Management recommendation, the Finance Committee may approve the transfer of accumulated interest and other earnings to another REFB Fund to meet the present needs of the organization, including but not limited to expanding or contributing to REFB programs, funding capital purchases or capacity expansion projects.

Distribution of principal requires a two-thirds affirmative vote by the Board.

Spending Guidelines - Board Designated Sub-Fund (3)

Based on the Cash Management Policy, excess funds held in the Short-Term Reserve Fund may be reallocated, in part, to the Board Designated Sub-Fund. Conversely, during periods when operating expenses or capital replacement requirements exceed the fundraising results and capacity of the Short-Term Reserve Fund, the REFB Management may propose a distribution of income and/or principal from the Board Designated Sub-Fund to the Short-Term Reserve Fund.

The REFB Management will provide a need-based recommendation to the Finance Committee for distribution income and/or principal. If approved, the Finance Committee will present the recommendation to the Board for approval.

Distribution of principal requires a two-thirds affirmative vote by the Board.

ETHICS AND CONFLICTS OF INTEREST

All directors, employees, agents and others involved in the investment process shall refrain from any personal business or investment activity that could conflict with the proper execution and management of the investment program or impair their ability to make impartial decisions.

ADOPTION

This policy shall be adopted by resolution of the Board of Directors of the Redwood Empire Food Bank.

Approved by the Board of Directors of the Redwood Empire Food Bank on 4/22/2026,

Signature of the Board Secretary

19 May 2026
Date

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Version Control

Date	Author	Version	Change Description
06/16/2021	Rebecca LaLonde	1.0	Initial version
04/14/2026	Paula Handelman, CFO	1.1	Full revision to ensure policy aligns with industry best practice and current operating requirements.