

Keokuk Area Community Foundation

For Good! For Ever!

INVESTMENT POLICY

POLICY OBJECTIVES: Investment of funds.

The Board of Directors (the Board) of the Keokuk Area Community Foundation (KACF) bears responsibility for the management of the assets contributed to KACF. The Board shall discharge this responsibility solely in the interest of the Foundation in a manner that a prudent person, acting in a like manner and capacity, would employ.

In the discharge of its asset management responsibilities, the Board recognizes it must make prudent decisions with respect to:

- Establishing reasonable investment objectives.
- Selecting qualified investment professionals.
- Determining risk tolerance and time horizon.
- Evaluating performance of the investment professionals.
- Changes and revisions to this investment policy.

The Finance Committee (Finance) of the Board shall be directly responsible for KACF's adherence to these policy objectives and shall recommend to the Board any such changes and revisions to this policy it deems to be appropriate.

DELEGATION OF AUTHORITY:

Due to the current size of KACF, the Board recognizes that it does not have the expertise or asset base to directly manage the investment of its assets in an efficient manner. Accordingly, investment responsibilities shall be delegated to third party providers in the following manner:

A.) Endowed Funds and Agency Funds:

(See Gift Guidelines policy statement of KACF)

All funds donated to KACF to establish, or continue, permanent endowments, shall be transmitted to a qualified Community Foundation in Iowa. Prior to such transmittal, KACF must have an agreement with the Community Foundation permitting it to manage, invest, and reinvest these funds once they have been converted to a liquid form. These funds shall be invested by such Community Foundation in accordance with its established investment policy and procedures.

KACF INVESTMENT RESPONSIBILITIES FOR ENDOWED AND AGENCY FUNDS:

Placing these funds with a Community Foundation implies not only the transfer of investment accountability for the funds but also the transfer of administrative tasks associated with grants to be made from the funds. KACF Finance will annually review the investment performance of the endowed funds by relating such performance to appropriate benchmarks and expected returns for the investment style employed. Significant variances will be discussed with the Community Foundation to gain better understanding of both past variances from standard and expected future performance. It is recognized, however, that evaluation of the Community Foundation's effectiveness must take into account both investment performance and the efficiency and accuracy of the administrative tasks performed in association with management of the funds.

B.) Non-Endowed Funds: (See *Gift Guidelines policy statement of KACF*)

Funds donated to KACF that exceed \$50,000 and have an expected fund life of at least five years shall be contributed to a national charitable organization that maintains and manages donor advised funds for the purpose of making contributions to qualified charitable organizations. Such organization shall be responsible for the investment of these funds and will employ those investment partners deemed to be appropriate by such organization. The organization will invest the funds in a manner that conforms to general investment style provided by KACF for each such fund.

For these non-endowed funds: It shall be the responsibility of the Finance Committee reporting to the KACF Board for:

- Establishment of investment objectives for each fund consistent with the stated purpose of the fund.
- Selection of an appropriate national charitable organization that offers donor advised funds
- Determination of the general investment style (*money market, conservative, balanced or aggressive*) for each fund after consideration of any general investment style preference offered by the donor.
- Directing the national charitable organization to invest the fund in accordance with the general investment style selected for each fund.
- Evaluating performance of the national charitable organization.

Non-Endowed Funds: \$10,000 to \$50,000: (See *Gift Guidelines policy statement*)

These funds shall be invested by KACF in savings accounts maintained at local financial institutions.

- Funds shall be invested in separate savings accounts at local financial institutions.

- Investment shall be made by the Executive Director of KACF with appropriate reporting to the Finance Committee.

INVESTMENT RESPONSIBILITIES FOR NON-ENDOWED FUNDS:

INVESTMENT OBJECTIVE

Investment objectives shall be established after consideration of the purpose for establishing the fund and any stated general investment style that may be offered by the donor. In general, the investment objective should attempt to balance the prudent preservation of principle, so that it is available for charitable grants, with the desire for moderate growth of the fund.

NATIONAL CHARITABLE ORGANIZATION OFFERING DONOR ADVISED FUNDS:

It is the intent of KACF to place significant non-endowed gifts in a donor-advised fund administered by a national charitable organization such as the National Philanthropic Trust. The selection of the appropriate organization will be based on the following requirements:

- The organization has 501(c)(3) status
- It offers an array of investment vehicles that provide opportunities for:
 - Money market funds
 - Conservative portfolio
 - Balanced portfolio
 - Growth portfolio
- It offers on-line capability for investment portfolio selection and grant making
- It screens for appropriate 501(c)(3) status of grant recipients
- It provides proper communication and identification to grant recipients
- It administers the appropriate reporting responsibilities for a donor-advised fund

INVESTMENT STYLE

The donor of the significant non-endowed fund to KACF will have the option of specifying a desired investment style for the fund (*money market, conservative, balanced, aggressive*).

If an investment style is indicated, KACF Finance shall select an investment portfolio offered by the national charitable organization that most closely fits the investment style desired. As these funds are now owned by KACF, KACF Finance reserves the right to select the investment style it feels best fits the purpose of the fund. If the style selected is at variance to the desires of the donor, the reason for departure from the donor's desire shall be documented and communicated to the donor.

If no investment style is indicated by the donor, the funds shall be invested in a balanced portfolio. Departure from this policy shall be documented in writing that clearly indicates the basis for not selecting a balanced portfolio.

PERFORMANCE EVALUATION

On an annual basis, the KACF Finance shall evaluate the performance of the national charitable organization providing investment and administration of non-endowed donor-advised funds of KACF. This evaluation shall take into consideration the performance of the investment portfolio in relation to generally accepted benchmark returns and will also consider the efficiency and accuracy of the grant making process and related administrative documents and reporting proficiency.