

Investment Policy for the
UNITARIAN UNIVERSALIST FELLOWSHIP OF BOZEMAN

Introduction

This Investment Policy is hereby adopted by the Board of Directors (the “UUFB Board”) of the Unitarian Universalist Fellowship of Bozeman (“the Organization) to provide guidelines for the management of various liquid, US Dollar denominated funds held by the Organization. These policies supersede any and all prior actions and previous investment policies. They are intended to be complete and to accompany and complement all current state and federal codes regarding the management, accounting, and reporting of non-profit assets.

To manage investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investment pools. Each account holding liquid assets owned by the Organization shall be held within one of the following funds:

1. A **Reserves & Special Funds** for the purpose of generating returns exceeding the current cash or cash equivalent funds to be used as outlined in the Purposes and uses of the Operating Reserve, which currently includes funds for the following: Fellowship Development Fund, Justice and Outreach Fund, Long-term Facilities Reserve, Minister Sabbatical, and Operating Funds;
2. An **Endowment Fund** for the purpose of creating additional financial reserves to assure the long-range future of the Organization, to help fund financial emergencies and to fund projects that support the vision and mission of the fellowship.

Procedures

- I. The following procedures will be adopted to ensure the investment policy statement is consistent with the mission of the Organization and accurately reflects current financial conditions:
 - a. The Investment Committee shall propose investments to the UUFB Board according to these broad guidelines provided by the Organization:
 - i. Preservation of capital
 - ii. Attain a return on investment above the rate of inflation
 - iii. Invest across a spectrum of stocks, bonds and funds to diversify risk
 - iv. Invest consistent with UUA principles and purpose
 - b. The Investment Committee shall review this investment guideline annually.
 - c. The Investment Committee will recommend any changes to this investment guideline to the UUFB Board.

- II. The Finance Committee will recommend to the UUFB Board the dollar amounts to be held in the **Reserves & Special Funds**.
- III. Expenditures from the **Endowment Fund** will be made according to the policies and direction from the UUFB Board. As a general rule, 4% of the Endowment Fund's year end value is available for annual operating expenses for the following fiscal year, with consideration for additional funds if investment results are exceptional.
- IV. The original guidelines adopted in 2018 by the Investment Committee for semi-annual review and recommendations to the UUFB Board for the **Reserves & Special Funds** and the **Endowment Fund** are hereby attached as Schedule 1.

Delegation of Authority

The Investment Committee, comprised of three (3) persons appointed by the UUFB Board of Directors, is responsible for directing and monitoring the assets of the Organization and is authorized to engage the services of and/or delegate certain responsibilities to professional experts, who may include, but are not limited to, Investment Management Consultants, Investment Managers, Financial Advisors, Registered Investment Advisors, Custodians, and/or additional specialists. The requested term for an Investment Committee member by the UUFB Board of Directors shall be for three (3) years, followed by one (1) year term increments or until a succeeding member may be appointed.

It is anticipated that the services of a registered investment advisor may be sought to manage a portion of the Endowment Funds. The Treasurer and the Investment Committee will recommend the hiring or replacing of an investment advisor to the Board of Directors, who shall have the final approval.

Adopted by UUFB Board, March 15, 2021

Schedule 1

RESERVES & SPECIAL FUNDS

Purpose

The purpose of the Reserves & Special Funds is to provide sufficient cash to meet the financial obligations of the Organization in a timely manner, expenses occurring as a result of unanticipated activities and to improve the return on the funds held for expenditure within a three to five year period.

Investment Objectives

The investment strategy of the Operating Reserve Fund will emphasize total return; that is, an aggregated return including capital appreciation as well as dividend and interest income.

Specifically, the primary investment objectives 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 in order to preserve purchasing power.
- Risks will be balanced with potential returns in the investment of UUFBA assets. A suitable risk tolerance for management of the Operating Reserve Fund is typically 2 – 4% above the three-year rolling rate of inflation.

Investment Guidelines

1. Investments shall be made with consideration for Socially Responsible Investing (SRI).
2. Investment of these funds shall be appropriately diversified as to minimize the risk of large losses as have been experienced in historical market environments.
3. Organization may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
4. Cash is to be employed productively at all times by investment in Short-term cash equivalents to provide safety, liquidity and return.

Allowable Investments

The Operating Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Operating Reserve Fund, with minimal impact on market price. The Treasurer if authorized by the Board of Directors may choose to hold the Operating Funds in the following securities and/or types of accounts:

1. Cash Equivalents.
2. Fixed Income Securities
3. Equity Securities

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

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized and regulated exchanges.

Reporting

The Treasurer and the Investment Committee shall prepare an investment performance report for presentation on a semi-annual basis to the UUF Board.

ENDOWMENT FUND

Purpose

The purpose of the Endowment Fund is to create additional financial reserves to assure the long-range future of the Organization, to help fund financial emergencies and to fund projects that support the vision and the mission of the Organization.

Investment Objectives

The investment strategy of the Endowment Fund shall be for:

- 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 in order to preserve purchasing power.

Investment Guidelines

1. Investments shall be made with consideration for Socially Responsible Investing (SRI).
2. Investment of these funds shall be appropriately diversified as to minimize the risk of large losses as have been experienced in historical market environments.
3. Organization may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.

Specific Investment Goals

Specific goals of the Endowment Fund, in order of priority shall be to

1. Meet or exceed the market index appropriate to the selected asset mix, gross of fees, over a reasonable period of time
2. Minimize volatility of the account, and
3. Provide liquidity necessary to achieving the long term goals of the Organization.

Allowable Investments

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 Operating Reserve Fund, with minimal impact on market price. The Treasurer if authorized by the Board of Directors may choose to hold the Operating Funds in the following securities and/or types of accounts:

1. Cash Equivalents.
2. Fixed Income Securities
3. Equity Securities
4. Mutual Funds and Exchange Traded Funds that invest in securities as allowed in this statement.

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized and regulated exchanges.

Reporting

The Treasurer and the Investment Committee shall prepare an investment performance report for presentation on a semi-annual basis to the UUF Board.

Adopted by Investment Committee, July 2018

Bruce DePriester
Dave Rockafellow
Paul Stouffer - Chair