Audiences Unlimited, Inc.
Investment Policy
Adopted on May 23, 2023

MISSION

Audiences Unlimited, Inc. (AUI) creates cultural experiences that enrich the lives of people with limited access to the arts.

GENERAL PURPOSE

The purpose of this policy is to guide AUI, its Board of Directors, its Finance Committee, and its Investment Managers in effectively and prudently managing, monitoring, and evaluating the Organization's investment portfolio. All objectives are based upon sound investment practices and a long-term investment horizon so that interim fluctuations can be viewed with an appropriate perspective. The investment portfolio was initially funded from the Lillian C. Embick Endowment to protect the fiscal integrity of AUI and is eligible to receive additional funding from donors. These policies will ensure that AUI's assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency. All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

INTRODUCTION

The Board of Directors is accountable for the portfolio but has determined that the portfolio is more likely to achieve return objectives if oversight and management are delegated to the Finance Committee. As a result, the Finance Committee is responsible for assisting the Board of Directors in ensuring the organization is in good fiscal health.

FINANCE COMMITTEE

The Treasurer of AUI shall be the Chair of the Finance Committee.

The Chair of the Board shall appoint Members of the Finance Committee. The members may include Board members and Non-Board members.

Subject to approval by the Board, the Finance Committee is charged by the Board of Directors with the responsibility for formulating the Organization's overall investment policies. The Finance Committee is also charged with establishing investment guidelines in furtherance of those policies, overseeing the investment assets of the Organization, monitoring the management of the Organization's assets for compliance with the investment policies and guidelines, and for meeting performance objectives over time.

The Finance Committee will review the implementation of this Investment Policy at least annually, making recommendations for changes to the Board as needed, and will monitor the achievement of the Policy's objectives.

Subject to approval by the Board, the Finance Committee is responsible for selecting and managing relationships with investment managers, custodians, and other professionals engaged to assist in the Organization's investments. The Finance Committee may delegate investment and management authority in accordance with written agreements between the professionals and the Organization.

The Finance Committee will act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances in selecting, continuing, or terminating investment professionals, establishing the scope and terms of any delegation, and monitoring performance and compliance with the scope and terms of the delegation and with this policy.

The Finance Committee will provide relevant information to the investment managers concerning the Organization's resources and any special considerations pertaining to any assets of the Organization.

STANDARD OF CARE

In exercising its responsibilities, the Finance Committee will act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

STANDARDS FOR PRUDENT INVESTING

In investing and managing the portfolio, the Finance Committee will consider both the purposes of the Organization and the purpose of the Lillian C. Embick Endowment to protect the fiscal integrity of the Organization.

Management and investment decisions about an individual asset will be made not in isolation but rather in the context of the portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Organization.

In managing the portfolio, the Finance Committee will incur only those costs that are appropriate and reasonable in relation to the portfolio, the purposes of the Organization, and the skills available to it and will use reasonable efforts to verify facts relevant to the management and investment of the portfolio.

Except as a donor's gift instrument otherwise requires, and consistent with Indiana's adoption of the Uniform Prudent Management of Institutional Funds Act, the following factors must be considered, if relevant, in managing and investing the investment portfolio:

- general economic conditions;
- the possible effect of inflation or deflation;
- the expected tax consequences, if any, of investment decisions or strategies;
- the role that each investment or course of action plays within the Organization's overall investment portfolio;
- the expected total return from income and the appreciation of investments;
- other resources of the Organization;
- the needs of the Organization and a given institutional fund to make distributions and to preserve capital; and
- an asset's special relationship or value, if any, to the purpose of the Organization.

INVESTMENT OBJECTIVES

- To produce sufficient total return to help enable AUI meet program expenses and expenses for investment management and general administration.

- To diversify the respective accounts across capitalization, valuation, sector, and geographic factors.

- To achieve long-term real growth of the value of AUI's investments by targeting a long-term return of 2 – 3% over the inflation rate.

- AUI invests for the long term. Accordingly, the Finance Committee will evaluate investment results over a three- to five-year time horizon. Investment performance will be calculated monthly. The benchmark for equities will be a blend of the benchmarks set forth in the Equity Investment Guidelines section of this Investment Policy, apportioned according to the target percentages shown for each asset class. The benchmark for fixed income will be the Barclays Capital Intermediate Government/Credit Index.

- As the economic and investment environment changes, the Finance Committee and the Board of Directors must carefully review the Organization's Investment Policy to achieve maximum investment results. Great care must be exercised, however, to ensure that policy changes are not made in reaction to short-term periods of severe volatility in the capital markets.

ASSET ALLOCATION

The Board of Directors recognizes the importance of asset allocation in the performance of the investment portfolio over extended periods of time. The asset allocations that follow contain guideline percentages, at market value, for the major asset classes. The actual asset allocation at any point in time may vary from the target allocation due to market value changes and required cash flows.

Asset Class	Target	Range
Equities	65%	55-75%
Fixed Income	30%	20-40%
Cash	5%	0-10%
Alternatives	0%	0-10%

To achieve the investment strategic intent, the Finance Committee will review the asset allocation targets and ranges at least annually with the Investment Manager. The intended target distribution rate is 4% annually, not to exceed 7% annually. On an ongoing basis, the Investment Manager will make tactical allocation decisions to either re-balance the respective accounts back toward target allocations, or to set the allocation above or below the target for a period of time based on market conditions.

It is understood that the assets of the accounts will be adequately diversified to minimize the risk of large losses. Consequently, the accounts will be structured to maintain diversification by asset class that is consistent with prudent investment practices and preservation of capital. In addition, no more than 10% of the value of total assets may be invested in the combined stock and bond issues of any one issuer.

FIXED INCOME INVESTMENT GUIDELINES

Investment in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. The investment manager may select from corporate debt securities, U.S. Government securities including its agencies, appropriately diversified exchange traded funds and mutual funds, certificates of deposit, taxable municipal bonds, and liquid preferred stocks. These investments will be subject to the following limitations:

1. No more than 60% of the fixed income allocation may be invested in corporate bonds.

2. No issues may be purchased with more than 10 years to maturity.

3. The average maturity for the fixed income allocation must exist within a two-to-six-year range. More specifically, the duration (a measure of the sensitivity to interest rate changes) of the fixed income allocation shall not exceed 5.0.

4. Fixed income investments of any single issuer (with the exception of U.S. government and its agencies) shall not exceed 7% of the account assets, measured at fair market value.

5. Only investment grade corporate debt may be purchased. At least 80% of the fixed income allocation must have an "A" rating by either Moody's or Standard & Poor's rating services. Should a bond be downgraded to below BAA3 or BBB - after purchase, the manager should attempt to sell the bond in a timely manner or notify the Finance Committee in writing with his/her justification for holding the bond.

6. Fixed income mutual funds and ETFs that are utilized should have an investment grade rating focus. However, high yield exposure, via a mutual fund, is allowed up to a maximum of 15% of the fixed income allocation's market value. In addition, Morningstar ratings for the funds should possess a minimum of three stars.

EQUITY INVESTMENT GUIDELINES

The equity allocation should be diversified within the following ranges of the sub – asset classes:

Asset Class (Sub)	Target	Range	Benchmark
Domestic Large Cap	65%	60-80%	S&P 500 Index
Domestic Mid Cap	7.5%	5-10%	Russell Mid Cap Index
Domestic Small Cap	7.5%	5-10%	Russell 2000 Index
International Equity	20%	15-25%	MSCI EAFE Index
Non-Traditional	0%	0-10%	

The equity allocation shall be subject to the following guidelines:

1. Except for mutual or exchange traded funds, no more than 5% of the total account, measured at market value, may be invested in the equity securities of any one issuer.

2. No more than 20% of the equity allocation, measured at market value, may be invested in any one industry.

3. Except for the mutual fund segment, there shall be no short selling, securities lending, options trading, futures contracts, or investments in restricted stock.

4. Real Estate Investment Trusts (REITS), Non-traditional investment mutual funds, and ETFs may be used to further diversify the account. REIT investments should be capped at 10% of the equity allocation. Non-traditional investments will be subject to the allocation guideline specified above.

5. Common stocks, ADRs, and ETFs should be readily marketable and listed on the New York, American or NASDAQ stock exchanges.

6. Mutual Fund investments shall possess a minimum rating of three stars as specified by Morningstar, Inc. In addition, their performance should be in the top half of their peer group over a rolling three-year period.

7. For added diversification, the Manager should consider multiple investment styles via growth, blend, and value across the capitalization spectrum.

8. Individual common stocks held in the account should possess high quality investment characteristics and be primarily large-capitalized companies "large cap". Fundamental factors should include sustainable operating earnings, strong or improving balance sheets, excellent stewardship of capital, and competitive position.

CASH EQUIVALENT GUIDELINES

1. All cash held in the accounts for long-term purposes must be maintained in money market funds if it is not invested in other short-term instruments.

2. No more than 10% of total assets may be invested in any one money market fund unless the fund is invested in all U.S. Government securities.

3. The Organization's investment in any one fund should not constitute more than 5% of that fund's total current market value.

4. No investment held by a fund may be rated lower than "A" by any of the major rating services. In addition, the minimum average rating for the fund must be at least "AA." Also, no investment held by a fund may constitute more than 5% of its total assets, unless it is backed by the U.S. Government.
5. The fund must be open for daily investment and redemption.

6. The fund must not charge sales fees or loads on the purchase and sale of units.

ALTERNATIVE INVESTMENT GUIDELINES

Alternative investments, including but not limited to, commodities/natural resources, real estate investment trusts, private equity, absolute return strategies, long-short strategies, hedge funds, high yield debt, and strategic bond funds may be used to diversify the portfolio's risk profile. To maintain diversification and liquidity, individual strategies will typically utilize a fund or structured note approach. The aggregate of such investments shall not exceed 10% of the Endowment Fund's assets.

DELEGATION OF INVESTMENT AND MANAGEMENT AUTHORITY

We recognize the importance of adhering to the mission and strategies detailed in this investment policy statement and agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission. If at any time, we wish to discuss improvements to this document, suggestions are welcome and should be referred to the Finance Committee, Board of Directors, and/or Consultant.

ACKNOWLEDGEMENT

ACL	5/23/23
Audiences Unlimited, Inc. Authorized Signature	Date
Renata Thuraiatnam	5/24/2023
Lake City Bank Authorized Signature	Date