

Purpose

PEEC is fortunate to have an active and varied donor community who contribute to the organization for a variety of purposes. This policy aims to provide guidance to the PEEC Board of Directors and staff for the management of assets in accordance with sound financial practices and in keeping with the mission of the organization.

Delegation of Responsibilities

The final authority for the management of PEEC's financial assets rests with the Board of Directors. The Board delegates certain responsibilities to various individuals and committees as set forth below:

The Board shall ensure that its fiduciary responsibilities concerning the proper management of PEEC's funds are fulfilled through an appropriate investment structure, internal and external management, and portfolio performance consistent with other policies and procedures.

Considering the advice and recommendations of the Finance Committee, the Board shall:

- select, appoint and remove members of the Finance Committee,
- approve investment objectives that reflect the short- and long-term interests of PEEC
- approve the appointment of financial advisor(s) who agree to serve PEEC in a fiduciary capacity to advise and assist in the investment of available funds consistent with PEEC's mission.

Responsibilities of the Finance Committee

The Finance Committee responsibilities are as defined in the PEEC Bylaws (Art 7 Sec 3).

Types of Assets Managed

PEEC holds assets that fall into two categories – ***unrestricted funds***, and ***restricted funds***. Characteristics of these funds are:

Unrestricted funds are assets held for which the original donor does not place constraints on how or when those funds shall be spent.

Restricted funds are assets for which the donors indicate the funds are intended for a specific purpose or program and carry with them an expectation of the time frame when those funds should be spent. Funds that are accrued (such as pledges) but not yet received are also defined as restricted (by time).

Funds that can be Invested

PEEC should invest only funds in excess of an operating reserve that will cover expenses over a three-month period in the event of a major and unexpected disruption of PEEC's principal funding sources. These funds should be kept in the lowest-risk category of assets (cash & cash equivalents) maturing in a time frame consistent with potential demand.

Other received funds, whether restricted or unrestricted, may be invested in standard market products, consistent with conservative to moderate risk tolerance. It is assumed that these invested funds will be available for PEEC operations and capital purchases, in time frames and target ranges as defined in the chart below.

The Finance Committee will review investment holdings at least once a year to ensure that targets are being respected.

	Funds we do not expect to spend in the next 3 years	Funds we expect to spend between 6 months & 3 years	3 Months Operating Funds (determined by budget; = ¼ annual expenses)	3 Months Reserve Funds (determined by budget; = ¼ annual expenses)
Equity	30 to 80% *greater than 50% of monies in this category (long-term invested equities) will be invested in ESG (see 1.a. below)	up to 40%	0%	0%
Fixed Income	up to 25%	up to 60%	0%	up to 30%
Cash/Cash Equivalent	up to 10%	up to 40%	100%	up to 100%

Investment Types

Consistent with its responsibility to manage its assets responsibly, PEEC may make investments covering a range of investment types:

1. **Equity:** Stocks, mutual funds, exchange traded funds, index funds
 - a. Environmental, Social, and Governance (ESG) — PEEC will use an ESG lens as a basis for investing a significant fraction (greater than 50%) of its long-term invested equities to assure a fit with PEEC's mission and values.
2. **Fixed Income:** Bonds, treasury notes
3. **Cash & Cash Equivalent:** Checking accounts, saving accounts, CDs, money market accounts

PEEC will not invest in cryptocurrency, precious metals, hedge funds, single stocks, or real estate.

Investment Advisors

PEEC may retain the services of one or more professional investment advisors who agree to act in a fiduciary capacity on its behalf. The Finance Committee will convey guidance to investment advisor(s) through an authorized signatory on the affected accounts. The Finance Committee will review the advisor(s) every year to determine whether performance is within the investment policy guidelines and if asset allocation, security selection, and market timing decisions were prudent and reasonable.

Donations

All assets donated to PEEC are assumed to be unrestricted funds unless otherwise indicated by the donor at the time of donation. When a donor specifies a particular intent or purpose for which donated funds should be used and/or a specific time frame in which the donated funds are expected to be spent, PEEC will respect those wishes and regard the donation as part of its management of restricted funds.

All donations are assumed to be made in the form of cash. For any donations accepted that are not cash (for example, equities, time deposits, property), it is assumed and expected that PEEC will, at its earliest opportunity, liquidate those assets at the then present market values, which may not be the value of the asset when it was originally donated.

If a donor places restrictions on their donation that prevent PEEC from immediately liquidating the assets, PEEC will make a good faith effort to honor the donor's request. Due to changes in market conditions over time, the liquidated value may be different from the value at the time of donation.

References:

[Put Your Money Where Your Mouth Is](#), Nonprofit Quarterly

[Mission-Related Investing](#), Russell Investments

[Applying Mission Focus to Your Investment Policy Statement through ENVIRONMENTAL, SOCIAL, AND GOVERNANCE \(ESG\) INVESTING](#)

[Handbook on Responsible Investment Across Asset Class](#), from the Institute for Responsible Investment, Boston College

[Bylaws of the Pajarito Environmental Education Center](#)

Investment Policy Statement for the Los Alamos Community Foundation