

Hawkeye Area Community Action Program, Inc. Policy & Procedure	Policy # 130
	Page 1 of 4
Investment	Effective: October 15, 2008
APPROVED BY: HACAP Board of Directors	Revised: August 14, 2018

Policy Statement

It is the general policy of HACAP to invest funds to achieve growth in principal value over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. The funds include permanently restricted funds, temporarily restricted funds, and board-designated reserves. Notwithstanding this policy, all restrictions placed by donors on the interest and investment earnings on donated funds will be honored.

Fund Categories, Objectives and Authority

Temporarily Restricted Funds

- **Description.** These funds are restricted in time or purpose. They include donated funds that are restricted to program use or over time and are expected to be used for operating expenses. They also include funds pledged as collateral to third parties.
- **Investment Objective.** Preservation of principal for designated uses, and maximization of earnings in a way that allows for immediate liquidity to meet ongoing operations and spending requirements.
- **Authority.** Within the parameters of this investment policy, the CEO and Chief Financial Officer have joint authority to invest the funds and to spend principal and interest to meet grant requirements and operational needs of HACAP.

Unrestricted Short-Term Operating Funds

- **Description.** These funds are not restricted in their use. They include cash, surplus from current operations, unexpended portions of unrestricted grants, and other unrestricted funds received.
- **Investment Objective.** Preservation of principal to cover operating expenses, and maximization of earnings in a way that allows for immediate liquidity to meet ongoing operational requirements.
- **Authority.** Within the parameters of this investment policy, the CEO and Chief Financial Officer have joint authority to invest the funds and to spend principal and interest to meet the operational needs of HACAP.

Board-Designated Reserves

- **Description.** These funds have been designated by the board to be held in reserve to support future years' operations, provide a resource for unexpected downturns, and provide a source of investment in the business. They may include accumulations from past

Hawkeye Area Community Action Program, Inc. Policy & Procedure	Policy # 130
	Page 2 of 4
Investment	Effective: October 15, 2008
APPROVED BY: HACAP Board of Directors	Revised: August 14, 2018

years' annual results of operations, investment income, and other funds designated by the board.

- Investment Objective. Preservation of real purchasing power of principal, and maximization of investment income.
- Authority. The Audit Committee shall establish the appropriate ranges and types of investment for these funds, with prior approval of the board, and shall review the investment performance of these funds on a quarterly basis in accordance with this policy. Within the parameters of this investment policy and with the directive of the audit committee, the CEO and Chief Financial Officer shall jointly have the authority to invest the funds.

Authorized Investments

The following types of asset classes and investment products are permissible.

Primary investments are to be checking accounts that are interest-bearing, money market accounts, certificates of deposit, investment-grade commercial paper, and government securities. Investing in any other type of investment vehicle requires prior approval by the audit committee.

The investment of HACAP funds should not exceed Federal Deposit Insurance Corporation (FDIC) insurance limits unless specially approved in advance as described below.

With Audit Committee written approval, an exception shall be granted if a financial institution can provide proof of eligible collateral and securities that are pledged for deposits in excess of the maximum amount that is insured by the FDIC. The institution must provide evidence of compliance with the above requirements annually or by request.

Prohibitions

Types of investments not specifically authorized by the Audit Committee, or not included in the list above, are prohibited.

Donated Securities

It is the policy of HACAP to sell all marketable securities received as donations to HACAP as soon as is practical, but in not more than thirty (30) days from their receipt, unless the donation meets the requirements of this policy for its particular fund (operating reserve, annuity reserve, etc.).

Hawkeye Area Community Action Program, Inc. Policy & Procedure	Policy # 130
	Page 3 of 4
Investment	Effective: October 15, 2008
APPROVED BY: HACAP Board of Directors	Revised: August 14, 2018

Standard Operating Procedure

Implementation Steps:

Chief Financial Officer Responsibilities

- All investments proposed by the Chief Financial Officer must be approved in writing by the CEO in advance.
- The Chief Financial Officer will make investments with terms of less than 12 months unless approved by the CEO.
- The Chief Financial Officer shall seek competitive rates from the approved financial institution list. The maturity of the investments governed by expected cash and liquidity needs.
- The Chief Financial Officer will provide the CEO financial reports that summarize the investment activity on a monthly basis.
- The Chief Financial Officer will provide the CEO and Audit Committee financial reports that summarize the previous quarter's investment activity and investment income earned.

Chief Executive Officer (CEO) Responsibilities

- The CEO must approve in writing all investments proposed by the Chief Financial Officer.
- The CEO shall review all monthly reporting of investment activity as summarized by the Chief Financial Officer.
- The CEO is responsible for communications to the Audit Committee on all matters related to the investment of HACAP funds.
- The CEO is responsible for making recommendations to the Audit Committee in the investments of funds and the modification of this investment policy.

Audit Committee Responsibilities

- The committee will review on a quarterly basis all investment activity and the reasonableness of investment earned on funds.
- The committee will periodically review this investment policy and direct changes as deemed necessary, subject to approval by the Board.
- Any investments proposed outside of the authorized investments must be approved by the Audit Committee.

Approved Financial Institutions

Hawkeye Area Community Action Program, Inc. Policy & Procedure	Policy # 130
	Page 4 of 4
Investment	Effective: October 15, 2008
APPROVED BY: HACAP Board of Directors	Revised: August 14, 2018

- Banking relationships shall be established with local banking institutions of high integrity, personal ties to the community and a commitment to support the “Mission” of HACAP. The banking institutions must be commercial banks; be federally insured, and have a strong local presence in our service area.
- At least five banks will be approved to bid on HACAP deposit services and the list will be reviewed by the Audit Committee annually.

Target Audience

All Hawkeye Area Community Action Program, Inc. Personnel

Process Manager

This Policy was developed for all HACAP financial investments. Questions regarding this policy should be directed to the Chief Financial Officer at 319-393-7811.