

WSUUC INVESTMENT GUIDELINES

It shall be the West Shore Unitarian Universalist Church (WSUUC) Finance Committee's (the Committee) duty to recommend investment decisions on behalf of the West Shore Unitarian Universalist Church (the Church) to the Board of Trustees (the Board). As stewards of the Church finances, the Committee and Board must act in good faith and with the care that an ordinarily prudent fiduciary in a like position would exercise under similar circumstances.

This document will be reviewed at least annually by the Committee and any material changes approved by the Board. The Committee shall provide reporting on investment activities and performance results to the Board at least annually.

ENDOWMENT FUND:

The Church's Endowment consists of the Connard Fund at the Cleveland Foundation and the Agency Account, currently held at PNC Bank as of June 2021. Since the investment policies and income paid to the Church from the Connard Fund is determined by an outside trust which the Church does not control, all references to "Endowment Fund" in this policy refer to the assets in the Agency Account.

The Church's Endowment shall be used according to the following provisions:

- a. Endowment Fund unrestricted principal may only be used with a recommendation of the Finance Committee and a majority vote of the Board in collaboration with the Senior Minister and the Finance Manager.
- b. Income from the Connard Endowment shall be used as designated by a Board vote, and the designation shall stay in effect until the Board changes the designation.
- c. There shall be no spending from endowment funds that are deemed to be 'underwater' (asset values below original corpus).

In order to protect and preserve the corpus of the endowment over the long term, the Committee shall not recommend distribution of more than 5 percent per year of the total market value of the assets, as determined by the average total market value on the last business day of each of the twelve quarter rolling average of the preceding calendar quarters.

If less than 5 percent is distributed in one year, the Committee may distribute more than 5 percent in a subsequent year, as long as the distributions do not exceed 5 percent on a cumulative basis.

INVESTMENT OBJECTIVES

The primary objective of the investment strategy shall be to implement an approach which allocates funds under the Committee's stewardship into income generating financial assets. Committee and Board members shall recognize that all investments carry inherent risks. The objective is to, at a minimum, generate adequate investment

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income to fulfill the annual budget expense coverage from endowments approved by the Board of Trustees.

- In keeping with this objective, it shall be the Committee's duty to pursue an asset allocation policy of 65 % equity and 35 % fixed income investments.

INVESTMENT STRATEGY

- The investment strategy shall consider socially responsible investing. A reasonable attempt should be made to assess whether an investment is sustainably socially conscious, "green" or ethical investing, and seeks to consider both financial return and social/environmental good to bring about social change regarded as positive. Additionally, a reasonable attempt should be made to avoid investments in industries with objectionable activities (e.g. tobacco, gambling, weapons, etc).
- The benchmark for the Committee's rate of return assumption shall be the 'risk free' rate of return generated by the 10 year U.S. Treasury bond plus 5%.
- No single investment shall exceed 10% of the total portfolio balance.
- It shall be the Committee's duty to select a financial intermediary to hold the organization's financial assets. Selection of the intermediary shall be based upon but not limited to the financial institution's size, reputation, availability of appropriate investment offerings, fee structure, and experience with non-profit endowments.
 - It shall be the Committee's responsibility to select a financial intermediary that has a reasonable fee structure and agenda aligned with that of the Church.
 - Related expenses shall be paid from endowment earnings.
- It is beyond the Committee's capabilities to mitigate all investment risk. However, it shall be the Committee's duty to communicate to the third party investment advisor the expectations of the investment strategy, including ensuring that the investment portfolio includes income producing assets that mitigate asset class risk, inflation risk, etc. to the greatest extent possible.
- It should be understood that the level of investment sophistication of the Committee will vary as membership on the Committee changes. The Committee may authorize the formation of an Investment Working Group at its discretion.

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PERIODIC REVIEW

The Finance Committee shall review the investment return performance annually, as well as review the financial intermediary's performance annually and consider other intermediaries, as deemed necessary.

In addition, the Committee shall review at least semi-annually the investment funds to ensure consistency with the above guidelines and applicable Unitarian Universalist Association (UUA) guidelines pertaining to socially responsible investing, as well as any additional Board approved investment guidelines. The Finance Committee shall annually report the results of such a review to the Board.

REVISION HISTORY

Section	Description of Revision	Date of Approval of Revision	Approver
All- new policy	New Policy	June 17, 2021	WSUUC Finance Committee
All- new policy	New Policy	June 24, 2021	WSUUC Board of Trustees