

**Lexington Arts and Crafts Society, Inc.**

**Cash Management Investment Policy Statement**

*Adopted September 10, 2019*

1. **Purpose.** The purpose of the Society's Cash Investment Policy is to establish guidelines and procedures for the management of its non-operating cash.
2. **Definitions**
  - a. **Long-term Funds** consists of any funds beyond those anticipated to be required within twenty-four (24) months to meet Society operating expenses.
  - b. **Non-operating Cash** consists of funds that are not expected to be used for operating expenses in the next six (6) months, but which may be required in the next six (6) to twenty-four (24) months.
  - c. **Operating Cash** consists of funds expected to be used in the next six (6) months.
3. **Cash balance targets.** In general, the Society's funds should be managed such that:
  - a. Operating Cash sufficient to cover a minimum of the next 30/60 days of expenses and a maximum of the next six (6) months of expenses should be maintained in the Society's primary, non-interest-bearing checking account.
  - b. Non-Operating Cash must be invested in interest-bearing accounts consistent with this policy.
  - c. Long-term Funds must be invested according to the Society's overall Investment Policy Statement.
4. **Investment Objectives.** The objectives of the investment portfolio are to:
  - a. Preserve capital and protect principal
  - b. Maintain sufficient liquidity
  - c. Increase yield of the funds
  - d. Diversify assets of the Society
5. **Risk Tolerance.** Operating Cash and Non-operating Cash should be limited to US dollars and managed in securities and investment vehicles that offer a reasonable rate of return with zero or very limited volatility. All securities and investment vehicles should be guaranteed by the issuer and offer liquidity without suffering a loss of principal, if held to maturity.
6. **Permissible Investments**
  - a. Cash sweep accounts
  - b. Certificates of deposit
  - c. Money Market Funds
    - i) Government funds
    - ii) Prime and Municipal funds
    - iii) Ultra-short bond funds
7. **Roles and Responsibilities**
  - a. The Board must approve, monitor and update the Cash Investment Policy Statement.

- b. By adoption of this Policy Statement, the Board delegates authority to the Finance Committee to determine the appropriate level of Non-operating Cash to be invested, the investment vehicles and the monitoring of the portfolio.
- c. By adoption of this Policy Statement, the Treasurer is authorized to execute the investments and is directed to gather all relevant information on the portfolio and produce regular reports to the Finance Committee.