

**Investment Policy Statement
For
Merrill Lynch Community Charitable Fund[®] Program**

June 2008

I. Information about the Merrill Lynch Community Charitable Fund® program, the Community Foundations Investment Partnership, the Agency Agreement and the Community Foundations Investment Partnership Account Structure

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**Merrill Lynch Community Charitable Fund® program
("MLCCF")**



The MLCCF program is a donor advised fund offering to clients by Merrill Lynch Bank & Trust Company, FSB ("MLTC") in conjunction with Community Foundations nationwide. This program allows Merrill Lynch clients to establish a donor advised fund through their Financial Advisor and gain access to the Community Foundation's expertise to best match the client's philanthropic goals with the charitable needs of the community.

Through the MLCCF program, the client can donate cash, stock, or other financial assets to the participating Community Foundation and recommend how those assets are distributed over time. The offering also includes an investment component in which the Financial Advisor will be able to work with clients to help them recommend their investment strategy to the Community Foundations.

Community Foundations Investment Partnership ("CFIP")

The CFIP is a partnership of the participating Community Foundations. The CFIP is a Delaware general partnership pursuant to a certain Agreement of Partnership of the CFIP, dated December 13, 2002.

Agency Agreement between CFIP and MLTC

The CFIP has entered into The Merrill Lynch National Philanthropic Initiative Terms and Conditions Agency Agreement ("Agency Agreement") with MLTC to collectively invest MLCCF donor advised funds established with individual participating community foundations. MLTC will provide record keeping through its Endowment Advantage Service as well as investment management services directly, and through its affiliates.

CFIP Account Overview

The CFIP accounts include the Endowment Advantage Fund structure and the Individual Community Foundation EMA Accounts.

A. The Endowment Advantage Fund structure includes Manager Account Portfolios, Investment Manager Accounts and Endowment Advantage Sub-accounts.

The Endowment Advantage Fund (“Fund”) is a single fund of commingled donor advised fund assets. The Fund will be comprised of four (4) Manager Account Portfolios (“MAPs” or “MAP”) which are separate collective investment pools with a specific investment objective. Each MAP will consist of the combined value of multiple Accounts (“Accounts” or “Account”) representing the selected asset allocation.

Each MAP :

- Will be invested in marketable securities;
- May include Separately Managed Accounts composed of individual securities managed on a discretionary basis by professional investment managers (“SMAs”) retained through MLTC’s affiliates, including the Merrill Lynch Consults® Services program (“Consults Service”);
- May include one or more Exchange Traded Funds and/or Mutual Funds (collectively, “Funds”);
- Will be broadly diversified by asset class, investment style, number of issues, issue type, and other factors consistent with each MAP’s investment objective, as outlined in this investment policy; and

- Invested with levels of risk appropriate to each MAP’s investment goals.
- Valued (net asset value or unit value) on a monthly basis based on the performance and activities of their respective investment managers.

For accounting purposes, the Fund will be divided into a series of Endowment Advantage Sub-accounts (“EASs” or “EAS”) which are individual sub-accounts of each Partner reflecting each participating community foundation’s interest in the Fund through each of the four MAPs.

B. Individual Community Foundation EMA Accounts

The Individual Community Foundation EMA Account (“EMA” or “EMAs”) is an individual account of each Partner of the CFIP with Merrill Lynch, Pierce Fenner & Smith Incorporated (“MLPF&S”) held outside of and not part of Fund. The EMA holds each Partner’s individual, uncommingled assets and is used to receive contributions from donors, liquidate gifts of securities, facilitate transfers to and from the Accounts, and to make payments and distributions therefrom. The EMA is invested in a money account and has a high degree of liquidity.

The chart attached as Addendum A diagrams the CFIP account structure and shows the account relationship among the Fund, MAPs, Accounts, EASs and the EMAs.

Cash Flows and Liquidity Needs

The Administrative Partner of the CFIP will direct MLTC with respect to contributions to or distributions from the MAPs via

the underlying Accounts. MLTC may make distributions from any combination of income, earnings, and principal value.

II. Introduction

Purpose of this Policy Statement

This policy statement outlines the goals and investment objectives for each MAP of the CFIP. Since this document is intended to provide investment guidelines for managing each MAP, this document outlines certain specific investment policies that will govern how each MAP's investment goals are expected to be achieved. This statement:

- Defines the responsibilities of the CFIP Management and Investment Committees and other parties responsible for the management of the MAPs,
- Establishes investment guidelines regarding the selection of investment managers, permissible securities, and diversification of assets for each MAP,
- Describes an appropriate risk posture for each MAP, and
- Specifies the criteria for evaluating the performance of the investment managers and of each MAP as a whole.

The Management and Investment Committees believe that the investment policies described in this statement should be dynamic. These policies should reflect the unique financial needs and circumstances of each MAP and the Management and Investment Committees' philosophy regarding the investment of each MAP. These policies will be reviewed and

revised periodically to ensure they adequately reflect changes related to the CFIP, each MAP, the risk tolerance of the Management and Investment Committees and significant changes in the capital markets.

Investment Objective

Each MAP will be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of each MAP, the Investment Committee has taken into account the nature of each MAP's cash flows and liabilities, the intended time horizon available for investment, and other factors that affect the Investment Committee's assessment of the risk and reward character of each MAP. Consistent with this, the Investment Committee has recommended, and the Management Committee has adopted, the following investment objectives for each MAP:

MAP I: Aggressive Growth

The investment objective for MAP I is "aggressive growth". This investment objective:

- Emphasizes capital appreciation over the very long-term as a primary source of return. Current income is not a consideration;
- Requires a time horizon available for investment that is very long-term so as to benefit from opportunities for growth that can be realized from a patient investment strategy;

- Implies a willingness to risk significant principal loss so long as the MAP is positioned to earn a greater rate of return than the “market” over the long-term;
- Is expected to provide for asset growth over the long term, at a rate substantially in excess of the rate of inflation, net of investment and administrative expenses;
- Diversifies the MAP’s assets in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions.

MAP II: Moderate Growth

The investment objective for MAP II is “moderate growth”. This investment objective:

- Emphasizes moderate capital appreciation over the long-term as a primary source of return. Current income is a supplementary source of gains;
- Implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy;
- Recognizes that the assets are exposed to risk and may be subject to large fluctuations in market value from year-to-year. This volatile performance is acceptable, as long as the MAP is invested primarily for capital appreciation over the long-term;
- Is expected to earn long-term returns sufficient to grow the purchasing power of assets over the long-term, net of investment and administrative expenses;

- Diversifies the MAP in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions.

MAP III: Growth & Income

The investment objective for MAP III is “growth and income”. This investment objective:

- Emphasizes a balanced approach expected to achieve a positive rate of return for the MAP over the long-term, as well as support on-going cash flow requirements;
- Implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy;
- Recognizes that the assets are exposed to risk and the market value of the MAP may fluctuate from year-to-year. This volatile performance is acceptable, as long as the MAP is invested for capital appreciation and to address ongoing cash flow requirements over the long-term;
- Is expected to earn long-term returns from capital appreciation and a growing stream of current income;
- Diversifies the MAP in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions.

MAP IV: Capital Preservation, Limited Equities

The investment objective for MAP IV is “capital preservation limited equities”. This investment objective:

- Emphasizes a risk-averse approach that utilizes a stable and substantial source of current income and to a lesser extent some capital appreciation over the long-term;
- Implies a short- to intermediate-term time horizon available for investment;
- Recognizes a willingness to risk some declines in value over the short-term, so long as the MAP is positioned to generate current income and exhibits some capital appreciation;
- Is expected to earn long-term returns sufficient to keep pace with the rate of inflation over most market cycles (net of investment and administrative expenses), but may lag inflation in some environments;
- Diversifies the MAP in order to provide stable sources of current income and opportunities for growth while reducing the potential for large losses that could occur from holding concentrated positions.

MAP V: Money Account

The investment objective of MAP V is current income and capital preservation. This investment objective utilizes a portfolio approach that includes solely cash equivalents.

This investment policy is intended to be a summary of an investment philosophy that provides guidance for the Investment and Management Committees and other parties interested in the management of the MAPs. The guidance and limitations set forth in this statement are intended to provide

the Investment and Management Committees with a clear understanding of the investment policies and objectives of the MAPs. It is the intent of this investment policy statement to provide a meaningful framework for the investment objectives of the MAPs and that these policies will not be overly restrictive given changing economic, business, and capital market conditions. It is intended that the objectives be sufficiently specific to be meaningful, but flexible enough to be practical. It is understood that there can be no guarantees about the attainment of the goals, investment objectives, or rates of return outlined here.

III. Responsibilities of CFIP, MLTC and MLPF&S

CFIP

The CFIP is responsible for establishing an investment policy for each MAP and implementing approved policies and guidelines. It is expected that the objectives and policies described here will be used as the criteria for selecting and evaluating the appropriate investment managers for the management of each MAP’s assets.

In order to best fulfill its responsibilities, the CFIP has established a Management Committee, elected by and from the Partners. The Management Committee, in turn, has established an Investment Committee. Specifically, the responsibilities of the Investment Committee include:

- Recommending to the Management Committee a long-term strategic investment plan for each MAP. This includes evaluating and determining the risk tolerance of the CFIP

and recommending, reviewing, and maintaining a long-term asset allocation policy consistent with each MAP's long-term investment objectives;

- Determining an appropriate investment manager structure, selection of Funds to comprise or complement each MAP, and the selection or termination of SMA investment managers and/or Funds;
- Monitoring and evaluating the risk-adjusted performance of each SMA and/or Fund;
- Monitoring and evaluating the performance and asset allocation of each MAP as a whole;
- Such other duties as may be described in this policy or as may be mutually agreed to.

MLTC

Pursuant to the Agency Agreement, MLTC is providing custody, record keeping, administration and investment advisory services with respect to the Fund and is retaining MLPF&S (at the CFIPs direction) to provide investment consulting services described in more detail below.

Specifically, with respect SMAs used in one or more MAPs, MLTC's responsibilities include:

- Holding the assets of the Accounts and accepting deposits and withdrawals as directed by the Administrative Partner of the CFIP;
- Establishing accounts with broker dealers, including MLPF&S, for the purpose of effecting transactions for each Account and providing the CFIP with confirmations of all purchases and sales for each Account;

- Retaining the investment managers selected by the CFIP and providing the Investment Managers with a copy of the Policy Statement;
- Reviewing the overall trading of each Account at least quarterly and evaluating the performance of each investment manager;
- Making recommendations to the CFIP's Investment Committee regarding the selection, retention, and termination of investment managers selected for each MAP;
- Acting as liaison with MLPF&S, the Investment Committee of the CFIP, and the investment managers, thereby facilitating the communication of information important to the management of the MAPs;

With respect to Funds, MLTC's responsibilities include:

- Holding the assets of the Accounts and accepting deposits and withdrawals as directed by the Administrative Partner of the CFIP;
- Establishing accounts with broker dealers, including MLPF&S, for the purpose of effecting transactions for each Account and providing the CFIP with confirmations of all purchases and sales for each Account;
- Trading Funds selected by the CFIP (through its Investment Committee) for each MAP;
- Making recommendations to the CFIP's Investment Committee regarding the selection, retention, and termination of Funds selected for each MAP

Additionally, MLTC shall

- Assist in the development of an Investment Policy Statement for the CFIP outlining the goals and objectives for each MAP. In providing this assistance, MLTC may rely upon profiling information provided by the Investment related to risk tolerance, return goals and investment time horizon for each MAP;
- Provide the Investment Committee with quarterly performance measurement reports for each Account and MAP, and assist the Committee in reviewing and interpreting the results;

Facilitate the communication of information important to the management of the MAPs, monitor the continued suitability of investment managers or Funds selected for the MAPs, and make recommendations regarding the replacement of existing investment manager or retention of additional investment managers if appropriate;

- Provide such other services as may be mutually agreed to.

IV. Responsibilities of the SMA Investment Managers

Except as noted herein, each SMA investment manager is responsible for and shall have the discretion to make all of the investment decisions with respect to the assets in that investment manager's Account.

The CFIP understands that it is appointing each SMA investment manager as its attorney in fact with full discretion and authority to retain or invest any asset in such investment manager's Account or to sell, exchange or otherwise dispose of any asset and reinvest the proceeds in every kind of property or

type of investment consistent with the investment objectives, guidelines, and constraints outlined in this policy statement, the SMA manager's profile, and permissible under applicable law.

Asset Allocation Strategy

The Investment Committee, in consultation with MLTC, has identified SMA managers and Funds to fulfill the asset allocation strategy identified in Section XI for each MAP. The current investment managers are identified in Addendum B to this policy statement. If the Investment Committee determines pursuant to Section X to add, terminate or replace any investment managers, Addendum B will be updated accordingly.

- Each MAP is expected to operate within an overall asset allocation strategy defining each MAP's mix of asset classes. This strategy, described below, sets a long-term percentage target for the amount of each MAP's market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations;

- The asset allocation strategy for each investment manager's Investment Manager's Account can deviate from the overall asset allocation of the MAP for which the manager has been retained; however, the Investment Committee, in consultation with MLTC is responsible for monitoring the aggregate asset allocation of each MAP, and may re-balance to the target allocation on a periodic basis.

Proxy Voting

Each SMA investment manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each SMA investment manager shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines shall be provided to the Investment Committee upon request.

MLTC is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of Funds, where practical. MLTC shall vote proxies according to its established Proxy Voting Guidelines. A copy of those guidelines shall be provided to the Investment Committee upon request.

V. Risk Tolerance

MAP I: Aggressive Growth

Positive factors that contribute to a higher risk tolerance are:	Offsetting these factors are:
<ul style="list-style-type: none"> • The very long-term time horizon available for investment of the MAP's assets; • Distribution requirements are <u>minimal</u> relative to MAP assets, thus permitting a larger allocation to less liquid, higher volatility asset classes; and • The expectation that this MAP should exceed the long-term inflation rate, implies a higher tolerance for short-term volatility in order to potentially realize higher long run returns. 	<ul style="list-style-type: none"> • The low probability of replenishing assets in the event of any large losses that may occur from holding concentrated positions; and • The MAP needs to be prepared to finance distributions from time-to-time upon notice from MAP investors.

MAP II: Moderate Growth

Positive factors that contribute to a higher risk tolerance are:	Offsetting these factors are:
<ul style="list-style-type: none"> • The long-term time horizon available for investment of the MAP's assets; • Distribution requirements are <u>low</u> relative to MAP assets, thus permitting a larger allocation to less liquid, higher volatility asset classes; and • The expectation that this MAP should exceed the long-term inflation rate, implies a higher tolerance for short-term volatility in order to potentially realize higher long run returns. 	<ul style="list-style-type: none"> • The low probability of replenishing assets in the event of any large losses that may occur from holding concentrated positions; and • The need for some liquidity in the MAP's investments to fund distributions as needed.

MAP III: Income & Growth

Positive factors that contribute to a higher risk tolerance are:	Offsetting these factors are:
<ul style="list-style-type: none"> • The expectation that this MAP should keep pace with or exceed inflation, implies a higher tolerance for short-term volatility in order to potentially realize higher long run returns; • The long-term time horizon available for investment. 	<ul style="list-style-type: none"> • Distribution requirements are on-going, thus requiring the MAP to maintain sufficient liquidity to finance required distributions; • The desire by the Investment Committee to avoid large fluctuations in the market value of the MAP from year-to-year.

MAP IV: Capital Preservation, Limited Equities

Positive factors that contribute to a higher risk tolerance are:	Offsetting these factors are:
<ul style="list-style-type: none">• So long as the MAP's objective of a stable and substantial source of current income is not jeopardized, the Investment Committee is willing to accept the potential for occasional losses in order to obtain some growth in principal value.	<ul style="list-style-type: none">• Distribution requirements are significant and on-going, requiring assets in the MAP to be readily liquid should there be a need to sell them to fund required payments; and• The time horizon available for investment for most assets in the MAP is short- to intermediate-term in nature.

MAP V: Money Account

VI. Asset Allocation Strategy for Fully Funded MAPs

In line with the return objectives and risk parameters of each MAP, the mix of assets should be generally maintained as follows (percentages are of the market value of each MAP):

MAP I: Aggressive

Asset Class/ Investment Style	Minimum	Target Avg.	Maximum
Domestic Large/Medium Capitalization Stocks	40%	50%	60%
Small/Medium Capitalization Equity	15%	20%	25%
Total Domestic Equity	55%	70%	85%
International Equity	20%	30%	40%
Total Equity	90%	100%	100%
Cash and Cash Equivalents	0%	--	10%

MAP II: Moderately Aggressive

Asset Class/ Investment Style	Minimum	Target Avg.	Maximum
Domestic Large/Medium Capitalization Stocks	35%	40%	45%
Small/Medium Capitalization Equity	10%	15%	20%
Total Domestic Equity	45%	55%	65%
International Equity	15%	20%	25%
Total Equity	70%	75%	80%
Fixed Income	20%	25%	30%
Cash and Cash Equivalents	0%	--	10%

MAP III: Moderate

Asset Class/ Investment Style	Minimum	Target Avg.	Maximum
Domestic Large/Medium Capitalization Stocks	20%	25%	25%
Small/Medium Capitalization Equity	5%	10%	15%
Total Domestic Equity	30%	35%	40%
International Equity	10%	15%	20%
Total Equity	45%	50%	55%
Fixed Income	45%	50%	55%
Cash and Cash Equivalents	0%	--	10%

MAP IV: Conservative

Asset Class/ Investment Style	Minimum	Target Avg.	Maximum
: 15% to 25%			
Domestic Large/Medium Capitalization Stocks	15%	20%	25%
Manager(s)			
Small/Medium Capitalization Equity	2%	5%	8%
Total Equity	20%	25%	30%
Fixed Income	70%	75%	80%
Cash and Cash Equivalents	0%	--	10%

MAP V: Money Account

100% allocation to Cash and Cash Equivalents

It is anticipated that deviations from the above standards may occur, on a short term basis, due to the market volatility. Deviations from the asset mix guidelines for a significant period for any MAP may be authorized in writing by the Investment Committee, which may determine if the aggregate deviation constitutes a material departure from the spirit of the target allocation.

The maximum percentage designated for the “Cash and Cash Equivalents” category is intended to apply after the initial start-up of any one SMA investment manager’s or Fund’s Account in the MAPs.

Rebalancing/Tactical Asset Allocation Procedures

Rebalancing

Since capital appreciation (depreciation) and trading activity in each individually managed Account can result in a deviation from the overall asset allocation, the aggregate asset allocation of each MAP will be monitored and the Investment Committee will review and may rebalance the asset allocation and manager structure of each MAP at least annually. During interim periods between rebalancing, should an allowable range for an asset class be violated, the Investment Committee must decide whether to rebalance the existing assets to the target asset mix within three months of the time when the deviation is discovered. In addition, the Investment Committee shall review the actual asset allocation of each MAP periodically in order to ensure conformity with the adopted strategic asset allocation.

To achieve the rebalancing of any MAP, the Investment Committee may re-direct contributions and disbursements within, or to, a MAP as appropriate, in addition to shifting assets from one investment manager to another. The Investment Committee shall coordinate all rebalancing actions with MLPF&S, MLTC, and the Investment Managers.

Tactical Asset Allocation

The Investment Committee recognizes the importance of maintaining a long-term strategic asset mix for each MAP, and intends to maintain a stable asset mix for each MAP over the long-term. Recognizing the higher tolerance for risk inherent in some of the MAPs, however, the Investment Committee has

established somewhat higher ranges around the target mixes for MAPs I, II, and III than for MAPs IV and V. These wider ranges are intended to permit occasional tactical shifts in the asset mix or combination of investment styles within asset classes based on the Investment Committee's assessment of current and prospective market conditions, with input from MLTC or other sources as determined by the Investment Committee. Because of their lower tolerance for risk in MAP IV, the Investment Committee does not intend to engage in any tactical asset allocation activity for this MAP.

VII. Performance Objectives

The Investment Committee will monitor the performance of each MAP on a quarterly basis. The Investment Committee will evaluate each investment manager's contribution toward meeting the investment objectives for each MAP are outlined below over a three- to five-year time period and a full market cycle, unless otherwise noted.

MAP	Primary Policy Index Standard
MAP I: Aggressive Growth	50% S&P 500/20% Russell 2500/ 30% MSCI EAFE (Net)
MAP II: Moderate Growth	40% S&P 500/15% Russell 2500/20% MSCI EAFE (Net)/25% ML Domestic Master Bond Index
MAP III: Income & Growth	25% S&P 500/10% Russell 2500/15% MSCI EAFE (Net)/50% ML Domestic Master Bond Index
MAP IV: Capital Preservation, Limited Equities	20% S&P 500/5% Russell 2500/ 75% ML Domestic Master Bond Index
MAP V: Money Account	100% 90 Day US Treasury Bill

Primary Performance Targets:

Each MAP's performance goal is to exceed the average annual return of their Primary Policy Index Standard on a risk-adjusted basis^λ over a three- to five-year rolling time period and a full market cycle.

VIII. Manager Selection

Selection Criteria for Investment Managers & Funds

The MAP will utilize a multi-manager structure of complementary investment styles and asset classes to invest each MAP's assets. Any changes to the investment structure shall be attached to this investment policy. A listing of SMA investment managers and Funds used in the MAPs will be maintained by the Investment Committee and MLTC.

SMA Investment Managers and Funds retained by the CFIP through MLTC shall be chosen using the following criteria:

- How well the Fund's or SMA manager's investment style or approach complements other SMA investment managers, Funds, or styles in each MAP;
- Past performance, considered relative to other investments having similar investment objectives. Consideration shall be given to consistency of performance, the level of risk taken to achieve results, and total cost to the CFIP of using the SMA or Fund manager;
- Level of experience, personnel turnover, financial resources, and staffing of the investment management firm;
- Ability and willingness to service this account on a customized basis, as described in this investment policy or otherwise agreed to; and
- An assessment of the likelihood of future investment success, relative to other opportunities.

Should additional contributions and/or market value growth permit, the Investment Committee may retain additional

investment managers or Funds to invest the assets of each MAP. Additional managers would be expected to further diversify each MAP by investment style, asset class, and management structure and thereby enhance the probability of each MAP achieving its long-term investment objectives.

IX. Investment Manager Guidelines

Investment activity must be consistent with the requirements of this investment policy, the Merrill Lynch Consults® profiles and applicable laws.

In addition, the following guidelines will apply:

A. Asset Allocation

Each investment manager and Fund has been delegated responsibility for establishing and maintaining the asset allocation strategy for CFIP assets forwarded to them by MLTC on behalf of the CFIP.

Unless otherwise noted below, under normal market conditions, each investment manager and Fund is expected to be invested consistent with their investment style as described in their profile or prospectus. Except for the initial three months after being retained, or as noted below, each SMA investment manager shall not invest more than 7.5%* of the market value of their portfolio in cash or cash equivalents; Funds are exempted from this standard. During the initial three months of the relationship after being retained, or subsequent to the receipt of any large contributions, the investment

manager may hold cash and cash equivalents in larger proportions in order to invest their Account on an orderly basis.

B. Permitted Securities

Domestic Securities

The securities purchased shall be registered with the Securities and Exchange Commission, and traded on a recognized U.S. stock exchange or over-the-counter-market.

Equity securities include: common stocks, Exchange Traded Funds, Open End Mutual Funds, real estate securities (defined below) and securities convertible into common stock of U.S.-based companies.

Convertible securities include: securities that are convertible into the common stock of U.S. based companies. This would include convertible bonds, convertible preferred stock, and mandatory convertible securities (e.g. PERCs¹, CHIPS², ELKs³). All convertible securities purchased must be U.S. dollar denominated securities. Individual convertible securities should be rated “BBB” (or its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency. For the purposes of asset allocation, convertible securities shall be considered equities.

¹ Preference Equity Redemption Cumulative Stock. A limited term, limited participation, convertible preferred stock with an enhanced dividend.

² Common-linked Higher Income Participation Security – Modeled on PERCs, but unlike a PERC, which is issued by the corporation which issued the underlying securities, CHIPS are issued by a third party, frequently a financial intermediary.

³ Equity-LinKed Security – Similar to CHIPS.



Fixed Income Securities Include:

The average credit quality of the fixed income portfolio of each MAP shall be investment grade (rated BBB or better). Permissible securities include domestic fixed and variable rate bonds and notes issued by the U.S. Government and its Agencies, U.S. corporations, Yankee bonds and notes (U.S. dollar denominated bonds or notes issued by non-U.S. based corporations and governments but traded in the U.S.), securitized mortgages (e.g. GNMA's, FNMA's, FHLMC's), collateralized mortgage obligations, asset-backed securities, taxable municipal bonds, and preferred stock.

International Securities

Allowable international securities are: sponsored and unsponsored American Depositary Receipts (ADR's) or American Depositary Shares (ADS's) or other depositary securities of non-U.S. based companies traded in the U.S., exchange-traded funds and closed-end country funds. Equities of foreign domiciled companies that are traded in the U.S. may also be purchased so long as the securities are registered (or filed) with the Securities and Exchange Commission and traded on a recognized national exchange or over-the-counter market.

Funds

Allowable Funds include: index Exchange Traded Funds (ETFs) that are readily marketable on a recognized U. S. exchange and registered under the Investment Company Act of 1940, and open end Mutual Funds registered under the Investment Company Act of 1940.

C. Diversification Requirements for SMAs

To minimize the risk of large losses, each SMA investment manager shall maintain adequate diversification in their individual Account. Subject to the constraints outlined in this investment policy and SMA Manager profile, each SMA investment manager shall have the discretion to determine their Account's individual security selections. Where the provisions of this IPS as identified below conflict with the provisions of a Fund's prospectus, the latter shall control.

Large/Medium Capitalization Equity Portfolio(s)

- Investments in any one security should not exceed 8% of the market value of the investment manager's individual Account;
- Holdings of any single issue in each investment manager's Account shall not exceed more than 5% of the market value of the total outstanding common stock of any one company;
- The maximum allocation to any single economic sector in an individual Account shall not exceed the greater of 15% of the market value of the investment manager's portfolio or 200% of the economic sector's weighting in the S&P 500 Stock Index, or the investment manager's primary policy index, if different. Economic sector definitions shall be according to the investment manager's own classifications, which should be provided to the Investment Committee upon request;
- From time-to-time, the investment manager may invest in U.S. dollar denominated equities of non-US companies that otherwise conform to the provisions of this investment policy;

- Equities are limited to large and medium capitalization stocks. The minimum market capitalization at the time of purchase should be greater than \$1 billion.

Small/Medium Capitalization Equity Portfolio

- Investments in any one security should not exceed 8% of the market value of the investment manager's individual Account;
- Holdings of any single issue in the investment manager's individual Account shall not exceed more than 5% of the market value of the total outstanding common stock of any one company*;
- Equities are limited to medium capitalization stocks. The market capitalization of any one equity security shall be between \$100 million and \$10 billion at the time of purchase;
- The maximum allocation to any single economic sector in an Account shall not exceed the greater of 15% of the market value of the investment manager's portfolio or 225% of the economic sector's weighting in the investment manager's equity policy index. Economic sector definitions shall be according to the investment manager's own classifications, which should be provided to the Investment Committee upon request;
- From time-to-time, the investment manager may invest in U.S. dollar denominated equities of non-U.S. companies

* It is recognized, however, that an investment manager's specific holdings of a single issue in all their investment accounts may exceed this limit. This constraint applies only to each Account's holdings.

that otherwise conform to the provisions of this investment policy.

International Equity Portfolio

Subject to the usual standards of fiduciary prudence, the investment manager shall have the discretion to determine their individual Account's country allocations. However, the country allocations and portfolio structure should conform to these guidelines:

- Investments in any one security shall not exceed 10% of the market value of the investment manager's individual Account;
- At least three countries must be represented in the individual Account;
- No more than 40% of the market value of the overall international portfolio may be invested in countries not represented in the MSCI EAFE Index plus Canada.
- Investments in securities of US based companies or convertible into the securities of US based companies are not permitted;
- There are no constraints on the economic sector allocations of the Account. The investment manager may concentrate its holdings in a limited number of economic sectors.

Fixed Income Portfolio

- The average credit quality of the fixed income portfolios of each MAP shall be "BBB-"* (or its equivalent) or higher as rated by a nationally recognized statistical rating agency. Portfolios may include commingled fixed income securities with incremental exposure to corporate, mortgage, high yield, non-United States, and emerging market bonds such as PIMCO's Fixed Income SHares or FISH.;
- Fixed income securities of a single issuer or issue, with the exception of U.S. Government and Agency securities, are limited to no more than 8% of the market value of the individual Account;
- The maximum effective maturity of any single security should not exceed 30 years. The dollar weighted average duration of the fixed income securities should be within $\pm 25\%$ of the dollar weighted average duration of the fixed income style index;
- No more than 30% of the market value of an investment manager's individual Account may be invested in a single sector of the corporate fixed income market. Sector definitions shall be according to the investment manager's own classifications, which should be provided to the Investment Committee (or an authorized member) upon request;
- Mortgage backed securities may be purchased on a "when issued" or "TBA" basis (a forward contract transaction for

* All rating categories, include qualifiers "+" and "-" for S&P and "1", "2" and "3" for Moody's. In the event of a "split rated" security, that is a security with non-equivalent rating classifications from different rating agencies, the lower of the credit quality ratings shall apply.

mortgage backed issues that are to be issued in the near term). A short-term investment can back a “when issued” commitment as long as its effective duration does not exceed 180 days. These short-term investments should be considered within the fixed income allocation of the individual Account;

- Collateralized mortgage obligations are limited to securities that are currently paying interest, receiving principal paydowns and do not contain leverage. CMO’s* are limited to no more than 20% of the market value of the individual Account;
- No more than 20% of the market value of the fixed income individual Account may be invested in zero coupon bonds;
- Purchases of mortgage securities whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal (*e.g.* interest only securities) are prohibited;
- Mortgage securities whose payment represents the principal payments on the outstanding principal balance of the underlying mortgage-backed security and pays no interest (*e.g.* principal only securities) are prohibited;
- Purchases of mortgage securities whose payment of interest is determined by an index opposite to the changes in a market index (*e.g.* inverse floaters) are prohibited.

* Investments in commercial mortgage backed securities are included within this classification.



Cash and Equivalents

It is generally expected that the investment manager will remain fully invested in equities or fixed income securities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves shall be held in the Merrill Lynch Pierce, Fenner, & Smith’s (“MLPF&S”) money market fund*, short-term maturity Treasury securities, or high quality money market instruments.

D. SMA Exclusions

The MAP’s assets in separately managed accounts may not be used for the following purposes:

- Short Sales;
- Purchases of letter stock, private placements (including “144A” securities), or direct payments;
- Leveraged transactions;
- Commodities transactions;
- Puts, calls, straddles, or other option strategies;
- Purchases of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or marketable real estate securities;

* Investments in money market funds other than MLPF&S’s money market fund must be approved by the Investment Committee prior to purchase. For investments in mutual or commingled funds, the prospectus or fund documents of the fund(s) will govern the investment policies of the fund investments. Accordingly, it is understood that the investment manager for the separately managed account shall not be responsible for the investments in the fund.

- Investments in non-US dollar denominated securities;
- Investments in limited partnerships except for publicly traded Master Limited Partnerships;
- Investments in futures, use of margin, or investments in any derivatives not explicitly permitted in this policy statement;
- Investments in the securities of **Merrill Lynch** (including ticker: MER);
- Investments by the investment managers in their own securities, their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Investment Committee).

Transactions or unanticipated market actions that cause a deviation from these policy guidelines shall be brought to the attention of the Investment Committee by the investment manager or MLTC. Such deviations may be authorized in writing by the Investment Committee, who can determine if the deviation constitutes a material departure from the spirit of this policy.

Any other security transaction not specifically authorized in this policy statement or by the SMA's profile with MLPF&S, unless approved, in writing, by the Investment Committee is prohibited. Requests by investment managers to execute transactions that are not currently authorized in this policy or by the SMA's profile should be made prior to executing such transactions.

E. Investment Transactions

Trading for each SMA Account is directed by and is the responsibility of each investment manager to whom the Investment Committee has granted the discretionary authority to determine (subject to the investment objectives and policies outlined herein) the securities to be bought or sold on behalf of the CFIP, the amount of such securities, and the brokers or dealers to be used in such transactions.

It is anticipated that the investment manager will direct most, if not all transactions to MLPF&S both in view of its execution capabilities and because the wrap fees paid by the CFIP cover transaction charges only when transactions are executed through MLPF&S.

Trading of Funds shall be directed by MLTC through MLPF&S in view of its execution capabilities and because the wrap fees paid by the CFIP cover transaction charges only when transactions are executed through MLPF&S.

F. Meetings and Communications

- As a matter of course, each investment manager shall keep MLTC (through MLPF&S) apprised of any material changes in the investment manager's outlook, investment policy, and tactics, and MLTC shall notify the Investment Committee;
- A representative of each investment manager shall be available on a reasonable basis for telephone communication or a meeting with MLPF&S or the Investment Committee, at a mutually convenient time or place, to review and explain their portfolio's investment results;
- Any material event that affects the ownership or capital structure of the investment management firm, changes in senior investment personnel or any other material event that affects the management of this account must be reported promptly to MLPF&S. This requirement does not include routine employee stock ownership transactions or partnership announcements;
- MLTC, through MLPF&S, will provide each quarter, written performance reports for each separately managed Account and the composite for each MAP;
- MLTC shall provide monthly statements of assets and transactions to the CFIP Administrative Partner, with a copy to the CFIP National Agent.

X. Performance Evaluation

As noted above, the Investment Committee will monitor each MAP's performance on a quarterly basis. Performance reports will be provided for each SMA and for the composite of each MAP.

The Investment Committee will evaluate each SMA investment manager's and Fund's success in achieving the investment objectives outlined in this document over at least a three- to five-year time horizon. The Investment Committee realizes that most investments go through cycles. Therefore, there will be periods of time in which the investment objectives outlined in this investment policy are not met or when some investment managers fail to meet their expected performance targets.

The asset allocation for each MAP shall be reported on a quarterly basis.

Each investment manager's performance shall be reported in terms of rate of return and changes in dollar value. The returns shall be compared to appropriate market indexes and peer group universes, for the most recent quarter and for annual and cumulative prior time periods.

Risk as measured by volatility, or standard deviation of quarterly returns, shall be evaluated after twelve quarters of performance history have accumulated.

The investment managers' performance will be evaluated according to the performance standards summarized in the attached "Performance Standards".

Guidelines for Corrective Action

The Investment Committee recognizes the importance of a long-term focus when evaluating the performance of investment managers. The Investment Committee understands the potential for short-term periods when the performance of individual managers may deviate significantly from the performance of representative market indexes. The Investment Committee, however, may require an extra level of scrutiny, which may include termination, of an investment manager based on the following conditions:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account (such as described in Section IX (F)). Failure on the part of the investment manager to notify the Investment Committee or MLPF&S may be grounds for termination;
 - Any material client servicing deficiencies, including a failure to communicate in a timely fashion significant changes as outlined in Section IX(F) of this investment policy;
 - Violation of terms of contract without prior written approval of the Investment Committee constitutes grounds for termination;
 - Role in Diversification strategy – as part of each MAP’s overall asset allocation strategy, the Investment Committee will utilize a multi-manager structure of complementary investment styles and asset classes to invest each MAP’s assets. Therefore, it is very important that investment managers remain consistent with the intended investment style at the time the manager was engaged;
- The Investment Committee will not, as a rule, terminate an investment manager on the basis of short-term performance. If the organization is sound and the firm is adhering to its investment style and approach, the Investment Committee will allow a sufficient interval of time over which to evaluate performance. The Investment Committee expects MLTC to provide guidance to the Investment Committee to determine an appropriate length of time for this evaluation. The investment manager’s performance will be viewed in light of the firm’s particular investment style and approach, keeping in mind at all times each MAP’s diversification strategy as well as the overall quality of the relationship;
 - The investment manager may be replaced at any time as part of an overall restructuring of any one MAP. The Investment Committee reserves the right to terminate an investment manager for any other reason in accordance with any applicable investment management agreements.

XI. Approval

Community Foundations Investment Partnership

It is understood that this investment policy is to be reviewed periodically by the Investment Committee to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers. Should the Investment Committee permit a deviation from this policy or implement a change in policy, the circumstances and rationale for the change shall be documented and attached to this investment policy.

The Management Committee and the Investment Committee understands and agrees that the provisions of this document are subject to any relevant investment advisory agreement and to the extent of any conflict the terms of the investment advisory agreement controls. The Investment Committee further understands that this investment policy statement does not provide any additional rights other than those that are described in the investment advisory agreement.

Chairman, Management Committee

Date

Chairman, Investment Committee

Date

XII. Performance Standards

It is desired that each investment manager and each MAP produce a level of return higher than the "market," as represented by the style index standards shown in the table below.

Investment Manager	Investment Objective/ Investment Style	Style index Standard
MAP I: Aggressive	Aggressive growth. The MAP seeks long-term capital appreciation as a primary source of return. Current income is not a consideration.	Primary: 50% S&P 500/20% Russell 2500/ 30% MSCI EAFE (Net)
	The MAP is to be broadly diversified by investment style, number of issues, issuer and market capitalization, but is concentrated in equity investments. While the MAP is expected to maintain a stable asset allocation strategy over most market cycles, the nature of this MAP's investment objective implies some degree of tactical asset allocation is permitted from time-to-time.	Volatility is expected to be similar to, but may be higher than the primary style index.
MAP II: Moderately Aggressive	Long-term, moderate growth. The MAP seeks long-term capital appreciation as a primary source of return. Current income is a supplementary source of gains.	Primary: 40% S&P 500/15% Russell 2500/20% MSCI EAFE (Net)/25% ML Domestic Master Bond Index
	The MAP shall invest in both stocks and bonds broadly diversified by investment style, number of issues, issuer and market capitalization. While the MAP is expected to maintain a stable asset allocation strategy over most market cycles, the nature of this MAP's investment objective implies some degree of tactical asset allocation is permitted from time-to-time.	Secondary: Rates of return should provide a premium of 6% over inflation. Volatility is expected to be similar to, but may be higher than the primary style index.
MAP III: Moderate	Growth and income This is a balanced approach that seeks long-term total returns that emphasize capital appreciation and a growing stream of current income.	Primary: 25% S&P 500/10% Russell 2500/15% MSCI EAFE (Net)/50% ML Domestic Master Bond Index
	The MAP shall invest in both stocks and bonds broadly diversified by investment style, number of issues, issuer and market capitalization. While the MAP is expected to maintain a stable asset allocation strategy over most market cycles, the nature of this MAP's investment objective implies some degree of tactical asset allocation is permitted from time-to-time.	Volatility is expected to be similar to the primary style index.

XII. Performance Standards

Investment Manager	Investment Objective/ Investment Style	Style index Standard
MAP IV: Conservative	<p>Capital preservation. This is a risk-averse balanced approach that emphasizes a stable and substantial source of current income and some capital appreciation over the long-term.</p> <hr/> <p>The MAP emphasizes investments in lower volatility fixed income instruments but will also invest in stocks in order to potentially earn some long-term growth. The MAP will be broadly diversified by investment style, number of issues, issuer and market capitalization. The MAP seeks to maintain a stable asset allocation strategy and will not engage in any tactical asset allocation shifts.</p>	<p>Primary: 20% S&P 500/5% Russell 2500/75% ML Domestic Master Bond Index</p> <p>Volatility is expected to be similar to lower than the primary style index.</p>
MAP V: Money Account	<p>Current income. This MAP is expected to generate on-going returns over the short-term and long-term principally from a stable and sole source of cash</p> <hr/> <p>The MAP is limited to investments in cash equivalents.</p>	<p>Primary: 90 Day US Treasury Bill</p>

XIII. Capital Market History *Asset Allocation - Risk & Reward* Annual Returns - 1946-2001

	Largest Loss	Average Loss	Average Gain	Largest Gain	Percent of Years Negative	Percent of Years Positive	Compound Avg. Return	Std. Dev.	Average Return in Excess of Inflation
100% Stocks (2)	-26.5%	-9.6%	20.2%	52.6%	23%	77%	12.0%	16.2%	8.0%
100% Bonds (3)	-5.1%	-1.5%	7.2%	29.1%	13%	88%	5.9%	5.1%	1.6%
100% Cash (4)	0.4%	--	4.9%	14.7%	0%	100%	4.8%	0.9%	0.6%
90% Stocks No Bonds 10% Cash	-23.4%	-8.1%	18.6%	46.6%	23%	77%	11.4%	14.4%	7.3%
80% Stocks 10% Bonds 10% Cash	-20.3%	-6.6%	17.1%	41.1%	23%	77%	10.8%	12.9%	6.8%
70% Stocks 20% Bonds 10% Cash	-17.3%	-6.1%	15.1%	35.7%	20%	80%	10.3%	11.3%	6.2%
60% Stocks 30% Bonds 10% Cash	-14.1%	-4.6%	13.8%	30.5%	20%	80%	9.7%	9.8%	5.6%
50% Stocks 40% Bonds 10% Cash	-10.9%	-3.5%	12.3%	25.5%	18%	82%	9.1%	8.4%	4.9%
40% Stocks 50% Bonds 10% Cash	-7.7%	-2.2%	11.1%	24.4%	18%	82%	8.5%	7.1%	4.3%
30% Stocks 60% Bonds 10% Cash	-4.3%	-2.1%	9.3%	25.1%	11%	89%	7.9%	6.0%	3.6%
20% Stocks 70% Bonds 10% Cash	-3.0%	-1.5%	8.0%	25.8%	7%	93%	7.2%	5.1%	3.0%
10% Stocks 80% Bonds 10% Cash	-3.6%	-2.2%	7.0%	26.5%	4%	96%	6.5%	4.6%	2.3%
No Stocks 90% Bonds 10% Cash	-4.3%	-1.0%	7.0%	27.1%	13%	88%	5.8%	4.6%	1.5%

Source of data: Ibbotson Assoc., Chicago

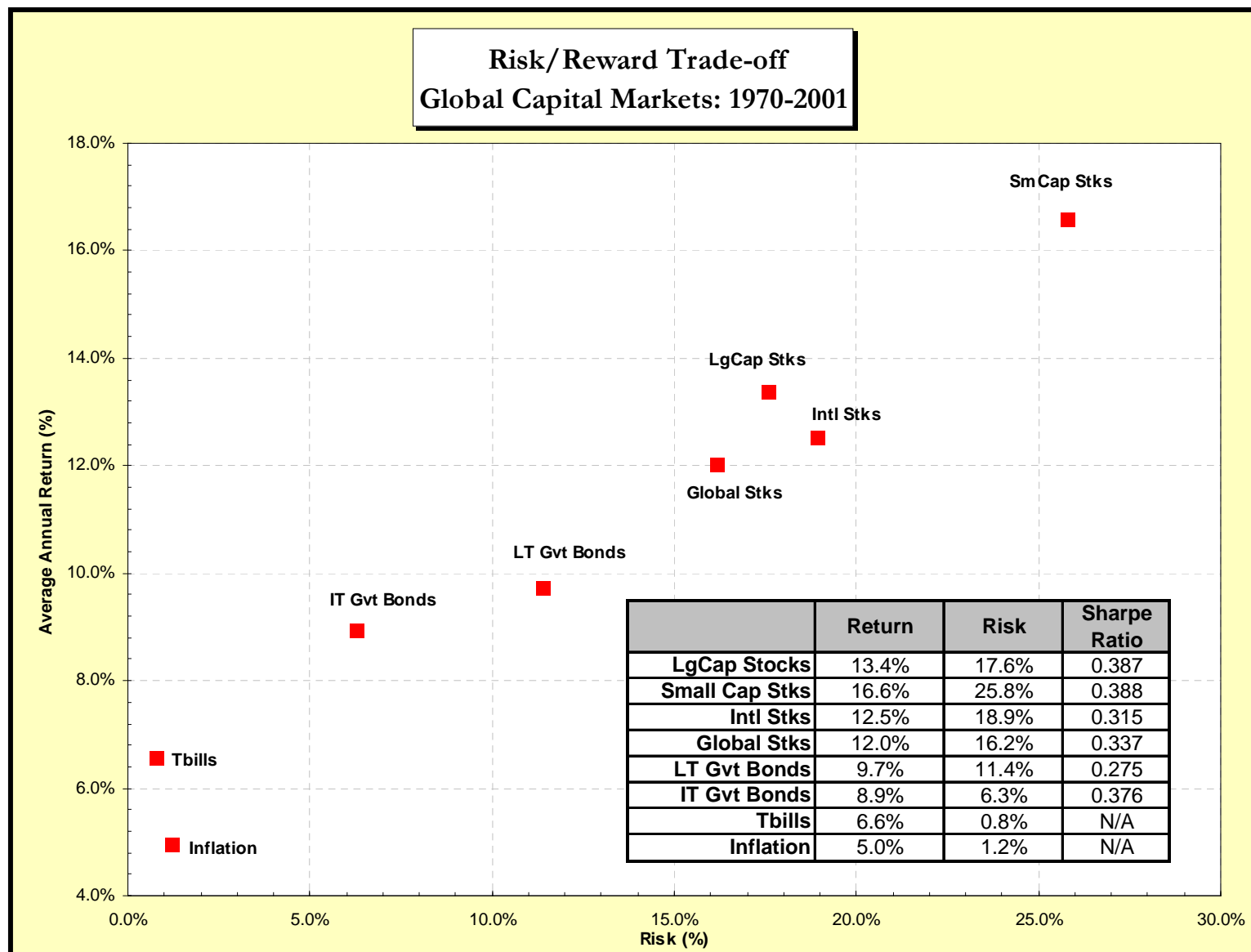
1. Average Inflation Rate 4.1%.

2. Stocks: Standard & Poor's 500 Stock Index

3. Bonds Intermediate Govt. Bonds

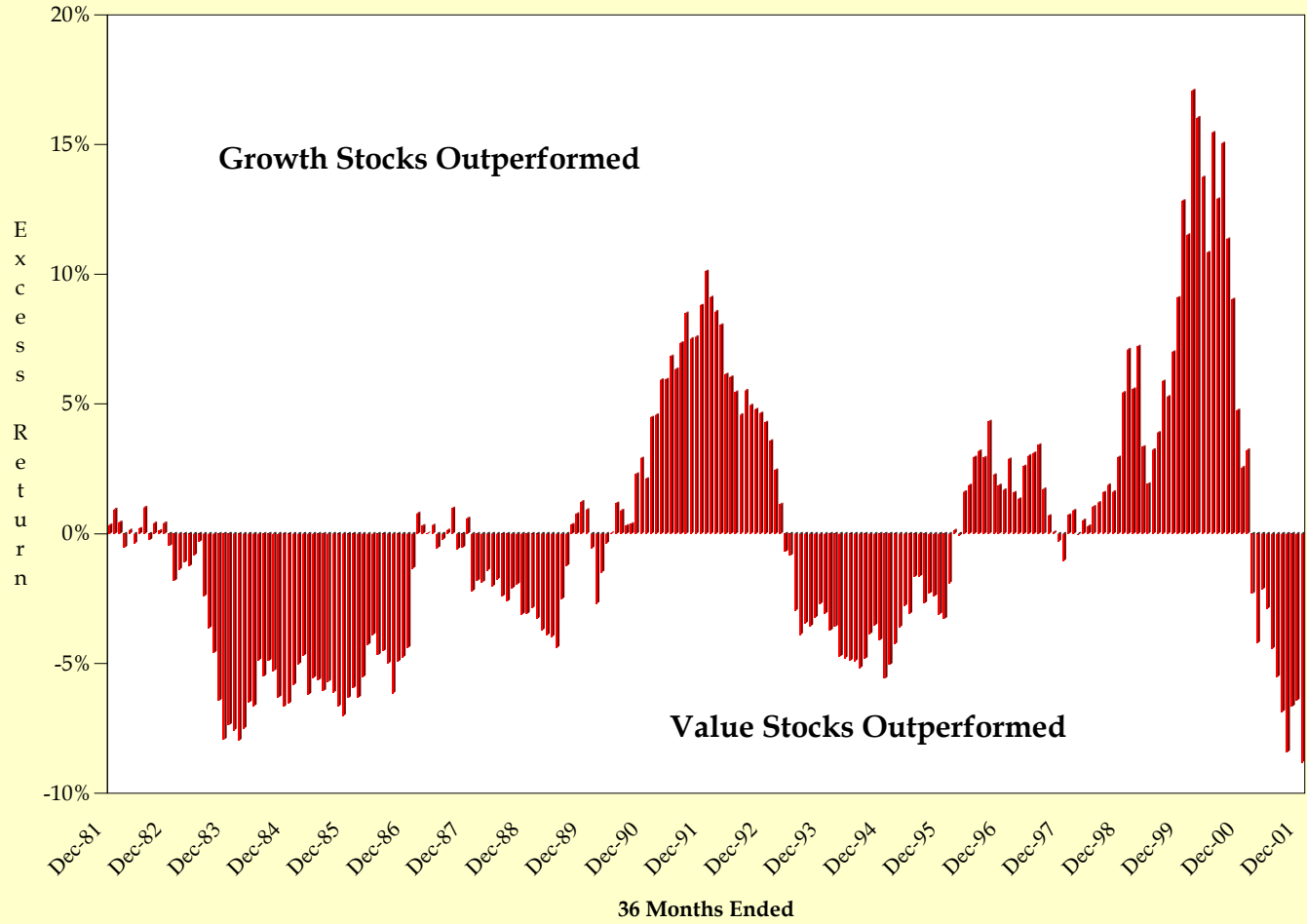
4. Cash 30-day Treasury bills

XIV. Capital Market History

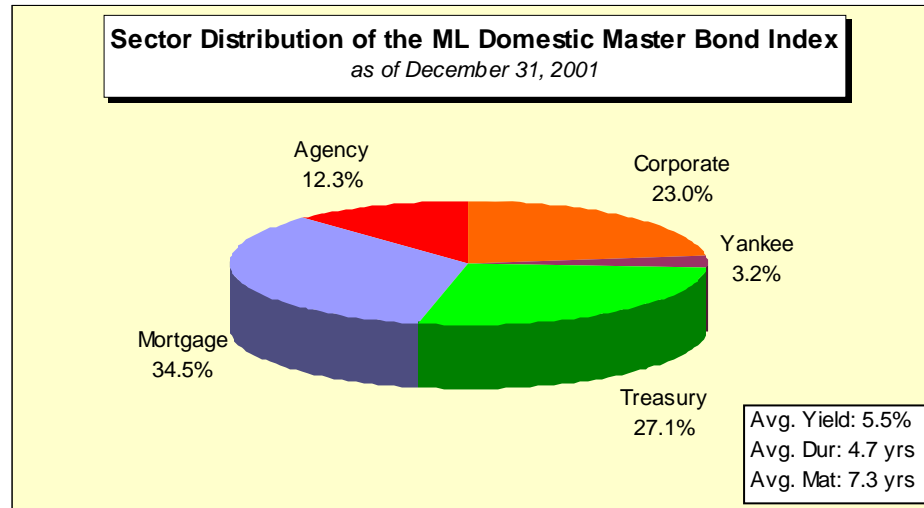


XIV. Capital Market History

Growth Stocks vs. Value Stocks
Jan-1979 to Dec-2001
Rolling 36 Months



XV. Capital Market History



Addendum A

COMMUNITY FOUNDATIONS INVESTMENT PARTNERSHIP

