

Society of Gastroenterology
Nurses and Associates, Inc.

*Board Policy &
Administrative Procedure
Manual*

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Subject: Investment Policies; Management of Operating & Permanent Funds

Review Responsibility: Budget and Finance Committee, Executive Director

Policy Statement:

A solid and diversified financial base will be maintained by SGNA. Reserve funds will be kept to assure fulfillment of obligations and to offset the effects of an operating reversal. These funds will be invested to maximize returns subject to prudent levels of risk.

Focus:

SGNA Board of Directors, Executive Director

Purpose:

To define SGNA's fiduciary responsibility in regard to maintaining and investing funds in the operating and permanent fund accounts.

Procedure:

1. General Investment Procedures

- 1.1 The Treasurer and Executive Director, in consultation with the Society's selected investment manager, are responsible for managing investments consistent with the Board of Directors-approved investment policy. It is the responsibility of these two individuals to keep the Executive Committee and the full Board of Directors informed of all financial decisions and provide them with all information relative to the Society's financial health.
- 1.2 All investments shall be reviewed 1) monthly by the Treasurer and Executive Director; and 2) quarterly by the Executive Committee. Any changes in the fund account investments must be authorized by at least two officers. The investment policy will be re-evaluated at least annually. Quarterly and annual reports should include comparisons to appropriate benchmarks.
- 1.3 A schedule of selected investment information will be maintained and reviewed annually.

2. SGNA Operating Fund:

- 2.1 Following is the Board-approved (11/18) investment strategy for the SGNA Operating Fund. The SGNA Operating Fund is used to supplement operating needs and to provide income.

Features: Liquidity; safety of principal and income are of primary importance.

Securities: CDs, treasuries, agencies or corporate notes: A or better; maturities to 4 years.

Strategy: Ladder: 1 year, 2 years, 3 years, 4 years.

- 2.2 Funds in the operating account will always be kept at a level to cover minimum operating expenses and be used for general day-to-day operations. However, funds in this account will grow above necessary levels due to temporary cash inflows due to high points of revenue throughout the year. A year to year analysis will take place. Funds will be used in one of the following ways:
- 1) for programs and projects which directly benefit the membership as approved by the Board;
 - 2) deposited into the permanent fund; or
 - 3) invested in U.S. Treasuries, CDs or high grade commercial paper for no longer than four years with maturities laddered to allow for liquidity specifically during periods of slow cash receipts.
- 2.3 A separate checking account will be maintained for daily operations with transfers made as needed from the operating fund account.

3. SGNA Permanent Fund:

- 3.1 Following is the Board-approved (11/18) investment strategy for the SGNA Permanent Fund. The SGNA Permanent Fund contains funds specifically designated for the organization's long-term investment reserve. The intent is that these core funds remain invested to provide income and future growth of the organization.

Features: Safety of principal, income and growth.

Asset Mix – To accomplish its objectives, SGNA is authorized to use securities such as CDs, treasuries, agencies or corporate notes, equity, fixed income and cash equivalent investments. These assets may be purchased in the form of individual securities or mutual funds. In addition, the portfolio may include non-correlated or negatively correlated alternative asset classes to mitigate market risk. Such assets should be purchased in pooled investments such as mutual funds.

Asset Allocation Ranges

Fixed income	30-80%
Equity	20-60%
Cash	05-50%
Alternatives	00-05%

Asset Quality – CDs, treasuries, agencies or corporate notes: A or better; maturities to 4 years. Equities must be publicly traded, listed on major exchanges. Mutual funds will be limited to securities purchases as outlined in their prospectus materials.

Investment Management Limitations – All purchases of securities will be for cash and there will be no direct investments in real estate, no short selling or commodity transactions. Mutual funds are limited to securities transactions outlined in prospectus materials.

- 3.2 Funds in the permanent account shall equal an initial investment of \$300,000 and are expected to increase by the consumer price index or at least 5% annually. These funds will not be used except by Board approval.
- 3.3 Ideally, the Society should have up to 50% of its annual operating expense budget in the

Permanent Fund.

- 3.4 If SGNA has not reached its goal of achieving 50% of its annual operating expense budget in the Permanent Fund, SGNA will allocate a minimum of 10% of its net income to the Permanent Fund, if there is net income, upon completion of the year end audit.
- 3.5 SGNA will automatically allocate all of the investment gain/(loss) from the non-operating investments to the Permanent Fund each fiscal year.