

TITLE: INVESTMENT PLANNING AND IMPLEMENTATION

APPROVED DATE: February 27, 2023

EFFECTIVE DATE: February 27, 2023

REVIEW DATE: February 27, 2028

Purpose:

The purpose of this investment plan is to provide guidance and direction for current and future financial advisory boards of Highland Avenue Fellowship Church to ensure good stewardship of the church's financial assets. The rules and procedures set forth range from general guidance to specific direction. This document will cover a wide range of investment strategies and will provide specific detail on the management of each type of plan.

Plan Types:

There are two (2) types of plans that will be considered for investment. The first type of investment is one that will provide a regular income stream for the church and the second one is more long term, investing funds for capital improvements and long term facility care. Each fund is detailed as follows:

- **Investment for Regular Income:**

This type of investment will be made when a specific ongoing funding source is required for what would normally be an operational expense as identified by the Executive Board. Examples of this include, but are not limited to, supplementing a housing allowance fund, supplementing a retirement fund for employees, supporting a specific ongoing ministry or mission expense, etc. This type of investment will be through a number of different investment vehicles including, but not limited to, dividend driven portfolios where the dividends are used to support the expense while the initial capital outlay is expected to increase through capital appreciation, an annuity with a guaranteed annual payout with a potential end of life cycle, bonds, or other investment vehicle as determined by the Executive Board upon recommendation from the Finance Team and/or investment broker.

- **Long Term Capital Investments:**

This type of investment will be made in anticipation of long-term capital expenses to improve or maintain facilities and associated equipment, or other types of expenses as identified by the Executive Board. Examples of these types of expenses include, but are not limited to, roof replacements, HVAC replacements, sign replacements, interior remodels, parking lot overlays, etc. This type of investment will be done through the church's approved investment firm with an investment vehicle that will mirror the church's tolerance for investment risk. There may be different levels for risk tolerance for each investment vehicle depending on the nature of the investment and needs of the church.

Procedure:

1. The Executive Board will establish a Finance Team of three (3) or five (5) people, at least one (1) of which will be a sitting member of the Executive Board
2. The sitting member of the Executive Board will be the Chairperson of the Finance Team
3. Except for the Executive Board member, there are no time limits for a member to serve on this Team. Board Members are eligible to serve indefinitely unless removed by the Executive Board for cause
4. Minutes of the meeting will be kept and provided to the entire Executive Board
5. The Finance Team will meet on a regular basis, at least quarterly, to discuss the financial condition of the church, and its investments
6. Meetings will be conducted using the rules and procedures established in the approved church policy and procedures Document # 2022-02.
7. The Church Treasurer will also be a member of the Finance Team but will be a non-voting member. The Treasurer's primary function will be to take minutes of the meeting and provide information regarding the current financial condition through reports and other documents as needed or requested
8. The Finance Team will be responsible for developing and periodic review of an investment policy statement that will be presented to the entire Executive Board on at least an annual basis. The report will include risk tolerance and long and short-term goals
9. All decisions must be by a majority vote of the Team
10. The Finance Team, in conjunction with the Executive Board and church staff, will identify both "Investments for Regular Income" and "Long Term Capital Investments" and establish a priority and funding source for each expense or project
11. Once these expenses are identified, and funds are made available, the Finance Team will work with the church's investment broker to determine the best investment vehicle for each item
12. The Finance Team shall meet with the investment broker at least semi-annually to discuss the health of the church's investment portfolio
13. The investment broker will make recommendations to the Finance Team regarding changes to the church's investment portfolio

14. The investment broker will be required to obtain approval prior to any changes to the church's investment portfolio
15. The Executive Board will appoint the persons who will be the contact persons for the investment firm. The Executive Board will appoint three (3) appointees who will be able to approve changes in the church's investment portfolio. These names will be reflected in the minutes of the Executive Board meeting. Approval appointees cannot be signatories on any of the church's bank accounts
16. Upon majority vote, the Executive Board may make changes to the appointees at any time. Changes will be reflected in the meeting minutes, and the appropriate investment Team will be notified of the changes
17. The Chairperson for the Finance Team will provide monthly reports (statements available through the investment Team) to the Executive Board at the Board's regular monthly meetings
18. Any changes in the Church portfolio to/from "Investments for Regular Income" to/from "Long Term Capital Projects" or liquidation of any funds to cash must be approved by a majority of the Executive Board
19. Any changes to this policy and procedure must be done in writing with the approval of a majority of the current Executive Board

CHANGES TO INVESTMENT PLANNING AND IMPELMENTATION

- 3/26/23:
Changed Elder Board to Executive Board throughout document