

INVESTMENT POLICY STATEMENT
Cancer League of Colorado Foundation, Inc.

Revised and updated November 2011

EXECUTIVE SUMMARY

Foundation Name: Cancer League of Colorado Foundation, Inc. (Foundation)

Primary Objective: Provide funding for Cancer League of Colorado, Inc. (CLC)

Target Rate of Return: 5% nominal annualized net-of-fees

Time Horizon: 10 years

Spending Policy: The annual amount of the distributions to the beneficiaries will be 50% of net earnings.

Asset Allocation and Rebalancing Parameters:

Asset Class	Minimum	Maximum	Preferred
US Equities – Large Cap	20%	50%	30%
US Equities – Small Cap	0%	15%	10%
International Investments	10%	20%	15%
US/International Bonds	25%	100%	30%
Alternative Investments	0%	20%	15%

Maximum allowable allocation of the aggregate portfolio to equities is 75%
Maximum allowable allocation of the aggregate portfolio to illiquid securities is 0%.

Rebalancing Procedures:

Portfolio is rebalanced by the Investment Advisor at least annually or directed by the Board or Investment Committee.

Cash Limits:

The Investor wishes to maintain no minimum liquidity needs.

Allowable Investments:

Refer to Diversification and Investment Constraints

Meeting Frequency:

At least once per quarter.

Definitions

1. “Foundation” is defined as the Cancer League of Colorado Foundation, Inc.
2. “Portfolio” is defined as all investments and liquid assets of the Foundation.
3. “CLC” is defined as Cancer League of Colorado, Inc.
4. ”Board” shall mean Cancer League of Colorado Foundation Inc. Board of Directors as defined in Foundation Bylaws
5. “Committee” shall refer to the Investment Committee established by the Board to administer the portfolio as specified by applicable ordinance.
6. “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of the portfolio’s assets.
7. “IPS” is defined as Investment Policy Statement
8. “Advisor” shall mean any individual, or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search and performance monitoring and may be the same person as the Investment Manager.
9. “Fiduciary” shall mean any individual or group of individuals that exercise discretionary authority or control over the fund management or any authority or control over management, disposition or administration of portfolio assets.

This Investment Policy Statement:

- ❖ Establishes the Board’s and Committee's expectations, objectives and guidelines in the investment of the Portfolio's assets.
- ❖ Creates the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Board, including:
 - describing an appropriate risk posture for the investment of the Portfolio
 - specifying the target asset allocation policy
 - establishing investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets
 - specifying the criteria for evaluating the performance of the Portfolio's assets

- ❖ Defines the responsibilities of the Committee, Advisor and Investment Manager(s).
- ❖ Encourages effective communication between the Advisor and the Committee.

This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Committee and the Board. The investment policies described in this IPS should be dynamic. These policies should reflect the Committee's current status and philosophy regarding the investment of the Portfolio. These policies will be reviewed and revised periodically to ensure they adequately reflect any changes related to the Portfolio, to the Committee or the capital markets.

It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

INTRODUCTION

One of the important purposes of this IPS is to establish a clear understanding as to the investment goals, objectives and management policies applicable to the Foundation's investment portfolio ("Portfolio").

There is no single authorized decision maker; all decisions are made by the Board. The Committee's primary activity is to monitor and report to the Board and to make recommendations.

Assets to be considered under this IPS

The investments being managed under this IPS have a current approximate value of \$498,364 as of calendar year end 2009.

Account Information

<i>Acct. Title</i>	<i>Acct. Number</i>	<i>Mkt. Value as of</i>	
Endowment	DK-32034	\$155,328	12/31/09
Endowment	DK-32037	\$343,036	12/31/09

INVESTOR CIRCUMSTANCES

The Committee describes their knowledge of investments as moderate.

The projected outlook for the Foundation's financial situation:

- ❖ Stable over the next one-year period.
- ❖ Moderately Positive over the next five years.
- ❖ Positive over the next ten years.

The Committee's expectation as it regards inflation is:

- ❖ Over the next year it will increase.
- ❖ Over the next five years it will increase.
- ❖ Over the next ten years it will moderate.

INVESTMENT OBJECTIVES

The investment objectives addressed in this IPS represent the Foundation's overall investment objectives.

The Foundation's objective for this investment portfolio is principal protection with a moderate emphasis on income-generating investments as well as growth of capital.

The long-term objective for the assets under this policy is to achieve a 5% nominal annualized return after fees and expenses.

TIME HORIZON

The Foundation's long term objectives for this portfolio are currently anticipated to continue for a ten (10) year time horizon. The Board reserves the right to modify these objectives at any time.

SPENDING POLICY

Goal of Foundation

The Board believes that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that this Foundation is to exist in perpetuity,

and therefore, should provide for grant making in perpetuity. To attain this goal, the overriding objective is to maintain the corpus of the Foundation for giving and attaining the target Rate of Return.

Attitude toward Gifts

Future giving (contributions) is unpredictable.

Spending Policy/Distributions Amount

The Foundation supports the objectives of CLC by making periodic transfers of funds to CLC.

Endowment restrictions as acknowledged by the Board in agreement with donors will be managed in compliance with the accepted restrictions. As of fiscal year end 2010 there are two endowments managed by the Foundation that have restrictions as to the use of corpus and requirements as to use of the earnings as defined in the respective endowment agreements. Detail regarding the restrictions are included in the respective agreements.

Funds generated from the QuaLife Endowment Fund and donated to CLC by the Foundation will be made with the restriction that the funds can only be used by CLC to support service grants. When donations are made with these funds, CLC will acknowledge the source of the funds to the recipient. Funds from the General Endowment Fund can be used for either service or research grants. Calculation for donation will be made as follows:

- At the end of each calendar year the Board will determine the investment earnings for that year on QuaLife Endowment Fund(s). This is defined as income from dividends and interest less expenses of managing said fund. The Foundation typically transfers to CLC fifty percent (50.0%) of the earnings of said fund with a statement as to the amount that must be allocated to service grants.
- At the same time or later in the fiscal year, the Board will review earnings of the General Endowment Fund using the same formula with a statement as to amount to be allocated to service and/or research grants.
- Greater allocation amounts may be authorized by the Foundation Board when necessary and/or appropriate.

The Foundation may allocate to CLC up to fifty percent (50.0%) of any calendar year capital gains in the corpus of the General Endowment Fund. This allocation can be any amount to the extent that the value of the corpus at the end of the prior year was greater than the total amount invested at the time the allocation was approved. A larger allocation may be authorized by the Board when necessary and/or if appropriate. No similar allocation from the QuaLife Endowment Fund is permitted.

The spending of the Foundation may change from time to time at the direction of the Board.

TAX POLICY

Foundation is a Colorado non-profit 501(c)(3) charity; therefore, there are no income tax considerations with regard to the assets held in the Foundation's account(s).

RISK TOLERANCE

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns one must accept higher risk, e.g. volatility of return.

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Portfolio is the determination of the amount of risk the Board can tolerate.

A comfort level with investment risk influences how aggressively or conservatively a portfolio can be invested. Like a scale, risk needs to be balanced with the need for returns to achieve the investment goals. The Board desires long-term investment performance sufficient to meet its objectives. The Board understands that to achieve such performance the portfolio may experience periods of decline. The Board further understands that in a severe market, the potential recovery period could be long extended.

ASSET ALLOCATION

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risk and rewards of market behavior, the following asset classes were selected to achieve the objectives of the Board:

Asset Class	Minimum	Maximum	Preferred
US Equities – Large Cap	20%	50%	30%
US Equities – Small Cap	0	15%	10%
International Investments	10%	20%	15%
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Portfolio Returns and Volatility

The Board's willingness to accept risk and their expectation for investment growth have a direct bearing on the rate of return objective for this portfolio.

It should be recognized that the portfolio will invest in a variety of securities and that the actual weighting of these securities can and will vary. It is also important to note that future returns of the securities with the portfolio and the portfolio itself can be expected to vary from the historical returns.

The portfolio's historical rate of return is not a guarantee of future investment returns, nor an indication of expectation regarding future results. Future returns could differ significantly and capital loss is possible. This IPS shall not be construed as offering a guarantee.

Updated Allocations

Over time, it may be desirable to amend the basic allocation. When such changes are made, updates will be considered part of this IPS and will be approved by Resolution of Board as allowed in its Bylaws.

FREQUENCY OF IPS REVIEW

The Board recognizes that all investments go through cycles and, therefore, there will be periods of time in which the investment objectives are not met or when specific managers fail to meet their expected performance expectations. The Board accepts the principle that, in the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance.

The Board and Committee will meet at least annually to review and recommend modifications as applicable to IPS.

LIQUIDITY

Investor's liquidity requirements are none; there are: no minimum liquidity needs as cash is handled separately.

DIVERSIFICATION AND INVESTMENT CONSTRAINTS

Investment of the Foundation's funds shall be limited to securities within the asset allocation in the following categories:

Asset Classes

Money Market Funds
U.S. Short Term Taxable Bonds
U.S. Intermediate Term Taxable Bonds
U.S. Large-Cap Value
U.S. Large-Cap Growth
U.S. Mid-Cap
U.S. Mid-Cap Value
U.S. Mid-Cap Growth
U.S. Small-Cap
U.S. Small-Cap Value
U.S. Small-Cap Growth
Non U.S. Large Stocks- Developed Countries
Foreign Equities - Emerging Market
Commodities- co-mingled vehicles only (i.e. Mutual Funds and Limited Partnerships)

Investment Types

Individual Stocks or Bonds
Open-ended Mutual Funds
Closed-end Mutual Funds
Exchange Traded Funds (ETFs)
Managed Separate Accounts
Alternative Investments as recommended by Advisor
Limited Partnerships

SOCIALLY RESPONSIBLE INVESTING

The following best describes the Board attitude toward socially responsible investing: no restrictions at this time.

SELECTION/RETENTION CRITERIA FOR INVESTMENTS

Investment Management Selection

Investment Managers shall be chosen at the recommendation of the Advisor and the Committee using the following criteria:

- ❖ Past performance is considered relative to other investments having the same investment objective with consideration be given to both performance rankings over various time frames and consistency of performance;
- ❖ Costs relative to other funds with like objectives and investment styles;
- ❖ The manager's adherence to investment style and size objectives;

- ❖ Size of the proposed fund;
- ❖ Length of time the fund/manager has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager’s organization and personnel;
- ❖ The historical volatility and downside risk of each proposed investment;
- ❖ How well each proposed investment complements other assets in the portfolio;
- ❖ The current economic environment; and
- ❖ The likelihood of future investment success, relative to other opportunities.

INVESTMENT MONITORING AND CONTROL PROCEDURES

No less frequently than quarterly and at Foundation meetings, the Foundation Treasurer and Committee will present financial reports and solicit comment and input from Board.

Reports

- ❖ The Advisor and the financial custodian shall provide Committee with monthly statements for each account subject to this IPS. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including deposits and withdrawals.
- ❖ The Advisor shall provide Committee the following management reports on a periodic basis:
 - Portfolio performance results over varying time periods;
 - Performance results of comparative benchmarks over varying time periods;
 - Review of current asset allocation versus policy guidelines; and
 - Any recommendations for changes of the above.

Meetings and Communication between Committee and Advisor

As a matter of course, the Advisor shall keep Committee apprised of any material changes in the Advisor's outlook, recommended investment policy, and tactics.

In addition, Advisor shall meet with Committee approximately twice per calendar year to review and explain the Portfolio's investment results and any related issues. Advisor shall also be available on a reasonable basis for telephone and email communication as needed.

DUTIES AND RESPONSIBILITIES

The Advisor

The Advisor is a Registered Investment Advisor or Registered Representative and shall act as the investment consultant to the Committee until the Committee decides otherwise.

Advisor shall be responsible for:

- ❖ Assisting in the development and periodic review of investment policy.
- ❖ Recommending the design and implementation of an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- ❖ Advising the Committee about the selection of and the allocation of asset categories.
- ❖ Identifying specific assets and investment managers within each asset category.
- ❖ Providing “due diligence”, or research, on the Investment Manager(s)
- ❖ Monitoring the performance of all selected assets the Advisor consults to.
- ❖ Recommending changes to this IPS.
- ❖ Periodically reviewing the suitability of the investments for the Committee.
- ❖ Being available to meet with the Committee and or Board as requested.
- ❖ Being available at such other times within reason at the Committee's request.
- ❖ Preparing and presenting annual reports to the Foundation.

Discretion and Title

- ❖ Advisor will not have any discretionary control.
- ❖ Advisor shall have no authority to withdraw funds from accounts, except to cover payment of previously agreed to fees or at Committee's specific direction.
- ❖ Advisor may not change the IPS, including the targeted asset allocation.

The Committee

Committee shall be responsible for:

- ❖ The oversight of the Portfolio.
- ❖ Recommending and defining the investment objectives and policies of the Portfolio to the Board.

- ❖ Directing Advisor to make changes in the Portfolio as stated in the IPS and to oversee and to approve or disapprove Advisor's recommendations with regards to policy, guidelines, and objectives on a timely basis at the direction of the Board.
- ❖ Providing Advisor with all relevant information on financial conditions and risk tolerances and shall notify Advisor promptly of any changes to this information.
- ❖ Reading and understanding the information contained in the prospectus and each investment in the Portfolio.

Being responsible for exercising all rights, including voting rights, as acquired through the purchase of securities.

Proxy Voting

The Committee is responsible for and empowered to exercise all rights, including proxy-voting rights as stated in the Foundation Bylaws.

ADOPTION

Adopted by Resolution of the Foundation Board dated April 1, 2010.

Karen F. White, President and
VP Cancer League of Colorado, Inc.

Glenna Hale, Director
Secretary

Martha Jentz, Director
President Cancer League of Colorado, Inc.