

HCCF SUPPORTING ORGANIZATION, INC.

PROGRAM RELATED INVESTMENT POLICY

(Adopted May 2, 2011)

(Amended December 2, 2019)

A. PURPOSE

1. The Harrison County Community Foundation Supporting Organization, Inc. (“the Foundation”) believes key issues exist within Harrison County, Indiana that are critical to the overall vitality and health of the community that in turn support growth opportunities for its citizens. In fulfilling its overall mission within the charitable purposes of the IRS code, program related investments (PRIs) provide an alternative tool for the Board of Directors to carry out charitable decisions.

2. PRIs are investments in non-profit businesses that are aligned with the Foundation’s mission, and the purpose of which is charitable in nature, with the goal of bettering the community. PRIs are generally structured as low cost loans to assist non-profit business needs, but may be offered as loan guarantees or equity investments, so long as the option chosen utilizes the strengths of the Foundation to improve the designated areas of the community.

B. INVESTMENT CRITERIA

1. Unlike other managed assets described under the Foundation’s Investment Policy, PRI’s require a proactive action of the Board of Directors, which like grants, are made for specific community benefits. Additionally, PRI’s are issued for charitable purposes rather than for the production of income where, again like grants, community good is the measurement of return.

2. A PRI is considered an option when the transaction meets certain requirements:

a) A grant is not the right tool for a project which is otherwise supported by the Foundation.

b) The project falls within one of the Foundation’s programmatic and geographic areas.

c) The Foundation has a prior funding history with the applicant Organization.

d) There is a designated cash stream for the payback or return of the PRI (for loans and equity) or for the relinquishment of obligations secured by guarantees and other credit enhancements.

3. The only eligible applicants are Harrison County based IRC Section 501(c)(3) organizations that otherwise qualify for grants; exceptions that do not qualify are organizations categorized as municipalities or governmental agencies, schools, faith based organizations and all other Section 501(c) organizations.

C. REVIEW

1. A Program under consideration must otherwise qualify as a grantee according to Grant application Guidelines. The Board will require a due diligence review by: (a) every five (5) years the Board reviews status and options; (b) every calendar quarter the Finance Committee reviews the payment schedule and other financial and programmatic expectations; (c) every year the Finance Committee reviews the Organizations' Form 990.

2. The Board reserves the discretion to decide upon the type of debt instrument, interest, collateral, debt repayment schedules etc. for each Program applicant, and the Finance Committee will work directly with the applicant to negotiate terms and conditions.

D. INVESTMENT DECISIONS AND COMPLIANCE

1. Investment must be secured by a lien against the Organization's real estate or other assets in first position.

2. The Organization must agree to incur no additional debt until PRI has been repaid to 50% level.

3. The PRI legal documents will contain no prepayment penalty clause.

4. The Organization must maintain proof of compliance obtaining facility replacement insurance with the Foundation added as a named insured.

5. The PRI will be structured generally as a payment of a set monthly administration fee plus an installment credited as return of principal. The Board may require that amortized interest will be charged, but a return on the investment tied to an interest payment is not a requirement.

6. The Organization must maintain compliance with all additional requirements and stipulations of the PRI loan and security agreements throughout the term of the investment.