

**FRIENDS OF BERMUDA COMMUNITY FOUNDATION
("COMPANY")
BUSINESS PLAN**

04/01/2015

1. THE BUSINESS PURPOSE OF THE COMPANY

Friends of Bermuda Community Foundation ("FBCF" or the "Company") was established on 14 August 2014 as a not-for-profit U.S. Corporation limited by guarantee with charitable and philanthropic objects. FBCF was granted federal income tax-exempted 501(c)(3) status on 19 December 2014. The sole member of the FBCF is the Bermuda Community Foundation, which is a registered Bermuda charity (948). The Bermuda Community Foundation's purpose is to act as a grant-making organization, raising funds for non-profits, causes and public institutions, from arts and education to health and community services that serve Bermuda's residents. FBCF facilitates grants to a wide range of Bermuda-based not-for-profits, including the Bermuda Community Foundation, which may then also make grants to Bermuda-based charities.

A community foundation, like the Bermuda Community Foundation, is a grant-making organisation made up of funds that have been established by individuals, families and businesses. It is designed to pool, steward and deploy donations from unrelated donors, dedicated to the improvement of a given place, in this case, Bermuda. A community foundation invests the assets it holds, generating income which is distributed to bona fide charities and community organisations according to donors' suggestions, areas of interest or through competitive grants made by the foundation itself. For donors, community foundations offer a one-stop shop for contributing to a community they care about. For communities, they ensure informed, strategic, and sustained support for the third (philanthropic) sector. For smaller nonprofits, new or emerging charities and community groups, they offer potential extra funding support from one place and for larger nonprofits, an opportunity to develop a passive income source by establishing their own endowment that is professionally managed.

FBCF provides American donors with a simple, convenient and flexible way to establish the structural equivalent of charitable trusts and foundations. FBCF enables companies, individuals and families to establish customized charitable funds without the burden of tax liabilities or administrative tasks such as setting up private foundations, or trusts or the personnel, expertise and infrastructure for assessing and distributing grants. Funds from different donors will be aggregated or "pooled", invested and managed to achieve greater returns for Bermuda's civic sector.

FBCF facilitates the creation, administration and asset management of charitable funds and FBCF a menu of funds for donation/establishment by donors.

2. BACKGROUND

FBCF was established in 2014 with seed capital from the Bermuda Community Foundation. It has an independent board of directors comprised three people, who are volunteers. See Section 4 "Board and Members: Corporate Governance.

3. DONOR FUND MANAGEMENT

The FBCF's Board of Directors main role is to facilitate grants to Bermuda not-for-profit agencies. FBCF adopted its Donor Fund Policies and Guidelines on 18 September 2014. It is a publicly available document. FBCF may act as a fiscal sponsor to any recognized, Bermuda-based charity or nonprofit programme. It may also make grants to the Bermuda Community Foundation for the purposes of a donor establishing a charitable endowment fund for a recognised, Bermuda-based charity. The endowment is pooled and invested for the benefit of the designated charity or larger charitable fund in the investment fund.

Unlike a for-profit investment fund, the donors are not getting a financial return on principal in the form of dividends or distributions. Any investment gains which result from the management of the funds are added to the fund corpus to be distributed in accordance with the respective fund program and mandate. However, if the charity or nonprofit goes out of business, changes its mission, or should a future board determine that circumstances have changed so as to "render unnecessary, undesirable, impractical, or impossible continued support," the Bermuda Community Foundation may redirect funds to other organisations without losing time or depleting the fund with expensive court proceedings. This board authority, called the variance power in many jurisdictions, is useful both for long-term designated funds and funds whose specific focus becomes obsolete. A robust process ensures a community foundation's board committee carefully reviews the situation before recommending any change to the full board.

The assets in the FBCF bank accounts will comprise primarily cash. FBCF makes distributions with consideration of requests/recommendation given by the donor when the charitable gift is made. Where the charitable gift is wholly or partially unrestricted, FBCF makes the decision as to where distributions are to be made. FBCF's Board of Directors' main role is to advise on these distributions.

4. BOARD AND MEMBERS: CORPORATE GOVERNANCE

The Bermuda Community Foundation Board of Directors is comprised of a team of strong business and community leaders with experience in finance, governance and philanthropy:-

- Myra Virgil was Atlantic Philanthropies' Programme Executive for Bermuda and

formerly Director of Human Affairs of the Bermuda Government, overseeing its policy unit, Human Rights Commission, Commission for Unity & Racial Equality, Consumer Affairs Bureau and National Office for Seniors.

- William Holmes served as the President of the Bermuda National Trust in 2003 and served for several years. He has a background in law and is well-respected for his commitment to the environment and conservation.
- Robin Masters, a Chartered Financial Analyst, served as the Chief Investment Officer of ACE Limited (insurance) from 1986 to 2000. Masters serves as Chairman of the Board of Directors of Cap-a-Laige Ltd. Masters served as Director of Bermuda Smartrisk since 2001.

Board members are appointed by the Board of the Bermuda Community Foundation

5. SERVICE PROVIDERS

Representative (Local Operations)

Myra Virgil
Sterling House
4th Floor
16 Wesley Street
Hamilton
Bermuda.

Legal Representation:

Dickstein Shapiro LLP
1825 Eye Street NW
Washington, DC
20006-5403
United States of America

Banking Firm (Primary):

HSBC and Butterfield Bank

Auditor:

PwC Bermuda audits Bermuda Community Foundation. Arrangements for PwC to audit FBCF as well, will be proposed.

Accountant:

Bermuda Community Foundation provides bookkeeping and accounting support to FBCF