

KANSAS LIBRARY ASSOCIATION EDUCATIONAL FOUNDATION INVESTMENT POLICY

Definitions:

“KLA” means the Kansas Library Association

“Foundation” means the Kansas Library Association Educational Foundation

“Board” means the Board of Directors of the Foundation

“Endowment and Investment Committee” means the designated committee appointed by the Kansas Library Association Educational Foundation Board of Directors

Introduction:

This statement of investment policies and guidelines is set forth in order that there is a clear understanding by

- the Kansas Library Association Educational Foundation Board
- the Foundation Endowment and Investment Committee
- the Kansas Library Association Council, staff, and membership
- investment managers regarding the investment policy of the Foundation

Investment managers are given guidance and limitations of their actions on behalf of the Foundation.

The Committee has a basis for evaluation of the performance of funds invested on behalf of the Foundation.

It is the intent of this statement to establish an attitude and philosophy for guiding all parties with Foundation investment funds. It is also the intent that objective be sufficiently specific to be meaningful but sufficiently flexible to be practicable.

I. Investment Purpose

The investment and management strategy of the Foundation is to support the Foundation goals through an endowment and management approach which generates income to provide for current needs and maintains a base to generate income to meet future needs. The primary purpose of the Foundation is to support and enhance the activities of the Kansas Library Association.

II. Endowment and Investment Committee

The Endowment and Investment Committee, as delegated by the Foundation Board is responsible for evaluating the investment performance of Foundation funds. The Endowment and Investment Committee is responsible to the Board for:

Developing, modifying and reviewing investment policy guidelines annually. Changes in guidelines and policies require Board approval.

Approving, reviewing, and if necessary, replacing investment managers, advisors, and consultants subject to Foundation Board approval.

Reporting regularly to the Board on all aspects of the Foundation investment programs.

The Treasurer of the Board may assist the Committee in the discharge of these duties.

III. Prudence and Fiduciary Responsibility

Prudence is the main principal guiding Foundation investment policy. Prudence mandates that the utmost care, skill, and diligence be used in making sound investment decisions. Fiduciary responsibility as defined by applicable laws is the responsibility of the Foundation Board.

The Endowment and Investment Committee will use recognized benchmarks to evaluate the performance of its investments and investment managers.

IV. Investment Philosophy

The primary purpose of the Foundation Endowment funds is to enhance the ability of the Foundation to carry out its mission over time. Therefore the following principles should be considered in managing Foundation investments:

Long-Term Horizon – Because of the perpetual nature of endowment assets, a long-term investment horizon is most appropriate for the Foundation. Thus equity investment should constitute a majority of Foundation Endowment Fund assets. This long-term horizon is tempered by the need for current income to meet reasonable operating objectives.

Appropriate Risk – The total investments of the Foundation should recognize both market risk and the risk of loss of purchasing power over time.

Market Timing – Short-term strategies to time participation in specific markets are not favored.

Fully Invested – Cash should not be held by the Endowment Fund for investment purposes but only to meet near-term expenses and obligations.

V. Asset Allocation

As a general guideline investment managers should allocate funds within the minimum and maximum allocations shown below:

	Minimum	Target	Maximum
Equities	60%	70%	80%
Fixed Income	20%	30%	40%
Cash	0%	0%	10%

VI. Spending Policy

The endowment spending rate will be set at a level which can reasonably be expected to provide real growth of endowment principal over time.

Current spending rate will be 4% of the December 31 market value of the endowment fund.

VII. Conflict of Interest

Investments will not be made in any entity in which a foundation board member has an operating or management interest.

GIFT ACCEPTANCE GUIDELINES

The Foundation encourages gifts of all types to support its educational mission. The Foundation is guided by accepted fundraising practices in accepting, receiving, evaluating, and acknowledging gifts.

The Gift Acceptance Committee which is the Foundation Board will review any gifts that merit special attention. This could include but is not limited to real estate, privately and/or closely held stock, gifts-in-kind and life insurance policies.

At this time charitable gift annuities, charitable trusts, and similar arrangements will be accepted through community foundations.