



**NYC OUTWARD BOUND
SCHOOLS**

Transforming Schools, Changing Lives

Investment Policy Statement

Amended February 2015

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I. Scope

It is the policy of the Board to treat all assets of NYC Outward Bound Schools, including funds that are legally unrestricted, as if held by NYC Outward Bound in a fiduciary capacity for the sake of accomplishing its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws.

II. Delineation of Responsibilities

A. NYC Outward Bound Board of Directors

The NYC Outward Bound Board of Directors is responsible for the management of all assets of the organization and has the authority to adopt this policy statement and amend it as necessary. The Board may delegate authority to the Board Finance Committee to supervise all NYC Outward Bound investment activity and the selection of Investment Managers.

B. Finance Committee

The Finance Committee is responsible for all investments made by NYC Outward Bound, but as a practical matter, will delegate day-to-day management of the assets to the President and Chief Financial Officer (CFO). The Finance Committee is also responsible for the selection and oversight of outside Investment Managers hired to assist the President and CFO.

C. President and CFO

Under the supervision of the Finance Committee, the president and Chief Financial Officer will:

1. Oversee all investment activity and ensure that all investments conform to the guidelines set forth in this policy.
2. Determine the amount of funds available for investment purposes and communicate directly with the Investment Manager regarding investment and cash needs.
3. Ensure that the Finance Committee and Board receive regular reports as delineated in section V.
4. Carry out all tasks assigned by the Finance Committee.

D. Investment Manager

Working with the CFO, the Investment Manager will:

1. Provide advice on asset allocation.
2. Implement investment and sale orders to meet liquidity needs.
3. Prepare reports of investment activity as delineated in section V.
4. Provide custodianship of the organization's assets.
5. Carry out other assignments the Board or the Committee deems appropriate.

III. Allocation of Funds for Investment Purposes

NYC Outward Bound has established two investment funds to balance short-term cash/operating needs with long-term growth of principal and inflation protection:

- A. Cash/Operating Fund** – the cash/operating fund will be equal to approximately 6 months of cash needed for operations.
- B. Long-Term Investment Fund** – the long-term investment fund will be comprised of cash reserves over and above the 6 month threshold, including funds that are allocated to the board designated quasi-endowment and permanently restricted endowment funds.

IV. Investment Guidelines – Cash/Operating Funds

A. Investment Time Horizon

The portfolio has a short-term investment time horizon.

B. Investment Objectives

The primary objectives of the cash/operating funds shall be, in priority order:

1. Safety
2. Liquidity
3. Yield
4. Socially responsible investments.

Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

i) Credit Risk

NYC Outward Bound will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- a. Limiting investments to the safest types of securities.
- b. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which NYC Outward Bound will do business, and
- c. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- d. Reviewing potential portfolio securities' performances to hedge against the inflationary erosion of investment values.

ii) Interest Rate and Unrealized Loss Risk

NYC Outward Bound will minimize the risk that the market value of securities in the portfolio will fall, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open

market prior to maturity (potential unrealized loss) and by investing funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

Liquidity

The Investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since not all possible cash demands can be anticipated, the portfolio should consist largely of securities with active secondary markets.

Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments should be limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold before maturity with the following exceptions:

- i. A security with declining credit may be sold early to minimize loss of principal.
- ii. A security swap would improve the quality, yield, or target duration in the portfolio.
- iii. Liquidity needs require that the security be sold.

V. Investment Guidelines - Long-Term Investment Funds

A. Investment Time Horizon

The portfolio has a long-term investment time horizon, which is defined as greater than five years.

The Board recognizes that periodic outperformance or underperformance relative to benchmarks and/or peer groups is not uncommon, even with top-tier funds. Consequently, maintaining a long-term focus combined with regular due diligence increases the probability of success in any strategy.

B. Return Target

The return goal of the portfolio is to exceed on a net of fee basis:

1. The unadjusted annualized U.S. Personal Consumption Expenditure for the previous 12 months; and
2. Minimum of 80% of the investment performance benchmark.

C. Benchmark

The investment performance of the portfolio will be measured against the following blended benchmark:

35% Barclays Intermediate Govt/Credit Index, 60% S&P 1500 Index, 5% Citi 3 Month Treasury Bill Index.

D. Asset Allocation Guidelines

Investment management of the assets of the Endowment shall be in accordance with the following asset allocation guidelines, which shall be measured quarterly:

Asset Allocation Guidelines			
	Minimum	Target Allocation	Maximum
Equity	50.00%	60.00%	70.00%
US Large Cap	50.00%	56.50%	70.00%
US Small Cap	0.00%	3.50%	7.00%
Fixed Income Sub-Asset Class	20.00%	35.00%	55.00%
Domestic Short-Term Taxable Government Bond	10.00%	17.50%	22.50%
Domestic Investment Grade Taxable Fixed	10.00%	17.50%	22.50%
Cash & Cash Equivalents	0.00%	5.00%	10.00%
Cash & Cash Equivalents	0.00%	5.00%	10.00%
Total		100.00%	

E. Permissible Assets

The assets of the portfolio shall be limited to Exchange Traded Funds (ETFs) for which the following underlying asset classes are permissible:

1. Cash Equivalents

- Treasury Bills
- Money Market Funds
- STIF Funds (Short Term Investment Funds)
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit

2. Fixed Income Securities

- U.S. Government and Agency Securities
- Fixed Income Securities of Foreign Governments and Endowments (up to 15% of the market value of the fixed income allocation)
- Corporate Notes and Bonds
- Mortgage Backed Bonds

- Preferred Stock
- Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs

3. Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs)
- REITs (Real Estate Investment Trusts)

F. Prohibited Assets

1. Private Placements
2. Options
3. Limited Partnerships (unless publicly traded e.g. Master Limited Partnerships or MLPs or through a publicly traded exchange traded fund)
4. Venture-Capital Investments
5. Real Estate Properties

G. Asset Class Guidelines

Guidelines for Equity Investments

1. Portfolio assets invested in equity securities shall, as a group, be sufficiently diversified so as to moderate risk but not so excessive as to preclude attainment of optimal results.
2. Portfolio will have an equity threshold of 50% - 70%.
3. Maximum allowable investment in any single security, with the exception of Mutual Funds and ETFs, will be 15% of the equity allocation.

Guidelines for Fixed Income Investments and Cash Equivalents

1. Portfolio assets invested in fixed income securities shall, as a group, maintain adequate diversification by issuer and sector, provided, however, that instruments of United States Government issue or backing may be held in any amounts consistent with the other requirements of this Statement of Policy.
2. Portfolio will have a fixed income threshold of 20% - 55%.
3. Portfolio assets may be invested primarily in investment grade bonds rated BBB (or equivalent) or better, as rated by Standard and Poor's and/or Moody's. The weighted average credit quality of the portfolio shall be reviewed on an annual basis by the Finance Committee.

H. Prohibited Transactions

Prohibited transactions include, but are not limited to, the following:

1. Short Selling
2. Margin Transactions

I. Rebalancing Policy

The Investment Manager will review the investment portfolio on at least a quarterly basis to evaluate the Endowment's fund portfolio's asset allocation relative to the guidelines laid out in this Investment Policy Statement (IPS). In the event that the above minimum/maximum aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Investment Manager will bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible.

VI. Reporting

A. Monthly — the Investment Manager will provide the Chair of the Finance Committee, President and CFO with a monthly written statement containing all pertinent transaction details for each separately managed portfolio including, but not limited to:

1. a transaction statement with the description and quantity of each security purchased or sold, with the price and date of each transaction; and
2. a "portfolio holdings" report detailing each holding's quantity, average cost basis, purchase date, current market value, unrealized gain or loss, annual income, and yield at cost.

For commingled vehicles, the monthly report will be at the aggregate level for each fund.

B. Quarterly — The Investment Manager will provide the Finance Committee with detailed reports concerning:

1. Asset allocation;
2. Investment performance;
3. Future investment strategies; and
4. Any other matters of interest to the committee.

C. Annually — The Investment Manager will provide to the Finance Committee an annual summary of all transactions in each fiscal year, together with a report of investment performance for each year of its management tenure.

VII. Policy and procedures for processing donated securities

Donated Securities

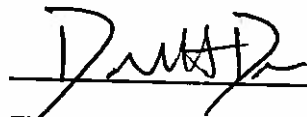
It is the policy of NYC Outward Bound to sell all marketable securities received as donations as soon as is practical, but in not more than thirty (30) days from their receipt.

VIII. Review of Investment Policy Statement

This investment policy statement will be reviewed by the NYC Outward Bound Finance Committee at a minimum of every two years and/or in the event of a significant financial change to the organization.

This Investment Policy Statement is adopted as of this 9 day of March, 2015, on behalf of the Board of Directors of NYC Outward Bound Schools.

Signature: _____



Finance Committee Chair

Print Name: _____

David Dase