



Tillicum Foundation/Coast Community Radio

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Tillicum Foundation Investment Policy Statement

PURPOSE OF INVESTMENT POLICY

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

INVESTMENT OBJECTIVE

The overall investment objective of the Organization is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

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 the management of investment assets.

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 Board Committee may hire outside experts as investment consultants or investment managers.

The Board may also establish an advisory committee (which may include non-members) 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.

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 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, which may include investment managers(s), investment consultant(s), and custodian(s).
5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.

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.

RESPONSIBILITIES OF INVESTMENT MANAGERS

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, **monthly** investment performance results.
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. Voting proxies, if requested by the Board, or if authority is delegated, the Investment Committee, on behalf of the Organization.
6. 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.

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) 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 shall be employed. Interim fluctuations should be viewed with appropriate perspective. [The foregoing may or may not be included, as applicable, depending upon the Organization's liquidity requirements.]
- 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.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- The Investment Committee will periodically evaluate whether the investments align with the values of the Tillicum Foundation subject to approval of the Board of Directors.

[Note: The Organization should determine its own credit quality standards and prohibited transactions, based on its investment objectives and risk tolerance. The following two bullet items represent samples only and are not recommended for use without review by investment counsel.]

- No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:
 1. BBB by Standard & Poors for straight bonds and convertibles
 2. Baa3 by Moody's Investor Service for straight bonds and convertibles
 3. A1 by Standard & Poors for short term securities
 4. P1 by Moody's Investor Service for short-term securities
 5. AAA for money market accounts
- The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.

Donor Restrictions

Any gift in a will that is *not* Donor-Restricted, during a time in which TF has no outstanding debts or budget shortfalls and has a operating reserve (a k a “contingency fund”) that can cover at least six months’ expenses, said unrestricted gift will be ***Foundation Restricted*** under the following terms:

1. If a gift in will is unrestricted by the donor, the ED and BOD, at their discretion, may divert any amount of said gift in a will toward repayment of any outstanding debts or to cover any temporary budget shortfalls.
2. If the Foundation has no outstanding debt or budget shortfall and has an operating reserve of 6 months expenses at the time of receipt of a gift in will, the ED and BOD will allocate 100% of said gift in will to the endowment fund as Foundation Restricted fund.
3. Once a gift has been Foundation Restricted and invested in the endowment fund, the ED and BOD may pull up to 25% annually of the principle of Foundation Restricted funds in times of financial emergency including, but not limited to, major equipment failure, or major repairs of the Tillicum House.
4. Emergency may be defined “as a serious situation or occurrence that happens unexpectedly and demands immediate attention.”

Any gift in will or donation that is ***Donor-Restricted*** to the endowment fund will be permanently restricted as per the donor’s requirements.

1. Donor Restricted Funds may not be returned to general operating funds other than in dire financial emergencies and only with written donor permission, a full majority vote of the BOD and then only in a limited 25% capacity. Should a donor be deceased, their funds will remain permanently restricted to the endowment.

In the case of the demise of the Tillicum Foundation, the BOD and the ED may decide on the redistribution of investments into local or regional non-profits that share values and mission of the Tillicum Foundation.

DIVERSIFICATION

- The Organization will maintain a reasonable diversification of investment assets.
- Investments in the equity securities of any one company shall not exceed [5%] of the portfolio nor shall the total securities position (debt and equity) in any one company exceed [10%] of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than [25%] of the entire portfolio may be invested in the securities of any one sector.
- 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.

PERFORMANCE

Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class 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 a three to five-year basis to allow for market fluctuations and volatility.

RESERVE FUND EXPENDITURES

Each year, Tillicum Foundation is authorized to withdraw up to 5% of the total market value of the insurance premium reserve investment account (market value to be determined as of the last business day of the preceding year) for the organization's operating purposes. That spending percentage is applied to the three year average of the December market value. Using a three-year market value average will help to even out any fluctuations that may occur in the value of the account. The dollar amount and timing of any distribution(s) from the investment account will be left up to the discretion of the Station Manager and the Treasurer.

Drafted by David Campiche and Graham Nystrom