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INVESTMENT POLICY STATEMENT SUMMARY

An Investment Policy Statement (IPS) is a core governance document that ensures a nonprofit manages its investable assets prudently, consistently, and in alignment with its mission. It provides structure, transparency, and accountability for board members, committees, staff, and investment advisors.

Fiduciary Responsibility & Compliance

A written IPS supports the board's fiduciary duties by documenting how investment decisions are made. It ensures compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), donor restrictions, and prudent-investor standards. The IPS provides clear evidence of responsible oversight for audits, regulators, and donors.

Governance & Decision-Making Consistency

Because board membership changes over time, an IPS preserves continuity. It outlines investment objectives, risk tolerance, asset allocation targets, spending policies, rebalancing approaches, and the roles of the board, committees, staff, and advisors. This prevents inconsistent or personality-driven investment decisions.

Alignment with Mission and Long-Term Needs

Investment assets exist to support the organization's mission. The IPS connects financial strategy with programmatic goals by defining time horizons, liquidity requirements, and growth expectations. It ensures endowment, restricted, and board-designated funds are invested in a manner that supports long-term sustainability.

Stability During Market Volatility

A disciplined IPS reduces emotional reactions to market fluctuations. It establishes acceptable risk ranges, portfolio monitoring expectations, and rebalancing guidelines. This helps maintain a consistent strategy and protects long-term performance during periods of uncertainty.

Transparency and Donor Confidence

Donors expect strong stewardship. An IPS clearly communicates how funds are managed, monitored, and safeguarded. It supports donor trust, strengthens reporting and audit practices, and reinforces the organization's commitment to responsible financial management.

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