

LANSING CHRISTIAN SCHOOL PILGRIM FOUNDATION INVESTMENT POLICIES AND OBJECTIVES

PURPOSE: Applicability to Endowment and Long Term Funds

The purpose of this Statement of Investment Policies and Objectives is to assist the Board of Directors of the Foundation in effectively supervising and monitoring the investment of the Foundation's assets. Since most of the funds raised by the Foundation are for current needs of the school's operations budget, those funds will largely be held in cash or very short term interest bearing investments. Therefore, these investment policies and objectives are applicable to the Lansing Christian School Pilgrim Foundation Endowment Fund (Endowment Fund) or other "long term" funds that are anticipated to be held for more than one year. In this policy statement the investment program is defined by:

1. Stating in a written document the Directors' attitudes, expectations and objectives regarding investments.
2. Providing investment guidelines which are consistent with the risk posture and investment objectives.
3. Establishing criteria to monitor and evaluate the performance results achieved by investment managers.

This document represents the Directors' goals for the investment of the Foundation's assets. It will be reviewed periodically to assure that it continues to reflect the Directors' attitudes, expectations and objectives. The Foundation Directors have decided to initially invest the Endowment Fund with Barnabas Foundation in its Balanced Fund; notwithstanding the fact that the asset allocation of the Balanced Fund may not exactly conform to the allocations in this policy. This investment decision will be reviewed annually by the end of the first quarter (March 31).

RISK POSTURE

A basic tenet of investment theory is that over long periods of time there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Therefore, an assessment of the appropriate risk level is a logical first step in developing investment policies. Risk, in this context, is defined as variability of the investment return.

In general, the Directors favor an investment policy designed to enhance the long-term funding of the Foundation through capital appreciation and growth of income. At the same time, the Directors recognize that the long-term growth objective must be balanced with concern about excessive variability of the Foundation's asset values that, in turn, could diminish the long-range purpose of the Foundation's existence. The investment policy,

therefore, must be designed to produce a reasonable long-term rate of return while avoiding extremely volatile results.

Based on these views, the Directors risk preference is considered to be one of moderate-risk over an aggressive investment program.

ASSET ALLOCATION POLICY

Asset Ranges and Policy Benchmarks are adjusted from time to time as recommended by the Foundation Fund's investment managers and advisors and as approved by the Foundation Board.

The parameters set out below represent the maximum and minimum exposure to each asset class, which is deemed appropriate, to accomplish the stated objectives of the Foundation's Endowment Funds. If Endowment Funds are placed with an investment manager or managers, the investment manager shall notify the Foundation Board if the funds may become invested outside of these parameters and the Foundation Board will review whether such variance is appropriate.

	<u>Maximum</u>	<u>Minimum</u>
Equities	60%	0%
Fixed Income Securities	75%	25%
REITS	15%	0%
Alternative Investments	10%	0%
Cash	50%	0%

INVESTMENT OBJECTIVES

- A. The basic investment objective is to achieve an above-average return on investments in order to provide a stable, reliable, and growing long-term funding stream for the Foundation
- B. The investment managers shall adhere to this Statement of Investment Policies and Objectives and shall exercise the care, diligence and skill in the investment management of the Foundation Fund that a person of ordinary prudence would exercise in dealing with the property of another person.

INVESTMENT GUIDELINES AND RESTRICTIONS

The funds of the Foundation shall be deposited in such banks, trust companies, or other depositories or with investment managers as may from time to time be designated by the Directors.

If any property or funds are received with respect to which there are no investment specifications or limitations in the agreement, instrument, or order creating or defining the

holding, then the Directors shall invest the same or convert the same into such common or preferred stocks, bonds, mortgages, mortgage notes, notes, debentures, securities or other properties, real or personal, tangible or intangible, as an ordinary prudent man of intelligence and integrity who is the trustee of the moneys of others would purchase in the exercise of reasonable care, judgment, and diligence, under the conditions existing at the time of purchase, having due regard for the management, reputation, and stability of the issuer and the character of the particular securities.

EQUITIES

The purpose of equity investments, both domestic and international, is to provide capital appreciation, current income and growth of income. The Investment Manager(s) should maintain the equity portion of the portfolio at a risk level roughly equivalent to that of the equity market as a whole, with an additional objective of exceeding its results as represented by the annualized return of the appropriate index, over annualized moving three-, five-, and ten-year time periods.

FIXED INCOME SECURITIES

1. The objective of purchasing fixed income securities is to preserve principal, achieve a fair rate of return, and to enable the funds to take advantage of value appreciation as a result of interest rate fluctuations.
2. The fixed income portfolio is to be invested according to the following guidelines:
 - (a) Investments may be made in securities issued by the U.S. Government or its agencies.
 - (b) No more than ten percent (10%) of the overall fund can be invested in non-investment grade bonds. Non-investment grade bonds are defined as securities rated below BBB- by Standard & Poor's or Fitch's or Baa3 by Moody's.
 - (c) Debt securities of any one issuer (excluding the U.S. Treasury and its agencies) should not exceed five percent (5%) of the manager's fixed income portfolio.
 - (d) The average quality of the portfolio should be at least A-rated.
 - (e) Up to ten percent (10%) of the fixed income portfolio may be invested in issues of foreign entities.
3. Real Estate Investment Trusts. Investments may also include equity real estate as a portfolio inflation hedge, held indirectly through private or public REITs or Limited Partnerships, and may not exceed fifteen percent (15%) of

the total Fund. Public REITs will be accessed through managers evaluated on performance and therefore leverage utilized by the REITs in the manger's portfolio will not be restricted by this policy. However, individual private REITs and Limited Partnerships, which are inherently less responsible to moderating influences from the public markets, shall not exceed fifty percent (50%) of the Real Estate Investment Trusts portion of the portfolio.

4. Alternative Investments. The purpose of alternative investments is to provide absolute returns of 8-10% per annum regardless of market conditions with investment volatility similar of corporate and government bonds. Alternative investment positions may be either long or short positions in (but not limited to), hedge funds, private equity, real estate, natural resources, commodities, equity securities and fixed income securities. Alternative investments are limited to no more than ten percent (10%) of the Foundation's assets.
5. Cash or cash equivalents are to be limited to short-term, high quality paper, appropriately diversified as to issue.

MANNER OF HOLDING

1. The Directors are authorized to keep securities in the name of the Foundation or in the name of a nominee for it, or the name of the manager and custodian of the assets of the Foundation or its nominee, in order that sales, transfers, or other transactions may be facilitated.
2. The securities of the Foundation and other evidences of its property shall be placed in such custody account or accounts, or shall be deposited in such safety deposit vault and under such safeguards as the Directors shall designate. Access shall be had to such securities and other evidences of property, and they may be withdrawn only by the Treasurer of the Foundation and by some Director, or by any two Directors, or by any two persons from time to time designated for that purpose by the Directors.

OTHER GUIDELINES

Directors shall not buy or loan from, or sell or loan to, any member of the Directors of the Foundation, or any organization in which such a member or Directors have an interest.

All investment will be made in accordance with all applicable legislation or supplementary constraints that may be imposed by the Directors.

The Directors shall have full power to participate in any plan or reorganization, consolidation, or merger of any corporation in which the Foundation may be interested; to deposit any property or securities under any plan of reorganization with any protective, reorganization, creditors, or any other committee; to delegate to such committee discretionary powers with respect thereto; to pay out of principal or income a proportionate

share of the expenses of such committee and of assessments levied under such plan; to accept or retain conversion, subscription, voting, or other rights pertaining to any property held by the Foundation herein, and to pay out of principal or income such sums in connection therewith as they may deem prudent or advisable.

The Directors shall have the power to determine, in their discretion, with respect to any and all money, property, and securities received by them, whether the same or any part thereof shall be income or principal; and with respect to payment or payments made by them, whether the same shall be charged in whole or in part against income or principal. The judgment of the Directors in each such instance shall be final and conclusive.

The Directors are authorized to vote by person or by proxy any stocks, bonds, or other securities constituting a part of the Foundation at any regular or special meeting of the holders thereof, or any adjournment thereof.

RESPONSIBILITIES OF AN INVESTMENT MANAGER

The duties and responsibilities of an investment manager include:

1. Managing the assets under its management in accordance with the policy guidelines and objectives expressed herein, or expressed in a separate written agreement when deviation is deemed prudent and desirable.
2. Exercising investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold, or sell securities in amounts or proportions reflective of the manager's current investment strategy and compatible with the investment guidelines and objectives.
3. Promptly informing the Directors regarding all significant matters pertaining to the investment of the Foundation's assets. For example:
 - Substantive changes in investment strategy, portfolio structure and market value of managed assets.
 - The manager's progress in meeting the investment objectives set forth in this document.
 - Significant changes in the ownership, affiliations, organizational structure, financial condition and professional staffing of the investment management organization.
4. Initiating written communication with the Directors whenever the investment manager believes that this Statement of Investment Policies and Objectives should be altered. No deviations from the guidelines established in this statement should occur until after such communication has been initiated and the Directors have approved such deviation in writing.

5. It is expected that the assets of the Foundation will be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in like capacity and familiar with such matters, would use in the investment of such assets.

EVALUATION AND REVIEW

On a timely basis, generally two times per year, the Board of Directors or its Finance Committee will review actual results achieved (with a perspective toward a five-year time horizon), to determine whether:

1. The Investment Manager has adhered to the investment policies set forth herein.
2. The Investment Manager's investment decisions are reasonable.
3. The Investment Manager performed in a manner consistent with the stated investment approach.
4. The Investment Manager performed satisfactorily relative to the performance criteria below.

That the investment manager and its asset class managers rank in the top fifty percent (50%) in independent surveys of similar investment managers and asset class managers, measured on a three-, five- and ten-year moving average basis.

SPENDING POLICY

The current spending level is set at a maximum of five percent (5%) of a three year (12 quarter) rolling average. The Board may also decide from time to time to make no expenditures or expenditures less than five percent (5%).