What the CARES Act Means for Nonprofits

Presented by:
Sharad A. Samy, General Counsel, Commonfund
Paul Mourning, Partner, Crowell & Moring LLP

April 7, 2020
Some provisions of the Act may be helpful to you or your institution.

1. Improve your liquidity position and cashflow;
2. Ease burdens on your employees;
3. Ease burdens on your students and your teachers; and
4. Improve the financial condition of your healthcare facilities and operations.
Part 1: Improving Your Liquidity Position and Cashflow
Provisions of the Act Intended to Aid Liquidity/Cashflow

• Paycheck Protection Program “PPP”
• Economic Injury Disaster Loans “EIDL”
• Mid- to Large-Sized Business Financial Support
• Payroll Tax Relief
• Support for Development Function (charitable deductions)
The Paycheck Protection Program (the “PPP”)

The PPP is a $349 billion program

• Who can access the PPP?
  • Small businesses and other business concerns;
  • Tax-exempt nonprofit organizations (i.e., 501(c)(3));
  • Tax-exempt veterans organizations (i.e., 501(c)(19)); and
  • Tribal business concerns.

• The employer can employ no more than:
  • 500 employees (including full-time, part-time or other basis); or
  • If greater, a number determined by the Small Business Administration (the “SBA”), based on the borrower’s industry.
Borrowing under the PPP
There are limits on how much you can borrow

- A borrower can borrow up to $10 million under the PPP. However, the actual amount that can be borrowed is:
  - 2.5 \times \text{the average total monthly payments of the borrower’s “Payroll Costs” (which average is calculated based on specific facts relating to the borrower)}; plus
  - the outstanding balance of SBA loans from January 1, 2020 to the PPP loan.
- “Payroll Costs” include (i) salaries, wages, commissions; (ii) cash tips; (iii) vacation, parental, family, medical or sick leave payments (other than family or sick leave payments otherwise covered under the Act); (iv) allowances for dismissals or separations; (v) payments of health care benefits (including insurance premiums); (vi) retirement benefit payments; and (vii) State or local tax payments on employee compensation.
- They do not include (i) compensation in excess of a pro-rated, annual salary of $100,000; (ii) withholding taxes; and (iii) compensation for employees not principally residing in the U.S.
Using PPP Funds

There are restrictions on how you can use PPP proceeds

- PPP loan proceeds can only be used to pay:
  - Payroll costs;
  - Continued health care benefits costs (including insurance premiums);
  - Salaries, commissions or other similar compensation;
  - Interest (not principal) on mortgage obligations or on prior debt;
  - Rent;
  - Utilities; and
  - Other uses allowed under the Small Business Act (e.g., payments relating to equipment, fixtures or inventory or to refinance debt).
- The SBA has stated (and the SBA has proposed regulations mandating) that at least 75% of PPP proceeds be used for payroll costs.
A PPP loan is subject to forgiveness for certain covered expenses incurred by a borrower for the 8-week period after originating a PPP loan.

- Covered expenses are payroll costs and payments of interest on covered mortgage obligations, rent obligations and utilities.
- Amounts forgiven are **not** included in gross income for tax purposes.
- Forgiveness is subject to formulaic reductions, including for reductions in workforce or salary after February 15, 2020 (which can be mitigated if the workforce is increased/salaries are increased by June 30, 2020).

Any loan balance not forgiven must be repaid, with a loan maturity of up to 10 years after a request for forgiveness is made, at a maximum rate of 4%.

- The SBA has indicated that PPP loans will bear an interest rate of 1%.
- Loan payments can be deferred for a period of no less than 6 months and no more than 1 year.

No personal guarantee is required, and if PPP proceeds are used as mandated, PPP loans are non-recourse.
Certifications for the PPP

There are some basic certifications required to access the PPP

- A PPP borrower must make a good faith certification that:
  - The uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations of the borrower;
  - The funds will be used to retain workers and maintain payroll or to make mortgage payments, lease payments and utility payments; and
  - The borrower does not have a duplicative application pending with the SBA and has not received duplicative amounts from the SBA for the period beginning on February 15, 2020 and ending on December 31, 2020.
How to Obtain a PPP Loan
You must apply through an SBA-approved lender


- As of April 3, 2020, you can apply for a PPP loan.

- Among other documents, SBA lenders are asking for proof of 501(c)(3) status.
Economic Injury Disaster Loans ("EIDL")
This is an existing SBA funding program

- The existing EIDL program provides up to $2 million in working capital loans to assist small businesses during disaster recovery periods.
- Loans obtained through the EIDL are generally used to pay accounts receivable, fixed debts, payroll and other bills.
- These loans can be refinanced into PPP loans if they have been secured after January 31, 2020.
- The Act expands the SBA’s existing EIDL program to allow small business concerns, private nonprofit organizations, small agricultural cooperatives and businesses, cooperatives and Tribal small businesses with less than 500 employees to obtain EIDLs.
Emergency EIDL Grants
The Act authorizes immediate grants

- The Act also authorizes the SBA to provide immediate grants through the EIDL program of up to $10,000.
- Applicants can request an advance within 3 days of the SBA receiving an EIDL application.
- Proceeds can be used to cover sick leave resulting from Covid-19 exposure, payroll costs, increased costs of materials, rent or mortgage payments, or other costs that cannot be met because of revenue losses.
- Even if the SBA ultimately rejects the application for an EIDL, an applicant will be able to retain the $10,000 advance without needing to repay it.
- If the applicant also receives a PPP loan, the grant amount will be deducted from the forgiveness amount of the PPP loan.
How to Access the EIDL Program

You will need to apply directly with the SBA for an EIDL

• You can get information on the EIDL program from the SBA here: https://disasterloan.sba.gov/ela/

• The SBA’s approval of an EIDL is based on an applicant’s credit score or “alternative appropriate method” for determining an applicant’s credit.

• Terms on EIDLs vary, depending on the applicant’s credit:
  • Loans can be for up to 30 years for some borrowers;
  • The interest rate is 2.75% per annum for nonprofit borrowers;
  • Principal and interest payments can be deferred, like PPP loans; and
  • The Act waives:
    − personal guarantee requirements for EIDLs of up to $200,000; and
    − if the applicant was in operation on January 1, 2020, the requirement that the applicant be in business for at least 1 year prior to the disaster.
Considerations for Both the PPP and EIDL
SBA guidance will be important

• Eligibility for the PPP and the EIDL program will depend on the borrower’s size.
• The SBA has specific rules relating to the determination of the size of an organization, depending on the nature, operations, scope, locations and affiliations of that business.
• The SBA applies a broad “aggregation” concept to its analysis on size.
• There may be more flexibility for nonprofits under the EIDL Program.
Mid- and Large-Sized Businesses Financial Support

$500 billion has been appropriated for mid- and large-sized businesses

- Who can apply for this support?
  - Air carriers; and
  - U.S. businesses that have not otherwise received adequate economic relief in the form of loans and grants under the Act.
- Certain funds have been expressly allocated by the Act:
  - $25 billion for passenger air carriers;
  - $4 billion for cargo air carriers;
  - $17 billion for businesses critical to national security; and
  - $454 billion (plus unused amounts above) to support U.S. businesses.
- Nonprofit organizations with between 500 to 10,000 employees are eligible to borrow under this program.
The Terms for Borrowing are Different from the PPP

- The U.S. Department of the Treasury (the “Treasury Department”) will administer the mid- and large-sized business loan program.
- The support will be provided in the form of loans, loan guarantees and other investments.
- The Treasury Department will have issued regulations relating to the program by April 6, 2020.
- Per the terms of the Act, direct loans under the program will come from banks.
  - The interest rate on these loans will be no greater than 2%, with initial deferred principal and interest for at least 6 months, with the possibility of deferral extensions.
  - There is no debt forgiveness provision relating to these loans.
Requirements for Businesses Financial Support

The requirements for the mid- and large-sized funding are more stringent

- A borrower will be required to agree and/or certify that:
  - The funds will be used to retain at least 90% of the workforce at full compensation/benefits until at least September 30, 2020;
  - For 1 year after a loan is repaid, it will not pay stock dividends and/or effect a stock buy-back;
  - For the term of the loan and 2 years after full repayment, it will not:
    - Outsource/offshore jobs; and
    - Break a collective bargaining agreement; and
  - For the term of the loan, it will stay neutral in any union organizing effort.
Payroll Tax Credits
There are tax credits available for certain employers

• Tax credits may be available for businesses operating in 2020 for calendar quarters in which, or for which:
  • there was a full or partial shut-down as a result of government orders restricting commerce, travel or group meetings as a result of Covid-19 (NB: this is applicable to tax-exempt nonprofit organizations); and
  • gross receipts in a quarter were less than 50% of the gross receipts from that same quarter in 2019 (NB: this is not applicable to tax-exempt nonprofit organizations).
• These employers may be eligible to receive a refundable tax credit equal to 50% of “Qualified Wages” – up to $10,000 per employee.
Payroll Tax Credits
The meaning of “Qualified Wages” depends on the size of the employer

• For employers with an average of 100 or more full-time employees in 2019, “Qualified Wages” means wages paid to employees who were not providing services during the applicable quarters.

• For employers with an average of fewer than 100 full-time employees in 2019, “Qualified Wages” means all wages paid to all employees during the applicable quarters.

• For both types of employers, “Qualified Wages” include amounts paid by employers for allocable qualified health plan expenses.

• There are also exclusions to what constitutes “Qualified Wages”, such as wages paid through PPP loans and wages mandated under the FFCRA (to be discussed).

• The U.S. Internal Revenue Service (the “IRS”) will issue further guidance on advancing payment of the tax credits.
Deferral of Payroll Tax Payments
Certain payroll tax payments have been deferred – not waived

• From March 27, 2020 to December 31, 2020, payments of the employer portion of the Federal Insurance Contributions Act (FICA) are deferred without penalty.
• Payment of 50% of the tax liability will be due on December 31, 2021, with the remainder being due on December 31, 2022.
• Employers who receive loan forgiveness for PPP loans are not eligible for the deferral of payroll tax payments.
Charitable Contributions
The Act is encouraging people – and corporations – to donate

- The Act pulls back from the Tax Cuts and Jobs Act of 2017 and encourages people – and corporations – to make donations to charitable organizations.
- Taxpayers who do not itemize deductions can now claim an “above the line” deduction of up to $300 for tax years beginning in 2020.
- The limitation on the amount of charitable deductions that can be claimed by individuals and corporations has been suspended for 2020.
- The limitation on charitable contributions of food has been increased for 2020 from 15% to 25%. 
Part 2: Easing the Burden on Your Employees
The Act provides for a tax credit against the 2020 tax year equal to the sum of $1,200 for an eligible individual ($2,400 in the case of eligible individuals filing a joint return) plus an amount equal to $500 times the number of qualifying children of the taxpayer.

This amount is reduced by 5% of so much of the taxpayer’s adjusted gross income as exceeds $150,000 in a joint return, $112,500 in a head of household return, and $75,000 for other returns.

This is open to any individual taxpayer, except for non-resident aliens, any individual with respect to whom a deduction is allowable to another taxpayer, and an estate or trust.
The Family First Coronavirus Response Act (“FFCRA”) was passed on March 18, 2020. It remains effective through December 31, 2020.

The FFCRA provides for paid sick leave benefits for employees for certain coronavirus-related reasons.

- Employers with less than 500 employees are subject to this requirement.
- Employees get two weeks (80 hours) of paid sick leave, as described below.
- The employee must be unable to work (or telework) for certain coronavirus-related reasons (e.g., subject to a quarantine order, experiencing symptoms and seeking a diagnosis, caring for someone with symptoms, etc.).
- Paid sick leave is at the regular rate of pay, capped at $511 per day and $5,110 in the aggregate, if the employee is subject to quarantine or self-quarantine or is experiencing symptoms and seeking a diagnosis.
- Paid sick leave is at 2/3 of regular rate of pay, capped at $200 per day and $2,000 in the aggregate, if the employee is caring for a child whose school is closed or another person quarantined/experiencing symptoms.
Sick Leave and Family Leave – A Recap
The FFCRA also expanded the FMLA

- The FFCRA also expanded the Family and Medical Leave Act (the “FMLA”).
- Certain employers must give an employee up to 12 weeks of paid family leave if the employee is unable to work (or telework) because their school has been closed or a child-care provider is unavailable due to coronavirus.
  - Employers with less than 500 employees are subject to this requirement.
  - Employees must have worked at least 30 days, and the child must be under 18 years of age.
  - The first 10 days of leave can be unpaid, but the remainder (up to 10 weeks) must be paid at at least 2/3 of the regular rate of pay (not to exceed $200 per day and $10,000 in the aggregate).
  - For the first 10 days, an employee can use vacation, personal or sick leave time. An employer can also require this.
- Employers that provide paid sick leave will be allowed to take a tax credit against payroll taxes in an amount equal to 100% of paid sick leave and family leave each calendar quarter.
Sick Leave and Family Leave – Under the Act

The Act now expands the FFCRA further

- As noted, paid sick leave and family leave were capped under the FFCRA.
- The Act now provides that while employers are not required to pay employees more than the caps, it allows employers to provide additional pay above the caps.
- Any additional pay, however, is not subject to a tax credit.
- In addition, under the Act, an employee who was laid off on or after March 1, 2020 – and was subsequently rehired by the same employer – is eligible for paid family leave under the extended FMLA, so long as the employee was employed for at least 30 of the last 60 calendar days prior to layoff.
Drawing on Retirement Savings

Employees can now make certain withdrawals, without penalty

- An employee can make a withdrawal of up to $100,000 (in the aggregate) from qualified retirement plans without facing a 10% penalty excise tax for a “coronavirus-related distribution”,
- The employee (or the employee’s spouse or dependent) must be diagnosed with a coronavirus-related illness; or
- The employee must otherwise experience adverse financial consequences as a result of being:
  - Quarantined;
  - Furloughed;
  - Laid off (or have reduced work hours); or
  - Unable to work due to a lack of child-care, a business closure or reduced business hours.
- Withdrawn amounts are still subject to ordinary income tax at the applicable rate.
The Pandemic Unemployment Assistance Program

The Act provides additional support for the unemployed

• The Act temporarily expands unemployment benefits to certain “Covered Individuals”, which is in effect until December 31, 2020.

• “Covered Individuals” are persons who self-certify that they are available and able to work, but are unemployed or partially unemployed due to a coronavirus-related reason (e.g., diagnosed with Covid-19, caring for someone with Covid-19, unable to reach work because of quarantine, etc.)

• Through July 31, 2020, the amount of unemployment benefits includes the amount that would be calculated under state law plus an additional $600 per week.

• Individuals who, under normal circumstances, are not traditionally eligible for unemployment, including those who are self-employed and individuals with a limited work history, are eligible for such benefits.

• Unemployment benefits are not available for those who can telework or who are receiving paid sick leave or other paid leave benefits.

• Individuals exhausting maximum unemployment insurance benefits under various State programs have an additional 13 weeks of benefits (extending unemployment benefits in most States to a total of 39 weeks).
• The Act requires group health plans and health insurance issuers to cover FDA-approved diagnostic testing without cost-sharing.

• The Act expands the definition of “covered diagnostic testing” to include:
  • Tests the developer has or intends to request emergency use authorization from FDA;
  • Tests developed in or authorized by a State; and
  • Tests deemed appropriate by the Secretary of the Department of Health and Human Services.
Part 3: Easing the Burden on Your Students and Teachers
Relief Concerning Student and Teacher Loans

The Act provides certain relief regarding student loans and teacher loans

- Under the Act, employers are able to provide up to $5,250 in student loan repayment benefits to employees tax free.
- The Act establishes a moratorium through September 30, 2020 on payments of interest and principal on, and involuntary collection efforts relating to, student loans.
- TEACH grant service obligations have been relaxed as a result of Covid-19 pandemic.
Campus-Based Aid
The Act provides educational institutions with more FSEOG flexibility

- The Act waives the requirement that a college or university pay a matching share of Federal work-study program wages and Federal Supplemental Educational Opportunity Grants ("FSEOG") for 2019-2020 and for 2020-2021.
- Colleges and universities can transfer left over Federal work-study funding into the FSEOG program, so money can be awarded to students as grants.
- They can also use FSEOG funding to provide emergency financial aid to undergraduate and graduate students facing unexpected expenses and unmet financial needs due to the Covid-19 pandemic.
  - The amount of emergency aid is capped at the amount of the maximum Pell Grant for the applicable award year.
  - Scholarship-granting organizations can be used to process applications for emergency aid.
  - Receipt of emergency aid does not reduce the student’s eligibility for need-based financial aid.
- Federal work-study students can be paid for up to one year if the student’s employer or the campus closes as a result of the Covid-19 pandemic, based on scheduled hours.
Time Limits for Financial Aid
The Act relaxes time limits applicable to a student getting financial aid

• Stafford loans are excluded from subsidized loan usage limits if the student was not able to complete the academic term for which the loan was obtained.
• Similarly, Federal Pell Grants are excluded from duration limits if the student was not able to complete the academic term for which the grant was obtained.
• If a student withdraws as a result of the Covid-19 pandemic, the Act waives the requirement for return of Federal student aid.
• The Act further cancels loans associated with a payment period for which the student withdraws due to the Covid-19 pandemic.
• Colleges and universities are also able to exclude (without having to receive an appeal from a student) attempted credits that were incomplete because of the Covid-19 pandemic when calculating the minimum 2.0 grade point average requirement for Federal financial aid.
Grants to Institutions of Higher Education and Students

The Act provides for certain grants to be made to educational institutions

- The Act makes $14.6 billion available to institutions of higher education.
- $12.5 billion will be disbursed directly to schools, based on a weighted formula tied to an institution’s number of full-time equivalent Pell Grant recipients.
- A small percentage of such funds is reserved for minority-serving schools (e.g., HBCUs, Tribal schools).
- A small percentage of such funds is reserved for institutions hardest hit by Covid-19.
Use of Grant Funds
The Act specifies how funds can be used

- Half of such funds are to be used by the schools for Covid-19 response and prevention.
  - The funds cannot be used to reimburse tuition/room/board losses or for capital outlays, endowments, etc.
- The other half of such funds are to be used for direct disbursement to students as emergency grants (e.g., for food, shelter or travel).
Part 4: Improving the Outreach of Your Healthcare Facilities and Operations
Specific Programs for Healthcare Organizations

- The Public Health and Social Services Emergency Fund
- Medicare Accelerated/Advance Payment Program
Public Health and Social Services Emergency Fund
The fund provides for necessary health care-related expense reimbursement

- The Act allocates $100 billion to fund the prevention, preparation for and response to the Covid-19 pandemic, through grants and other mechanisms.
- Eligible health care providers can get reimbursements for necessary health care-related expenses or lost revenues that are not otherwise reimbursable attributable to the Covid-19 pandemic.
  - This covers U.S. public entities, Medicare or Medicaid-enrolled suppliers/providers and other entities at the Secretary of the Treasury Department’s discretion, that provides “diagnoses, testing or care for individuals with possible or actual cases of Covid-19”.
- The Secretary will review and make payments on a rolling basis.
Public Health and Social Services Emergency Fund
The fund provides for the development of a vaccine

• The Act allocates $27 billion to fund:
  • The development of necessary countermeasures and vaccines, prioritizing platform-based technologies with domestic manufacturing capabilities;
  • The purchase of vaccines, therapeutics, diagnostics and necessary medical supplies;
  • Grants for the construction, alteration, or renovation of non-federally owned facilities to improve preparedness and response capability at the State and local level; and
  • The support of telehealth access and infrastructure.
• Up to $16 billion can be used for the Strategic National Stockpile.
The Act also allocates:

- $90 million to the Health Resources and Services Administration ("HRSA") for use in the Ryan White HIV/AIDS Program;
- $5 million to the HRSA to help “health care systems” improve the capacity of poison control centers; and
- $180 million to HRSA to support rural health efforts to carry out telehealth and rural health care activities ($15 million of this amount to be allocated specifically to Tribes).
Supplemental Funding
The Act provides for supplemental funding for specific purposes

- The Act allocates $1.3 billion for testing, prevention, diagnosis and treatment of Covid-19 at community health centers.
- The Act also provides for grants to support, among other things:
  - Projects supporting telehealth network and telehealth resource centers;
  - Projects promoting improvements to rural health care services outreach;
  - Small health care providers;
  - Community services; and
  - Aging and disability programs.
- $1.5 billion has been allocated to provide State and local government preparedness grants.
Medicare Accelerated/Advance Payment Program
The Act expands scope of coverage

- The Act expands eligibility of accelerated/advanced payments to Section 1886(d)(1)(B)(iii) hospitals (e.g., children’s hospitals), Section 1886(d)(1)(B)(v) hospitals (e.g., cancer hospitals) and critical access hospitals (“CAHs”) for the duration of the public health emergency.
- It increases the amount of accessible payment up to 100% (or to 125% for CAHs) for up to 6-month periods.
- Repayment is to be 12 months or more from the date of accelerated payment.
- The Department of Health and Human Services has issued supplementary guidance.
  - Requests are to be submitted to a Medicare Administrative Contractor (a “MAC”).
Questions?

Sharad A. Samy
General Counsel
Commonfund
Wilton, CT
sharad.samy@commonfund.org
Phone: +1 203.563.5289

Paul Mourning
Partner
Crowell & Moring LLP
Washington, D.C.
PMourning@crowell.com
Phone: +1 212.895.4307

Timothy T. Yates
President and CEO
Commonfund Asset Management
Wilton, CT
tim.yates@commonfund.org
Phone: +1 203.563.5238

Keith Luke
Managing Director
Commonfund Asset Management
Wilton, CT
keith.luke@commonfund.org
Phone: +1 203.563.5015
**Generally**

This material has been prepared by Commonfund Asset Management Company, Inc. ("Comanco") and/or Commonfund Capital, Inc. ("CCI") (each, an “Investment Manager”), each of which are indirect wholly owned subsidiaries of The Common Fund for Nonprofit Organizations ("TCF" and, together with Comanco, CCI, Commonfund Securities, Inc. ("CSI") and its or their affiliates, “Commonfund”). The information in this material is for illustration and discussion purposes only. It is not intended to be, nor should it be construed or used as, investment, tax or legal advice, any recommendation or opinion regarding the appropriateness or suitability of any investment or strategy, or an offer to sell, or a solicitation of an offer to buy, any interest in any security, including any interest in a private fund, pool, investment product, managed account or other investment vehicle (each, an "Investment Product"). This material is qualified in its entirety by the information contained in any Investment Product’s offering documents, including the governing partnership or operating agreement, investment management agreement, subscription agreement, or an Investment Product’s prospectus or other offering memorandum related thereto, as applicable (collectively, a “Prospectus”). Any offer or solicitation of an investment in an Investment Product may be made only by delivery of the Investment Product’s Prospectus to qualified investors by CSI. Prospective investors should rely solely on the Prospectus in making any investment decision. The Prospectus contains important information, including, among other information, a description of an Investment Product’s risks, investment program, fees and expenses, and should be read carefully before any investment decision is made. This material does not take into account the particular investment objectives, restrictions, or financial, legal or tax situation of any specific investor. An investment in an Investment Product is not suitable for all investors. Each Investment Manager is registered with the SEC as an investment adviser. CSI is registered as a broker-dealer with the U.S. Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). The registrations and memberships above in no way imply that the SEC, FINRA or SIPC have endorsed any of the entities, products or services discussed herein.

**Distribution**

Distribution of this material and the offer of an Investment Product may be restricted in certain jurisdictions. This material is not intended for distribution or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This material and the information contained in this material is confidential, is the property of Commonfund, is intended only for intended recipients and their authorized agents and representatives and may not be reproduced or distributed to any other person without prior written consent. This material is as of the date indicated, may not be complete, is subject to change and does not contain material information regarding an Investment Product, including specific information relating to an investment in an Investment Product and related risks factors. Unless otherwise stated, information provided in this material is derived from one or more parts of Commonfund’s databases and internal sources. Certain information has been provided by and/or is based on third-party sources and, although believed to be reliable, has not been independently verified. An Investment Manager is not responsible for errors or omissions from these sources. No representation is made with respect to the accuracy, completeness or timeliness of information and Commonfund assumes no obligation to update or otherwise revise such information. Unless the context otherwise requires, the term “investor” and “client” may be used interchangeably.

**Investment Process**

No representation is made that an Investment Manager’s or an Investment Product’s investment process, investment objectives, goals or risk management techniques will or are likely to be achieved or successful or that an Investment Product or any underlying investment will make any profit or will not sustain losses. An investment in an Investment Product involves risk, as disclosed in the Prospectus. An Investment Manager may engage in investment practices or trading strategies that may increase the risk of investment loss and a loss of principal may occur. The risk management techniques which may be utilized by an Investment Manager cannot provide any assurance that an Investment Product will not be exposed to risks of significant trading losses. Any descriptions involving investment performance, statistical analysis, investment strategies or risk management techniques are provided for illustration purposes only, and will not apply in all situations, may not be fully indicative of any present or future investments, may be changed in the discretion of an Investment Manager and are not intended to reflect performance. Any portfolio characteristics and limits reflect guidelines only and are implemented, and may change, in the discretion of an Investment Manager. Investments are selected by, and will vary in the discretion of, an Investment Manager and are subject to availability and market conditions, among other factors without prior notice to investors. There is no requirement that an Investment Manager or an Investment Product observe these guidelines, or that any action be taken if these guidelines are exceeded or are not met or followed.

**Market Commentary**

Any opinions, assumptions, assessments, statements or the like (collectively, “Statements”) regarding future events or which are forward-looking, including regarding portfolio characteristics and limits, constitute only subjective views, beliefs or estimations of an Investment Manager, should not be relied upon, are subject to change due to a variety of factors, including fluctuating market conditions and economic factors, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond an Investment Manager’s or an Investment Product’s control. Future evidence and actual results (including actual composition and investment characteristics of an Investment Product’s portfolio) could differ materially from those set forth in, contemplated by, or underlying these Statements, which are subject to change without notice. There can be no assurance and no representation is given that these Statements are now, or will prove to be accurate, or complete in any way. The Investment Manager undertakes no responsibility or obligation to revise or update such Statements. Statements expressed herein may not be shared by all personnel of Commonfund.

**Performance**

**Open-End Investment Products**

Unless otherwise indicated, performance of open-end Investment Products shown is unaudited, net of applicable management, performance and other fees and expenses, presumes reinvestment of earnings and excludes investor specific sales and other charges. Fees may be modified or waived for certain investors. Please refer to an Investment Product’s Prospectus or the Investment Manager’s Form ADV Part 2A for more information regarding the Investment Product’s fees, charges and expenses. An investor’s actual performance and actual fees may differ from the performance information shown due to, among other factors, capital contributions and withdrawals or redemptions, different share classes and eligibility to participate in “new issues.” Where applicable, returns take into consideration the reinvestment or “recycling” of investment proceeds.

**Closed-End Investment Products**

Unless otherwise indicated, performance of closed-end Investment Products shown is net of all fees and any carried interest and excludes commitments by the applicable general partner and any limited partners that do not pay a management fee. Each Investment Product’s Internal Rate of Return ("IRR") should be evaluated in light of the information and risks disclosed in the respective Prospectus. Certain investors in an Investment Product may receive a management fee and management fee discount; performance data herein reflects the weighted average blended management fee applicable to actual limited partners of such vehicles. Return information is calculated on a dollar-weighted (e.g., internal rate of return), since inception basis. There can be no assurance that unrealized investments ultimately will be realized at the valuations used in calculating IRRs or Net Multiples or that the calculated IRRs will be obtained. Actual realized returns will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale. Certain Investment Products use leverage to finance investments, which may involve a high degree of financial risk. Such Borrowings has the potential to enhance overall returns that exceed the Investment Product’s cost of borrowed funds; however, borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Investment Product’s cost of borrowed funds. Where applicable, returns take into consideration the reinvestment or “recycling” of investment proceeds.
Commonfund Important Notes

HYPOTHETICAL PORTFOLIOS AND HYPOTHETICAL RESULTS | GENERALLY

Certain asset-allocation frameworks depicted in this presentation are hypothetical and do not represent the investment performance or the actual accounts of any investors (“Hypothetical Portfolio”). Performance of Hypothetical Portfolios and other composite performance results (based on sector attribution and other dissections and combinations of actual Investment Product performance) should be considered hypothetical results (collectively, "Hypothetical Results"). Hypothetical Portfolios and Hypothetical Results do not reflect actual trading or performance by an Investment Product or an investor, or a recommendation on the part of an Investment Manager or CSI to any particular investor; nor should they be considered as indicative of the skills of the Investment Adviser. Hypothetical Portfolios and Hypothetical Results are provided for illustrative purposes only and do not guarantee past or future investment results. Hypothetical Results are based on assumptions, and, except where such results are based on actual historical performance of Investment Products, they do not reflect the impact that economic and market factors may have on investment decisions for an Investment Manager. Differences between the hypothetical assumptions and an actual investment are material and decrease substantially the illustration value of any Hypothetical Results. Hypothetical Portfolios may not take into account the goals, risk tolerance and circumstances of each investor. An investment decision should not be based on Hypothetical Results.

ADVISORY SERVICES

Advisory services, including those described under the trade name “Commonfund Strategic Solutions,” are generally provided by Comanco or, on occasion, by CCI and subject to an investment advisory agreements. Comanco’s and CCI’s Form ADV Part 2A will be provided upon request.

OUTSOURCED CHIEF INVESTMENT OFFICER (OCIO)

There is no legal or regulatory term defining “OCIO” or “outsourced chief investment officer” services, and the meaning of such term varies from one individual to another. Accordingly, such services have been defined for purposes hereof to mean the management of (i) an institution’s long-term or operating reserves (“Reserves”) pursuant to an investment management agreement executed between a registered investment advisor and such institution (or, in certain limited circumstances, through a fund or separate account structure intended to achieve comparable objectives) and (ii) all or substantially all of an institution’s Reserves, with advice related thereto being provided to such institution by a registered broker-dealer and which advice is solely incidental to the conduct of such broker-dealer’s business or to its brokerage services.

BENCHMARKS AND FINANCIAL INDICES

Benchmarks and financial indices are shown for illustrative purposes only. They provide general market data that serves as point of reference to compare the performance of Investment Product’s with the performance of other securities that make up a particular market. Such benchmark and indices are not available for direct investment and their performance does not reflect the expenses associated with the management of an actual portfolio, the actual cost of investing in the instruments that comprise it or other fees. An Investment Product’s investment objective is not restricted to the securities and instruments comprising any one index. No representation is made that any benchmark or index is an appropriate measure for comparison. For a list of commonly used indices, please visit www.commonfund.org/important-disclosures. This list may not represent all available indices or those indices used in this material.

CERTAIN RISKS

Portfolio, volatility or return targets or objectives, if any, are used solely for illustration, measurement or comparison purposes and as an aid or guideline for prospective investors to evaluate a particular Investment Product’s strategy, volatility and accompanying information. Such targets or objectives reflect subjective determinations of an Investment Manager based on a variety of factors including, among others, the Investment Product’s investment strategy and prior performance (if any), volatility measures, portfolio characteristics and risk, and market conditions. Volatility and performance will fluctuate, including over short periods, and should be evaluated over the time period indicated and not over shorter periods. Actual volatility and returns will depend on a variety of factors including overall market conditions and the ability of an Investment Manager to implement an Investment Product’s investment process, investment objectives and risk management. Performance targets or objectives should not be relied upon as an indication of actual or projected future performance; such targets or objectives may not be achieved, in whole or in part. For a list of commonly used measures of risk, please visit www.commonfund.org/important-disclosures.

The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in an Investment Product and is subject to disclosures in such Investment Product’s Prospectus. Please refer to and review carefully the Investment Product’s applicable Prospectus for a more detailed list of the Investment Product’s risks and other disclosures prior to making any investment in such Investment Product.

Asset allocations may not equal 100% due to rounding.

Past performance is not indicative of future performance. An investor may lose all or a substantial portion of their investment in an Investment Product.

Interests in Commonfund funds and those offered by Commonfund’s affiliates are placed by Commonfund Securities, Inc., a member FINRA, SIPC.

www.commonfund.org/important-disclosures