**Investment Policy**

**December, 2012**

**General Statement**

This policy must be adopted by the board of Los Angeles Social Venture Partners (LASVP), and reviewed annually thereafter.

**Scope of policy**

This policy establishes standards and practices for investment of LASVP financial assets. The policy applies to all current financial assets of LASVP and funds created in the future.

**Investment Objectives**

LASVP is concerned about the safety of the principal: therefore, safety of the principal is the primary investment objective.

Investment practices should be consistent with ensuring that LASVP has adequate Unrestricted Net Assets on hand at all times to meet six months’ worth of average monthly operating expenses (excluding grants and non-cash expenses) and to pay for all obligations as they come due. The average monthly operating expenses are calculated based upon the prior fiscal year. Investment practices should also be consistent with ensuring the marketability of the investment, if the need to liquidate the investment before maturity arises.

**Investment parameters and yield**

It is LASVP’s objective to earn the maximum rate of return allowed on its investments, within the policies imposed by its safety, liquidity and marketability objectives and state and federal laws governing investment of nonprofit funds.

Portfolio maturities will be structured to meet the obligations of LASVP first, and then to achieve the highest return of interest. The maximum allowable stated maturity of any individual security is one year and the maximum allowable settlement time for any security is three business days.

**Investment Types**

The following are authorized investments:

* Obligations issued or guaranteed by the US Government or its agencies or instrumentalities.
* Certificates of deposit, time deposits and bankers’ acceptances from institutions with a short term rating of A-1 or P-1 and/or long term rating of AA or Aa1 or better.
* Money market mutual funds whose investment policies and objectives closely match those listed above.
* Short Term Fixed Income Mutual Funds with duration not to exceed 3 years

**Standard of Care**

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal, liquidity and yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration whether the investment decision was consistent with the written investment policy of LASVP.

**Conflict of Interest**

If an LASVP staff member or board member has a personal business relationship with an external agency seeking to sell an investment to LASVP, he or she must disclose that personal business relationship to the full LASVP Board.

**Portfolio Management and Authorized Financial Dealer**

Investment transactions may be carried out on behalf of LASVP by an authorized financial dealer and institution, doing business in the state of California. However, at this time, LASVP will act on its own behalf without a financial advisor, utilizing accounts at Bank of America, The Vanguard Group, and potentially other banks for other savings/CD accounts.

**Performance Review and Reporting**

The investment parameters outlined in this policy have been established using LASVP’s liquidity profile and average monthly cash balances in 2011 and 2012 YTD and forward budget projections for the remainder of 2012 as a guide (a minimum average 6 months Unrestricted Net Assets on hand): if this profile changes substantially, LASVP’s investment parameters should be reviewed and amended by LASVP’s Executive Committee, and brought to the LASVP Board for its approval.

**Record keeping and Safekeeping**

Periodic, written investment reports and statements will be provided by financial institutions based on their regular reporting schedule to LASVP senior management and filed. Statements will be reviewed by the Treasurer as indicated in the Accounting and Financial Controls Policies, and reports will be provided to the Executive Committee and LASVP Board upon request.

The report will include:

* the investment position of LASVP at the date of the report
* beginning market value for the reporting period
* ending market value for the period
* maturity date of each separately invested asset that has a maturity date

**Insurance**

Funds must be insured, through either:

* FDIC insurance coverage
* Obligations of the United States or its agents and instrumentalities