



## Jewish Family & Children's Service of Sarasota – Manatee, Inc.

<b>SUBJECT:</b> Investments		<b>REFERENCE:</b> Board	
<b>EFFECTIVE DATE:</b> 11/17/04	<b>ISSUED BY:</b> President/CEO		<b>APPROVED BY:</b> Board
<b>SUPERSEDES:</b> 9/25/03, 1/23/2001	<b>REVIEWED:</b> 10/20/08	<b>PAGE(S):</b> 4	

### Policy

All funds of JFCS are held by the Board of Directors as a fiduciary; therefore even the legally unrestricted funds of JFCS are held by the corporation as a steward for the sake of carrying out its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship.

### Delegation

The Board of Directors has delegated supervisory authority over the investment of JFCS Endowment and Operating funds to the Investment Committee.

The Board of Directors and its Investment Committee are authorized to utilize one or more community foundation (Foundation), (e.g. Sarasota-Manatee Jewish Federation or Sarasota Community Foundation) to manage the funds and assets owned or administered by JFCS. Additionally, if deemed appropriate, the Board of Directors and its Investment Committee are authorized to retain one or more Investment Professionals.

The responsibilities of the Investment Committee may include as appropriate:

- ◆ The engagement of the services of a Foundation and/or an Investment Professional after approval by the Executive Committee and/or Board.
- ◆ Working with the Investment Professional to direct, invest, monitor and review investments in a manner consistent with the approved investment Policy.
- ◆ Reviewing JFCS's Investment Policies on an annual basis and making recommendations for changes.

In carrying out its responsibilities, the Investment Committee and its agents will act in accordance with these policies and all applicable laws and regulations. The Board reserves to itself the exclusive right to revise the Policies.

The Investment Committee shall be comprised of three to seven members, the majority of whom must be members of the Board of Directors. The Chair of the Investment Committee shall be a Board member appointed by the Board Chair for a term of two (2) years. The Chair will in turn appoint the remaining members of the Committee for overlapping terms of two (2) years. The Chair of the Board shall be an Ex officio member of this committee.

## **Objectives**

The primary investment objective of JFCS is to preserve and enhance its assets by earning a total return for each fund (e.g. Operating Reserves, Endowment, etc.) appropriate to each fund's time horizon, liquidity needs, and risk tolerance.

In furtherance of this objective and consistent with the preservation of capital, the Investment Committee shall endeavor to produce a total return (after fees) equal to, or higher than, accepted benchmarks for both equities and fixed income securities. The benchmarks utilized shall reflect the specific diversification and allocation of assets contained in the portfolio.

It shall also be the objective of the Investment Committee (to the extent possible) to assure that the Board of Directors can make annual distributions from its investment accounts for the purpose of funding JFCS's mission, if the Board determines to do so.

## **Asset Mix**

To accomplish JFCS's investment objectives, the Investment Committee is authorized to utilize portfolios of equity securities (common stocks and convertible securities), fixed-income securities, and short-term (cash) investments. As a guide to accomplishing these objectives, the committee shall remain within the ranges provided in Exhibit A. These ranges can be modified from time to time based on a recommendation from the Investment Committee to the Executive Committee with approval by the Board. The actual investment targets shall be set within those limits by the Investment Committee in conjunction with JFCS's designated financial officer.

It is understood that these are targets and are not intended to require reinvesting assets each year in order to remain within the acceptable ranges. Any new investments shall be made in such a way as to bring the portfolio within the ranges defined in Exhibit A. It is understood that the Board may grant exceptions to the policies when appropriate in order to have funds managed by a Foundation.

It is further understood that at all times JFCS shall keep a three (3) month operating reserve, including any monies needed for physical plant repair within a one year period, in liquid investments.

**EXHIBIT A**  
**ACCEPTABLE RANGES OF INVESTMENT FUND PER CATEGORY**

INVESTMENT FUND	ASSET CLASSES		
	EQUITY SECURITIES (Common/convertible)	FIXED-INCOME SECURITIES (U.S. & corporate bonds)	SHORT-TERM RESERVES (Cash/1-year notes/money funds)
Operating Reserves	0%	0-50%	50-100%
Endowment	40%-60%	40-60%	0-20%

### Asset Quality

1. Common stocks – No single common stock should exceed 5% of the portfolio based on the market value of the entire portfolio. Individual issues of “small cap” or foreign stocks should be avoided until the portfolio is larger in size and specific authority has been provided.
2. Convertible preferred stock and convertible bonds – The Investment Committee may use convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stock and convertible bonds must be “BBB” or better, as rated by Standard & Poor’s, or Baa or better, as rated by Moody’s. The common stock into which both may be converted must be as rated in specified in Section 1.
3. Fixed-income securities – The quality rating of bonds and notes must be “A” or better, as rated by Standard & Poor’s or Moody’s. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with maturities of seven years or less.
4. Short-term reserves- The quality rating of commercial paper must be “A-1”, as rated by Standard & Poor’s, “P-1”, as rated by Moody’s, or better. The assets of any money market mutual funds must comply with the quality provisions for fixed-income securities or short-term reserves.

### Asset Diversification

As a general policy, the corporation will maintain reasonable diversification at all times. The Investment Committee may not allow the investments in the equity securities of any one company to exceed 5 percent of the portfolio nor for the total securities position (debt and equity) in any one company to exceed 10% of the portfolio. The Investment Committee shall also maintain reasonable sector allocations and diversification. In that regard, no more than 25 percent of the entire portfolio may be invested in the securities of any one sector.

## Accountability

### Transactions

All purchases of securities will be for cash and there will be no margin transactions, short selling, or commodity transactions.

### Reporting Requirements

1. Monthly – The Foundation and/or Investment Professionals, if one is used, shall provide a monthly statement containing all pertinent details for each separately managed fund for the preceding month.
2. Quarterly – The Foundation and/or Investment Professionals shall provide a quarterly written statement containing a review of all pertinent transaction details for each separately managed fund, including:
  - the name and quantity of each security purchased or sold, with the price and the transaction date;
  - an analysis for each security of its description, percentage of total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield (%) at market; and
  - an analysis for the entire portfolio of the current asset location by investment category (equities, fixed-income securities, and cash reserves).
3. Semi-Annually - The Foundation and/or Investment Professionals shall provide detailed information about (1) asset allocation, (2) investment performance, (3) future investment strategies, and (4) any other matters of interest, and meet personally with the Investment Committee.

It is the responsibility of the Investment Committee to review all reports and statements and to report quarterly to the Executive Committee and the Board. The Investment Committee will present a full report on the state of the organization's investments to the full Board of Director's on an annual basis.

At least annually, the Investment Committee will review JFCS's Investment Objectives, Policies and Guidelines and said review shall be recorded in the minutes.