

## **Investment Policy**

The Investment Policy establishes the guidelines and objectives for managing the James V. Brown Library's endowment fund. The primary purpose of the endowment is to provide a stable and sustainable source of funding to support the Library's operations and programs.

### **Objectives**

- **Preservation of Capital:** Ensure the endowment fund's principal is preserved over the long term.
- **Growth of Capital:** Achieve the maximum level of growth with moderate risk to offset inflation and support the Library's financial needs.
- **Income Generation:** Generate a reasonable level of income in alignment with the growth of capital objective to help meet the Library's annual operating costs.

### **Investment Strategy**

- **Asset Allocation:** The endowment fund will be allocated at the designation of the Library's Board of Trustees at the recommendation of the Finance Committee.
- **Risk Tolerance:** The investment strategy will be designed to achieve the maximum level of growth with a moderate level of risk, with recommendations for changes to this risk tolerance at the designation of the Library's Board of Trustees, at the recommendation of the Finance Committee.
- **Equity and Fixed-Income Investments** support the goals of capital appreciation in the long term and by providing stable income. These investment types are based on the designation of the Library's Board of Trustees at the recommendation of the Finance Committee

### **Donated Securities**

The Library will accept donated securities. Donors can contact the Chief Executive Officer or Chief Financial Officer. The donor will receive an acknowledgment of the securities' fair market value on the date of the donation.

Upon receipt, the donated securities will generally be sold as soon as practicable. The proceeds from the sale will be reinvested according to the asset allocation guidelines stated in this policy. Any exceptions to the immediate sale of donated securities must be approved by the Library's Board of Trustees.

### **Withdrawals**

The Library may withdraw an annual amount approved by the Board of Trustees to offset operating costs. The Library will receive the annual withdrawal in monthly payments from the endowment fund. The withdrawal amount is based on the yearly budgetary needs of the Library.

In extraordinary circumstances, additional withdrawals may be made with the Board of Trustees' approval to address urgent financial needs.

### **Monitoring and Review**

The investment performance will be reviewed monthly by the Chief Executive Officer and Chief Financial Officer, and at least quarterly by the Board of Trustees. The endowment fund will be reviewed annually by the Library's Finance Committee. The Finance Committee will give an annual report to the Board of Trustees. Adjustments to the asset allocation, investment strategy, or withdrawal amount may be made as needed to reflect the Library's changing market conditions or financial needs.

### **Governance**

A Finance Committee appointed by the Board of Trustees will oversee the management of the endowment fund. The Committee will be responsible for implementing and adhering to the investment policy.

The Board of Trustees may engage professional investment advisors to assist in managing the endowment fund. Advisors will be selected based on their expertise, experience, and alignment with the Library's investment objectives.

### **Other Considerations**

The Library is a 501(C)3 organization and has no tax considerations. The endowment fund will be audited annually by the Library's auditors.

When the Library has the opportunity to add funds to the endowment fund, it must be at the recommendation of the Chief Executive Officer and Chief Financial Officer to the Finance Committee, with the approval of the Board of Trustees.

### **Conclusion**

The Investment Policy is intended to provide a structured approach to managing the James V. Brown Library's endowment fund. The primary goal is to ensure that the fund supports the Library's mission and operations while achieving the maximum level of growth with moderate risk to offset inflation and support the library's financial needs for future generations. The Board of Trustees, Finance Committee, and any engaged advisors will work collaboratively to adhere to the guidelines and achieve the stated objectives.

Approved by the James V. Brown Library Board of Trustees on September 19, 2024.