

The Conservation Foundation Investment Policy Statement

The funds of The Conservation Foundation (the “Foundation”) are to be invested in a manner consistent with achieving the mission of the Foundation. The Board of Trustees is responsible for establishing investment policies and retains ultimate fiduciary responsibility for the investment portfolios. Authority to manage the investment program is delegated to the Finance and Audit Committee (the “Finance Committee”) of the Foundation. In fulfilling these responsibilities, the Trustees are to be guided by the investment policy and objectives set forth herein.

Statement of Objectives

Foundation funds are to be invested with the primary objectives of:

- Maintaining liquidity
 - To assure the ready availability of funds for operations, the Foundation will maintain approximately six (6) months operating expenses in unencumbered cash or cash equivalents, including unrestricted funds invested in a CD or US Treasury Bill. Funds above this amount (“Funds Available for Investment”), as determined no less than quarterly, may be invested as set forth below and in accordance with the objectives set forth herein
- Preserving capital
 - The Foundation shall seek to preserve capital by investing in allowed asset classes with financial institutions that are insured by FDIC, or that carry SIPC coverage or are well capitalized, reputable trust company organizations. It also seeks to use professional management of its investment funds when possible.
- Earning a reasonable rate of return
 - The Foundation shall seek to earn a competitive market rate of return and will actively seek opportunities to increase the return on investment when making investment decisions and shall also consider factors beyond the rate of return when evaluating investment opportunities (i.e. banking relationships, sponsorship opportunities, community outreach, county location, etc.)
- Complying with donor restrictions and fund designations
 - In the case of funds which are subject to restrictions from the original donor or are designated for a particular purpose, such as funds designated for the stewardship and defense of protected property and conservation easements, the fund specific investment objective shall reflect those restrictions or designations.

Should a conflict appear to exist between these objectives, the maintenance of liquidity and the preservation of capital shall take precedence.

From time to time the Finance Committee may determine that there are excess funds available for investment. In these instances, the Finance Committee will also consider the objective of Achieving potential financial growth.

Investment Categories

Consistent with the Objectives above, the Board of Trustees has established the following Allowable and Prohibited Asset Classes.

Allowable Asset Classes

As defined below, the allowable asset classes are broken into two separate categories: those that the Finance Committee has the authorization to make investment decisions, and those that require Board Approval prior to taking any action.

Allowable for the Finance Committee to authorize:

The Board of Directors authorizes the Finance Committee to invest Funds Available for Investment in the following asset classes without prior Board approval:

- Certificates of deposit
- Money market funds

- U.S. government securities such as treasury bills, notes, and bonds and securities issued by U.S. government agencies

Certificates of deposit and money market funds must be with reputable banking institutions that are insured by FDIC.

Allowable with Board Approval

The following asset classes are allowable only with prior Board Approval:

- Mutual Funds (including index funds and ETFs)
- Investment grade securities of corporations (Common stock, preferred stock, commercial paper, corporate bonds), except for as noted below under ‘Donated Securities’
- Real Estate including improved or unimproved properties consistent with the mission of the Foundation
- Pooled Investment Funds offered by the DuPage Community Foundation or similar organizations. These funds may include prohibited asset classes listed below and therefore the Investment Target Allocation of the fund must be approved by the Board of Trustees

Mutual funds to be invested in must be actively traded on a major U.S. exchange such as the New York Stock Exchange or NASDAQ.

Prohibited Asset Classes

Unless otherwise authorized, under no circumstances may funds of the Foundation be invested directly or indirectly in:

- Options
- Futures
- Commodities
- Foreign currencies
- Derivatives
- Short selling
- Securities of foreign governmental units or corporations or mutual funds that invest primarily in such instruments or securities

Donated Securities

In the event that a donor would like to donate securities, the Foundation will seek to liquidate the securities within 10 business days of notification of receipt, unless the donor has stipulated that the securities be held for a certain period of time or invested in a certain asset class or manner, in which case The Foundation will seek to honor the donor stipulations. The Foundation may accept securities that fall under the Allowed Asset Classes listed above without Board approval. The Foundation will not accept securities of any Prohibited Asset Classes without Approval from the Board of Trustees.

Investment Policy Guidelines

Consistent with the above objectives and investment categories, the Board of Trustees has established the following investment guidelines:

1. Investment Decisions

The Board of Trustees has authorized the Finance Committee to discuss and approve investment decisions under the guidelines detailed in the policy herein. Changes will be made to investments as deemed necessary, whether due to investment maturity, cash requirements, or excess Funds Available for Investment. Annually, the investment portfolio will be presented to the Board of Trustees for review and discussion.

2. Investment Limits and Disclosure

The Finance Committee shall seek to maintain cash and investment balances that are fully insured by FDIC (or other agency of the federal government) or that carry SIPC coverage. At times, temporary circumstances may require the FDIC (or other agency) insurance limit to be exceeded. In order to monitor this, the Foundation’s staff shall prepare and provide to the Finance Committee a quarterly Investment Allocation report which details the total funds held under each FDIC insurance umbrella

and whether each is in compliance with the current FDIC limit. Any balances that temporarily exceed the FDIC limit will be reviewed and discussed by the Finance Committee in order to take actions to re-allocate funds. In the event of any extraordinary circumstances that are not temporary (less than 3 months), the Finance Committee and Treasurer will notify the Board of Trustees and seek approval in order to maintain balances in excess of the FDIC limit.

3. Interest Earned on Investments

Unless otherwise stipulated and restricted by the donor or law, interest earned on investments can be used at the discretion of the Finance Committee and Board of Trustees for mission-related purposes.

4. Financial Statement Presentation

Cash and cash equivalents: For purposes of the annual audited Financial Statements, The Foundation considers all unrestricted highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents. For the purposes of the policy statement herein, cash and cash equivalents are deemed to be Investments.

Investments: Investments with readily determinable fair values are reported at their fair values as of the financial statement date. Investment income or loss and unrealized gains or losses are included in the financial statements as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Approved September 27, 2017