COLORADO HUMANITIES (CH)

Investment Policy and Guidelines

Purpose

The purpose of this Investment Policy and Guidelines statement is to establish a framework to guide the investment of CH funds. These funds shall be invested to preserve capital, and consistent with the time frame, growth of principal shall be a parallel objective. CH's funds are to be invested with the diligence and care expected of a prudent investor. All activities shall comply with Colorado laws governing non-profit organizations.

Authority and Responsibility

The CH Board is ultimately responsible for the prudent management of funds received from sponsors, donors and governmental sources. Under the direction of the Board, the Finance Committee is assigned responsibility to recommend, monitor and implement an agreed upon investment plan. The Finance Committee may also consider the recommendations of an investment advisor.

In carrying out the investment plan, the Board shall select, retain and or liquidate mutual funds or other investment assets from time to time upon the recommendation of the Finance Committee. The criteria for these decisions shall include the financial stability of the fund companies, philosophy of investing, professional background of company staff, consistency of investment style throughout market cycles, and long-term investment performance. The Finance Committee will designate and the Board will appoint at least two individuals with authority to approve recommended changes to the investment allocations and submit them to be processed. The two individuals are the Executive Director and the CH Treasurer.

Types of Funds

Operating Reserve Fund - to cover exigencies that may arise in sustaining the CH administration for a period of time when other resources are not forthcoming. The amount in this fund shall be determined by the Board and shall be adjusted by annual designation.

Program Development Fund - to assist CH in pursuing its program initiatives. The amount in this fund shall be determined by the Board and shall be adjusted by annual designation. No Federal grant funds shall be placed in this fund.

Endowment, Quasi-Endowment & Other Restricted Funds - to develop longer term, stable funding of CH operations and programs. The amounts in these funds shall either be by donor designation or through Board designation.

The Finance Committee has the authority to move funds periodically in order to comply with annual designations.

Investment Guidelines

CH will follow sound investment practices by incorporating an appropriate asset allocation plan for each of its fund or other investment types. The allocations are dynamic and will shift from equities toward fixed income as the time horizon shortens for each fund or other investment type.

The overall investment strategy will emphasize professionally managed, low cost mutual funds investing primarily in stocks, bonds and money market instruments, in both domestic and international markets.

CH will establish performance objectives and review procedures. Performance objectives will be clearly defined, coherent with CH's benchmarks, realistic and measurable. The Finance Committee will review investments in relation to appropriate benchmarks.

Asset Allocation Strategies
Operating Reserve - These funds will generally have a long-term time horizon. Operations will generally be funded out of cash and checking accounts. Use of operating reserve funds will be on an emergency basis only. The Finance Committee shall determine on a periodic basis what minimum balance in these funds to maintain in stable dollar, money-market type investments in order to be available to meet current needs. The remaining balance shall be invested with the goal of achieving moderate asset growth with equal emphasis on preservation of capital. The funds would be invested in approximately 40% fixed income and 60% equities. The allocation could vary from the target percentages by as much as 15%. The Finance Committee will review a statement of portfolio balances, performance, benchmark comparisons each quarter.

Program Development Funds – Not applicable at this time. To be developed when such funds exist.

Endowment, Quasi-Endowment and Other Restricted Funds – These funds will generally have a long-term time horizon. The Finance Committee shall determine on a periodic basis the best investment approach to achieve moderate asset growth with equal emphasis on preservation of capital. The funds are all held in the Colorado Humanities Endowment at Community First Foundation. The Finance Committee should review both the Investment Strategy for those funds and appropriateness of the funds being held with Community First Foundation on an annual basis and determine if such funds should be held or disbursed in accordance with guidance by the Executive Director.

Review Standards
The asset allocation plans and investment performance of the various CH funds shall be reviewed by the CH Board at least once a year and by the Finance Committee at least quarterly. Appropriate benchmarks will be used relative to funds selected.

Conflicts
Consistent with sound fiduciary practice and to avoid any appearance of conflict, no CH funds shall be domiciled at the employer of a member of the Board. In addition, investment manager(s) shall have no specific interest in or affiliation with any securities brokerage firm unless complete disclosure is made to the Board prior to engagement.

Annual Review
This Investment Policy and Guidelines statement will be reviewed on an annual basis by the Executive Committee and every two years by the Board.

Effective: APRIL 15, 2005

Approved: APRIL 15, 2005

Approved: April 21, 2006

February 2006, Colorado Endowment for the Humanities changed its name to Colorado Humanities.

Revised and approved: March 22, 2014; March 7, 2020