



American Pediatric Surgical Nurses Association Inc.

Safety and Excellence in the Surgical Care of Children

POLICY AND PROCEDURE

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| PAGE: 1 of 6 | REPLACES POLICY DATED: March 1, 2015 |
| EFFECTIVE DATE: July 1, 2020 | APPROVED BY: APSNA BOD 2023-2024 |
| NEXT REVISION: March, 2028 | |
| POLICY DESCRIPTION: APSNA INVESTMENT POLICY AND GUIDELINES | |
| REVIEWED: | REVISION: 5/2019, 7/2020, 7/2023, 3/2025 |

The mission of the American Pediatric Surgical Nurses Association, Inc. (APSNA), a 501(c)(3) organization, is to be the voice that shapes pediatric surgical nursing through advocacy, collaboration, mentorship and leadership. Based on a foundation of research, education and innovation, we will transform care delivery for pediatric surgical patients. The financial resources of APSNA exist to support the mission. The Investment Committee (IC) is responsible to manage and protect APSNA's investment funds.

STATEMENT OF POLICY: The overall investment objective of the Organization is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

PURPOSE: The purpose of this Investment Policy is to provide a clear statement of the Organization's investment objectives, to define the responsibilities of the Investment Committee Members, Board of Directors and any other parties involved in managing the Organization's investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

Related APSNA Policies:

- A. Conflict of Interest Policy
 - B. Internal Financial Controls Policy
 - C. Finance Committee Policy
- I. Maximizes investment income, seeks appropriate financial counsel, explores opportunities to enhance APSNA's financial growth, ensures targeted reserves are maintained and funds are available for operations and strategic initiatives as identified by the Executive Committee and BOD.
 - II. All investment funds held by APSNA are covered by this policy. Investment funds are those funds held in accounts other than APSNA's business checking and savings account.
 - III. General provisions: The Investment Committee will explore opportunities to enhance APSNA's financial growth in a manner that looks towards future opportunities while growing existing reserves and preserving the assets in the

Scholarship and WOCN award funds. Other responsibilities are as follows:

- A. All investment transactions shall be for the sole benefit of APSNA.
- B. Investments are to be evaluated carefully in order to minimize risk to APSNA.
- C. Any investment that is not expressly permitted under this policy will be formally reviewed and will require approval by the Investment Committee before any action is taken.
- D. The BOD will endeavor to operate the Organization's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets [including IRC §4944 if the Organization is classified as a private foundation] for federal tax purposes.
- E. The investment committee will meet formally quarterly to review and discuss the performance of the investments and as recommended to rebalance the portfolio. Any absence of Investment Committee members will be approved at the discretion of the Investment Committee Chair.
- F. The Investment Committee will review all investments monthly and at each meeting with guidance and guided by the expertise of the Investment Manager, will discuss and approve any recommended rebalancing of the portfolio that is reasonable, responsible and designated to minimize risk.
- G. Meeting minutes of the Investment Committee will be recorded by the Chair. After review and approval by the committee all minutes will be shared with the BOD and archived on the APSNA forum by the Secretary.
- H. The APSNA Treasurer will prepare the account summary each month and forward to the BOD and the Investment Committee Chair.
- I. The Investment Committee Chair will send the monthly investment statement and account summary statement to Investment Committee members each month for review.
- J. The Treasurer will forward the investment statement to the BOD each month.
- K. The Investment Committee will determine the amount of the monies to be awarded to recipients of the Scholarship Grants and WOCN award based on the balance of the funds each year in August or September to coincide with the Fall BOD Meeting.
 - 1. The award amount will be approximately 4% of the balance of the fund and held in cash, determined by the Treasurer in consultation with the investment manager.
 - 2. This updated award will be posted on the website annually.
 - 3. This is a conservative and standard amount typically withdrawn from investment funds, which does not place the fund at financial risk.
 - 4. The amount awarded from year to year will therefore vary based on the performance of the Scholarship and WOCN funds.
- L. The current treasurer is added to the investment accounts along with the Investment Manager, by the Investment Manager.
- M. The revisions, communication and enforcement of this policy are the responsibility of the APSNA Investment Committee.
- N. The BOD shall review the organization investment policy on an annual basis to ensure compliance.

IV. Investment Committee Membership:

- A. Investment Committee members shall be appointed by the BOD. These are voluntary positions with a 2-year term that begins and ends on odd years in the month of May. The BOD may re-appoint Committee members for a second term. The Committee shall include:
 - 1. The current APSNA Treasurer.
 - 2. The Immediate Past Treasurer. In the event the Treasurer serves a second term, an appointed person, as designated by the BOD, will assume the responsibilities outlined in this role.
 - 3. An APSNA Member at Large (a member at least 2 years), board experience acceptable.
 - 4. A second APSNA Member at Large (a member at least 2 years) with no prior BOD experience.
 - 5. A Certified Public Accountant (CPA) with experience related to 501(c) (3) organizations.
 - 6. A Certified Financial Planner (CFP) or Chartered Financial Analyst (CFA) in the role of Financial Advisor/Investment Manager.
 - 7. A community volunteer with investment experience and an expressed interest in APSNA.
 - 8. A Committee Chair is appointed from the above members by the BOD.
- The current treasurer, the investment manager, nor the CPA can chair the Investment Committee.
- B. The Chair schedules meetings, prepares the agenda, documents minutes, tracks membership terms and solicits committee replacements.
- C. The Treasurer is solely responsible for oversight and verification of all QuickBooks entries.

V. Delegation of Responsibility:

- A. BOD: Reliance on Experts and Advisors
 - 1. The BOD has ultimate responsibility for the management of the Organization's invested assets.
 - 2. The BOD may delegate authority over the Organization's investments to a properly formed and constituted Investment Committee.
 - 3. Regularly evaluates the performance of Investment Manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
 - 4. Developing and enacting proper control procedures; e.g., replacing Investment Manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.
 - 5. The BOD may hire qualified outside experts including Investment Managers(s), Investment Consultant(s), and custodian(s) as needed.
 - 6. The Executive Committee evaluates the performance of the Investment Committee and ensures that decisions are aligned with the organization's mission, reviews all meeting minutes and monthly investment statements.
 - 7. The BOD may also establish an advisory committee (which may include non-directors) to provide investment advice to the BOD or to the BOD Committee. Advisory committees have no authority to act for the BOD, but may monitor compliance with the investment policy, recommend changes, and assist the BOD in selecting and retaining Investment Managers to execute this Investment Policy.

- B. Responsibilities of the Investment Committee, as delegated by the BOD, include:
1. Taking direction from the BOD regarding the Organization's financial needs and includes determining the Organization's risk tolerance and investment horizon.
 2. Establishing reasonable and consistent investment objectives, policy guidelines, strategic goals, and allocations which will direct the investment of the assets, to be reviewed by the BOD on an annual basis.
 3. Overseeing the Investment Manager's activity, understanding how the investments are performing and making decisions to balance and diversify the portfolio as recommended. The BOD is privy to this information but the roles of the BOD and Investment Committee when responsibilities are delegated are different and should always be different. While the BOD should never infer influence over investment decisions as the BOD has delegated the responsibility, it but should always make sure the investments are held for the benefit of the Organization and set the tone for these varied roles and responsibilities.

VI. Statement of Responsibilities of the Investment Managers

- A. Each Investment Manager will invest assets placed in his, her or its care in accordance with this investment policy.
- B. Each Investment Manager must acknowledge in writing acceptance of responsibility as a fiduciary.
- C. Each Investment Manager will have full discretion to regularly analyze the portfolio and recommend management of the assets placed under his or her care, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:
 1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
 2. Reporting, on a timely basis, monthly investment performance results.
 3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
 4. Informing the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
 5. Voting proxies, if requested by the BOD, or if authority is delegated, the Investment Committee, on behalf of the Organization.
 6. Administering the Organization's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the Organization.

VII. Recruiting Guidelines for Investment Management

The Investment Manager is responsible for regularly providing investment performance updates, advice, and guidance to the Investment Committee regarding current and potential investments. The Investment Manager shall act as a responsible fiduciary in all matters related to management of APSNA investment assets. The

Investment Manager shall adhere to each of the following:

- A. Held to a Fiduciary standard.
- B. Must be a Certified Financial Planner or Certified Financial Analyst.
- C. Must possess a Series 7 license.
- D. Must have at least 3 years of related experience.
- E. Three years of nonprofit experience preferred.

VIII. General Investment guidelines

- A. A copy of this Investment Policy shall be provided to all Investment Committee Members.
- B. The Organization is a tax-exempt organization as described in section 501(c)(3) [or section 501(c)(6), etc., as applicable] of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Organization investments.
- C. The Organization is expected to operate in perpetuity; therefore, a 10-year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.
- D. A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for grant distributions, tax obligations and other anticipated expenses.
- E. Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- F. Permitted investments include:
 - a. Cash and cash equivalents
 - b. Marketable securities
 - i. Equities and fixed income securities
 - ii. Mutual funds
 - iii. Exchange traded funds (ETF)

[Note: The Organization should determine its own credit quality standards and prohibited transactions, based on its investment objectives and risk tolerance. The following two bullet items (G and H) represent samples only and are not recommended for use without review by investment counsel.]

- G. No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:
 - 1. BBB by Standard & Poors for straight bonds and convertibles
 - 2. Baa3 by Moody's Investor Service for straight bonds and convertibles
 - 3. A1 by Standard & Poors for short term securities
 - 4. P1 by Moody's Investor Service for short-term securities
 - 5. AAA for money market accounts
- H. The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.

IX. Diversification

- A. The Organization will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- B. Investments in the equity securities of any one company shall not exceed [5%] of the portfolio nor shall the total securities position (debt and equity) in any one company exceed [10%] of the portfolio.
- C. Reasonable sector allocations and diversification shall be maintained. No more than [25%] of the entire portfolio may be invested in the securities of any one sector.
- D. Investments within the investment portfolio should be readily marketable.
- E. The investment portfolio should not be a blind pool; each investment must be available for review.

X. Asset Allocation

- A. The asset allocation policy shall be predicated on the following factors:
 - 1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
 - 2. The correlation of returns among the relevant asset classes.
 - 3. The perception of future economic conditions, including inflation and interest rate assumptions.
 - 4. Liquidity requirements for the projected grants and other charitable expenditures.
 - 5. The relationship between the current and projected assets of the Organization and projected liabilities.
- B. Allocation Range
 - 1. Note: The Organization should determine its own allocations, based on its investment objectives and cash needs. The following allocation schedule is only a sample and is not recommended for use without review by investment counsel.

| Asset Allocation Range | Target | Upper limit |
|----------------------------------|--------|-------------|
| Cash & Equivalents | 5% | 0 – 15% |
| Fixed Income | 40% | 20 – 60% |
| Equities: Domestic Large Cap | 25% | 20 – 40% |
| Equities: Domestic Small/Mid Cap | 20% | 10 – 25% |
| Equities: International | 10% | 5 –15% |

- 2. Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

- XI. **PERFORMANCE:** Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Organization and against index objectives for

individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance is reviewed quarterly and shall be evaluated on a three to five-year basis to allow for market fluctuations and volatility.