

## **Civil Air Patrol Statement of Investment Policy**

It is the fiduciary responsibility of the Civil Air Patrol to manage its corporate investment account to preserve to the best of its ability the principal of the corporation's investments while simultaneously trying to maximize said investments to fund needed programs for Civil Air Patrol.

### **Goal:**

The immediate goal of the Civil Air Patrol corporate investment program is to grow its portfolio to a base line of \$4,000,000.00. The long-term goal is to increase the base line to \$5,000,000.00. Once accomplished, these goals shall be re-evaluated. A portion of monies above the "base line" may be made available for liquidation to fund National Board, or National Executive Committee when the National Board is not in session (hereinafter referred to National Board), for approved corporate projects.

### **Plan:**

#### **Accumulation:**

To comply with the stated policy, the investment advisor shall actively manage Civil Air Patrol's corporate investments in an Asset Allocation account using modern portfolio theory to achieve a moderate to conservative model with minimal risk. Re-allocation shall be performed at least quarterly.

- The account shall be allowed to grow in value through:
  - Quarterly re-allocation
  - Appreciation of investments
  - Reinvestment of earnings
  - Contributions from Membership Dues
  - Donated monies
- The portfolio shall be limited to mutual funds or **exchange traded funds** (preferably not less than a Morningstar or Standard and Poor's 3 star rating on the initial purchase), or Certificates of Deposit with less than a one year maturity date; fixed income investments such as corporate and government bonds, [preferably not less than a Standard & Poor's and/or Moody's rating of "A"; in no case less than S&P "BBB" or Moody's "Baa", certificates of deposit, treasuries and when necessary, cash.
- Annual Civil Air Patrol membership dues may be proportionately contributed to the corporate reserve account to be invested.

These monies may be assessed and invested on a quarterly basis.

- Designated funds shall be "ear marked" for purposes so designated.
- Donor restricted funds shall be separately maintained pursuant to the requirements of the donor.

- Appropriated funds shall not be used for investment purposes.

**Withdrawals:**

- Authority to liquidate investments is limited to the National Board.
- Upon concurrence of a vote by the National Board to withdraw investments, the National Board authorizes the National Finance Officer, the National Chief of Staff, the National Commander, National Vice Commander, or the Executive Director to sign authorizations with the investment advisor to withdraw investments for specific purposes so authorized.
- Said liquidations shall be drawn from profitable sub-accounts unless, pursuant to advice of the investment advisor, it is in the best interest of the organization to liquidate a non-profitable sub-account. Should a dire financial situation so arise, the National Board shall be required to affirm with a second vote of concurrence to withdraw a majority of non-profitable sub-accounts.
- Ninety percent [90%] of monies above the “base-line” values herein listed are readily available to fund National Board approved corporate programs. The remaining earnings shall be left for reinvestment to insure against the possibility of a declining portfolio and/or to facilitate growth of the portfolio to the next “base line”.
- Funds so designated by the National Board for a specific purpose, can only be withdrawn for said purpose unless otherwise authorized by the National Board. Withdrawals shall follow the same guidelines as stated above.
- Restricted funds shall only be withdrawn to fund programs for which the fund was created.

**Impact:**

The expected impact of the Civil Air Patrol corporate investment account is that proper implementation will smooth out the financial volatility the organization currently experiences. It will greatly help to diversify CAP’s sources for corporate funding, allowing the organization to more efficiently manage its program.

**Compliance:**

The CAP National Finance Officer will be provided copies of all corporate investment account statements.