Non-Profit Name (XYZ)

Investment and Distribution Policy Statement

I. Purpose

The purpose of this Investment Policy is to provide a clear statement of the XYZ's investment objective, to define the responsibilities of the Board of Directors and any other parties involved in managing the XYZ's investments, and to identify or provide target asset allocations, permissible investments, and diversification guidelines.

II. Investment Objectives & Constraints

XYZ's goal is to build and investment portfolio that will provide short-term security through its "rainy-day" investments and financial sustainability through its equity investments.

The overall investment strategy of XYZ is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing with an emphasis on companies that practice "conscious capitalism", as well as through the maintenance of a diversified portfolio.

The premise behind conscious capitalism is that businesses should operate ethically while they pursue profits. This means they should consider serving all stakeholders involved including their employees, humanity, and the environment—not just their management teams and shareholders.

III. General Provisions

- All transactions shall be for the sole benefit of the Organization.
- The Directors shall consider updating the Organization's investment policy on an annual basis.
- The Directors shall conduct an annual review of the Organization's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of the Organization's financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Directors.

- The Directors will endeavor to operate the Organization's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets [including IRC §4944 if the Organization is classified as a private organization for federal tax purposes.]

- Investments shall be diversified with a view to minimizing risk.

IV. Delegation of Responsibility, Reliance on Experts and Advisors

- The Board of Directors has ultimate responsibility for the investment and management of the Organization's investment assets.

- The Board may delegate authority over the Organization's investments to a properly formed and constituted Investment Committee, being a Board Committee comprised only of directors.

- The Board or Investment Committee may hire outside experts as investment managers.

- The Board may also establish an advisory committee (which may include non-directors) to provide investment advice to the Board or to the Board Committee. Advisory committees have no authority to act for the Board, but may monitor compliance with the investment policy, recommend changes, and assist the Board or Board Committee in selecting and retaining Investment Managers to execute this Investment Policy.

V. Responsibilities of the Board, or if Authority is Delegated, The Investment Committee

- The Board, or if authority is delegated, the Investment Committee, is charged with the responsibility of managing the investment assets of the Organization. The specific responsibilities of the Board or the Investment Committee, as applicable, include:

  1. Communicating the Organization's financial needs to the Investment Managers on a timely basis.

  2. Determining the Organization's risk tolerance and investment horizon and communicating these to the appropriate parties.

3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.

4. Prudently and diligently selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).

    a. The Prudent Investor Rule is based on the following five basic principles:

        i. Sound diversification is fundamental to risk management and is therefore ordinarily required of the Investment Committee.

        ii. Risk and return are so directly related that the Investment Committee has a duty to analyze and make conscious decisions concerning the levels of risk appropriate to the purposes, distribution requirements, and other circumstances of the Portfolio.

        iii. The Investment Committee has a duty to avoid fees, transaction costs, and other expenses that are not justified by needs and realistic objectives of the Portfolio

        iv. The fiduciary duty of impartiality requires a balancing of the elements of return between production of income and the protection of purchasing power

        v. The Investment Committee may have a duty as well as having the authority to delegate as prudent investors would

        vi. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.

        vii. Developing and enacting proper control procedures, e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

VI. Responsibilities of Investment Managers or Custodian

- **Each investment manager will invest assets placed in its care in accordance with this investment policy.**

- Each investment manager must acknowledge in writing **acceptance of responsibility as a fiduciary.**

- Each investment manager will have **full discretion in making all investment decisions** for the assets placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:

  1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.

  2. Reporting, on a timely basis, investment performance.

  3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.

  4. Informing the Board, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.

  5. Administering the Organization's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the Organization.

VII. General Investment Guidelines

- A copy of this Investment Policy shall be provided to all Investment Managers.

- The Organization is a tax-exempt Organization as described in section 501(c) (3) [or section 501(c) (6), etc., as applicable] of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Organization investments.

- The Organization is expected to operate in perpetuity; therefore, a 10-year investment horizon or longer shall be employed. Interim fluctuations should be viewed with appropriate perspective. A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for grant distributions, tax obligations and other anticipated expenses. This cash account will be held at the Organization's bank/credit union.

- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- Permitted investments include: Cash and cash equivalents, marketable securities including equities, exchange traded funds, mutual funds and fixed income securities.
- The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, annuities, leverage or letter stock.

VIII.Diversification

- The Organization will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments in the equity securities of any one company shall not exceed 10% of the portfolio nor shall the total securities position (debt and equity) in any one company exceed 20% of the portfolio.
- Reasonable sector allocations and diversification shall be maintained.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

IX. General Asset Allocation Guidelines

- The asset allocation policy shall be predicated on the following factors:
    1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
    2. The correlation of returns among the relevant asset classes.
    3. The perception of future economic conditions, including inflation and interest rate assumptions.
    4. Liquidity requirements for the projected distributions and other charitable expenditures.

5. The relationship between the current and projected assets of the Organization and projected liabilities.

X. Asset Allocation Guidelines

- The Organization's asset allocation strategy and applicable guidelines is described below.

1. Strategic Asset Allocation: Long-term asset allocation based on expected returns, volatility, and the Organization's unique risk tolerance and/or investment objectives. It is expected that changes in the Organization's risk tolerance and/or investment objectives will be the primary driver of changes to the Strategic Asset Allocation.

2. Strategic Targets:

Asset Class	Sub-Asset Class	Target Allocation
Equity		60% - 80%
	U.S.	50-80%
	Non-U.S	0-30%
Fixed Income		5 – 40%
Cash		0 – 5%

3. Allocation Range: A specific target allocation (within the range above) should be driven by the Organization's ability to hold a minimum of 25% of its annual expenses, in low volatility investments such as bonds and cash. This will provide the organization with a "rainy-day" fund to cover operational cost if revenue's drop significantly. At the same time, the Board understands that holding a higher percentage of cash will likely dampen long-term growth of the organization's portfolio.

4. Asset Class Constraints: The weighting of each asset class shall be constrained within +/- 5% of the Strategic Asset Allocation targets.

5. This constraint serves as a trigger to rebalance the portfolio, as well as a constraint within which tactical shifts to the portfolio must remain.

6. Rebalancing: Shall take place if the weighting of any asset class is outside of the Asset Class Constraints, or at the discretion of the Investment Manager. A rebalancing of the portfolio should bring the weightings of each asset class listed above back in line with its Strategic Asset Allocation target, unless there has been a tactical change within an asset class, for which the rebalancing shall bring the weighting back to the target Tactical Asset Allocation for that asset class. Trading costs should also be considered prior to rebalancing the entire portfolio.

XI. Performance

- Performance objectives are to be met on a net of fees basis. The investment performance of each manager will be measured on two levels: against inflation objectives for the total Organization and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on no less than a three-year history, but preferably five-to-ten-year basis. This allows for market fluctuations and volatility.

XII. Conflicts of Interest

- Any person involved in the oversight or management of the portfolio should disclose any material conflict of interest directly to the Board.

XIII.Spending/Distribution Policy

- The Board of Trustees determines and implements the policy based on calendar year investment returns through December 20th and the needs of the organization. Investment staff provides input to the Board and will facilitate a distribution from the portfolio once the amount is confirmed by the Board.
- The distribution amount will be guided by the following criteria:
  - If the portfolio grew at a rate < 3% the distribution will be 3% of the portfolio value.
  - If the portfolio grew at a rate > 3% but < 8% the distribution will be 4% of the portfolio value.
  - If the portfolio grew at a rate > 8% the distribution will be 5% of the portfolio value.
  - For organizations that have a required distribution rate, per IRS code, the board to is to work with the investment manager to meet requirements.
- The Board has the power to forego distributions for any given year.

XIV.INVESTMENT POLICY REVIEW

- The Board will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently.
- In particular, short-term changes in the financial markets should not require adjustments to the IPS.

This statement of investment policy is adopted on _______________by the Board represented by the signatures appearing below.

_________________________________ _____________________________

Board President Treasurer