

# **Windsor Library Association**

## **Investment Policy**

Adopted April 12, 2023

### **Purpose**

This policy establishes investment objectives, policies, guidelines, and eligible securities related to all assets held by Windsor Library Association primarily for charitable purposes. In doing so the policy:

- Clarifies the delegation of duties and responsibilities concerning the management of these funds.
- Identifies the criteria against which the investment performance of the organization's investments will be measured.
- Communicates the objectives to the Executive Committee, investment managers, brokers, donors, and funding sources that may be involved.
- Confirms policies and procedures relative to the investment of charitable funds.
- Serves as a review document to guide the ongoing oversight of the management of the organization's investments.

### **Delegation of Responsibilities**

The Executive Committee ("The Committee") has a direct oversight role regarding all decisions that impact the Windsor Library Association's charitable funds. The Committee has delegated supervisory responsibility for the management of our charitable funds to the Investment Committee. Specific responsibilities of the various bodies and individuals responsible for the management of our charitable funds are set forth below:

#### **Responsibilities of the Executive Committee**

The Committee shall ensure that its fiduciary responsibilities concerning the proper management of Windsor Library Association's charitable funds are fulfilled through appropriate investment structure, internal and external management, and portfolio performance consistent with all policies and procedures.

The Windsor Library Association membership shall annually approve or replace the Chair of the Investment Committee. The Committee shall annually approve or replace the three (3) additional standing members of the Investment Committee. The total membership of the Investment Committee shall also

include the Windsor Library Association's Treasurer. The President of the Windsor Library Association shall serve as a non-voting member.

Approve investment policies and objectives that reflect the long-term investment-risk orientation of the charitable funds.

### **Responsibilities of the Investment Committee**

Members of the Investment Committee are not held accountable for less than desirable outcomes, rather for adherence to procedural prudence, or the process by which decisions are made in respect to charitable funds assets. In consideration of the foregoing, the Investment Committee is responsible for the development, recommendation, implementation, and maintenance of all policies relative to Windsor Library Association charitable funds and shall:

- Develop and/or propose policy recommendations to the Executive Committee with regard to the management of all charitable funds.
- Recommend and, if necessary, implement, long-term and short-term investment policies and objectives for our charitable funds, including the study and selection of asset classes, determining asset allocation ranges, and setting performance objectives. These objectives are to be reviewed and approved by the Investment Committee at least annually.
- Contract with any necessary outside service providers, such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals.
- Ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of the Windsor Library Association; and that performance monitoring systems are sufficient to provide the Investment Committee with timely, accurate, and useful information.
- Determine that charitable funds are prudently and effectively managed.
- Monitor and evaluate the performance of all those responsible for the management of charitable funds using industry accepted benchmarks for each investment.
- Recommend the retention and/or dismissal of investment consultants and/or other outside professionals.
- Receive and review reports from investment consultants and/or other outside professionals, if any.
- Periodically meet with investment consultants and/or other outside professional's management, investment consultants and/or other outside professionals.

- Convene regularly to evaluate whether this policy, investment activities, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of charitable funds.
- Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments. Prepare and issue periodic status reports to the Executive Committee and members of the Windsor Library Association.

## **Investment Considerations**

The Investment Committee must consider the purposes of both, the Windsor Library Association and any donor or Executive Committee designated restrictions placed on assets in managing and investing charitable funds. All individuals responsible for managing and investing Windsor Library Association charitable funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the expenditure of donor restricted or unrestricted funds, each of the following factors must be considered, and properly documented, in the minutes or other records of the applicable decision-making body:

1. General economic conditions
2. Possible effect of inflation or deflation
3. Expected tax consequences, if any, of investment decisions or strategies
4. The role that each investment or course of action plays within the overall investment portfolio of the fund
5. Expected total return from the income and appreciation of investments
6. Other resources of the organization
7. The needs of the organization and the fund to make distributions and preserve capital
8. An asset's special relationship or special value, if any, to the organization's purposes

## **Guidelines for Investing**

Investment Objectives: Balanced growth and value with emphasis on capital appreciation over current income. Returns should exceed the totals of the spending rate, inflation, management fees and a modest increment for growth.

Risk Tolerance: Moderate with acknowledgement of potential for large losses in the short term.

**Time Horizon:** Long term. Greater than ten years.

**Asset Allocation Strategies:** The Investment Committee will review and approve on at least an annual basis, the asset allocation strategy for all investable funds. An asset class diversification will be implemented that matches our goal of very long-term growth with moderate risk.

**Liquidity Needs:** Funds available for distribution will be maintained in the checking account of the Fund. A spending policy will be reviewed and approved on an annual basis by the Executive Committee of the Windsor Library Association.

**Permissible Investments:** Mutual Funds, Exchange Traded Funds (“ETFs”) and Target Date Funds can be used to provide good asset class diversification. Individual stocks or bonds will not be held in the account, and any received as gifts will be immediately sold with proceeds invested. Alternative investments will not be considered as an investment option.

**Diversification:** There may be just one fund or ETF but the underlying investments should be diversified by asset class and sub-asset class.

**Performance Measurement:** Traditional blended benchmarks for funds with similar asset allocations will be used to compare investment returns to the goals and objectives. Also returns will be compared with the Consumer Price Index for the relevant periods.

### **Expenditure of Charitable Funds**

All decisions relative to the expenditure of charitable funds must assess the uses, benefits, purposes, and duration for which the charitable fund was established. An expenditure policy will be reviewed and approved on an annual basis.

For each decision to appropriate charitable funds for expenditure, an appropriate contemporaneous record should be kept and maintained describing the nature and extent of the consideration that the appropriate body gave to each of the stipulated factors.

Use of Charitable Funds in the annual budget planning will be determined by using a total return policy. The formula for this calculation will be based on the average of the most current 12 quarterly balances multiplied by a factor that represents a spending percentage that acknowledges the intended perpetuity of the endowments. The formula and factor are to be reviewed annually.