

# Foundation Policy Profile



## Purposes of the Foundation

The purposes of this charitable foundation are those stated in the Foundation's articles of incorporation. Under the Code (Internal Revenue Code of 1986), the purpose of the charitable organization must be limited in its articles of incorporation to the purposes permissible under Section 501(c)(3) of the Code. The purposes clause in the Foundation's Articles of Incorporation is as follows:

The Great Lakes Foundation is organized exclusively for scientific, educational, charitable, and benevolent purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended, and section 103.05(a) of the Illinois General Not for Profit Corporation Act of 1986, as amended, including, but not limited to, the following purposes: to assemble and publish detailed information about harbors, anchorages, and wilderness cruising areas in the Great Lakes; to promote marine safety through educational publications and safety at sea seminars; and to further the appreciation and understanding of the Great Lakes wilderness and ecology.

## Foundation Spending (grants, fees, service charges) Policy:

1. The Foundation's spending policy is framed with a view to preserve purchasing power of the assets over time; to protect against erosion of principal; and to promote stability.
2. The Great Lakes Foundation will utilize total return (income plus capital appreciation) on its assets in the determination of the rate of spending from the Foundation. The long term average spending must be kept to no greater than the expected long term real total return on its assets.
3. As a general matter, the Board of Directors will periodically review the Foundation's spending policy.
4. This predetermined spending percentage will be based on the following parameters. The "Ten Year Treasury Note" will be the standard used as the allotted percentage calculated using a four quarter moving average.

## Investment Policy

1. This Investment Policy Statement may be reviewed and changed from time to time as may be necessary with the approval of the Board of Directors.
2. The objective is to obtain the maximum total return on cash invested, based upon a low tolerance for risk and ensuring absolute protection of invested assets.
3. Investments should be diversified and oriented towards the long-term. Diversifying means buying investments according to a strategic financial plan in order to get the right mix of growth and income from the investments.
4. Primary emphasis should be placed on preserving the principal of the Portfolio during declining markets, rather than on maximizing performances during rising markets. This should result in more consistent results and reduce the potential impact of investment losses.
5. The Investment Manager should use an Asset Allocation style of management.
6. The Investment Manager will have the discretion to shift the asset mix between equities, fixed income, and cash equivalents in order to increase the total returns and/or reduce risks.
7. The Investment Manager should be prohibited from investing in commodities and options, engaging in short sales and margin transactions.
8. The Investment Manager will manage the assets in a prudent manner so that the results will meet the goals and objectives as set forth in this Policy Statement.