

Investment Policy for Brooklyn Community Foundation

Introduction

The purpose of this Policy is to:

- Define the Brooklyn Community Foundation's ("BCF") investment objectives.
- Specify standards to be used in the investment and management of BCF's investments.
- Establish the respective responsibilities of the Board of Directors, Finance and Investment Committee, Investment Advisor, and Investment Manager(s) with respect to the investment of BCF's assets.
- Describe the investment guidelines for BCF's Investment Manager(s).

This Policy is not intended to constitute a legally binding agreement between BCF and Investment Advisor or Investment Manager(s). Any agreement with Investment Advisor or Investment Manager(s) with respect to the Policy would be pursuant to a separate, written agreement with such party. This Policy is intended to be a summary of an investment philosophy and the procedures that provide guidance for BCF, the Board of Directors, Finance and Investment Committee, Investment Advisor, and Investment Manager(s).

Brooklyn Community Foundation's Investment Portfolio

BCF was incorporated on February 19, 1998, and amended its incorporation on December 28, 2008, as a non-profit corporation under the laws of the State of Delaware and is governed by its Board of Directors. BCF is exempt from federal income tax under section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") by reason of being an organization described by section 501(c)(3) of the Code and is other than a private foundation within the meaning of section 509(a) of the Code.

BCF's investment portfolio (the "Portfolio") consists of all the investment assets of BCF and contains both unrestricted assets and restricted assets in the form of separate funds established by donor gift instruments. Each fund must be managed according to the terms of the gift instrument establishing the fund; if there is a conflict between this Policy and the terms of the applicable gift instrument, the gift instrument's terms must be followed.

Investment Objectives

BCF's investment objectives are to safeguard its assets while earning investment returns that are commensurate with BCF's risk tolerance and sufficient to meet its operational requirements. More specifically, BCF's investment objectives include the following:

- Time Horizon. BCF intends to invest for the long-term, with the total return on the Portfolio evaluated on a five-year rolling basis. It is recognized that not every five-

- year period will meet BCF's objectives, but BCF aims to attain its objectives over a series of five-year periods.
- Long-Term Growth. BCF seeks to achieve growth in its assets in excess of inflation by emphasizing long-term investment fundamentals in structuring its investments.
 - Risk Tolerance. BCF seeks to control risk and reduce the volatility in its Portfolio through diversification. However, short term volatility is characteristic of the securities markets and will be tolerated if such volatility is consistent with the volatility of similar investment portfolios (such as the volatility of performance benchmarks, described below).
 - Liquidity Requirements. BCF seeks investment returns that will maintain adequate liquidity to meet its operational requirements for each three month period as determined by management and the Board of Directors. The Finance and Investment Committee or the Director, Strategy & Operations will inform the Investment Advisor of any anticipated need for additional liquidity as such need becomes known. The Investment Advisor will presume no liquidity needs other than those provided by this Policy or the Finance and Investment Committee.

Finance and Investment Committee Responsibilities

BCF's Board of Directors has delegated to the Finance and Investment Committee the following responsibilities with regards to the asset investments:

- To manage and invest BCF's Portfolio.
- To engage an Investment Advisor and one or more Investment Managers to assist the Finance and Investment Committee in carrying out its investment responsibilities and implement the investment decisions of the Committee.
- To monitor BCF's Portfolio and report its performance to BCF's Board of Directors no less often than quarterly.
- To monitor the work of the Investment Advisor and Investment Manager(s), evaluate their performance, and, where appropriate, terminate the Investment Advisor or Investment Manager(s).
- To implement this Policy and recommend amendments to the Policy to the Board of Directors from time to time.

Investment Advisor

The Finance and Investment Committee will hire an Investment Advisor to assist with asset allocation and review of the investment Portfolio. The Investment Advisor is responsible for:

- Making asset allocation recommendations to the Committee.
- Making rebalancing recommendations to the Committee.
- Making recommendations of Investment Managers and assisting BCF in their selection.
- Disclosing any conflict of interest with a proposed Investment Manager at the time of their recommendation.
- Implementing BCF's asset allocation by placing the investments in the Investment Managers selected by BCF.

- Measuring and evaluating investment performance and providing the Committee with quarterly reports.
- Providing necessary information and cooperating with BCF's accounting staff and external auditors in preparing reports and audits as and when required to do so.
- Providing detailed monthly account statements and such other reports on portfolio structure, performance and investment strategy, and expected changes in investments as the Board of Directors or the Finance and Investment Committee may reasonably request.
- Attending meetings in person or by telephone conference with the Committee and BCF staff as needed.
- Providing feedback regarding changes to this Policy when requested by the Board of Directors or the Committee.
- Providing prompt advice to BCF of information relating to significant changes in Investment Managers.

Investment Manager(s)

The Finance and Investment Committee through its Investment Advisor will hire one or more Investment Managers based on appropriate criteria, including the following: investment philosophy, historical performance, experience of key personnel, and financial viability. The Committee is authorized to delegate investment authority to the Investment Manager(s) consistent with BCF's investment objectives as set forth in this Investment Policy and any specific directives of the Committee. Managers will have discretion to select investments in accordance with their stated philosophy and investment strategy.

Each Investment Manager is responsible for:

- Adhering to the investment strategy for which the Investment Manager was selected.
- Providing detailed monthly account statements and such other reports on portfolio structure, performance and investment strategy, and expected changes in investments as the Board of Directors or the Finance and Investment Committee may reasonably request.
- Attending meetings in person or by telephone conference with the Committee and BCF staff as needed.
- Suggesting performance benchmarks (described below) to facilitate the Committee's and Investment Advisor's evaluation of such Investment Manager's performance.
- Voting all proxies for BCF's securities, to the extent that the Investment Manager is authorized and directed by the Committee to vote proxies on behalf of BCF.
- Taking reasonable steps to promptly communicate significant changes in the Investment Manager's firm to BCF's Investment Advisor, including changes in high-level personnel; changes in the Investment Manager's ownership; and changes in the Investment Manager's investment strategy and/or style.
- Taking reasonable steps to promptly report to BCF's Investment Advisor any violations of this Policy, any lawsuits, and any findings against the firm or its principals, either by a court, the SEC, or any other regulatory authority.

Restrictions on Investment Management

In connection with selecting investment managers who shall manage certain of the Foundation's assets, the Investment Committee shall only consider managers who have been appropriately reviewed by the Investment Advisor in accordance with such Advisor's standard due diligence procedures.

Standard of Care

In exercising their responsibilities, the Board of Directors and the Finance and Investment Committee will act in good faith and with the care an ordinarily prudent person in like position would exercise under similar circumstances. In making decisions regarding the Portfolio, the Committee will specifically consider the following factors:

- 1) General economic conditions
- 2) The possible effect of inflation or deflation
- 3) Expected tax consequences
- 4) The role that each investment or course of action plays within the overall investment Portfolio
- 5) Expected total return of the Portfolio
- 6) The other resources of BCF
- 7) The needs of BCF and of particular investment funds to make distributions and preserve capital
- 8) An asset's special relationship or special value, if any, to BCF's charitable purposes
- 9) The importance of diversification
- 10) Liquidity considerations
- 11) The impact of management or administration costs
- 12) Risk management

Asset Allocation

The Finance and Investment Committee will establish in writing BCF's asset allocation, including minimum and maximum allocations for each asset class in the Portfolio, and will modify it from time to time. The Committee may seek a recommendation from its Investment Advisor. The asset allocation in effect at the present time is attached to this Policy as Exhibit A.

The Committee will seek to achieve a diversified Portfolio, unless it prudently determines that, because of special circumstances, the Portfolio or a particular fund or funds within the Portfolio are better served without diversification.

When BCF receives non-cash assets from donors, circumstances may arise in which it chooses to hold the assets rather than immediately selling and placing the asset in one of the pre-approved pools listed in Exhibit A. In these cases, the Finance and Investment Committee shall make the initial decision to hold the asset by considering: a) the purpose of the fund, b) the nature of the asset, and c) the preferences of the donor. The Committee shall review and specifically confirm a decision to hold assets outside the investment pools no less than annually.

When possible, BCF wishes to be responsive to its donors. BCF will consider donor suggestions for management, investment and disposition of donor assets when it serves the interests of BCF. In all cases, the Finance and Investment Committee and the Board of Directors reserve the right to evaluate and make changes as needed without taking into consideration the preferences of the donors if, in its assessment of risk and return, holding assets for a specific fund is not in the best interests of BCF as a whole.

Rebalancing and Cash Flows

On an annual basis, the Investment Advisor will review BCF's asset allocation and make recommendations to the Finance and Investment Committee regarding modifications to BCF's asset allocation targets and rebalancing of BCF's Portfolio to BCF's asset allocation targets, and the Committee will instruct the Investment Advisor as to the appropriate corrective action to be taken. In addition, if BCF's asset allocation reaches either the minimum or maximum allocation for any asset class, the Committee will instruct the Investment Advisor as to the appropriate corrective action to be taken. The Committee may, in its discretion, forego the rebalancing of the portfolio, regardless of the then current allocation of the portfolio, if it believes that prevailing market conditions are such that rebalancing at the time would be detrimental to BCF's long term goals for the investment portfolio. The Committee shall report its decision to forego rebalancing to BCF's Board of Directors at the next scheduled meeting of the Board of Directors. Tactical rebalancing of asset classes within their ranges is permissible to take advantage of near-term market conditions. The Committee will identify the destination of all cash flows, including additional contributions to BCF's assets, consistent with this Investment Policy. BCF's net cash flows may be used to implement the rebalancing activities in order to minimize transaction costs.

Performance Benchmarks

Performance benchmarks are used by the Finance and Investment Committee to properly measure and evaluate the success of the Investment Manager(s). The performance benchmarks selected by the Committee should be representative of BCF's long-term return objectives and risk tolerance and be calculated over the same time period as the returns on BCF's Portfolio with which the performance benchmark is being compared. The Committee will measure the performance of BCF's Portfolio against one or more commonly accepted performance benchmarks.

These performance benchmarks are intended as targets only and are no guarantee or assurance of the performance of any investment or of BCF's Portfolio.

Reporting and Oversight

The Finance and Investment Committee will meet quarterly to review the reports of Investment Manager(s) and to evaluate the performance of BCF's investments and adherence by Investment Manager(s) to this Policy. The performance of BCF's investments will be measured relative to appropriate and agreed upon performance benchmarks. The Committee will also make quarterly reports to the Board of Directors regarding BCF's investment performance.

Revisions

The Finance and Investment Committee will review this Policy periodically and recommend revisions to the Board of Directors as needed. In conducting such review, the Committee may consult with the Investment Advisor regarding the performance of BCF's investments, the current asset allocation, BCF's overall investment strategy, general economic and market conditions, and any other relevant information that may bear on this Policy.

Approved by the Board of Directors: December 6, 2012
Amended: March 9, 2015

EXHIBIT A

Asset Allocation

Asset Class/Subasset Class	Lower Limit	Target Allocation	Upper Limit
Investment Grade Fixed Income	10%	20%	40%
Other Fixed Income	0%	10%	25%
US Equity	15%	30%	60%
Non-US Equity	0%	20%	40%
Hedge Funds	0%	10%	20%
Private Equity	0%	0%	0%
REIT/MLP/Other Debt	0%	10%	20%

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