



Investment Policy - Approved by Board January 31, 2022

PURPOSE

The purpose of this Investment Policy is to provide a clear statement of investment objectives, to define the responsibilities of the Board of Directors and its Finance Committee, and any other parties involved in managing the investments of Neighbors Link, and to identify or provide target asset allocations, permissible investments and diversification requirements. The overall investment objective is to maximize the return on invested assets while minimizing risk and expenses. As a mission-driven organization, we welcome ESG managers (social responsibility-focused investments- Environmental, Social, and (Corporate) Governance) when appropriate.

GENERAL PROVISIONS

- All transactions shall be for the sole benefit of Neighbors Link.
- The Board of Directors, with the recommendations of the Finance Committee, shall review and consider updating the investment policy on an annual basis.
- The Finance Committee shall conduct an annual review of the investment assets to verify the existence and marketability of the underlying assets or satisfy itself that such a review has been conducted in connection with an independent review of the organization's financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Directors.
- The Board of Directors will operate the investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimizing risk.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- The Board of Directors, through the recommendation of the Finance Committee, has ultimate responsibility for hiring, firing and overseeing the Investment Manager for the investment and management of the investment assets.
- The Board of Directors may ask the Finance Committee to provide oversight of the Investment Manager. The Finance Committee will provide a copy of the Investment Policy Statement and monitor compliance with the investment policy, recommend changes, and assist the Board of Directors in selecting and retaining an Investment Manager to execute this Investment Policy.

RESPONSIBILITIES OF THE FINANCE COMMITTEE

- The Finance Committee is charged with the responsibility of managing the investment assets of Neighbors Link, with the Committee Chair leading its efforts. The specific responsibilities of the Finance Committee, include:



1. Establishing reasonable and consistent investment objectives, policy guidelines and allocations, which will direct the investment of the assets, to be reviewed by the Board of Directors on an annual basis.
2. Prudently and diligently selecting an Investment Manager for asset manager selection of funds.
3. Communicating the organization's financial needs to the Investment Manager on a timely basis.
4. Regularly evaluating the performance of the Investment Manager to assure adherence to policy guidelines and to monitor investment objective progress.
5. Developing and enacting proper control procedures; e.g., replacing an Investment Manager due to a fundamental change in the investment management process, or for failure to comply with established guidelines.
6. Reporting on investment results and investment objective progress to the Board of Directors on a quarterly basis.

RESPONSIBILITIES OF THE INVESTMENT MANAGER

- The Investment Manager will invest assets placed in his, her or their care in accordance with this investment policy.
- The Investment Manager and their Firm must acknowledge in writing acceptance of responsibility as a fiduciary.
- The Investment Manager will have full discretion in making all investment decisions for the assets placed under his, her or their care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy Statement. Specific responsibilities of investment manager(s) include:
 1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
 2. Providing the Finance Committee with a statement on the investment performance of the Funds, both net and gross of fees, as compared to performance benchmarks detailed in this policy no less frequently than quarterly and also an annual basis.
 3. Reporting, on a timely basis, quarterly weighted investment performance results versus appropriate indexes, and also on an annual basis, to the Finance Committee
 4. Communicating any major changes in investment strategy, or any other factors that affect implementation of the investment process.
 5. Informing the Finance Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
 6. Voting proxies, if requested by the Finance Committee, on behalf of Neighbors Link.
 7. Administering the investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, advisory and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to Neighbors Link.



GENERAL INVESTMENT GUIDELINES

- A copy of this Investment Policy shall be provided to the Investment Manager.
- Neighbors Link is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making investments for Neighbors Link.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- This policy is intended to apply to three distinct pools of Neighbors Link funds – the Operating Fund, the Short Term Reserves Fund and the Long Term Reserves Fund -- and sets forth the investment guidelines for each.

DIVERSIFICATION

- Neighbors Link will maintain a diversification of investment assets and sector allocations between asset classes and investment categories at all times, further defined in permitted investments and guidelines of the Short Term and Long Term Reserve Funds.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio shall not be a blind pool; each investment must be available for review.

ASSET ALLOCATION

- The asset allocation policy shall be predicated on the following factors:
 1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
 2. The correlation of returns among the relevant asset classes.
 3. The perception of future economic conditions, including inflation and interest rate assumptions.
 4. Liquidity requirements for the projected grants and other charitable expenditures.
 5. The relationship between the current and projected assets of Neighbors Link and projected liabilities.

DEFINITIONS

For purposes of clarity, the following definitions will be used to identify the types of funds (the “Funds”) held by Neighbors Link.

Operating Fund: The Operating Fund shall maintain at least 25% of the current operating budget of Neighbors Link to be used in the normal course of business during the current budget cycle.



Short Term Reserves Fund: The Short Term Reserves Fund shall hold all operating funds in excess of the amount held in the Operating Fund and shall be used to fund operating expenses and current liabilities and will be used to replenish the Operating Fund as needed. The balance in the Short Term Reserves Fund may fluctuate from month-to-month based upon the need to meet normal business expenses and current liabilities of the operating fund.

Long Term Reserves Fund: The Long Term Reserves Funds shall hold those funds designated by the Board of Directors for long term investment, generally a 5 to 10-year period.

OPERATING FUND & SHORT TERM RESERVES FUND

Purpose

The purpose of the Operating Fund is to provide sufficient cash to meet financial obligations in a timely manner. It is anticipated that all monies will be deposited into this fund. The Operating Fund will be invested only in cash accounts that are 100% liquid.

Investment Objectives

The primary investment objectives of the Short Term Reserves Fund are as follows:

- 1.) Preservation of Capital
- 2.) Liquidity
- 3.) Optimize the investment return within the constraints of (1.) & (2.) above.
- 4.) The Short Term Reserves Fund shall be rebalanced on a quarterly basis

Permitted Investments

- 1.) Federally-Insured Certificates of Deposit not to exceed \$250,000 including interest at commercial banks or savings and loans institutions.
- 2.) Money Market Funds that invest in government backed securities;
- 3.) Commercial Paper rated A-1/P-1 by Standard & Poor's and Moody's;
- 4.) Commercial Paper backed by bank letters of credit where the long-term letter of credit rating is rated at least double A by one rating service;
- 5.) Variable Rate Notes where:
 - a. demand period can be no longer than monthly
 - b. rate must reset no less frequently than monthly
 - c. minimum rating is A-1/P-1



- 6.) Corporate Notes with a minimum rating of double A by one rating service; this may include investments in mutual funds or ETF's which primarily invest in double A corporate notes.
- 7.) Direct Obligations of the U.S. Government, its Agencies and instrumentalities
- 8.) Agency Discount Notes
- 9.) Mutual funds investing primarily in adjustable rate mortgages backed by the U.S. Government.

The following restrictions apply:

1. No more than 25% of the Short Term Reserves may be in securities of any one issuer with the exception of certificates of Deposits; obligations of the U.S. Government, its agencies and instrumentalities; repurchase agreements collateralized by obligations of the U.S. Government, its agencies and instrumentalities; and US corporate bonds rated A or better.

Performance

The performance of the Short Term Reserves Fund will be reviewed quarterly and will be measured against the performance of the Bloomberg US Government/Credit Float Adjusted 1-5Yr Index.

Long Term Reserves Fund

Purpose

The purpose of the **Long Term Reserves Fund** is to provide long-term growth and capital appreciation. This fund may be used for unforeseen future contingencies, to meet planned or unplanned shortages of cash, and the returns on this fund may be used to fund current programs as well as future programs. The Long Term Reserves Fund is long term growth in nature.

Investment Objectives

The objectives of this Fund are long-term growth seeking to maximize the returns without exposure to undue risk, as defined herein. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the Investment Manager should focus on long-term appreciation of the assets and consistency of total portfolio returns.

Policies and Restrictions

The investment policies and restrictions presented in this statement serve as a framework to help the Investment Manager achieve the investment objectives at a level of risk deemed acceptable. These policies and restrictions are designed to minimize interfering with the Investment Manager's efforts to attain overall



objectives, and to minimize excluding the Investment Manager from appropriate investment opportunities. The policy allows the Investment Manager substantial discretion in the asset allocation and diversification of the assets for the purposes of increasing investment returns and/or reducing risk exposure. The Investment Manager has broad responsibility to shift industry sectors and individual securities to pursue opportunities presented by long-term secular changes within the capital markets.

TARGET ASSET MIX- LONG TERM RESERVE FUND

Asset Allocation Range	Target	Range
Equities	60%	50-65%
Fixed Income/Bonds/Cash & Cash Equivalents	40%	35-50%

Permitted Investments - Equities

The Investment Manager should maintain the equity portion of the portfolio at a risk level roughly equivalent to that of the equity market as a whole, with the objective of exceeding its results as represented by the benchmarks stated. Equity holdings may be selected from the New York, American, NASDAQ markets and most major foreign markers. Convertible securities may be purchased as equity surrogates. These holdings must represent companies meeting a minimum capitalization requirement of \$250,000,000 with high market liquidity. The Manager is prohibited from investing in private placements, letter stock and options; or from engaging in short sales, margin transactions or other specialized investment activities. It is expected that no assets will be invested in securities whose issuers have filed a petition for bankruptcy.

The Investment Manager is encouraged to screen investments for ESG/social responsibility metrics when appropriate.

The above guidelines give the Investment Manager full responsibility for security selection and diversification, subject to a maximum 5% commitment at cost or 10% commitment of the account's market value for an individual security and 20% for a particular industry or sector.

Foreign equity investments, including ADRs, should not exceed 25% of the equity portfolio. Total investments in stocks of any single foreign country should not exceed 10% of the allocation to foreign equities.

Fixed Income

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. The Investment Manager may select from appropriately liquid preferred stocks, corporate debt securities and obligations of the U.S. Government and its agencies. These investments will be subject to the following limitations:



- 1.) The weighted average maturity of the fixed income portfolio of the Fund must be 10 years or less.
- 2.) Investments in securities of a single issuer (with the exception of the certificates of deposits, U.S. Government and its agencies) must not exceed **10%** of the market value of the fixed income portfolio.
- 3.) Only corporate debt issues rated A or better by Standard & Poor's and Moody's may be purchased; this may include investments in mutual funds and ETF's which primarily invest in corporate debt issues rated A or better.

The Investment Manager is prohibited from investing in private placements, from speculating in fixed income or interest futures.

Performance

The Investment Manager shall provide performance reports for the Long Term Reserves Fund on a quarterly basis, both net and gross of fees and as compared to the blended index based on portfolio target weighting of 40% Barclays Aggregate Bond Index and 60% BLENDED S&P 500 Index/MSCI EAFE INDEX.

All performance reports will show results for the latest quarter, year-to-date, and since inception with comparison to the applicable benchmarks.

- Rebalancing shall be reviewed on a quarterly basis, or more frequently if deemed necessary.
- Performance shall be evaluated on an annual basis to allow for market fluctuations and volatility.