
Sample Investment Policy

Introduction

This statement of investment policy was adopted by the Board of Directors of "Organization Name" on "Date", to provide for the creation of, and guidelines for the management of, various funds held by the organization. These policies supersede any and all prior actions regarding investment policies.

For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investment pools.

- **"Operating Fund"**
- **"Short-term Reserve Fund"**
- **"Long-term Reserve Fund"**
- **"Endowment Fund"**

Procedures

- I. The following procedures will be followed to ensure the investment policy statement is consistent with the mission of "Organization Name" and accurately reflects current financial conditions:
 - A. The Finance Committee shall review this investment policy annually.
 - B. The Finance Committee will recommend any changes in this policy to the Board of Directors.
- II. The following procedures will be used to determine the dollar amounts to be placed in the each of the various funds.
 - A. The Executive Director or his/her designee will recommend the dollar amounts to be held in the Operating Fund and Short-term Reserve Fund.
 - B. The Finance Committee will recommend the dollar amounts to be held in the Long-Term Reserve Fund and Endowment Fund.

Delegation of Authority

The Finance Committee is a fiduciary, and is responsible for directing and monitoring the investment management of the various fund assets on behalf of "Organization Name". As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to Investment Management Consultant, Investment Manager, Custodian, and additional specialists.

It is anticipated that the services of a registered investment manager may be sought to manage portions of the Long-term Reserve and/or Endowment Funds. The following procedure shall be followed to engage a new or replace a current investment manager:

- A. The Treasurer and the Finance Committee will recommend the hiring or replacing of an investment manager to the Board of Directors.
- B. The Treasurer and the Finance Committee will nominate prospective candidates and send a Request for Proposal to each candidate.
- C. The Treasurer and the Finance Committee will review proposals and interview candidates to determine appropriate investment manager(s).
- D. The Finance Committee will make the hiring recommendation to the Board of Directors, who shall have the final approval.

Operating Fund

Purpose

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of "Organization Name" in a timely manner.

Investment Objectives

The investment objectives of the Operating Fund are:

- Preservation of Capital;
- Liquidity; and
- To optimize the investment return within the constraints above.

Investment Guidelines

Allowable Investments

The Executive Director and Treasurer if authorized by the Board of Directors will invest the BBBS Operating Fund as follows:

1. Interest bearing Savings Account
2. Certificates of Deposit at insured commercial banking organizations;
3. Money market funds;
4. Interest bearing checking accounts;
5. Direct obligations of the U.S. Government, its agencies and instrumentalities.

Maturity

The maturities on investments for the Operating Fund shall be 12 months or less.

Reporting

The Executive Director or his/her designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors;

1. Schedule of investments;
2. Interest income year to date;

Short-term Reserve Fund

Purpose

The purpose of the Short-term Reserve Fund is to meet the expenses occurring as a result of unanticipated activities and to improve the return on the funds held for expenditure for up to five years.

Investment Objectives

The investment objectives of the Short-term Fund are:

- Preservation of capital;
- Liquidity; and

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- To optimize the investment return within the constraints above.

Investment Guidelines

Allowable Investments

The Executive Director and Treasurer if authorized by the Board of Directors will invest the Short-term Fund as follows:

1. Interest bearing savings account
2. Certificates of Deposit at insured commercial banking institutions;
3. Money market funds that invest in government backed securities;
4. Interest bearing checking accounts;
5. Direct obligations of the U.S. Government, its agencies and instrumentalities.
6. Mutual funds that invest in direct obligations of the U.S. Government, its agencies and instrumentalities.

Maturity

The Short-term fund shall have a weighted average maturity of three years or less. The maximum maturity shall be 5 years.

Reporting

The Executive Director or his/her designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

1. Schedule of Investments which includes schedule of performance since purchase or last 5 years;
2. Interest Income year to date;
3. Current yield.

Long-term Reserve Fund

Purpose of Long-term Reserve Fund

The purpose of the Long-term Reserve Fund is to provide secure long-term funding for the mission of "Organization Name". The assets of the Long-term Reserve Fund shall be managed in such a way as to facilitate the organization's goals and objectives as outlined by the Board of Directors. Expenditure of the principal is board designated unless otherwise designated by the donor(s) in part or in whole. Also, at the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

Investment Objectives

In order to meet its needs, the investment strategy of the Long-term Reserve Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the Long-term Reserve Fund shall be:

- Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.

Investment Guidelines

General Principles

1. Investments shall be made solely in the interest of "Organization Name" and Long-term Reserve Fund.
2. The assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting

in like capacity and familiar with such matters would use in the investment of a like fund.

3. Investment of these funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. "Organization Name" may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times by investment in Short-term cash equivalents to provide safety, liquidity and return.

Specific Investment Goals

Over the investment time horizon established it is the goal of the Long-term Reserve Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index.

The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principles stated above.

Diversification

Investment management of the assets of the Long-term Reserve Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
Equities	30%	70%
Fixed Income	30%	70%
Cash Equivalents	0%	20%

The Finance Committee may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate portfolio, such disciplines must fit within the overall asset allocation guidelines established in this statement.

The Finance Committee will meet annually to monitor and reevaluate investment allocation in reference to the Long-term Reserve Fund Asset classes.

Allowable Assets

The Long-term Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Long-term Reserve Fund, with minimal impact on market price.

1. Cash Equivalents
 - a. Treasury bills
 - b. Money market funds
 - c. Commercial paper
 - d. Banker's acceptances
 - e. Repurchase agreements
 - f. Certificates of deposit

2. Fixed Income Securities
 - a. U.S. Government and Agency securities
 - b. Corporate notes and bonds (investment grade, at least BBB)
 - c. Mortgage-backed bonds
 - d. Preferred stock

3. Equity Securities
 - a. Common stocks
 - b. Convertible notes and bonds
 - c. Convertible preferred stocks
 - d. American Depository Receipts of non-US companies (ADRs)

4. Mutual Funds that invest in securities as allowed in this statement

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange and NASDAQ.

Performance Reporting

The Long-term Reserve Fund will be evaluated at least semi-annually on a total return basis. The evaluation will be based on the stated investment goals. Comparisons will show results for the year-to-date. The report will be prepared by the Treasurer and will be presented to the Finance Committee at least semiannually. The Finance Committee will present a report to the Board of Directors at least annually.

Endowment Fund

Purpose of Endowment

The purpose of the Endowment Fund is to provide permanent funding for the mission of "Organization Name". The assets of the Endowment shall be managed in such a way as to facilitate the organization's goals and objectives as outlined by the Board of Directors. The principal is permanent and irrevocable; thus it can never be spent. At the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

Investment Objectives

In order to meet its needs, the investment strategy of the Endowment Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the Endowment Fund shall be:

- Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.

Investment Guidelines

General Principles

6. Investments shall be made solely in the interest of "Organization Name" and Long-term Reserve Fund.
7. The assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting

in like capacity and familiar with such matters would use in the investment of a like fund.

8. Investment of these funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
9. "Organization Name" may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
10. Cash is to be employed productively at all times by investment in Short-term cash equivalents to provide safety, liquidity and return.

Specific Investment Goals

Over the investment time horizon established it is the goal of the Endowment Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index.

The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principles stated above.

Diversification

Investment management of the assets of the Endowment Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
Equities	30%	70%
Fixed Income	30%	70%
Cash Equivalents	0%	20%

The Finance Committee may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate portfolio, such disciplines must fit within the overall asset allocation guidelines established in this statement.

The Finance Committee will meet annually to monitor and reevaluate investment allocation in reference to the Endowment Fund Asset classes.

Allowable Assets

The Endowment Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Endowment Fund, with minimal impact on market price.

5. Cash Equivalents
 - a. Treasury bills
 - b. Money market funds
 - c. Commercial paper
 - d. Banker's acceptances
 - e. Repurchase agreements
 - f. Certificates of deposit

6. Fixed Income Securities
 - a. U.S. Government and Agency securities
 - b. Corporate notes and bonds (investment grade, at least BBB)
 - c. Mortgage-backed bonds
 - d. Preferred stock

7. Equity Securities
 - a. Common stocks
 - b. Convertible notes and bonds
 - c. Convertible preferred stocks
 - d. American Depository Receipts of non-US companies (ADRs)

8. Mutual Funds that invest in securities as allowed in this statement

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange and NASDAQ.

Performance Reporting

The Endowment Fund will be evaluated at least semi-annually on a total return basis. The evaluation will be based on the stated investment goals. Comparisons will show results for the year-to-date. The report will be prepared by the Treasurer and will be presented to the Finance Committee at least semiannually. The Finance Committee will present a report to the Board of Directors at least annually.