

SAVING GRACE

Gift and Philanthropic Acceptance Policy

Original policy approved November ____, 2020. This policy supersedes any previous board resolution or action concerning the acceptance, management and use of gifts and volunteers.

SAVING GRACE's Mission:

SAVING GRACE is a Christ-centered home in Northwest Arkansas offering hope and transformation to young women lacking critical supports. We provide relationships, skills, and resources to empower generational change.

I. OVERVIEW STATEMENTS

1. OVERVIEW

This Gift and Philanthropic Acceptance Policy is adopted for the purpose of providing a general framework of guidelines for the staff, volunteers, donors and Board of Directors of SAVING GRACE and is not designed to be contractual in nature. It is the policy of SAVING GRACE to offer donors the opportunity to make gifts to SAVING GRACE, both of cash and non-cash assets, in a manner beneficial to the donor while protecting the fiscal and legal integrity of SAVING GRACE, its overall mission, and the fiscal and legal integrity of SAVING GRACE's various programs and its specific mission. SAVING GRACE's first and foremost objective in receiving gifts is to fulfill the philanthropic intent of the donor. True philanthropic gifts are defined in the law and in the usage of trade for the profession of fundraising to be irrevocable. SAVING GRACE generally reserves the right to decline transfers of property which do not conform to these standards, unless otherwise specified elsewhere in this policy. SAVING GRACE urges all prospective donors to obtain guidance from their personal legal and financial advisors.

2. ETHICS IN RECEIVING GIFTS

SAVING GRACE's Development Office, Executive Director, and Board of Directors will authorize the acceptance of gifts to SAVING GRACE only where there is the following:

- Genuine philanthropic intent on the part of the donor.
- Full disclosure between the donor and SAVING GRACE.
- The donor has been encouraged to seek her/his own counsel on legal and financial matters if the nature and/or size of the gift warrant such counsel.
- The gift is in the best interest of both parties, including in furtherance of SAVING GRACE's mission and purpose.

SAVING GRACE reserves the right to seek its own legal counsel in any matter concerning the negotiation, documentation and/or acceptance of gifts. SAVING GRACE, or any of its representatives or volunteers, are unable to provide legal or tax advice to donors.

Because of SAVING GRACE's administrative structure, all monies from gifts are distributed to SAVING GRACE through SAVING GRACE's Bookkeeping and Financial

Office. All gifts are logged when they are received and placed in the appropriate account(s) for the specific division or business activity the donor wishes to support. SAVING GRACE makes all reasonable efforts to insure all gifts intended for division(s) or service(s) are not directed to other division(s) or service(s). SAVING GRACE will never knowingly and intentionally redirect gifts intended for one division, to a different division, for any reason, without the informed, written consent from the donor(s), or their heirs. Doing otherwise would violate the trust placed in SAVING GRACE by its donors to use their gifts in a fiscally ethical and responsible manner.

The SAVING GRACE Board of Directors does not authorize the acceptance of gifts that would jeopardize the financial, legal or moral integrity or reputation of the institution, that are a conflict of interest for SAVING GRACE, or where the gift would run the risk of creating embarrassment to the donor or her/his family or heirs. Making a gift to SAVING GRACE, or one of its divisions, does not give, or imply, that individuals or legal entities who make such gifts have the authority or ability to influence, revise or alter the policies, operations or mission of SAVING GRACE or any of its divisions.

All personnel employed in SAVING GRACE's Development Office to secure donations will be paid a salary or hourly wage, and will not receive a commission that might give such personnel an undesired personal interest in any gift agreement. SAVING GRACE's Development Office will use the Code of Ethical Principles and Standards of Professional Practice® established by the Association of Fundraising Professionals(AFP) and the Donor Bill of Rights® to guide all actions and behavior with donors, prospective donors and volunteers.

3. CONFIDENTIALITY

All reasonable steps shall be made to keep information concerning prospective, active, inactive or lapsed donors confidential. No information shall be released to the general public who do not have a need to know without securing the prior permission of the donor. Volunteers who are active members of a Development Council, Steering Committee, Advisory Board or some other form of ad-hoc committee for SAVING GRACE may be provided information about specific donors on a case-by-case basis. This information is provided for the purpose of educating the volunteer in preparation for communication, either in person or by some other means, with said donor or prospective donor with the intent of educating, stewarding, soliciting or thanking them..

4. VALUING GIFTS

Gifts (other than cash which should be valued at dollar face value) will be valued in an appropriate manner and in consonance with generally accepted accounting principles (such as US-GAAP). Full responsibility rests on the donor for claiming any deductions including filing form 8283 (or its equivalent), and any appraisals or other documentation. Full responsibility also rests on the donor for the value given to tangible personal property or services, and donors will be expected to provide SAVING GRACE with a copy of any qualified appraisal required. SAVING GRACE will not be responsible for appraising the value of goods and/or services provided by a donor.

5. RECOGNITION AND ACKNOWLEDGEMENT OF DONORS

Gifts made to SAVING GRACE will be acknowledged in as timely a manner as possible by the SAVING GRACE Development Office and/or a representative of the SAVING GRACE Team to which the gift is directed (when appropriate). The acknowledgement will provide the donor with thanks and the date on which the gift was received by SAVING GRACE. An official gift receipt will be provided to the donor for tax purposes, which shall meet IRS substantiation requirements.

Recognizing donors for acts of philanthropy is a way for SAVING GRACE to publicly honor the generosity of donors, their support of SAVING GRACE's Mission and trust in SAVING GRACE to use their gifts in a prudent, ethical and fiscally responsible manner. Gift and donor recognition can take a variety of forms, but all recognition will be in proportion to the size and nature of the gift made to SAVING GRACE. Some examples of donor recognition include: thank you letter(s) from a volunteer working on behalf of SAVING GRACE, a donor recognition wall, thank you advertisement, recognition pieces, or public recognition at an event in support of SAVING GRACE. SAVING GRACE will always respect the desire of donors who wish to remain anonymous in their acts of philanthropy.

Naming opportunities may be provided to donors in return for gifts. Entire buildings, portions of buildings, rooms, equipment, campuses, endowed positions or services can be named in recognition of an individual(s), or company, that is responsible for making a gift, or in honor or memory of an individual(s) or entity of the donor's choosing. All naming opportunities will be made with the permission and involvement of the donor, SAVING GRACE's Director of Development, and SAVING GRACE's Executive Director. All naming opportunities will require the final approval of the SAVING GRACE Board of Directors. It will be determined, prior to acceptance of the gift, whether or not a naming opportunity will exist in perpetuity, or have a pre-determined lifespan.

Individuals whose gifts are matched by their employers will receive recognition, but will not receive individual credit for the amount matched.

5a. REMOVAL OR REVOCATION OF DONOR RECOGNITION AND ACKNOWLEDGEMENT

SAVING GRACE has and reserves the right to revoke and/or remove a donor's recognition/naming opportunities from any building, structure, equipment, recognition wall, or any other format or medium. Removal of any naming or recognition opportunity will require the final approval of SAVING GRACE's Board of Directors. SAVING GRACE may choose to remove a donor's recognition/name for any of (but not limited to) the following reasons:

- The donor has been convicted in a local, state, federal or foreign court for violation of any law;
- The donor is, or has been involved, or intends to become involved, in conduct, decisions, behaviors, or activities which will diminish the reputation, public

standing or public opinion of SAVING GRACE by the donor's association and support of SAVING GRACE;

- The donor is, or has been involved, or intends to become involved, in decisions, behaviors or activities which are not in alignment with SAVING GRACE's interest, or mission;
- The donor is, or has been involved, or intends to become involved, in decisions, behaviors or activities which will or may have a negative outcome or impact, or represents a conflict of interest, for SAVING GRACE or SAVING GRACE's interests;
- The donor does not make good on the gift, or complete all gift pledge payments;
- The donor's membership in a giving circle, giving society or sponsorship ends;
- The donor violates any part of this policy in which SAVING GRACE reserves the right to not accept the donor's gift.

6. SAVING GRACE BOARD APPROVAL

Gifts that are consistent with SAVING GRACE's pre-approved practices and/or documents (or future Board approved practices and/or documents) to solicit and secure gifts and that are considered ordinary, or of little risk, will not require review of the SAVING GRACE Board of Directors or SAVING GRACE's Executive Director prior to SAVING GRACE accepting these gifts. Gifts that are not ordinary, pose risk to SAVING GRACE, or fall outside the parameters of gifts outlined in this policy shall require the approval of SAVING GRACE's Board of Directors. Examples of these gifts include, but are not limited to:

- Real Estate
- Bargain Sale
- Assets with unusual liability, covenants or conditions precedent or subsequent attached

7. POLICY EXCEPTIONS, AMENDMENTS AND REVIEW

7a. GENERAL EXCEPTIONS

Exceptions and amendments to this policy must be approved by a majority vote by SAVING GRACE's Board of Directors.

7b. EXCEPTIONS FOR COMPLETED GIFTS AND GIFTS UNDER NEGOTIATION

Gifts made through estate plans that have been properly executed prior to the date of this policy, and gifts already received by SAVING GRACE are grand-fathered under this policy regardless of whether or not SAVING GRACE is aware of such gifts. Gifts under negotiation at the time this policy is adopted need not conform to the policy but will be accepted based upon the spirit of this policy and specific terms negotiated with the donor.

7c. REVIEW

The SAVING GRACE Board of Directors will review this policy from time to time, or at the request of SAVING GRACE's Executive Director and Director of Development.

The date for review will be in March. SAVING GRACE's Director of Development will also be responsible for reviewing this policy at least once a year. The SAVING GRACE Director of Development and/or Executive Director will present recommendations for revisions (if any) to the SAVING GRACE Board of Directors prior to their review of this policy.

8. AUTHORITY TO NEGOTIATE

SAVING GRACE's Board of Directors authorizes SAVING GRACE's Director of Development and SAVING GRACE's Executive Director to act as SAVING GRACE's agents for the purpose of negotiating gifts on behalf of SAVING GRACE. Any stipulations, conditions and/or restrictions attached to any gift negotiated by SAVING GRACE's Director of Development or Executive Director must be in agreement with this policy. These gifts may still need to be approved by SAVING GRACE's Executive Director, Executive Committee of the SAVING GRACE Board of Directors and/or the SAVING GRACE Board of Directors before the gift is formally accepted, if the nature of the gift warrants such action in the sole discretion of the SAVING GRACE Board of Directors.

II. PHILANTHROPIC GIFT POLICY

1. OVERVIEW

SAVING GRACE welcomes gifts that support its capacity to carry out its mission. SAVING GRACE reserves the right to seek legal and/or financial counsel before formally accepting any gift. SAVING GRACE reserves the right to enlist the services and/or counsel of a donor advised fund organization and/or legal counsel for the negotiation, securing and management of any gift directed to SAVING GRACE or one of its divisions. Indicators that a gift is acceptable include:

- SAVING GRACE has a use or need for the gift or, when there is no immediate need, the gift is marketable.
- The gift and its accompanying terms are legal.
- The purpose of the gift is compatible with the work, priorities and mission of SAVING GRACE.
- The cost required to support/sustain the gift does not diminish the value of the gift to a negligible sum.
- There does not appear to be a physical, environmental or social hazard and/or liability concern associated with the gift.

SAVING GRACE reserves the right to decline any gift that is not consistent with its mission, or in the best interest of SAVING GRACE, or the donor. Gifts will not be accepted by SAVING GRACE that:

- Violate any federal, state or municipal law;
- Create any fund with restrictive clauses that would result in unlawful discrimination or that reserve to the donor or his/her designee the right to designate the recipient;
- Compromise SAVING GRACE's integrity or interfere with SAVING GRACE's institutional judgment;
- As a condition thereof, require any action on the part of SAVING GRACE which is unacceptable to SAVING GRACE or violates SAVING GRACE's policies and regulations;
- Would result in SAVING GRACE losing its 501(c)(3) status;
- Require or stipulate the future employment at SAVING GRACE of any specified person or doing business with any specified company or person, unless SAVING GRACE agrees otherwise;
- Contain unreasonable conditions, including conditions that are cost prohibitive;
- Are gifts of partial interest in property, unless SAVING GRACE agrees otherwise;
- Are financially unsound, or that would expose SAVING GRACE to liability or to diminishment of its reputation;
- In the case of real property, do not have clear title and/or are not up to date on all applicable taxes and fees and/or pose an environmental liability;
- Rely on an appraisal or evaluation, provided to the donor by third parties, that is perceived to be inaccurate or unreliable.

In the event that the donor's objective is incapable of fulfillment, then SAVING GRACE shall strive to meet the most similar charitable objective that serves the same population with the approval of the donor, donor's legal representative or legal heirs.

2. PLEDGES

Pledges may be payable in single or multiple installments. Multi-year pledges should not exceed 5 years. Exceptions can be made with approval from SAVING GRACE's Board of Directors with regard to pledges, if it is in the best interests of SAVING GRACE and the donor and the duration of the pledge of more than 5 years is the only way the gift can be made to SAVING GRACE.

Donors should complete a pledge form or confirm the pledge in writing through a pre-approved legal instrument by which the pledge and subsequent payments will be governed. All pledge documents will contain donor and organization information, total amount of pledge, pledge payment amounts, payment schedule and purpose of pledge monies. SAVING GRACE's Board of Directors reserves the right to seek legal counsel to review pledge documents prior to accepting them. SAVING GRACE's policy is to not pursue any unfilled pledge commitment through legal means unless SAVING GRACE's Director of Development, SAVING GRACE's Executive Director and the SAVING GRACE Board of Directors decide that special situations or circumstances involving any particular pledge would warrant such action.

3. SPONSORSHIPS

Sponsorships are contractual agreements between SAVING GRACE and an individual, or legal entity/company to provide consideration in the form of in-kind services/products and/or a monetary donation in exchange for consideration from SAVING GRACE in the form of marketing/public exposure. Marketing for sponsors is distinguished from donor recognition in that marketing implies the desire and intent of SAVING GRACE to actively improve the publicly perceived image and/or general consumer awareness of sponsor(s) through advertising in return for support from sponsor(s). All sponsorship agreements will be reduced to writing, and signed and dated by the parties (the sponsor, or sponsor's representative and SAVING GRACE's representative). Sponsorship contracts will clearly outline the following, minimally:

- The nature of the sponsorship and parties involved.
- Duration of sponsorship (if applicable).
- The marketing and marketing schedule and/or product placement to be provided by SAVING GRACE on behalf of Sponsor.
- Listing of the product(s)/service(s)/monetary donation(s) made by the Sponsor, along with date and method of delivery/payment.

Sponsorships are typically associated with fundraising events organized for SAVING GRACE, but sponsorships can also be made in support of a specific program, product or service provided by SAVING GRACE. Marketing provided by SAVING GRACE in return for sponsorships should always be in realistic proportion to the nature and size of in-kind services/products and/or monetary donations made by a sponsor. Donations from sponsorships and relationships between SAVING GRACE and Sponsors will follow the guidelines laid out in this policy in the same manner and spirit as philanthropic-based gifts and relationships.

4. ENDOWMENTS

Endowed gifts will be added to a designated or new Endowment Fund and managed by an outside investment manager as selected and guided by SAVING GRACE's Director of Development, Executive Director and Executive Committee of the Board and approved by SAVING GRACE's Board of Directors. Earnings for gift accounts will be maximized to the extent possible in keeping with sound financial management practices. Income earned on a donor's endowed gift will be used for the purpose stipulated by the donor. Occasionally, funds sought and contributed for a project or program administered by SAVING GRACE may be insufficient to make the project or program viable. If SAVING GRACE is unable to proceed, the donor will be invited to redirect their contributions to a similar purpose, and/or to curtail future pledged payments. A maximum of up to 2% of the annual income generated from an endowment will be redirected toward costs associated with managing the endowment, unless otherwise agreed upon by SAVING GRACE and the donor.

5. EVENTS/FUNDRAISING EVENTS ORGANIZED BY THIRD PARTIES

SAVING GRACE welcomes the support of individuals/organizations not affiliated with SAVING GRACE who wish to increase community awareness/understanding of SAVING GRACE and/or raise funds for SAVING GRACE through the organization and

implementation of private/public events. These events and the third parties who organize them (hereinafter, "Event Organizers") must adhere to the following guidelines:

- All events benefitting SAVING GRACE, in any way, must have genuine philanthropic intent in the sole discretion of the SAVING GRACE Board of Directors;
- All agreements will be reduced to a writing, signed and dated by the parties which clearly outlines the relationships, responsibilities and expected outcomes between SAVING GRACE and event organizers prior to SAVING GRACE authorizing event organizers and their representatives to use SAVING GRACE's name and likeness in any communications both public and private, for any reason;
- Event Organizers assume all duties, liabilities and responsibilities (unless otherwise stated in the contractual agreement) for all event activities, including, but not limited to; pre-planning, organizing volunteers, fundraising for the event in all forms, insuring the safety of guests and will indemnify SAVING GRACE in the event SAVING GRACE is named a defendant to litigation relating to the event;
- Events and Organizers must follow all local, state and federal laws;
- Any event benefitting SAVING GRACE must: a) not diminish the reputation, public standing or public opinion of SAVING GRACE, b) be in alignment with SAVING GRACE's interests, or mission, c) not have a negative outcome or impact, or represent a conflict of interest for SAVING GRACE or SAVING GRACE's interests, or d) treat event guests and/or general public in a manner which SAVING GRACE deems unethical.

SAVING GRACE is under no obligation to provide any of the following for Event Organizers/Events:

- SAVING GRACE employees/volunteers to assist in the planning or implementation of event(s);
- Monetary support;
- Fundraising support.

SAVING GRACE is prohibited from providing the following to Event Organizers:

- Access to, or use of, SAVING GRACE's donor database;
- Any requested information, service or item which SAVING GRACE believes to be illegal, unethical, unreasonable, overly burdensome or requiring an unreasonable reallocation of staffing or infrastructure resources.

SAVING GRACE's Executive Director and, if deemed necessary, Board of Directors will have final authority to decide whether SAVING GRACE participates in any way with third party events.

III. ASSETS ACCEPTABLE AS GIFTS

The following assets are acceptable as described, either as outright gifts, as bequests or devises (estate gifts), or when appropriate, as funding for a charitable

remainder trust, gift annuity, or lead trust as determined by SAVING GRACE. All planned gifts are subject to approval by SAVING GRACE's Director of Development, Executive Director and outside legal counsel, with final approval from SAVING GRACE's Board of Directors. SAVING GRACE reserves the right to secure the services of a third party for the management of any planned gift and/or endowment fund at the direction of SAVING GRACE's Executive Director and the SAVING GRACE Board of Directors, should SAVING GRACE not manage such gifts itself. Professional legal counsel from a neutral third party may be required for the approval of all planned gift agreements. SAVING GRACE shall not act as an executor (personal representative) for a donor's estate. SAVING GRACE shall not pay for the drafting of legal documents for trusts or wills. SAVING GRACE reserves the right to decline any gift for any reason.

1. CASH

SAVING GRACE accepts cash, check, money orders, bank drafts and gifts via credit and debit cards.

2. MARKETABLE SECURITIES

SAVING GRACE accepts gifts of publicly traded stocks and bonds. In order to expedite the transfer of funds to the appropriate account and facilitate processing, the investment department of the financial institution that manages the majority of SAVING GRACE's short term cash shall be used whenever possible. It is SAVING GRACE's policy to sell donated securities as quickly as practicable upon completion of the transfer of securities from the donor's account to SAVING GRACE's account to maximize the likelihood that the resulting cash value of the donor's gift will be identical to the value of the securities when donated.

3. INSURANCE

SAVING GRACE may be named as a percentage or contingent beneficiary of any life insurance policy. In addition, SAVING GRACE accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to SAVING GRACE. If the insurance policy is not fully paid up, the usefulness of the gift is judged on a case-by-case basis. If the policy is accepted, SAVING GRACE may choose either to cash it in for the current surrender value or continue to pay the premium so long as SAVING GRACE is not required to expend funds from sources other than the donor to maintain the contract. SAVING GRACE shall have no obligation to continue premium payments on insurance policies. Paid-up life insurance policy gifts in which SAVING GRACE is the owner and irrevocable beneficiary are acceptable. SAVING GRACE does not participate in charitable split dollar insurance plans.

4. RETIREMENT PLAN ASSETS

SAVING GRACE may be named as a beneficiary of any retirement plan. Direct Rollovers from IRAs are also possible. Donors who are 70 and a half and older can

directly roll a portion of their IRA over to SAVING GRACE so long as it is allowed by the IRS.

5. BEQUESTS

SAVING GRACE receives bequests from persons who have directed in their wills and trusts that certain assets be transferred to SAVING GRACE. SAVING GRACE's legal name is "SAVING GRACE INC." Donor(s) who wish to designate for their bequest to benefit a specific SAVING GRACE Division(s) and/or program(s), or for a specific purpose should also clearly designate this information in their estate plans. SAVING GRACE will accept assets transferred through bequests that have immediate value to SAVING GRACE, or that can be liquidated. Gifts that appear to require more cost than benefit shall be discouraged or rejected. Donors who have indicated that they have made a bequest to SAVING GRACE may, depending upon the individual situation, be asked to disclose in writing or by copy of the will or trust, the relevant clause that benefits SAVING GRACE as evidence of their gift. This information is used for internal financial purposes and is not binding to the donor.

6. LIFE INCOME ARRANGEMENTS

The following life income agreements are acceptable when in compliance with the Internal Revenue Code at the time the gift is established, and are subject to reformation as tax laws change. SAVING GRACE may furnish calculations and illustrations at no cost as an educational service to prospective donors.

6a. GIFT ANNUITIES

The State of Arkansas requires that 501(c)(3) organizations, such as SAVING GRACE, secure a license to offer and enter into gift annuity agreements with donors. SAVING GRACE currently has no such license and as such will not offer gift annuity services to donors unless the proper licensing is obtained. The following clause shall be used to govern future gifts of gift annuities, if such licensing is obtained by SAVING GRACE in the State of Arkansas.

A gift annuity contract may be established for a minimum gift of \$100,000. Additions to an annuity are not permitted. Annuitants must be sixty years of age or older when payments begin. Annuities may have no more than two annuitants and no exception shall be made. A gift annuity agreement shall not be issued unless the charitable gift computed using the government tables exceeds 10% of the amount transferred for the annuity. The payout rates offered are regulated by Arkansas statutes and shall be those recommended by the American Council on Gift Annuities.

A charitable gift annuity is a contractual arrangement between the donor and SAVING GRACE. The donor transfers money or property to SAVING GRACE in exchange for a promise to pay an annuity to the donor(s) and/ or other named beneficiaries for a specified period of time.

The rate issued to a donor is regulated by Arkansas statutes and is currently based upon the tables recommended by the American Council on Gift Annuities. All forms of annuities must have approval from the SAVING GRACE Board of Directors before being formally accepted.

6b. CHARITABLE REMAINDER TRUSTS

SAVING GRACE may accept gifts from both charitable remainder annuity trusts and charitable remainder unitrusts which are in a form substantially similar to the forms approved by the Treasury Department or are otherwise determined by SAVING GRACE's legal counsel to be legal trusts for administration on behalf of SAVING GRACE.

SAVING GRACE encourages the use of a Trustee suitable to the donor including banks or other appropriate individuals/institutions. SAVING GRACE shall not act as trustee or co-trustee of a charitable remainder trust. SAVING GRACE encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. SAVING GRACE will enlist the services of a qualified third party to act as trustee for these life income vehicles on behalf of SAVING GRACE where SAVING GRACE is the irrevocable remainder beneficiary.

7. CHARITABLE LEAD TRUST

The charitable lead trust preserves the asset for later distribution to a donor or their designated beneficiaries while allowing SAVING GRACE to benefit from the investment return during the time allotted. The lead trust provides a series of payments to SAVING GRACE for a period of time, after which the property either reverts to the donor or passes to the donor's family/heirs.

There are two types of charitable lead trusts: the grantor lead trust and the more popular family lead trust. Under the grantor lead trust, the trust assets are returned to the donor at the end of the trust term. As a result, the donor is provided with a current charitable income-tax deduction for the present value of the payments SAVING GRACE receives during the trust term.

Under the family lead trust, the assets remaining in the trust are distributed to a donor's family, usually children or grandchildren, at the end of the trust term. Through the family lead trust, a donor may significantly reduce or even eliminate transfer (gift or estate) taxes on the value of the assets funding the trust.

8. TANGIBLE PERSONAL PROPERTY

Gifts of tangible personal property are acceptable. Conditions for accepting gifts include salability or usability and current SAVING GRACE needs for the type of property offered, physical condition of the property, cost of any storage or insurance needed and any other unusual feature or condition involved in the transfer. Actual delivery of tangible personal property is required when appropriate, but constructive or symbolic delivery is acceptable depending on the nature of the gift in question.

9. BARGAIN SALES

A bargain sale is one in which SAVING GRACE is provided the opportunity to purchase property at less than its fair market value. The gift is usually the difference between the sale price and the market value. SAVING GRACE'S Board of Directors must approve all bargain sales prior to acceptance.

10. REAL ESTATE

All real estate gifts must be approved by the SAVING GRACE Board of Directors and legal counsel. Gifts of real property should result in a minimum gift to SAVING GRACE of \$25,000 if the property is in Arkansas, or \$150,000 if out of state. Gifts of real estate should be mortgage free. SAVING GRACE shall not accept gifts of real estate with restrictions upon the ultimate sale of the property. Donated real property resulting in SAVING GRACE holding a present interest in fee simple absolute, a remainder interest (contingent or indefeasibly vested), a shifting or springing executory interest in fee simple absolute are all acceptable. Donors wishing to make a gift of real property under fee simple determinable or fee simple subject to condition subsequent may be considered after seeking advice from legal counsel.

Remainder interests are contracts. In the case of such gifts, the donor must agree to be responsible for and to pay all property taxes, maintenance on the property, adequate insurance on the property, and utilities prior to final transfer of title of the property to SAVING GRACE. Conditions for acceptance shall include salability and annual maintenance costs including evaluation of any liens against the property, any unpaid real estate taxes and a clear title. Donor may be asked to sign a statement regarding liability for previous and current environmental or other conditions if SAVING GRACE deems it appropriate.

11. SAVINGS BONDS

All gifts of savings bonds must be approved by SAVING GRACE's Board of Directors prior to formal acceptance of such gifts. Such a gift must be within reason and in a sum that is appropriate for the kind of gift the donor wishes to make.

12. RESERVED LIFE ESTATE

Reserved Life Estate gifts must be approved by the SAVING GRACE Board of Directors. Reserved Life Estates will be sold immediately by SAVING GRACE. The resulting gift from the sale of such an estate must be in excess of \$25,000 if the property is in Arkansas, or \$150,000 if out of state. Donor retains the life interest in their estate, with the remainder interest going to SAVING GRACE. Gifts of real estate should be mortgage free. SAVING GRACE shall not accept gifts of real estate with restrictions upon the ultimate sale of the property. Full interests, partial interests and remainder interests in real property are all acceptable. Remainder interests are contracts. In the case of such gifts, the donor will be expected to agree to be responsible for and to pay all property taxes, maintenance on the property, adequate

insurance on the property, and utilities. Conditions for acceptance shall include salability and annual maintenance costs including evaluation of any liens against the property and any real estate taxes. Donor may be asked to sign a statement regarding liability for previous and current environmental or other conditions if SAVING GRACE deems it appropriate.

13. OTHER ASSETS AND FORMS A GIFT MAY TAKE

Other types of gifts, or gift methods not mentioned in this policy may be acceptable within reason for the purpose given, in an amount appropriate for the gift type and in accordance with the language and spirit of this policy. SAVING GRACE will use fiscally and legally sound rationale for acceptance of such gifts, and will seek approval from the SAVING GRACE Board of Directors for final approval when appropriate. This policy should serve as a general guideline under such circumstances.

SAVING GRACE

1229 WEST POPLAR ST., ROGERS, AR 72756

INVESTMENT POLICY STATEMENT

STATEMENT OF PURPOSE

The Investment Committee of SAVING GRACE hereby establishes the following statement of investment policies and guidelines for the management of SAVING GRACE's investment account(s). The purpose of this statement is to create a general framework within which the assets of SAVING GRACE can be invested with respect to efficient portfolio management and is not designed to be contractual in nature.

The mission of SAVING GRACE:

SAVING GRACE is a Christ-centered home in Northwest Arkansas offering hope and transformation to young women lacking critical supports. We provide relationships, skills, and resources to empower generational change.

INVESTMENT OBJECTIVES

The first investment objective for the overall portfolio over a market cycle of three to five years is to minimize the risk and to attain such growth in the principal of the portfolio that the purchasing power of the portfolio is maintained with respect to the prevailing rate of inflation (Consumer Price Index) while preserving the capital in the overall portfolio.

The second objective is to achieve a minimum real rate of return over a market cycle that equals or exceeds the benchmarks set out in Control Procedures below, with a goal to maximize return within reasonable and prudent levels of risk.

The third objective of the portfolio is for the relative investment return over a market cycle of three to five years to exceed the rate of return that would have been achieved by a passively managed portfolio at the same risk in accordance with the long-term asset allocation policies set forth in this statement.

FIDUCIARY DUTY

The Investment Committee and its members must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with similar mission. All investment actions and decisions must be based solely in the interest of

SAVING GRACE. All members must provide full and fair disclosure to the Investment Committee of all material facts regarding any potential conflicts of interest. All members of the Investment Committee are prohibited from any form of self-dealing.

INVESTMENT GUIDELINES

Investment guidelines are based on a ten-year investment horizon with the possibility of ending as early as 2034 or any time between 2034 and 2039. The Investment Committee may select professional money managers to manage the investment portfolio and custodians to safeguard the investments within the guidelines set forth within this investment policy statement (the “Money Managers”).

LIQUIDITY

SAVING GRACE normally transfers some earnings from its accounts for grants in April and October of each year. Asset liquidity must be such that these earnings can be transferred in a timely manner. SAVING GRACE will notify the concerned Investment Manager of any such special liquidity requirements in a timely manner to minimize the possibility of a loss due to the forced sale of a security. It is the intention of SAVING GRACE to maintain a sufficient level of liquidity for anticipated and unanticipated expenditures.

ASSET ALLOCATION

The allocation of assets shall be achieved through the prudent diversification of the asset classes described as cash equivalent, fixed income, and equity. The aim shall be to provide reasonable diversification consistent with the goals and objectives of the portfolio.

The risk/return profiles shall be maintained by describing a “target” strategic asset allocation as set forth on Schedule 1 of this statement. Temporary deviations from the “target” allocations shall be of a discretionary nature and shall be within the ranges set forth on Schedule 1 of this statement.

From time to time, it may be desirable to amend the basic allocation policy. Any amendment to Schedule 1 will be considered part of this Investment Policy Statement.

INVESTMENT PORTFOLIO

Individual securities or mutual fund investments shall be limited to the following categories:

PERMITTED INVESTMENT CATEGORIES

1. Cash and cash equivalents, including money market funds
2. Fixed income assets
 - a. U.S. Government Bonds and U.S. Government Agency Bonds
 - b. Publicly issued corporate bonds rated BBB or better
 - c. Bank certificates of deposits

3. Equity Assets
 - a. Exchange listed U.S. common stock
 - b. Small/Mid cap funds (1.5 billion in market capitalization or less)
 - c. Large cap funds (in excess of 1.5 billion in market capitalization)
 - d. International funds (Funds that invest primarily in equities of issuers located outside the U.S.)

INELIGIBLE SECURITIES OR ACTIONS

1. Privately placed or other non-marketable debt
2. Letter, legend or other so-called restricted stock
3. Commodities
4. Selling short
5. Options
6. Futures

SECURITIES CUSTODY AND RECORDKEEPING

Quarterly reports will be provided by the Money Managers and will include a transaction summary of all activity in the account(s) for the month. Quarterly reports should include returns net of fees with fees shown as a separate line item. There should be a scheduled annual personal meeting with the Money Managers and SAVING GRACE's Investment Committee.

PERFORMANCE MONITORING AND EVALUATIONS

The Investment Committee shall monitor and evaluate the performance of all investments on at least a quarterly basis and provide a semiannual report to the Board of Directors.

DUTIES AND RESPONSIBILITIES

SAVING GRACE Board of Directors

As a fiduciary, the primary responsibilities of SAVING GRACE's Board of Directors are as follows:

1. Prepare and maintain an investment policy statement.
2. Prudently diversify the account assets to meet an agreed upon risk/return profile, which produces the highest expected investment return while mitigating risk.
3. Prudently select investment options.
4. Control and account for all investment, record keeping and administrative expenses associated with the accounts.
5. Monitor and supervise all service vendors and investment options.
6. Avoid prohibited transactions and conflicts of interest.

Investment Committee

The Investment Committee is a standing committee comprised of representatives from the Board and the Community. The Investment Committee serves at the pleasure of the Board of Directors and makes recommendations to the Board which retains ultimate responsibility for investment recommendations. They are responsible for the oversight of all investment accounts and publicly traded assets or the money market pool. They shall act solely in the best interest of SAVING GRACE and in concert with the mission of SAVING GRACE. The Investment Committee's responsibilities include:

- a. Setting and revising investment policies.
- b. Developing investment objectives, asset allocation strategies, and performance guidelines.
- c. Recommending Investment Consultants, Advisors, Money Managers and Custodians to the Board.
- d. Reviewing and evaluating investment results.
- e. Providing periodic performance reports to the Board.
- f. Overseeing all investment accounts utilizing publicly traded assets.

The Investment Committee is directly responsible for oversight of the Short-term Investment Pool (aka Money Market Pool). A range of 10% to 15% of the Short-term Investment Pool will be held in cash.

Investment Managers

As distinguished from the Board or Investment Committee, who are responsible for managing the investment process, Investment Managers are co-fiduciaries responsible for making investment decisions (security selection and price decisions). The specific duties and responsibilities of each Investment Manager are:

1. Manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective Prospectus or Investment Agreement.
2. Exercise full investment discretion with regard to buying, managing, and selling assets held in the portfolios.
3. If managing a separate account (as opposed to a mutual fund or a commingled account), to seek approval from SAVING GRACE prior to purchasing and/or implementing the following securities and transactions.
 - Letter stock and other unregistered securities, commodities or other commodity contracts; and short sales or margin transaction.
 - Securities lending; pledging or hypothecating securities.

- Investments in the equity securities of any company with a record of less than three years' continuous operation, including the operation of any predecessor.
 - Investments for the purpose of exercising control of management.
4. Vote promptly all proxies and related actions in a manner consistent with the long-term interest and objectives of the Accounts as described in this statement. Each investment manager shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.
 5. Communicate with SAVING GRACE all significant changes pertaining to the fund it manages or the firm itself. Changes in ownership, organizational structure, financial condition, and professional staff are examples of changes to the firm in which SAVING GRACE is interested.
 6. Effect all transactions for the Portfolio subject to best available price and execution at the time of the transaction. If a manager utilizes brokerage from the Portfolio assets to effect "soft dollar" transactions, detailed records will be kept and communicated to SAVING GRACE.
 7. Use the same care, skill prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Portfolios with like aims in accordance and compliance with Uniform Prudent Investment Act and all applicable laws, rules, and regulations.
 8. Investment of funds shall be diversified to minimize the risk of large losses. No more than 6% of any investment manager's portfolio shall be invested in any one company, and no more than 15% of the portfolio's market value may be invested in any one industry as defined by Standard & Poor.

INVESTMENT MANAGER SELECTION

SAVING GRACE will apply the following due diligence criteria in selecting each Investment Manager.

1. Regulatory oversight: Each investment manager should be a regulated bank insured by FDIC, an insurance company, a mutual fund organization or a registered investment adviser.
2. Assets under management: The manager should have at least \$75 million under management.
3. Expense ratios/fees: The manager's fees should be competitive with fees provided to similar non-profit organizations.
4. Stability of the organization: There should be no perceived organizational problems and the same portfolio management team should be in place for at least two years. (This may be waived in some circumstances; such as for funds managed by teams or

for funds where prior performance histories of separate accounts are considered relevant.)

CONTROL PROCEDURES

Performance Objectives

SAVING GRACE acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing short-term fluctuations may cause variations in performance, SAVING GRACE intends to evaluate manager performance from a long-term perspective.

SAVING GRACE is aware the ongoing review and analysis of the investment managers is just as important as the due diligence implemented during the manager selection process. The performance of the investment managers will be monitored on an ongoing basis and it is at SAVING GRACE's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

Monitoring of Investment Managers

SAVING GRACE has determined it is in the best interest of the Portfolio's participants that performance objectives be established for each investment manager. Manager results will be periodically evaluated and compared to appropriate indices (or peer-performance benchmarks) such as the following:

Asset Category	Benchmark	Investment Firm Benchmark
Cash & Equivalents	30-Day Money Market Yield	_____
Equities		
Domestic Large Cap	S & P 500	_____
Small Capitalization	Russell 2000	_____
Mid-Capitalization	S & P 400	_____
International Core	MSCI EAFE	_____
Fixed Income		
Short/Intermediate	Barclays Aggregate Bond Index	_____

The risk associated with each manager's portfolio, as measured by the variability of quarterly returns (standard deviation), should not exceed that of the benchmark index or peer group with

a corresponding increase in performance above the benchmark. It is understood that there are likely to be short-term periods during which performance deviates from market indices and managers should not be terminated for this reason alone.

Measuring Cost

SAVING GRACE will periodically review all costs associated with the management of the portfolio's investment program, including:

1. Expense ratios of each investment option against the appropriate peer group.
2. Custody fees: The holding of the assets, collection of the income and disbursement of payments.
3. Whether the manager is demonstrating attention to "best execution" in trading securities.

SAVING GRACE will review this statement at least every two years to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the statement will change frequently. In particular, short-term changes in the financial markets should not require adjustment to the statement.

SPENDING POLICY

SAVING GRACE shall make available to be spent in each fiscal year a minimum of 5% of the market values of its total endowment.

CHANGES TO INVESTMENT POLICY STATEMENT AND GUIDELINES

Any changes in the investment policies and investment guidelines including asset allocation, will be recommended by the Investment Committee for consideration and approval by the Board of Directors.

ACCEPTANCE OF INVESTMENT POLICIES AND GUIDELINES

The foregoing investment policy statement is adopted by SAVING GRACE Investment Committee this _____ day of _____, 2020

SAVING GRACE

SCHEDULE 1

The percentage allocation to each peer group may vary depending upon market conditions. Please reference the allocation table below for the lower and upper limits for each peer group. When necessary and/or available cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation and allocation ranges of the portfolio. If there are no cash flows, the allocation of the portfolio will be reviewed quarterly. If the committee judges cash flows to be insufficient to bring the portfolio within the target allocation ranges, the committee shall decide whether to effect transactions to bring the allocation of portfolio assets within the threshold ranges.

<u>Asset Allocation</u>	<u>Strategic Allocation</u>	<u>Lower Limit</u>	<u>Upper Limit</u>
Cash & Equivalents	10%	0%	25%
Fixed-Income	20%	10%	30%
Real Estate	5%	0%	5%
Equities (Stocks)			
Domestic Large Cap	30%	20%	50%
Domestic Small/Mid Cap	25%	10%	40%
International	10%	0%	25%

