

INVESTMENT POLICY STATEMENT

The Education Foundation of the Florida Federation of Business and Professional Women's Clubs, Inc.

Approved on (Date): _____

**Presented by:
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This investment policy statement should be reviewed and updated at least annually. Any change to this policy should be communicated in writing on a timely basis to all interested parties.

Type of Plan:	Tax-Exempt, Not-for-profit 501(c)(3)
Current Assets:	\$234,000
Time Horizon:	Multi-stage: Primary Stage: Short-term, less than 3 years Secondary Stage: Greater than 10 years (or in perpetuity)
Spending Rate:	Disbursements will vary over time due to the objectives of the Foundation
Required Return:	Not applicable

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Part I – Background and Purpose

The purpose of this Investment Policy Statement (IPS) is to provide written and formal financial goals and objectives as well as provide background information on the Foundation.

Part II – Roles and Responsibilities

This section defines who is responsible and for what function.

Part III – Objectives

This section introduces the process of identifying desired and required returns, which should take place concurrently with the discussion of risk tolerances. In the end, the IPS must present a return objective that is attainable within the risk constraints of the portfolio.

Part IV – Constraints

All economic and operational constraints should be outlined in this section in order to properly tailor the portfolio without violating any client-imposed restrictions. These constraints include: Time Horizon, Liquidity Requirements, Taxes, Legal and Regulatory Issues and Unique Circumstances and Preferences.

Part V – Asset Allocation

This section outlines the appropriate asset mix that meets the Foundation’s objectives and constraints as stated in this investment policy statement.

Part VI – Portfolio Monitoring and Reporting

This part sets forth the process and timing of investment monitoring as well as the schedule for performance review.

Part I – Background and Purpose

Mission Statement

The Education Foundation of the Florida Federation of Business and Professional Women's Clubs, Inc. (hereafter referred to as "the Foundation") exists to provide housing for female students pursuing higher education. The Foundation seeks to provide educational opportunities to financially disadvantaged young women with strong academic skills. In addition, the goal is to build at least one scholarship house on every state college and university campus in Florida to provide housing for female university students who might otherwise not be able to pursue an education at the schools.

This Investment Policy Statement (IPS) has been prepared for the Foundation, a tax-exempt Public Foundation under IRS Code 501(c)(3). The initial asset allocation strategy may change depending upon the level of grants, operating expenses and future contributions.

The purpose of this IPS is to assist the Foundation and Investment Advisor in effectively supervising, monitoring and evaluating the management of the Foundation's assets. The Foundation's investment program is defined in the various sections of this IPS by:

1. Stating in a written document the Foundation's attitudes, expectations, objectives and guidelines in the management of their assets.
2. Setting forth an investment structure for managing the Foundation's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
3. Establishing formal criteria to select, monitor, evaluate and compare the performance of money managers on a regular basis.
4. Encouraging effective communications between the Foundation, Managers, and interested parties.
5. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Foundation's assets.

Part II – Roles and Responsibilities

Board of Directors

As a fiduciary, the primary responsibilities of the Directors are:

1. Prepare and maintain an investment policy statement.
2. Prudently diversify the account's assets to meet an agreed upon risk/return profile.
3. Prudently select investment options.
4. Control and account for all investment, record keeping and administrative expenses associated with the accounts.
5. Monitor and supervise all service vendors and investment options.
6. Avoid prohibited transactions and conflicts of interest.

Finance Committee

The Finance Committee is a committee comprised of representatives from the Board of Directors and the Investment Advisor. They are responsible for overseeing the management of Foundation assets. They shall act solely in the best interest of the Foundation and in concert with the mission of the Foundation. They are authorized to engage the services of investment professionals. The Finance Committee's responsibilities include:

1. Setting and revising investment policies that the Board must approve.
2. Developing investment objectives, asset allocation strategies and performance guidelines.
3. Selecting Investment Advisors, Money Managers and Custodians.
4. Reviewing and evaluating investment results and approving changes as needed.
5. Providing periodic performance reports to the Board.

Investment Advisor

The Investment Advisor's role is that of a discretionary advisor to the Foundation. Investment advice concerning the investment management of assets will be offered by the Advisor and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Advisor include:

1. Assist in the development and periodic review of the investment policy.
2. Provide monitoring of the investments to ensure manager compliance with their stated investment objectives.
3. Provide the Finance committee with quarterly performance updates, including any qualitative changes with regards to the managers.

Investment Managers

Investment managers are responsible for making investment decisions based upon their predetermined process and philosophy. The specific duties and responsibilities of each manager are:

1. Manage the assets in accordance with the guidelines and objectives set forth within the individual manager's marketing materials and/ or due diligence research reports.
2. Use the same care, skill, prudence and diligence under the prevailing circumstances that experienced investment professionals, acting in like capacity, and fully familiar with such matters, would use in like activities for like portfolios, with like aims, in accordance and compliance with the Prudent Investor Rule and all applicable laws, rules, and regulations.

Custodian

Custodians are responsible for the safekeeping of the Foundation's assets. The specific duties and responsibilities of the custodian are:

1. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolios since the previous report.
2. Maintain separate accounts by legal registration.
3. Value the holdings.
4. Collect all income and dividends owed to the Foundation.
5. Settle all transactions initiated by the Investment Managers.

Part III – Objectives

The process of identifying required returns should take place concurrently with the discussion of risk tolerances. In the end, the IPS must present a return objective that is attainable within the risk constraints of the portfolio.

Return Objectives:

The return objectives for the Foundation are chronologically unique and will require adjustments as the primary stage is realized. In the short term (primary stage), the portfolio will have higher liquidity needs and thus the risk tolerance of the portfolio will be reduced to a relatively low level. In the intermediate to long-term, the portfolio will shift its focus to a longer term time horizon thus increasing the return objectives of the portfolio as well as the overall risk tolerance.

Through consultation with the Foundation's Investment Advisor, the Board has determined that an Income with Moderate Growth objective is most appropriate. This objective emphasizes current income and liquidity through a large allocation to fixed income securities, complemented by a secondary consideration for capital appreciation through a small

allocation to equity securities. It is expected that over time this objective will move towards a Balanced with Growth objective with a larger portion of the portfolio dedicated to equities.

When investing in capital markets, the Finance Committee must recognize and acknowledge that some risk must be assumed in order to achieve long-term investment objectives, and there are uncertainties and complexities associated with these markets. Through the investment objective selected, the Finance Committee members are stating that they are comfortable with a low to moderate degree of risk.

Part IV – Constraints

Time Horizon:

The investment guidelines for the portfolio are based upon a multi-stage investment horizon. The primary stage is less than 3 years, or shorter term in nature, while the secondary stage is long-term (over ten years).

Comments: The portfolio allocation will initially start off more conservative during the primary stage but will have the ability to take on more risk as time goes on.

Liquidity Requirements:

With liquidity defined as either anticipated or unanticipated needs for cash in excess of contributions, the Foundation's current liquidity requirement is high. Anticipated needs are captured in the periodic distributions prescribed by the mission of the Foundation. Unanticipated needs should take into consideration the spending requirements and thus a reserve should be considered.

Comments: It is expected that the Board will need to make a large one time withdrawal from the portfolio within the next three years. This IPS will be reviewed at least annually and the portfolio will be altered to account for this withdrawal as the expected date draws near.

Taxes:

The taxable implications of the Foundation are generally not an issue and tax exempt investments should not be considered for investment unless the risk/ return profile of the investment is advantageous to the long-term objectives of the Foundation.

Comments: No Issues

Legal and Regulatory Issues:

In the United States, the Internal Revenue Code (Section 4944) addresses private Foundations and imposes a graduated series of excise taxes if a private Foundation invests in a manner that jeopardizes the carrying-out of its tax-exempt purposes. Additionally, many states have adopted the Uniform Management of Institutional Funds Act (UMIFA) as the primary legislation governing any entity organized and operated exclusively for educational, religious, or charitable purposes. As such, any external factors imposed by governmental, regulatory or oversight authorities which constrain investment decision making process have been addressed. Prudent Investor Rules apply. The Prudent Investor Rules state that a fiduciary must:

1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
4. Provide for the reasonable diversification of investments.
5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

Comments: No Issues

Unique Circumstances:

Unique circumstances may include guidelines for social or special purpose investing; assets legally restricted from sale; directed brokerage arrangements; and privacy concerns. Additionally, assets held outside the investment portfolio and not otherwise considered within this investment policy should be listed here.

Comments: No Issues

Part V – Asset Allocation

The Foundation believes that long-term investment performance, in large part, is primarily a function of asset class mix. The Foundation has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

History shows that while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (five years or greater).

Gifts made to the Foundation of publicly traded stocks/bonds may be sold upon receipt and reinvested according to the Foundation's investment guidelines, or retained in the portfolio if the Investment Advisor determines that such shares would be an enhancing addition to the portfolio. Gifts of real estate or other tangible assets will be accepted only after environmental testing and research has been conducted and conclusions have been reached to ensure that the Foundation is not assuming any liabilities, liens or restrictions with the property.

Investments in interest-only or principal-only CMOs, interest rate swaps, precious metals, venture capital, and futures or options contracts in individually managed portfolios are prohibited. Trading on margin and short selling are also prohibited.

The allocation of the Foundation's assets which are earmarked for its primary (short-term) objectives is intended to emphasize safety and liquidity over investment performance. Taxable fixed income investments should be of laddered maturities, and should be of investment-grade quality or its equivalent. These may include, but are not limited to, government bills, notes, and bonds, agency securities, corporate bonds or preferred securities. Cash equivalents may include checking, savings, money market, or certificates of deposit.

	Lower Limit	Strategic Allocation	Upper Limit
Real Estate Securities	0.0%	0.0%	10.0%
Large Cap Equity	0.0%	0.0%	10.0%
Small to Mid Cap Equity	0.0%	0.0%	5.0%
International Equity	0.0%	0.0%	5.0%
Taxable Fixed Income	10.0%	30.0%	60.0%
Cash Equivalents	50.0%	70.0%	100.0%

The allocation that best satisfies the Foundation’s long-term objectives and constraints, as stated in this investment policy statement, is a 40% equities / 60% fixed income allocation.

	Lower Limit	Strategic Allocation	Upper Limit
Real Estate Securities	0.0%	5.0%	15.0%
Large Cap Equity	10.0%	20.0%	30.0%
Small to Mid Cap Equity	0.0%	5.0%	20.0%
International Equity	0.0%	10.0%	20.0%
Taxable Fixed Income	40.0%	50.0%	75.0%
Cash Equivalents	0.0%	10.0%	20.0%

Performance for each manager populating the above asset classes will be evaluated relative to the manager’s appropriate benchmark. Performance for the total portfolio will be measured against a custom benchmark comprised of the appropriate weights of each of the manager’s specific benchmarks.

Part VI – Portfolio Monitoring and Reporting

Investment performance must be periodically evaluated to assess progress toward achievement of investment objectives. Additionally, and more importantly, as objectives and constraints materially change, a review of this investment policy statement is recommended. Currently, an annual review is recommended.

INVESTMENT POLICY REVIEW

The Advisor will review this IPS with the Foundation at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS. It is the obligation of the Foundation to notify all interested parties of any material changes that would alter the objectives or construction of this portfolio. If all interested parties are not notified of these material changes, then the current investment policy statement is invalid.

This IPS is not a contractual agreement of any kind and therefore by signing it you will not be bound to any arrangement. It is only meant to be a summary of the agreed upon investment management techniques.

Prepared:

Approved:

Advisor

Trustee

Date

Date