

# **Ulmstead Club, Inc. Investment Policy**

February, 2019

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### **1.0 Purpose**

The purpose of this policy is to establish the parameters, responsibilities and controls for short-term investment of Ulmstead Club, Inc. Capital Reserves.

### **2.0 Objectives**

- A. To ensure the safety and preservation of principal.
- B. To maintain adequate liquidity to meet cash flow requirements for capital expenditures.
- C. To obtain the best available after-tax return consistent with safety and liquidity.

### **3.0 Scope**

This policy applies to the Ulmstead Club, Inc. ("UCI"). A quantity of cash sufficient to meet transactional needs of UCI must be available in the respective transactional bank accounts of UCI. Cash allocated to capital reserves, according to the budget, constitutes the investment portfolio.

### **4.0 Approved List of Investments**

The following classes of instruments are approved investments:

- US Treasury obligations
- U.S. Money Market Mutual Funds
- FDIC Insured deposit accounts

### **5.0 Investment Requirements**

- To minimize foreign exchange exposure, all investments must be denominated in US dollars.
- Money market mutual funds must conform to the definition and constraints of Securities and Exchange Commission Rule 2(a)7.

- All investment must comply with covenant restrictions that may exist as part of agreements with lending.
- Investments may only be made in investment products that are approved by the UCI Board.
- Reports of investment activity, balances, and holdings must be provided by the Treasurer to the UCI Board as required by the Board.

## 6.0 Diversification

### U.S. Domestic Portfolio

Investment Category	Maximum Percentage of Portfolio
U.S. Government	90%
U.S. Money Market Mutual Funds	100%

- Up to \$3million may be invested in any single well-diversified money market mutual fund. Money market mutual fund investments greater than \$1 million must be spread among at least two well-diversified funds.

## 7.0 Custody of Securities

All securities or other investments domestic in the U.S. are to be held by a Securities Investor Protection Corporation (SIPC) or Federal Deposit Insurance Corporation (FDIC) member financial institution that each year provides an SSAE 16 report with a favorable opinion from an independent auditor.

## 8.0 Roles and Responsibilities

Roles and responsibilities of the parties involved are specified below. Tasks may be delegated as necessary.

### *Role: UCI Membership*

- Approve the policy
- Approve policy revisions

### *Role: UCI Board*

- Approve the selection of banks, investment advisors, brokers, and dealers (investment companies)
- Approves the course of action for the handling of a downgraded investment
- Develop investment strategy
- Approve investment products consistent with this policy
- Approve investment custodians

*Role: Accountant*

- Record journal entries and report investment activity in accordance with GAAP
- Reconcile investment accounts
- Monitor internal controls

*Role: Treasurer*

- Serve as policy custodian
- Determine funds available for investment
- Invest funds as provided herein
- Provide investment reports to UCI Board as required as required
- Keep abreast of regulatory changes and investment market trends

**9.0 Internal Controls**

The following internal controls must be enforced:

- Transaction execution and transaction accounting may not be performed by the same person.
- A monthly reconciliation of investment statements to the general ledger accounts shall be performed by the accountant.