



Investment Policy Statement

Approved by the Board of Trustees on August 16, 2010

Amended:

February 2012

October 2012

November 2013

February 23, 2017 **(changed authorities)**

Contact Information

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Executive Summary

Type of Organization: Non-Profit Corporation
Organization Name: American Orchid Society
Organization Name (short form): AOS
Organization sub-type: N/A
Fiduciary Standard of Care: Florida Code, Enacted 2003, FSA § 1010.10,
Florida Uniform Management of Institutional Funds
State of Domicile: Florida
State of Incorporation: New York
Tax ID: 04-2161893
Current Assets: (as of 8/31/2012) (11/6/2013)
Short-term \$1,962,000 (\$1,965,580)
Long-term \$3,253,000 (\$3,813,466)
Deferred Compensation \$417,000 (\$488,355)

	Short Term	Mid Term	Long Term	Deferred Comp.
Time Horizon	3 years	5 years	10 years	18 years
Targeted Return	3.0%	4.5%	6.0%	4.0%
Modeled Standard Deviation	3.5%	5% - 7%	10.0%	9.0%

Asset Allocation: Short-term portfolio(s)

Assets will be diversified both by asset class and within each asset class as shown in this Strategic Allocation table:

ASSET CLASS	LOWER LIMIT	TARGET	UPPER LIMIT
Domestic Fixed Income	50.00%	70.00%	100.00%
Short-Term Bond	20.00%	20.00%	40.00%
Intermediate Bond	30.00%	35.00%	50.00%
TIPS	0.00%	15.00%	35.00%
Money Market Funds	0.00%	0.00%	100.00%
International Fixed Income	10.00%	30.00%	50.00%
Hedged – US	5.00%	15.00%	25.00%
Non Hedged	5.00%	15.00%	25.00%
Domestic Stock Funds	0.00%	0.00%	0.00%
Domestic Large Value	0.00%	0.00%	0.00%
Domestic Large Blend	0.00%	0.00%	0.00%
Domestic Small Value	0.00%	0.00%	0.00%
Domestic Small Blend	0.00%	0.00%	0.00%
International Stock Funds	0.00%	0.00%	0.00%
Foreign Large Blend	0.00%	0.00%	0.00%
Foreign Small Blend	0.00%	0.00%	0.00%
Real Estate	0.00%	0.00%	0.00%
Domestic Real Estate	0.00%	0.00%	0.00%
Foreign Real Estate	0.00%	0.00%	0.00%
Commodities	0.00%	0.00%	0.00%

Asset Allocation: Mid-term portfolio(s)

Assets will be diversified both by asset class and within each asset class as shown in this Strategic Allocation table:

ASSET CLASS	LOWER LIMIT	TARGET	UPPER LIMIT
Domestic Fixed Income	30.00%	55.00%	90.00%
Short-Term Bond	15.00%	25.00%	40.00%
Intermediate Bond	10.00%	20.00%	50.00%
TIPS	5.00%	10.00%	35.00%
Money Market Funds	0.00%	0.00%	100.00%
International Fixed Income	0.00%	15.00%	20.00%
Hedged – US	0.00%	8.00%	10.00%
Non Hedged	0.00%	7.00%	10.00%
Domestic Stock Funds	10.00%	18.00%	25.00%
Domestic Large Value	3.00%	5.00%	8.00%
Domestic Large Blend	3.00%	5.00%	8.00%
Domestic Small Value	2.00%	4.00%	7.00%
Domestic Small Blend	2.00%	4.00%	7.00%
International Stock Funds	0.00%	8.00%	12.00%
Foreign Large Blend	0.00%	4.00%	8.00%
Foreign Small Blend	0.00%	4.00%	7.00%
Real Estate	0.00%	4.00%	8.00%
Domestic Real Estate	0.00%	4.00%	8.00%
Foreign Real Estate	0.00%	0.00%	4.00%
Commodities	0.00%	0.00%	3.00%

Asset Allocation: Long-term portfolio(s)

Assets will be diversified both by asset class and within each asset class as shown in this Strategic Allocation table:

ASSET CLASS	LOWER LIMIT	TARGET	UPPER LIMIT
Domestic Fixed Income	15.00%	32.00%	100.00%
Short-Term Bond	5.00%	8.00%	15.00%
Intermediate Bond	10.00%	14.00%	25.00%
TIPS	0.00%	10.00%	20.00%
Money Market Funds	0.00%	0.00%	100.00%
International Fixed Income	0.00%	8.00%	16.00%
Hedged – US	0.00%	4.00%	8.00%
Non Hedged	0.00%	4.00%	8.00%
Domestic Stock Funds	24.00%	35.00%	55.00%
Domestic Large Value	5.00%	10.00%	15.00%
Domestic Large Blend	12.00%	15.00%	20.00%
Domestic Small Value	4.00%	5.00%	15.00%
Domestic Small Blend	3.00%	5.00%	11.00%
International Stock Funds	7.00%	15.00%	28.00%
Foreign Large Blend	5.00%	10.00%	20.00%
Foreign Small Blend	2.00%	5.00%	8.00%
Real Estate	3.00%	7.00%	14.00%
Domestic Real Estate	3.00%	5.00%	10.00%
Foreign Real Estate	0.00%	2.00%	4.00%
Commodities	0.00%	3.00%	6.00%

Asset Allocation: Deferred Compensation portfolio

Assets will be diversified both by asset class and within each asset class as shown in this Strategic Allocation table:

ASSET CLASS	LOWER LIMIT	TARGET	UPPER LIMIT
Domestic Fixed Income	25.00%	45.00%	100.00%
Short-Term Bond	5.00%	10.00%	40.00%
Intermediate Bond	5.00%	15.00%	40.00%
TIPS	0.00%	10.00%	20.00%
Money Market Funds	0.00%	10.00%	100.00%
International Fixed Income	0.00%	5.00%	10.00%
Hedged – US	0.00%	5.00%	15.00%
Non Hedged	0.00%	0.00%	0.00%
Domestic Stock Funds	0.00%	32.00%	40.00%
Domestic Large Value	0.00%	10.00%	12.00%
Domestic Large Blend	0.00%	12.00%	15.00%
Domestic Small Value	0.00%	6.00%	10.00%
Domestic Small Blend	0.00%	4.00%	10.00%
International Stock Funds	0.00%	12.00%	15.00%
Foreign Large Blend	0.00%	8.00%	10.00%
Foreign Small Blend	0.00%	4.00%	7.00%
Real Estate	0.00%	6.00%	10.00%
Domestic Real Estate	0.00%	6.00%	10.00%
Foreign Real Estate	0.00%	0.00%	0.00%
Commodities	0.00%	0.00%	0.00%

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to assist the American Orchid Society (AOS) in effectively supervising, monitoring, and evaluating the management of the Investment Portfolio(s). The AOS investment program is defined in the various sections of the IPS by:

1. Stating in a written document the AOS attitudes, expectations, objectives and guidelines for the investment of their assets.
2. Setting forth an investment structure for managing the AOS 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 results achieved by each investment option on a regular basis.
4. Encouraging effective communication between the AOS and all parties involved with the investment management decisions.
5. Complying with all applicable fiduciary 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 Portfolio.

STATEMENT OF OBJECTIVES

Organization Background:

The American Orchid Society was created in 1921 as a 501(c) (3) to promote and support the passion for orchids through education, conservation, and research.

Throughout its 90-year history the AOS, in keeping with its vision and mission, has strived to bring members timely and state-of-the-art orchid information, support basic and applied research in orchids, and monitor and support conservation efforts both here in North America as well as internationally.

A volunteer Board of Trustees serves as the fiduciary stewards for the Society's funds, the decision-making body for the approval of an annual operating budget, surplus funds, and all other administrative matters before the organization.

Spending and Investment Goals:

The spending and investment goals of the AOS are:

Goals	Short Term	Mid Term	Long Term	Deferred Comp.
Maintain purchasing power of current assets and future contributions	Yes	Yes	Yes	Yes
Maintain purchasing power of investment accounts in relation to inflation	Yes	Yes	Yes	Yes
Maintain and augment the level of grants, programs and services funded by investment accounts	Yes	Yes	Yes	N/A
Maintain sufficient assets and liquidity to fulfill deferred compensation obligation without impacting the normal operating budget	N/A	N/A	N/A	Yes
Maintain sufficient operating reserves to maintain the level of programs and services to fulfill the mission of AOS	Yes	Yes	Yes	N/A
Maximize return within reasonable and prudent levels of risk	Yes	Yes	Yes	Yes
Maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns	Yes	Yes	Yes	Yes

The Society is viewed as a perpetual institution, investments that have the potential to generate substantial long-term capital gains are particularly important.

Portfolio Descriptions:

The AOS has 6 Portfolios as of the date of this amendment to the IPS.

Portfolio Name	Type	Approximate Assets
Operating Reserve	Short Term	\$750,000
Awards Fund	Short Term	\$220,000
Liddell Research Endowment	Short Term	\$277,000
Strategic Reserve	Mid Term	\$700,000
Library	Long Term	\$2,793,000
Special Projects	Long Term	\$990,000
Deferred Compensation	Special Purpose	\$484,000

The AOS has established a unique asset allocation strategy for each Portfolio taking into account the purpose and objective of each.

Operating Reserve (Short term - Unrestricted net assets) – The purpose of this fund is to enable AOS to withstand the impact of economic downturns and/or periods of unanticipated decrease in revenue or increase in expenses.

The Board has determined that the organization shall maintain an amount equal to at least one year and not more than two years of planned annual operating expenses in an Operating Reserve Fund. Withdrawals from this reserve will allow for continued unencumbered operations as well as allow time for the Board and executive staff to determine and implement a suitable course of action to address any unanticipated circumstances.

The Operating Reserve Fund is being funded during 2012 using unrestricted net assets.

At the end of each fiscal year, based upon the budget for the upcoming year, the targeted amount of the Operating Reserve Fund for the following year shall be calculated.

- Objective: Supplement annual operating revenue to meet normal budgeted operating expenses in years when expenses exceed revenue.

Awards Fund (Short term - Permanently Restricted Net Asset) – The purpose of this fund is to enable AOS to grant awards to orchids and exhibitors as well as give special annual awards.

- Objective: Utilize total return to fund annual awards

Liddell Research Endowment Fund (Short term – Permanently Restricted Net Asset) - This fund was created through a generous gift to AOS from the Robert Liddell Family and is a permanently restricted net asset of AOS. The donor has specified that AOS should preserve the original gift amount (\$248,000) and may use any amounts in excess of that for issuing research grants to assist and stimulate research on orchids.

- Objective: Utilize total return above the donor's original gift amount to fund Board approved research projects.

Strategic Reserve (Mid term - Unrestricted net assets) – The purpose of this fund is to set aside funds, in excess of the Operating Reserve, to be available for major new initiatives that will further the mission of AOS and/or provide for meeting unforeseen challenges to sustaining the mission and programs of AOS.

The Board has determined that the organization shall maintain an amount equal to at least three months and not more than one year of planned annual operating expenses in a Strategic Reserve Fund. Withdrawals from this reserve will allow for the furtherance of

the organizations core mission in circumstances when the normal operating budget may not be sufficiently large or flexible enough to meet the need.

The Strategic Reserve Fund is funded using unrestricted net assets.

At the end of each fiscal year, based upon the budget for the upcoming year, the targeted amount of the Strategic Reserve Fund for the following year shall be calculated.

- Objective: Provide a resource pool to be used for new programs or initiatives that will support the furtherance of the AOS core mission and which may require significant development, one-time or start-up costs.

Library Account (Long term – Purpose restricted funds) – The purpose of this fund is to construct and/or support an AOS library/archive.

- Objective: Utilize total return and principal as required to fulfill the purpose.

Special Projects (Long term – temporarily restricted) – The purpose of this fund is varied, depending upon the wishes of the donor. AOS has determined that pooling such gifts into a single account for management purposes is prudent.

- Objective: Utilize total return and principal as required to fund board approved special projects that match donor instructions.

Deferred Compensation (Designated purpose until 2030 – Unrestricted net assets) – This fund was created by AOS during 2011 to set aside funds (in addition to the Jackson National Life Annuity contract) to fulfill the deferred compensation agreement with Lee Cooke without the need to withdraw funds from the general operating account during the payout years of 2015 through 2030. (Note: portfolio allocation, investment selection, and rebalancing may include funds in the annuity contract.)

- Objective: Utilize total return and principal to satisfy the 180 equal monthly payments as defined in the Deferred Compensation Agreement. All funds remaining after fulfilling the Agreement are unrestricted net assets of AOS.

Time Horizons

The Short-term Portfolio(s) strategic allocation is based on a short-term (3 year) time horizon. Short-term liquidity requirements will be satisfied using the assets of the Short-term portfolio.

The Mid-term Portfolio(s) strategic allocation is based on a mid-term (5 year) time horizon.

The Long-term Portfolio's strategic allocation is based on a (10 year) time horizon.

The Deferred Compensation Portfolio is based upon a deferred compensation agreement that begins payout in August 2015 and continues for up to 180 months (last payment due July 2030).

Risk Tolerances

The AOS recognizes and acknowledges some risk must be assumed in order to achieve the investment objectives of the Portfolio, and that there are uncertainties and complexities associated with contemporary investment markets. In establishing the risk tolerances for this IPS, the ability of the AOS to withstand short and intermediate term variability was considered.

Risk tolerances are defined, from lowest risk to highest risk, as follows:

	<i>Operations/Liquidity</i> – Maintain ready access to fund balances to support short term needs while maximizing returns in money market funds, short term savings, or CD’s. Recommended minimum investment period is 0 to 2 years.
	<i>Capital Preservation</i> – Preserve capital while seeking growth at a rate of return equal to inflation. Recommended minimum investment period is 3 to 5 years.
	<i>Income</i> – Generate current income while seeking to limit losses to principal. Recommended minimum investment period is 3 to 5 years
	<i>Growth plus Income</i> – Accept some market risk but cushion losses in market declines even at the cost of less than proportionate gains in market advances. Recommended minimum investment period is over 5 years.
	<i>Growth</i> – Seek above average market returns while accepting of proportionate levels of short-term losses and quarterly performance volatility. Recommended minimum investment period is over 5 years.
	<i>Maximum Growth</i> – Maximize long-term returns while accepting the likelihood of short-term losses and quarterly performance volatility. Recommended minimum investment period is over 5 years.

The AOS risk tolerance for the Short-term Portfolio(s) is between Operations/Liquidity and Income.

The AOS risk tolerance for the Mid-term Portfolio(s) is between Income and Growth plus Income.

The AOS risk tolerance for the Deferred Compensation Portfolio is between Capital Preservation and Income.

The AOS risk tolerance for the Long-term Portfolio is between Growth plus Income and Growth

Performance Expectations

The targeted annual rate of return for the Short-term Portfolio is 3.0% to offset inflation and provide for investments and advisor/management fees.

The targeted annual rate of return for the Mid-term Portfolio is 4.5% to offset inflation and investment management fees as well as allow for income/growth to achieve real growth in the portfolio.

The targeted annual rate of return for the Deferred Compensation Portfolio is 4.0% to offset inflation, provide for investments and advisor/management fees and to generate total return to supplement principal draw-downs during the 180 months of payment obligations.

The targeted annual rate of return for the Long-term Portfolio is 6.0% to offset inflation and investment management expenses as well as allow for growth to fund future grants and operating expenses.

ASSET CLASS GUIDELINES

Strategic Allocation

The AOS believes that the long-term investment performance, in large part, is primarily a function of asset class mix. Therefore, the AOS has reviewed the long term performance characteristics of the broad asset classes as shown in Appendix A, focusing on balancing the risks and rewards, in order to determine the specific asset allocation targets shown in the Executive Summary for each AOS Portfolio.

Historically, 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, clearly 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).

The following asset classes were selected and ranked in ascending order of “risk” (least to most) according to the 6/30/2012 5-year standard deviation values in Appendix A.

ASSET CLASS	STANDARD DEVIATION
Inflation	1.65
Domestic Fixed Income	
Short-Term Bond	2.16
International Fixed Income	
Hedged – US	2.94
Domestic Fixed Income	
Intermediate Bond	3.30
Domestic Fixed Income	
TIPS	7.53
International Fixed Income	
Non Hedged	9.34
Domestic Stock Funds	
Domestic Large Blend	19.90
Domestic Large Value	21.25
Commodities	23.44
International Stock Funds	
Foreign Large Blend	24.75
Domestic Stock Funds	
Domestic Small Blend	26.06
Domestic Stock Funds	
Domestic Small Value	26.48
International Stock Funds	
Foreign Small Blend	27.01
Domestic Real Estate	36.16

Data in this table is from Thomson Financial Company © 2012 – as of 6/30/2012

Rebalancing of Strategic Allocation

The percentage allocation to each asset class and within each asset class may vary depending upon market conditions. The Strategic Allocation table in the Executive Summary states the upper limits, lower limits and target percentages for each of the selected assets in the Portfolio(s). The percentage allocation to each asset class will be reviewed quarterly. In addition, when necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic allocation and allocation ranges in the Portfolio(s).

The Strategic Allocation has been established to match the investment objectives and time horizon of the organization. Accordingly, changes to the Strategic Allocation will be considered at least yearly.

Portfolio withdrawal objectives – Short-term portfolio(s)

Operating Reserve – withdrawals on a case by case basis upon board approval.

Liddell Research – withdrawal of funds in excess of the original donor grant of \$248,000 at any time to fund board approved research.

Awards Fund – withdrawal of interest and/or dividends annually to fund annual awards with a maximum amount of any individual award to be \$1000.

Unrestricted net assets from a short-term portfolio may also be used to fund additions to a Mid-term or Long-term portfolio from time to time if appropriate.

Portfolio withdrawal procedures – Mid-term portfolio(s)

The AOS Mid-term portfolio will be targeted for annual real growth in years when no withdrawals are made. These funds may be used, in any amount, for projects approved by the Board of Trustees that cannot be fully funded from the general operating account balances, other special purpose accounts, or usage restrictions. Specific guidelines for use of the Mid-term portfolio principal, interest, dividends, and capital gains are determined by the Board on a case by case basis and for purposes as stated in the Reserve Policy.

Portfolio withdrawal procedures – Long-term portfolio(s)

The AOS Long-term portfolio will be targeted for annual growth and used for funds that are not appropriate for the assets in a short-term portfolio. These funds may be used for projects approved by the Board of Trustees that cannot be fully funded from the short-term account balances or usage restrictions. Specific guidelines and formulas for use of the Long-term portfolio principal, interest, dividends, and capital gains are determined by the Board on a case by case basis or in accordance with the strictures of the particular restricted line item or line item group.

Portfolio withdrawal procedures – Deferred Compensation Portfolio

The AOS Deferred compensation portfolio shall maintain sufficient liquidity to fulfill the 180 equal monthly payments of \$1739.13 beginning August 1, 2015 and ending July 1, 2030. Withdrawals for payments may use both total return income and principal.

Portfolio management decision rules

Following years in which an equity class has a positive return that produces a weighting in excess of its targeted allocation, the excess allocation will be sold and the proceeds may be used to rebalance the Long term Portfolio. No withdrawals will be taken from an equity asset class following a year in which it had a negative return so long as cash or fixed income assets are sufficient to fund withdrawal requirements.

Portfolio withdrawals are to be funded at any time during the AOS fiscal year in the following order:

1. Any dividends, interest or capital gain distributions that have not been re-invested by year end.
2. Cash from rebalancing any over-weighted equity classes from the prior year end.
3. Cash from rebalancing any over-weighted fixed income assets from the prior year.
4. Withdrawals from remaining cash.
5. Withdrawals from remaining equity assets in order of prior years' performance.

IMPLEMENTATION

The AOS and Advisor will apply the following due diligence criteria in selecting each investment manager or mutual fund.

1. *Regulatory oversight:* Each investment option should be managed by: (a) a bank; (b) an insurance company; (c) a registered investment company (mutual fund); or (d) a registered investment advisor.
2. *Correlation to style or peer group:* The investment option should be highly correlated to the asset class being implemented. This is one of the most critical parts of the analysis since most of the remaining due diligence involves comparisons of the investment options to the appropriate peer group.
3. *Performance relative to peer group:* The investment option's performance should be evaluated against a peer group's median return for 1, 3, and 5 year cumulative periods. Performance should be above the peer group median for 1, 3, and 5 year periods.
4. *Performance relative to assumed risk:* The investment option's risk-adjusted performance (Alpha and/or Sharpe Ratio) should be evaluated against the peer group's median risk-adjusted performance. Risk-adjusted performance should be above the peer group median.
5. *Minimum track record:* The investment option should have sufficient history so that performance statistics can be properly calculated. Inception date should be 3-years or more.
6. *Assets in the product:* The investment option should have sufficient assets so that the manager can properly trade the account. The investment option should have at least \$75 million under management (can include assets in related share classes).
7. *Holdings consistent with style:* The underlying securities of the investment option should be consistent with the associated broad asset class. At least 80% of the underlying securities should be consistent with the broad asset class. For example, a Large-Cap Growth product should not hold more than 20% in cash, fixed income and/or international securities.
8. *Expense Ratios/fees:* The investment option's fees should be fair and reasonable. Fees should not be in the bottom quartile (most expensive) of the peer group.
9. *Stability of the organization:* There should be no perceived organizational problems. The same management team should be in place for at least 2 years.

MONITORING

Performance Objectives

The AOS acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the AOS intends to evaluate performance from a long-term perspective.

The AOS is aware the ongoing review and analysis of the investment options is just as important as the due diligence process. The performance of the investment options will be monitored on an ongoing basis and it is at the AOS's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

On a timely basis, at least quarterly, the AOS Finance Committee's Investment Task Force will meet to review whether each investment option continues to conform to the search criteria outlined in the Implementation section, specifically:

1. The investment option's adherence to the due diligence criteria;
2. Material changes in the investment option's organization, investment philosophy and/or personnel; and,
3. Any legal, SEC and/or other regulatory agency proceedings affecting the investment option's organization.
4. The portfolio will be rebalanced quarterly, if deemed necessary, by the Financial Advisor in consultation with the Investment Task Force, the Treasurer, and the President of the AOS.

Benchmarks

The AOS has determined that performance objectives be established for each investment option. Manager performance will be evaluated in terms of an appropriate benchmark for selected asset classes.

ASSET CLASS	BENCHMARK
Domestic Fixed Income – Short-Term Bond	Barclays 1-5 Year Government/Credit Bond
Domestic Fixed Income – Intermediate Bond	Barclays Intermediate US Government/Credit
Domestic Fixed Income – TIPS	Barclays TIPS Index
International Fixed Income – Hedged	J.P. Morgan Global Non US Government – Hgd
International Fixed Income – Un Hedged	J.P. Morgan Global Non US Government
Domestic Stock Funds – Domestic Large Value	Russell 1000 Value Index
Domestic Stock Funds – Domestic Large Blend	S&P 500 Composite Total Return
Domestic Stock Funds – Domestic Small Value	Russell 2000 Value
Domestic Stock Funds – Domestic Small Blend	Russell 2000 Index
International Stock Funds – Foreign Large Blend	MCSI EAFE Index
International Stock Funds – Foreign Small Blend	MCSI EAFE Small Cap Index
Real Estate – Domestic Real Estate	FTSE NAREIT REIT – Equity

Real Estate – Foreign Real Estate	FTSE EPA/NAREIT Global Real Estate (excl. US)
Commodities – Commodities	Dow Jones AIG Commodity Index (Total Return)
Inflation	Consumer Price Index – US

Watch List Criteria

An investment option may be placed on a WATCH LIST and a thorough review and analysis of the investment option may be conducted when:

1. An investment option performs below median for their peer group over a 1, 3, and/or 5 year cumulative period.
2. An investment option's 3-year risk adjusted return (Alpha and/or Sharpe) falls below the peer group's median risk adjusted return.
3. There is a change in the professionals managing the investment option.
4. There is a significant decrease or increase in the investment option's assets.
5. There is an indication the investment option is deviating from the stated style and/or strategy.
6. There is an increase in the investment option's fees and expenses.
7. Any extraordinary event occurs that may interfere with the investment option's ability to prudently manage investment assets.

The decision to retain or terminate an investment option cannot be made by a formula. It is the AOS's confidence of an investment option's ability to perform in the future that ultimately determines the retention of an investment option.

Measuring Costs

The AOS will review quarterly all costs associated with the management of the Portfolio, including:

1. Expense ratios of each mutual fund against the appropriate peer group.
2. Administrative fees: costs to administer the Portfolio, including record keeping, custody and trust fees.
3. Fees for investment management, retainers, and trading costs.
4. The proper identification and accounting of all parties receiving soft dollars and/or 12b-1 fees generated by the Portfolio.

DUTIES AND RESPONSIBILITIES

Responsibilities of the AOS

As fiduciaries to the AOS, board members are responsible for the prudent management of AOS assets. Prudent management includes, but is not limited to, evaluating and then approving or rejecting recommendations of the Investment Advisor in the following areas:

1. Prepare and maintain this Investment Policy Statement.
2. Prudently diversify the AOS 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 Portfolio.
5. Monitor and supervise all service vendors and investment options.
6. Avoid prohibited transactions and conflicts of interest.

Responsibilities of the Investment Advisor

The Investment Advisor serves as an objective, third-party professional retained to assist the AOS in managing the overall investment process. The Advisor is responsible for guiding the AOS through a disciplined and rigorous investment process to enable the AOS to meet the fiduciary responsibilities outlined above.

More specifically, the Investment Advisor responsibilities include:

1. Recommend investment strategies in accordance with the guidelines set forth in the IPS. Any deviation from the IPS should be expressed in a separate written agreement when deviation is deemed prudent by the AOS.
2. Provide the following information to the AOS on quarterly basis:
 - a. Statement of account
 - b. Transaction statement including additions and withdrawals to account.
 - c. Performance appraisal report. This report should include time-weighted performance for the composite fund and each respective asset class.
 - d. Portfolio asset allocation report for the funds under management.
3. Promptly inform the AOS, in writing, in regard to all significant or material matters and changes pertaining to the investment of fund assets.
4. Will meet quarterly, with the Investment Task Force, the Treasurer and the President of the AOS to address performance, activities, organizational changes, and the AOS's investment policy. Also, provide their reading of market conditions, itemizing in particular any major changes in investment strategy and the possible need for rebalancing of the asset allocation if deemed appropriate.

Responsibilities of the Custodian

Custodians are responsible for the safekeeping of the AOS's assets. The specific duties and responsibilities of the custodian include, but are not limited by the following:

1. Value the holdings.
2. Collect all income and dividends owed to the AOS.
3. Settle all transactions (buy-sell orders).

Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall Portfolio since the previous report.

INVESTMENT POLICY REVIEW

The AOS Finance Committee’s Investment Task Force will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same and report to the AOS Finance Committee if they are not. 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.

APPROVAL

Approved by:

<u>Name</u>	<u>Title</u>	<u>Signature</u>	<u>Date</u>
George Hatfield	President	_____	02- 23, 2017
Susan Wedegaertner	Treasurer	_____	02-23-2017

Prepared and acknowledged by (Investment Advisor):

<u>Name</u>	<u>Title</u>	<u>Signature</u>	<u>Date</u>
Dwayne Jackson	Principal	_____	_____
	Rembert Pendleton Jackson		

APPENDIX A

Average Annual Returns and Standard Deviations – 1 Year (as of 6/30/2012) *1 *2

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Fixed Income			
Short-Term Bond	2.54%	1.10	Short Term Bond
Intermediate Bond	5.42%	1.96	Intermediate –Term Bond
TIPS	11.66%	4.81	Inflation Protected Bond
International Fixed Income			
Hedged – US	6.13%	2.93	World Bond
Non Hedged	0.96%	5.85	World Bond
Domestic Stock Funds			
Domestic Large Value	3.01%	18.78	Large Value
Domestic Large Blend	5.28%	17.65	Large Blend
Domestic Small Value	-1.44%	23.83	Small Value
Domestic Small Blend	-2.08%	24.68	Small Blend
International Stock Funds			
Foreign Large Blend	-13.38%	23.99	Foreign Lg.Growth/Value
Foreign Small Blend	-15.06%	23.68	Foreign Small/Mid Value
Real Estate			
Domestic Real Estate	12.92%	23.12	Specialty – Real Estate
Foreign Real Estate	-5.37%	26.94	Specialty – Real Estate
Commodities			
Inflation (CPI)	1.81%	1.01	N/A

*1 -Data in this table is from Thomson Financial Company © 2012 – as of 6/30/2012

*2 – The performance returns of these indexes do not reflect the deductions for advisory fees and all other expenses such as commissions and custodial fees. The performance results are total return; time-weighted rates of return expressed in U.S. dollars and reflect the reinvestment of all dividends and income. In no circumstances should the identified returns be regarded as a representation, warranty or prediction that Organizations will receive or are likely to achieve any particular result. Inherent in any investment is the potential for loss; past performance is no guarantee of future returns. Organizations cannot invest directly in an index.

Sorted by Average Annual Return

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Real Estate	12.92%	23.12	Specialty – Real Estate
TIPS	11.66%	4.81	Inflation Protected Bond
Int'l F/I – Hedged US	6.13%	2.93	World Bond
Intermediate Bond	5.42%	1.96	Intermediate Term Bond
Domestic Large Blend	5.28%	17.65	Large Blend
Domestic Large Value	3.01%	18.78	Large Value
Short-Term Bond	2.54%	1.10	Short Term Bond
Inflation (CPI)	1.81%	1.01	N/A
Int'l F/I – Non Hedged	0.96%	5.85	World Bond
Domestic Small Value	-1.44%	23.83	Small Value
Domestic Small Blend	-2.08%	24.68	Small Blend
Foreign Real Estate	-5.37%	26.94	Specialty – Real Estate
Foreign Large Blend	-13.38%	23.99	Foreign Lg.Growth/Value
Commodities	-14.32%	22.02	Specialty – Natural Res.
Foreign Small Blend	-15.06%	23.68	Foreign Small/Mid Value

Average Annual Returns and Standard Deviations – 3 Year (as of 6/30/2012) *1 *2

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Fixed Income			
Short-Term Bond	3.67%	1.60	Short Term Bond
Intermediate Bond	5.81%	2.52	Intermediate Term Bond
TIPS	9.63%	4.74	Inflation Protected Bond
International Fixed Income			
Hedged – US	4.14%	2.63	World Bond
Non Hedged	5.79%	8.47	World Bond
Domestic Stock Funds			
Domestic Large Value	15.80%	16.86	Large Value
Domestic Large Blend	16.34%	16.12	Large Blend
Domestic Small Value	17.43%	22.11	Small Value
Domestic Small Blend	17.80%	22.08	Small Blend
International Stock Funds			
Foreign Large Blend	6.45%	20.75	Foreign Lg.Growth/Value
Foreign Small Blend	9.17%	21.33	Foreign Small/Mid Value
Real Estate			
Domestic Real Estate	32.40%	20.64	Specialty – Real Estate
Foreign Real Estate	11.53%	46.64	Specialty – Real Estate
Commodities			
	3.49%	18.13	Specialty – Natural Res.
Inflation (CPI)			
	2.14%	0.96	N/A

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Sorted by Average Annual Return

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Real Estate	32.40%	20.64	Specialty – Real Estate
Domestic Small Blend	17.80%	22.08	Small Blend
Domestic Small Value	17.43%	22.11	Small Value
Domestic Large Blend	16.34%	16.12	Large Blend
Domestic Large Value	15.80%	16.86	Large Value
Foreign Real Estate	11.53%	46.64	Specialty – Real Estate
TIPS	9.63%	4.74	Inflation Protected Bond
Foreign Small Blend	9.17%	21.33	Foreign Small/Mid Value
Foreign Large Blend	6.45%	20.75	Foreign Lg.Growth/Value
Intermediate Bond	5.81%	2.52	Intermediate Term Bond
Int'l F/I – Non Hedged	5.79%	8.47	World Bond
Int'l F/I – Hedged US	4.14%	2.63	World Bond
Short-Term Bond	3.67%	1.60	Short Term Bond
Commodities	3.49%	18.13	Specialty – Natural Res.
Inflation (CPI)	2.14%	0.96	N/A

Average Annual Returns and Standard Deviations – 5 Year (as of 6/30/2012) *1 *2

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Fixed Income			
Short-Term Bond	4.68%	2.16	Short Term Bond
Intermediate Bond	6.01%	3.30	Intermediate Term Bond
TIPS	8.44%	7.53	Inflation Protected Bond
International Fixed Income			
Hedged – US	5.10%	2.94	World Bond
Non Hedged	7.98%	9.34	World Bond
Domestic Stock Funds			
Domestic Large Value	-2.19%	21.25	Large Value
Domestic Large Blend	0.19%	19.90	Large Blend
Domestic Small Value	-1.05%	26.48	Small Value
Domestic Small Blend	0.54%	26.06	Small Blend
International Stock Funds			
Foreign Large Blend	-5.63%	24.75	Foreign Lg.Growth/Value
Foreign Small Blend	-5.32%	27.01	Foreign Small/Mid Value
Real Estate			
Domestic Real Estate	2.59%	36.16	Specialty – Real Estate
Foreign Real Estate	-5.56%	43.05	Specialty – Real Estate
Commodities	-3.65%	23.44	Specialty – Natural Res.
Inflation (CPI)	1.98%	1.65	N/A

*1 - Data in this table is from Thomson Financial Company © 2012 – as of 6/30/2012

*2 – The performance returns of these indexes do not reflect the deductions for advisory fees and all other expenses such as commissions and custodial fees. The performance results are total return; time-weighted rates of return expressed in U.S. dollars and reflect the reinvestment of all dividends and income. In no circumstances should the identified returns be regarded as a representation, warranty or prediction that Organizations will receive or are likely to achieve any particular result. Inherent in any investment is the potential for loss; past performance is no guarantee of future returns. Organizations cannot invest directly in an index.

Sorted by Average Annual Return

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
TIPS	8.44%	7.53	Inflation Protected Bond
Int'l F/I – Non Hedged	7.98%	9.34	World Bond
Intermediate Bond	6.01%	3.30	Intermediate Term Bond
Int'l F/I – Hedged US	5.10%	2.94	World Bond
Short-Term Bond	4.68%	2.16	Short Term Bond
Domestic Real Estate	2.59%	36.16	Specialty – Real Estate
Inflation (CPI)	1.98%	1.65	N/A
Domestic Small Blend	0.54%	26.06	Small Blend
Domestic Large Blend	0.19%	19.90	Large Blend
Domestic Small Value	-1.05%	26.48	Small Value
Domestic Large Value	-2.19%	21.25	Large Value
Commodities	-3.65%	23.44	Specialty – Natural Res.
Foreign Small Blend	-5.32%	27.01	Foreign Small/Mid Value
Foreign Real Estate	-5.56%	43.05	Specialty – Real Estate
Foreign Large Blend	-5.63%	24.75	Foreign Lg.Growth/Value

Average Annual Returns and Standard Deviations –10 Year (as of 6/30/2012) *1 *2

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Fixed Income			
Short-Term Bond	3.89%	2.11	Short Term Bond
Intermediate Bond	5.08%	3.31	Intermediate Term Bond
TIPS	7.23%	6.94	Inflation Protected Bond
International Fixed Income			
Hedged – US	4.63%	2.69	World Bond
Non Hedged	7.41%	8.52	World Bond
Domestic Stock Funds			
Domestic Large Value	5.28%	17.37	Large Value
Domestic Large Blend	5.31%	16.37	Large Blend
Domestic Small Value	6.50%	21.81	Small Value
Domestic Small Blend	7.00%	21.96	Small Blend
International Stock Funds			
Foreign Large Blend	5.62%	20.02	Foreign Lg.Growth/Value
Foreign Small Blend	8.49%	21.68	Foreign Small/Mid Value
Real Estate			
Domestic Real Estate	10.32%	27.84	Specialty – Real Estate
Foreign Real Estate	N/A	N/A	Specialty – Real Estate
Commodities	4.96%	19.25	Specialty – Natural Res.
Inflation (CPI)	2.48%	1.52	N/A

*1 - Data in this table is from Thomson Financial Company © 2012 – as of 6/30/2012

*2 – The performance returns of these indexes do not reflect the deductions for advisory fees and all other expenses such as commissions and custodial fees. The performance results are total return; time-weighted rates of return expressed in U.S. dollars and reflect the reinvestment of all dividends and income. In no circumstances should the identified returns be regarded as a representation, warranty or prediction that Organizations will receive or are likely to achieve any particular result. Inherent in any investment is the potential for loss; past performance is no guarantee of future returns. Organizations cannot invest directly in an index.

Sorted by Average Annual Return

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Real Estate	10.32%	27.84	Specialty – Real Estate
Foreign Small Blend	8.49%	21.68	Foreign Small/Mid Value
Int'l F/I – Non Hedged	7.41%	8.52	World Bond
TIPS	7.23%	6.94	Inflation Protected Bond
Domestic Small Blend	7.00%	21.96	Small Blend
Domestic Small Value	6.50%	21.81	Small Value
Foreign Large Blend	5.62%	20.02	Foreign Lg.Growth/Value
Domestic Large Blend	5.31%	16.37	Large Blend
Domestic Large Value	5.28%	17.37	Large Value
Intermediate Bond	5.08%	3.31	Intermediate Term Bond
Commodities	4.96%	19.25	Specialty – Natural Res.
Int'l F/I – Hedged US	4.63%	2.69	World Bond
Short-Term Bond	3.89%	2.11	Short Term Bond
Inflation (CPI)	2.48%	1.52	N/A
Foreign Real Estate	N/A	N/A	Specialty – Real Estate

Average Annual Returns & Standard Deviations –20 Year (as of 6/30/2012)*1 *2

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Fixed Income			
Short-Term Bond	5.02%	2.24	Short Term Bond
Intermediate Bond	5.96%	3.22	Intermediate Term Bond
TIPS	N/A	N/A	Inflation Protected Bond
International Fixed Income			
Hedged – US	N/A	N/A	World Bond
Non Hedged	6.36%	8.32	World Bond
Domestic Stock Funds			
Domestic Large Value	9.06%	15.51	Large Value
Domestic Large Blend	8.33%	15.60	Large Blend
Domestic Small Value	10.58%	18.11	Small Value
Domestic Small Blend	8.96%	20.43	Small Blend
International Stock Funds			
Foreign Large Blend	5.66%	17.74	Foreign Lg.Growth/Value
Foreign Small Blend	N/A	N/A	Foreign Small/Mid Value
Real Estate			
Domestic Real Estate	11.50%	21.32	Specialty – Real Estate
Foreign Real Estate	N/A	N/A	Specialty – Real Estate
Commodities	5.06%	16.01	Specialty – Natural Res.
Inflation (CPI)	2.50%	1.18	N/A

*1 - Data in this table is from Thomson Financial Company © 2012 – as of 6/30/2012

*2 – The performance returns of these indexes do not reflect the deductions for advisory fees and all other expenses such as commissions and custodial fees. The performance results are total return; time-weighted rates of return expressed in U.S. dollars and reflect the reinvestment of all dividends and income. In no circumstances should the identified returns be regarded as a representation, warranty or prediction that Organizations will receive or are likely to achieve any particular result. Inherent in any investment is the potential for loss; past performance is no guarantee of future returns. Organizations cannot invest directly in an index.

Sorted by Average Annual Return

ASSET CLASS	AVG. ANNUAL RETURN	STANDARD DEVIATION	MORNINGSTAR CATEGORY
Domestic Real Estate	11.50%	21.32	Specialty – Real Estate
Domestic Small Value	10.58%	18.11	Small Value
Domestic Large Value	9.06%	15.51	Large Value
Domestic Small Blend	8.96%	20.43	Small Blend
Domestic Large Blend	8.33%	15.60	Large Blend
Int'l F/I – Non Hedged	6.36%	8.32	World Bond
Intermediate Bond	5.96%	3.22	Intermediate Term Bond
Foreign Large Blend	5.66%	17.74	Foreign Lg. Growth/Value
Commodities	5.06%	16.01	Specialty – Natural Res.
Short-Term Bond	5.02%	2.24	Short Term Bond
Inflation (CPI)	2.50%	1.18	N/A
TIPS	N/A	N/A	Inflation Protected Bond
Int'l F/I – Hedged US	N/A	N/A	World Bond
Foreign Small Blend	N/A	N/A	Foreign Small/Mid Value
Foreign Real Estate	N/A	N/A	Specialty – Real Estate