

## **NAHMA Educational Foundation Banking and Investment Policy**

### **Objectives:**

The objectives of the NAHMA Educational Foundation's (NAHMA EF) Banking and Investment Policy are:

- 1) Preservation and safety of capital
- 2) Maintaining sufficient liquid assets to meet planned and unplanned expenditures
- 3) Earning a reasonable amount of income from a variety of investments
- 4) Maintaining proper controls for identifying and administering restricted contributions or grants, as well as for the Endowment Fund

### **Reserve Accounts:**

NAHMA EF will have three types of accounts:

- 1) **Operating funds, general, non-restricted:** Cash expected to be spent in the normal course of general business operations during the current budget cycle; maintained in an interest-bearing checking account with the balance not to exceed \$100,000.
- 2) **Restricted or designated contributions or grants:** Cash restricted or designated to be spent on a specified program or activities during the current budget cycle; maintained in an interest-bearing checking account with the balance not to exceed \$100,000.
- 3) **Endowment Funds:** The Endowment Fund will be invested in both short-term and long-term investment vehicles, as outlined below. The NAHMA EF Board will establish annual goals for raising Endowment Funds. Also, the NAHMA EF Board will establish policies under which Endowment Funds may be disbursed.
  - a) **Short-term investment funds:** Invested with the goals of providing some liquidity, preservation of capital, and some return on investment. The target amount for this fund is 50 percent of NAHMA EF's Endowment Funds.

- b) **Long-term investment funds:** The balance of NAHMA EF's Endowment Funds will be invested in longer-term investment vehicles (e.g., three- to five-year terms) for generating a return but still protecting the capital investment.

## **Investment Policies:**

- 1) Staff will maintain the NAHMA EF accounts in separate financial institutions as may be needed to ensure full protection by the Federal Deposit Insurance Corporation (FDIC).
- 2) The short-term investment funds will be held in an account(s) that is completely liquid, ensures preservation of capital, yet provides some return on the investment. Acceptable investments include vehicles such as Treasury Bills, Treasury Notes, and other direct obligations of the U.S. government and its agencies; FDIC-insured certificates of deposit (limited to \$100,000 at any one commercial financial institution); and money market funds that invest in government-backed securities.
- 3) The long-term investment funds will be held in an account(s) that focus on generating a return on investment, while still preserving capital. Acceptable investments include direct obligations of the U.S. government and its agencies; U.S. stocks and bonds; international stocks and bonds. However, no more than 20 percent of the total long-term investment portfolio may be invested in at-risk vehicles.
- 4) NAHMA EF's Executive Director and CFO/Treasurer will monitor performance of the short- and long-term investment funds, and will seek third-party qualified financial investment advice regarding any possible changes in the types of funds or vehicles used in either account. Any changes in the types of funds or vehicles employed by the short- or long-term investment funds must be approved by the NAHMA EF Board of Directors.
- 5) Any changes to NAHMA EF's Banking and Investment Policy, or any procedures developed to implement the policy, must be approved by the NAHMA EF Board of Directors.