

### **11.03 Investments**

Policy:

It is the policy of Licking/Knox Goodwill Industries, Inc. to make investments of excess working capital using the monthly depreciation as a base amount for determining the amount of funds to be invested.

Procedure:

The primary investment objective is growth of capital with the expectation of matching or exceeding the corresponding index or indices. The Director of Finance may employ outside professional services to manage the portfolio of Licking/Knox Goodwill Industries, Inc. with the option of making other investments (such as a high yielding Certificate of Deposit) if the option is favorable to the organization.

Withdrawal of any funds requires the signatures of any two (2) of the following: CEO/President, Director of Finance, or the Treasurer of the Board of Trustees.

Amounts to be invested and timing of deposits will be recommended by the Finance Committee, approved by the Board of Trustees, and implemented by the CEO/President or Director of Finance. Monies used for investment purposes must be in excess of working capital estimated to be required for a period of approximately five (5) years following the date of investment.

This portfolio will be managed as a conservative growth account composed primarily of mutual funds and/or individual equities, and may, from time to time, hold cash or cash equivalents. The mutual fund selected for the portfolio may include equity funds investing in growth and/or value stocks, as well as balanced funds. Individual securities may include any combination of equities, fixed income securities, cash, or cash equivalents. Selections will be made from issues that possess strong fundamentals, but are undervalued in the marketplace. Additional selections may be made in issues that have high growth rates with lower than average dividend payouts and yields.

In consideration of the overall risk/reward relationship, Licking/Knox Goodwill Industries, Inc. describes its general risk posture regarding this portfolio of assets as moderate to moderate/high.

The Investment Manager(s)' performance, relative to this account, will be compared to a wide variety of market indices including, but not limited to, the Consumer Price Index, Treasury Bills, and the S & P 500. Mutual funds will be compared to mutual funds of similar objectives.

The Finance Committee will annually review the investment portfolio and make recommendations to the full Board of Trustees. All investment proceeds shall be reinvested or directly deposited to a Licking/Knox Goodwill Industries, Inc. account unless otherwise directed by the Board of Trustees. The CEO/President, or other designated employee outside the Finance Department, shall receive all investment account statements UNOPENED. The CEO/President, or other designated employee outside the Finance Department, shall review and sign the statement before forwarding to the Director of Finance for reconciliation. All investment accounts will be

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reconciled monthly per Policy & Procedure 11.28, "*Reconciliation Policy & Procedure*." The CEO/President, or other designated employee outside the Finance Department, shall verify and sign off on all final account reconciliations.