

INVESTMENT POLICIES AND PROCEDURES

Policy Statement:

It is the general policy of the Foundation for Foster Children to invest funds to achieve growth in principal value over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. The funds include unrestricted operating funds, restricted funds and board-designated endowment. Notwithstanding this policy, all restrictions placed by donors on the interest and investment earnings on donated funds will be honored.

Fund Categories, Objectives and Authority:

Unrestricted Operating Funds

- Description. These funds are not restricted in their use. They include cash, surplus from current operations, unexpended portions of unrestricted grants, and other unrestricted funds received.
- Investment Objective. Preservation of principal to cover operating expenses, and maximization of earnings in a way that allows for immediate liquidity to meet ongoing operational requirements.
- Authority. Within the parameters of this investment policy, the Treasurer shall have authority to invest the funds, and to spend principal and interest to meet the operational needs of the Foundation for Foster Children.

Restricted Funds

- Description. These funds are restricted in time or purpose. They include donated funds that are restricted to program use or over time, and are expected to be used for operating expenses.
- Investment Objective. Preservation of principal for designated uses, and maximization of earnings in a way that allows for immediate liquidity to meet ongoing operations and spending requirements.
- Authority. Within the parameters of this investment policy, the Board shall have authority to invest the funds, and to spend principal and interest to meet grant requirements and operational needs of the Foundation for Foster Children.

Board-Designated Endowment

- Description. These funds have been designated by the board to be held in reserve to support future years' operations, provide a resource for unexpected downturns, and provide a source of investment in the business. They may include accumulations from past years' annual results of operations, investment income, and other funds designated by the board.
- Investment Objective. Preservation of real purchasing power of principal, and

maximization of investment income.

- Authority. The Finance Committee shall establish the appropriate ranges and types of investment for these funds, with prior approval of the board, and shall review investment performance of these funds on a quarterly basis in accordance with this policy. Within the parameters of this Investment Policy and with the advice of the Finance Committee, the Executive Committee shall have the authority to invest and disburse the funds based on the language that was adopted when the fund was set-up:

Said funds shall be distributed on an as-needed basis to support the Foundation activities. The Board of Directors shall focus the use of the funds particularly on the Foundation's operational costs. At such time that the Board of Directors determines that the funds are no longer needed to sustain the Foundation's operational costs, they will be disbursed as needed, at the discretion of the Board.

Prohibited Investments:

The following types of asset classes and investment products are prohibited: derivatives, warrants, hedge funds or any other esoteric investments.