HENRICO CASA

INVESTMENT POLICY STATEMENT

I. Introduction and Purpose

Established in 1994, Henrico CASA (Court Appointed Special Advocates) is an independent 501(c)(3) nonprofit organization that provides trained volunteers to advocate on behalf of children who are the subjects of juvenile court proceedings involving allegations of abuse and neglect. Henrico CASA promotes safe, healthy homes for every child in Henrico County, especially those made vulnerable from abuse and neglect. Our staff and volunteers are a safe and consistent presence in a child's life, while also serving as their voice in court hearings.

This Investment Policy Statement ("IPS") establishes investment objectives, policies, guidelines, and eligible securities related to institutional funds held by Henrico CASA. Institutional funds are defined as Henrico CASA's investable assets in excess of the next six (6) months of projected operating expenses. The intent of the IPS is to:

A. Clarify the delegation of duties and responsibilities concerning the management of institutional funds;
B. Identify the criteria against which the investment performance of the organization's investments will be measured;
C. Communicate the objectives to the Board, staff, investment managers, brokers, donors, and funding sources that may have involvement;
D. Confirm policies and procedures relative to the expenditure of institutional funds;
E. Serve as a review document to guide the ongoing oversight of the management of the organizations' investments; and
F. Specify the investment of un-purposed investable assets to achieve an acceptable return, balancing the risk of loss with the risk of not achieving the objectives of Henrico CASA.

II. Responsibilities

The Board of Directors ("Board") has a direct oversight role regarding all decisions that impact Henrico CASA's institutional funds and acts in a fiduciary capacity. The Board has delegated supervisory responsibility for the management of our institutional funds to the Finance Committee ("Committee") in coordination with the Treasurer. The Committee has delegated the investment of the institutional funds to an Investment Manager ("Manager") which also serves in a fiduciary capacity. Specific responsibilities of the various bodies and individuals responsible for the management of our institutional funds are set forth below:

A. Board

The Board shall ensure that the fiduciary responsibilities concerning the proper management of Henrico CASA's institutional funds are fulfilled through appropriate investment structure, internal and external management, and portfolio performance consistent with all policies and procedures. Based on the advice and recommendations of the Committee, the Board shall approve investment policies and objectives that reflect the long-term investment-risk orientation of the institutional funds.

B. Committee & Treasurer

The Treasurer and Committee are not accountable for investment outcomes, rather to ensure that institutional funds are prudently and effectively managed. In consideration of the foregoing, the Committee is responsible for the development, recommendation, implementation, and maintenance of all policies relative to institutional funds and shall:

1. At least annually evaluate whether the IPS, investment activities, and processes continue to be consistent with meeting the goals and objectives set for the management of institutional funds and submit any recommended changes to the Board.
2. Select, monitor, and annually evaluate the Manager's performance. The evaluation should include, but not be limited to, fees, administrative procedures, investment advice, and results and should include a recommendation to the Board to retain or terminate the Manager, which may be dismissed for any reason the Committee or Board deems appropriate.
3. Review investment reports monthly. At least quarterly, conduct a full Committee review of the investments, ensure that policy guidelines and the established asset allocation model are being met, and report the investment status to the Board.
4. Met with the Manager at least once per year, with additional meetings as needed.
5. The committee should engage in a Request for Proposals (RFP) search for a Manager as necessary but at least once every ten years.
6. Recommend to the Board that authorized Board members and the Executive Director (ED) contract with any necessary outside financial service providers required, for example: investment advisors, consultants, managers, banks, or trust companies.
7. Ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interest which have not been fully disclosed to Henrico CASA and mitigated to Henrico CASA's satisfaction; and have performance monitoring systems that are sufficient to provide the Committee with timely, accurate, and useful information.
8. Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments.
9. In collaboration with the Manager, establish an asset allocation model that is consistent with achieving the desired investment objectives.

C. Manager

1. Manage the institutional funds on a discretionary basis in accordance with the IPS and UPMIFA.
2. Present performance, asset allocation, and investment strategy on a quarterly basis to the Executive Director and review the results. Take appropriate action in accordance with this policy.
3. As needed, but no less than once per year, meet with the Finance Committee to provide an investment review, market update, and recommendations.
4. Communicate any material changes or noteworthy developments within its organization or other third-party investment managers it has selected for Henrico CASA’s funds. For example: team member additions or departures; divestitures and acquisitions; portfolio manager updates; or custodial changes).
5. Review the IPS annually with the Financial Committee and propose changes as needed.

D. Executive Director

The ED shall, at their discretion, be encouraged to meet with the Manager for the purpose of building a relationship, holding the Manager accountable to the IPS, and promoting Henrico CASA's objectives and purposes. After such interactions, the ED shall inform the Committee of the meeting's content plus any notable information.

III. Investment Objective

A. The investment objective for the institutional funds is to preserve the real purchasing power of the funds and to provide a stable source of liquidity and cash flow to perpetually support Henrico CASA. Inherent with this objective is minimizing volatility in the principal value of the institutional funds that will affect the annual amount available for distribution.
B. Henrico CASA recognizes the possibility of principal loss due to asset fluctuations over investment cycles that last, on average, five years.
C. The target return objective over rolling five-year periods is the *Consumer Price Index for All Urban Consumers (CPI-U) + 5%.*

IV. Spending Policy

The Board does not require annual distributions from the institutional funds. While the Board desires for the institutional funds to be a permanent source of capital to support Henrico CASA, it may at its discretion withdraw assets as needed.

V. Asset Allocation

The asset allocation for the institutional funds is based on the investment objective above. The Manager is authorized to manage the institutional funds within the specified asset allocation ranges using the permissible investments.

Asset Class	Minimum	Maximum	Target
Equities – Domestic	25	70	50
Equities– International	10	25	15
Fixed Income + Cash	20	60	35

VI. Permissible Investments

The institutional funds will be invested in securities that are able to be liquidated within usual market settlement periods. Permissible investments include:

A. SEC registered equity securities;

B. SEC registered fixed income securities;

C. SEC registered mutual funds;

D. SEC registered Exchange Traded Funds (ETFs);

E. U.S. Treasuries;

F. Government-Sponsored Enterprise Securities (known as “Agencies”), such as Farm Credit System, Federal Home Loan Bank System, Federal National Mortgage Association, and Student Loan Marketing Association, some of which are not explicitly backed by the full faith and credit of the U.S. Government;

G. FDIC-insured bank accounts and certificates of deposit.

VII. Diversification

The institutional funds will be diversified across geography, market capitalization, investment style and economic sector in a manner deemed appropriate by the Manager based on the investment objectives. Care will be taken to minimize exposure to low quality investments, to any one company's security, or to any one economic sector. The institutional funds will maintain the following diversification requirements:

A. No more than twenty (20) percent of equities may be invested in any one sector
B. No individual equity security) may account for more than five (5) percent of the institutional funds, excluding diversified ETFs and mutual funds.
C. At least eighty (80) percent of the fixed income securities will be invested in securities that are investment grade or backed by the U.S. Government
D. No more than four (4) percent of the institutional funds may be invested in the individual fixed income securities of any one issuer unless issued or backed by the U.S. Government
E. The average maturity of the fixed income portfolio shall not exceed 10 years, with no more than 25% of the bond portfolio maturing in more than 10 years

VIII. Constraints & Prohibited Investments

Unless expressly authorized by the Committee, the Manager is prohibited from:

A. Purchasing securities on margin or executing short sales
B. Pledging or hypothecating securities, except for loans of securities that are fully collateralized
C. Purchasing or selling derivative securities for speculation or leverage
D. Investing in hedge funds, private placements, or foreign denominated bonds
E. Purchasing cryptocurrencies
F. Purchasing micro-cap stock (i.e., one with $300 million or less in market capitalization).

Approved by the Board of Directors: December 2023