

Statewide Independent Living Council of Hawaii (SILC)

Eligible Funds and Investment Policy

The Council may hold Eligible Funds and may invest Eligible Funds, subject to the limitations of this policy.

Purpose. The purpose of investing Eligible Funds is the preservation of principal and the maintenance of liquidity. The generation of investment income is secondary to both and shall not justify any deviation from this policy.

Eligible Funds. Only non-federal, unrestricted funds of the Council are eligible for investment under this policy.

Liquidity requirement. The Council shall maintain, at all times, in demand deposit or other immediately available form, an amount not less than three (3) months of average monthly operating expenses as reflected in the Council-approved annual budget. Funds may be invested only to the extent they exceed this liquidity requirement.

Standard of care. Eligible Funds shall be managed with the care, skill, and diligence that a prudent person acting in a like capacity would exercise, consistent with the standard of conduct applicable to directors of Hawaii nonprofit corporations under Hawaii Revised Statutes Chapter 414D, and consistent with the Council's fiduciary obligations as a recipient of federal funds.

Permitted investments. Eligible Funds may be held or invested only in:

- United States Treasury bills, notes, and bonds with a remaining maturity of twenty-four (24) months or less;
- Money market funds invested exclusively in United States government obligations;
- Deposit accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), including insured cash sweep or reciprocal deposit programs that extend insurance coverage across multiple insured institutions;
- Certificates of deposit at FDIC- or NCUA-insured institutions with a term of twelve (12) months or less.

Prohibited investments. Eligible Funds shall not be invested in equity securities or equity funds; corporate, high-yield, or municipal debt; derivatives, options, futures, or commodities; foreign currency; digital assets or

cryptocurrency; private placements or non-publicly-traded instruments; real estate; or any instrument purchased on margin or through short sale. Council funds shall not be pledged as collateral for any obligation and shall not be borrowed against.

Insurance and custody. Funds shall be held in accounts titled solely in the legal name of the Statewide Independent Living Council of Hawaii and shall not be commingled with the funds of any other organization. Deposit balances at any single insured institution shall be maintained within applicable insurance limits, or shall be covered by a sweep or reciprocal deposit program that maintains full insurance coverage. Investment holdings shall be held by a qualified custodian or a broker-dealer that is a member of the Securities Investor Protection Corporation (SIPC).

Non-bank providers. Where the Council uses a financial technology provider that is not itself a chartered bank, the Council shall document, before funding any account, the identity of the chartered partner institution or institutions holding Council deposits, the mechanism by which deposit insurance coverage passes through to the Council, and the treatment of Council funds in the event of the provider's insolvency.

Authorization. The full Council shall authorize the opening or closing of any Council financial account, shall select the financial institution or institutions holding Council funds, and shall designate authorized signers by recorded motion. Movement of funds between accounts owned by the Council requires joint authorization by the Treasurer and the Chairperson or the Treasurer and the Executive Director. Disbursement of Council funds to any third party from any account remains subject to the payment authorization requirements of the Financial Procedures and Bylaws Section 4.1 without exception. No individual shall have unilateral authority to transfer Council funds to an account not owned by the Council.

Oversight. The Finance Committee shall review the Council's Eligible Funds and investment holdings not less than quarterly and shall report to the Council. This policy shall be reviewed annually by the Finance Committee, which shall recommend any changes to the Council.

Approved: _____

Eligible Funds and Investment Procedures

1. Before any funds are invested, the Treasurer and the Executive Director shall determine and document in writing the amount of Council funds that is non-federal and unrestricted and therefore eligible for investment. This determination shall be reviewed by the Council's accountant or auditor and reported to the Finance Committee.

2. The Executive Director shall calculate the liquidity requirement upon adoption of each annual budget and shall report the current requirement and the Council's compliance with it in each quarterly financial report.
3. When the Council is considering a financial institution or investment provider, the Finance Committee shall evaluate the candidate against the insurance, custody, and non-bank provider requirements of this policy and shall present its findings and recommendation to the Council in writing.
4. The Council shall authorize the opening of any account by recorded motion identifying the institution, the account type, and the authorized signers. The Chairperson shall execute account documents in accordance with Bylaws Section 4.1 and may delegate execution with prior written approval as provided in that section.
5. Transfers of funds between accounts owned by the Council shall be authorized jointly by the Treasurer and the Executive Director, in writing or by electronic signature, and shall be documented and reported to the Finance Committee.
6. When a transfer from an investment account to an operating account is necessary to meet the liquidity requirement or to fund budgeted expenditures, the Treasurer and the Executive Director shall jointly authorize the transfer, notify the Chairperson, and report the transfer at the next regularly scheduled Council meeting.
7. Financial platforms holding Council funds shall be configured to require dual authorization for outbound transfers to external accounts. The Treasurer and the Executive Director shall maintain separate credentials, and multi-factor authentication shall be enabled on all accounts. Credentials shall not be shared.
8. Access to accounts shall be reviewed and updated within thirty (30) days of any change in the Treasurer, Executive Director, or other authorized signer.
9. Staff shall provide to the Finance Committee, quarterly: account statements, balances by account, investment holdings and maturities, income earned, confirmation that all balances remain within insurance coverage, and confirmation of compliance with the liquidity requirement.
10. Any Council member, officer, or staff member having a financial or personal interest in a financial institution or investment provider under consideration shall disclose the interest and recuse themselves in accordance with the Conflict of Interest Policy and Procedures.

11. Eligible Funds and investment holdings, income, and this policy shall be disclosed as required in the Council's annual audit and IRS Form 990 filing.

Approved: _____