

MANUAL FOR VALUATION
AND
DETERMINATION OF INCOME

The UNITED CHURCH FOUNDATION, INC. will use the following method in the valuation of investments in each of its COMMON INVESTMENT FUNDS.

SECTION 1 With respect to all investments, except those held in the Cash and Equivalent Fund, an Investment listed on a national securities exchange in the City of New York will be valued at the price of the last sale on such exchange within the five business days preceding or on the valuation date or, if no sale was reported, the investment will be valued at the latest quoted bid available within five business days preceding or on the valuation date, except that, those listed bond investments of which no sales have taken place and for which bid and asked prices are not regularly reported by the exchange and listed U.S. Government securities may be valued in accordance with procedures herein outlined for investments not listed on a national securities exchange. All investments held in the Cash and Equivalent Fund will be valued at the value recorded on the books.

SECTION 2 With respect to all investments, except those held in the Cash and Equivalent Fund, an investment not listed on a national securities exchange in the City of New York, but for which a generally quoted New York market exists, will be valued at the latest bid price publicly reported or quoted within five business days preceding or on the date of valuation. All investments held in the Cash and Equivalent Fund will be valued at the value recorded on the books.

SECTION 3 An investment for which no generally quoted New York market exists and which is not in default will be valued at the value recorded on the books of each Common Investment Fund on the date the valuation is made with the following exceptions:

- a) Non-marketable U.S. Government securities originally offered at par or the equivalent of par but which may be redeemable at stipulated prices less than par prior to maturity or which are not saleable without exchange into another Government security will be valued at par.
- b) Non-marketable U.S. Government obligations originally sold at a discount (such as Series "F" Savings Bonds) will be valued at their redemption value on the valuation date.
- c) Investments in obligations and equities payable in other than U.S. dollars and for which there is no generally quoted U.S. dollar market in New York, but for which there is a quoted market in a foreign currency, will be valued at the quoted bid price of the investment in the foreign currency transformed into U.S. dollars at the current rate of exchange on the valuation date as indicated by one or more of the sources listed under Section 8. If the currency in which the foreign investment is quoted is a blocked currency and proceeds of sale could not be realized as United States dollars in New York or, if quotations

cannot be obtained from the sources listed in Section 8, the investment will be considered as an investment in default and valued according to the procedures established for investments in default.

SECTION 4 An investment in default and for which there is no generally quoted New York market will be valued by the Investment Committee. Such valuations will be recorded in the Investment Committee Minutes and will be in sufficient detail to indicate the basis and principal factors considered in arriving at the valuation.

SECTION 5 An investment which has been valued at book value or appraised value on one or more valuation dates will cease to be so valued on subsequent valuation dates should a generally quoted New York market become available. Such a change in method will not affect the validity of any valuation made prior to the date such a generally quoted New York market was known to be available.

SECTION 6 For purposes of valuation, an investment will be considered in default if any payments of interest, principal, amortization, sinking fund or other payment called for by the terms of the investment contract are not made within 60 days of the date such payments are due and payable (except that mortgages on properties under condemnation proceedings by Federal, State and Local Governments or agencies thereof will not be considered in default solely because such payments are more than 60 days overdue); or if the Investment Committee at a meeting with a majority present votes that an investment is in default. Such investments in default will remain in default until all arrearages have been paid up to date, or the Investment Committee, at a meeting with a majority present, votes that the investment is no longer in default.

SECTION 7 An investment will be considered to have a generally quoted New York Market if quotations are regularly published by one or more financial news sources or if two or more New York brokers or dealers will regularly quote a firm bid and asked market on request.

SECTION 8 For purposes of Section 7, prices quoted by one or more of the following will be relied on as sufficient evidence of the market price of an investment:

- a) A New York daily newspaper
- b) A published and generally recognized financial service.
- c) One or more New York brokers or dealers in investments of the type being quoted.
- d) The records of a national security exchange in New York.

SECTION 9 An investment sold but not delivered pending receipt of proceeds will be valued at the net sales price.

SECTION 10 An investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security held, and the cash account shall be adjusted to

reflect the purchase price including brokers' commissions and other expenses incurred in the purchase thereof but not disbursed as of the valuation date.

SECTION 11 For purposes of valuation, except for an investment sold but not delivered, it will not be necessary to deduct from the valuation of any investment any broker's commissions or other expenses which might be incurred upon the sale thereof.

SECTION 12 Sufficient records will be maintained and kept on file for a period of not less than five years to indicate the sources of the quotations or other method by which the valuation of any investment was determined including, in the case of investments in default, evidence as to the principal facts and methods on which the appraisal was based.

SECTION 13 In determining principal value per unit the FOUNDATION will add to the valuation of investments as provided above:

- a) Uninvested cash principal.
- b) The value of any rights, stock dividends, etc., which may have been declared but not received by each COMMON INVESTMENT FUND as of the valuation date provided the security has been valued ex-rights or ex-dividend.
- c) Such portion as constitutes the principal of any extraordinary or liquidating dividends which have been declared but which is unpaid on the valuation date provided the security has been valued ex-dividend.
- d) Any other items of principal.

There will be deducted from the sum so ascertained any and all expenses chargeable to principal due or accrued. The net principal thus determined will be divided by the number of existing units in order to ascertain the principal value of a unit.

SECTION 14 The FOUNDATION will use the following method in determining the income value per unit:

From the income on hand and accrued there will be deducted the expenses and liabilities due and accrued which are chargeable to income. The amount of net income thus determined will be divided by the number of existing units in order to ascertain the income value per unit.

Income from dividend-paying securities will be included as accrued income if the security is valued ex-dividend on the valuation date, and payment has not been made as of the valuation date.

SECTION 15 Within 20 business days after any valuation date, the FOUNDATION will prepare a schedule of investments, as of the valuation date, which will contain:

- a) A description of each security issue or investment.

- b) The face value of each security issue or investment.
- c) The value as carried on the books of each COMMON INVESTMENT FUND
- d) The value as determined upon such valuation date.

SECTION 16 Within 20 business days after any valuation date the FOUNDATION will prepare, as of the close of business on such valuation date, a statement of condition of each COMMON INVESTMENT FUND on the basis of such valuation, showing separately the items of principal and income, and containing a memorandum of the following:

- a) The number of units outstanding.
- b) The value per unit.
- c) The income per unit since the preceding valuation date.

Such schedules and periodic statements of condition will be certified by the Treasurer of the FOUNDATION and retained as permanent records of each COMMON INVESTMENT FUND.

SECTION 17 a) Accrued income on interest-bearing investments not quoted "Flat" will be computed in accordance with the customary practices of New York banking institutions. Normally these are standard five place 365 days basis tables for United States governments, and standard five place 360 day basis tables for mortgages, corporate bonds, and other securities.

b) If an organization plans to participate in any COMMON INVESTMENT FUND and deposits securities for such participation, such securities will be valued in the manner heretofore set forth and on the valuation date at which the participation is to be established. Accrued income, if any, will be computed as provided in this Section, paragraph a).