

# Investments

## What should a nonprofit investment policy include? (via BoardSource)

Any organization that has assets to invest should have appropriate policies to guide these investments. One set of policies does not fit every organization; each organization needs to define its own goals and understand its own fiduciary responsibilities. Here is a list of the basic points to cover. Any investment policies should:

- be developed with the advice of a financial professional or be reviewed by legal counsel
- define general objectives (preserve and protect the assets; achieve aggressive growth)
- delegate day-to-day asset management to an independent finance committee or a professional manager
- set asset allocation parameters (include diversification)
- describe asset quality (itemize quality ratings for stocks, bonds, or short-term reserves based on your risk tolerance)
- define the investment manager's accountability (include risk in transactions, social responsibility, reporting requirements, and coverage of cash flow needs)
- establish a system for regular review of the policies