

Investment Policy
Unitarian Universalist Congregation of Whidbey Island
Adopted November 14, 2016

PURPOSE

This policy is intended to guide the Board of Directors in meeting their fiduciary responsibilities to prudently manage the investments of the Unitarian Universalist Congregation of Whidbey Island (UUCWI). The Board recognizes its role is advisory as to investment strategy and will delegate to the Treasurer and Finance Committee the choice of specific investments. This policy should represent current consensus of the Board of Directors' philosophy and will therefore need to be reviewed and revised periodically to ensure the policy continues to reflect the Board's attitudes, expectations, and objectives. It is intended to be specific enough to give a meaningful basis for evaluation of portfolio management but flexible enough to be practicable.

I. GOALS and OBJECTIVES

UUCWI's funds shall be invested in an effort to achieve the following objectives:

- A. To hold in reserve funds equal to or more than the average of six months operating expenses, (hereafter, the Operating Reserve). The Operating Reserve will be six times the average operating expense for the prior fiscal year. The reserve requirement will be reviewed and the reserve funds adjusted no less than annually.
- B. To preserve the capital by minimizing the probability of a loss of principal over the investment horizon. Emphasis is placed on managing return volatility, rather than maximizing total return.
- C. To structure the portfolio to ensure that assets will be available when required.
- D. To achieve a return in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of the portfolio's assets. Risk management is an important consideration when managing the portfolio's assets.
- E. Long-term growth of the portfolio: to emphasize long-term growth of principal while avoiding unwarranted risk. Short-term volatility shall be tolerated in as much as it is consistent with the volatility of a comparable index.

II. RESPONSIBILITIES of the BOARD of DIRECTORS

It is the responsibility of the Board (who may delegate to the Finance Committee) to:

- A. Oversee and maintain a sound and consistent investment policy that can be used in formulating investment decisions.

- B. Establish reasonable investment objectives.
- C. Monitor and evaluate investment performance to assure adherence to the policy guidelines.
- D. Take appropriate action to ensure that overall risk exposure of the portfolio is consistent with UUCWI's risk tolerance level.

III. RESPONSIBILITIES of STAFF and FINANCE COMMITTEE

- A. The Treasurer shall report performance results to the Board annually.
- B. All actions taken by the Finance committee related to investment accounts shall be reported to the Board at least quarterly.

IV. REVIEW and CONTROL

- A. All investments shall be purchased in the name of UUCWI, its Endowment Fund, or its Capital Campaign Fund.
- B. The signatures of two authorized signatories must be obtained for withdrawals of assets from the portfolio.

V. INVESTMENT GUIDELINES

The Board recognizes that risk is present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of some risk is warranted in order to allow the opportunity to achieve a higher long-term rate of return.

- A. The following investment types are considered to be consistent with the objectives and fiduciary character of the portfolio:
 - 1. Federal Agency Securities
 - 2. Certificates of Deposit
 - 3. U.S. Treasuries
 - 4. Money Market Funds
 - 5. Bond Mutual Funds
 - 6. Bond Index/Exchange Traded Funds
 - 7. Diversified Equity Mutual Funds
 - 8. Equity Index/Exchange Traded Funds
 - 9. Fund of Funds

B. The following types of assets are expressly prohibited:

1. Commodities
2. Futures
3. Foreign Securities, other than those held in assets listed in V.A.7. through V.A.9.
4. Warrants and Options
5. Single issues of any corporate stock or bond

C. Allocation and Diversification

1. No single fund shall constitute more than 20% of the portfolio, unless it is a “Fund of Funds,” which may be 40% of the portfolio.
2. The six-month Operating Reserve (as defined in Section 1.A. above) shall be maintained as follows:
 - a. One month or more of the operation expenses shall be kept in cash or cash equivalents in FDIC insured accounts. This amount will be set as the average of the monthly operating expenses for the prior fiscal year.
 - b. Remaining Operating Reserve: Approximately 70% to be invested in V.A.1. through V.A.6. above and approximately 30% to be invested in V.A.7. through V.A.9.
3. Funds in excess of the Operating Reserve may be invested in any of the items listed in Section V.A., provided that no more than half of such funds (50%) are invested in the items described by V.A.7. through V.A.9.

It is the policy of the Board that donated securities shall be sold immediately, and the cash will be invested in accordance with this Investment Policy.

Approved by the Board on November 14, 2016.