

## II.d. – Investments

### Philosophy

1. Methow Recycles Board of Directors embraces a philosophy of investment to preserve our assets over the long-term while seeking a modest return on our investment. We will support local businesses and enterprises with our investment dollars.

### Policy

1. Methow Recycles Board of Directors has adopted policies to establish and maintain both operations and equipment reserves. The purpose of this Investment Policy Statement is to provide guidelines for the management of the dollars in each of these reserves and of all undesignated funds.

### Definitions

1. **Operations Reserve:** Amounts reported in the Unrestricted Net Assets section of the balance sheet and identified as Operations Reserve.
2. **Equipment Reserve:** Amounts reported in the Unrestricted Net Assets section of the balance sheet and identified as Equipment Reserve.
3. **Equipment:** any capitalized fixed asset on the balance sheet.
4. **Funded Equipment Reserve:** A fund consisting of semi-liquid assets and investments accounted for separately from Operations Funds in the assets section of a balance sheet.
5. **Funded Operations Reserve:** A fund consisting of liquid assets and investments accounted for separately from Operations Funds in the assets section of a balance sheet.
6. **Liquid Assets:** Assets that are held as cash or may be converted to cash quickly and easily.
7. **Semi-liquid assets:** Assets that are not necessarily held as cash, but that may be readily converted to cash with nominal or no penalty.
8. **Short-term:** 12 months or less.
9. **Intermediate-term:** 12 to 60 months.

10. **Undesignated Funds:** Amounts reported in the Unrestricted Net Assets section of the balance sheet and identified as Undesignated Funds, to be used at the discretion of the Executive Director per spending policies.

### **Strategies and Procedures**

1. In consultation with the Executive Director, the Finance Committee shall recommend the dollar amounts to be placed in each of the investments in the reserve and undesignated funds as part of the Methow Recycles budget development process.
2. The Executive Director, or his or her designee, shall seek approval of this recommendation by the full Board of Directors as part of Methow Recycles budget adoption process.

### **Investment Objectives**

1. The investment objectives for the Operations Reserve are:
  - a. Preservation of Capital.
  - b. Liquidity.
  - c. Optimization of investment return within the constraints above in insured accounts of short-term duration.
2. The investment objectives for the Equipment Reserve are:
  - a. Preservation of Capital.
  - b. Semi-liquidity.
  - c. Optimization of the investment return within the constraints above in funds or accounts of short-to-intermediate term duration.
3. The investment objectives for Undesignated Funds are:
  - a. Preservation of Capital.
  - b. Semi-liquidity.
  - c. Optimization of the investment return within the constraints above in funds or accounts of short-to-intermediate term duration.

### **Investment Guidelines (Allowable Investments)**

1. Operations Reserve: The Executive Director shall invest the Funded Operations Reserve as follows:
  - a. Interest bearing savings accounts.
  - b. Money Market accounts at insured banking or savings organizations.
  - c. Certificates of Deposit of no more than 12 months term at insured banking or savings organizations.
2. Equipment Reserve: The Executive Director shall invest the Funded Equipment Reserve as follows:
  - a. Interest bearing savings accounts.

- b. Money Market accounts at insured banking or savings organizations.
  - c. Certificates of Deposit of no more than 12 months term at insured banking or savings organizations.
  - d. Money Market, stock, or mutual fund accounts at brokerage firms or managed through the Community Foundation of North Central Washington.
3. Undesignated Funds: The Executive Director shall keep or invest Undesignated Funds as follows:
- a. Checking accounts.
  - b. Interest bearing savings accounts.
  - c. Money Market accounts at insured banking or savings organizations.
  - d. Certificates of Deposit of no more than 12 months term at insured banking or savings organizations.
  - e. Money Market, stock, or mutual fund accounts at brokerage firms or managed through the Community Foundation of North Central Washington.

### **Maturity**

1. The maturities on investments for the Funded Operations Reserve shall be short-term, 12 months or less.
2. The maturities on investments for the Funded Equipment Reserve shall generally be 60 months or less.
3. The maturities on investments for Undesignated Funds shall generally be 60 months or less.

### **Governance**

1. The procedure for approving changes to this Investment Policy shall be as follows:
  - a. Request submitted to Finance Committee by the Executive Director or an individual board member.
  - b. Recommendation by Finance Committee to the Board of Directors.
  - c. Review, discussion and approval or rejection by the Board of Directors.

## **Maintenance**

The Treasurer shall report the status of Methow Recycles investments to the Board as part of the regular Treasurer's report at least annually.

## **Policy Review**

1. This policy shall be reviewed at least every three years by the Finance Committee or sooner if conditions warrant. Any changes thereto shall be reviewed and approved by the Board of Directors.