



AIA
Las Vegas

Adopted: June 21, 2016

AIA Las Vegas Reserve Policy

On June 5, 2007 in order to secure the future of the Chapter, the board of directors established a Reserve Fund, utilizing the \$100,000.00 profit from the Chapter's hosting of the 2005 National Convention. A line item is included in the annual budget allowing that a minimum of 1% of the annual operating budget, or the amount to be designated by the AIA Las Vegas board of directors at the end of the year, will be added to the Reserve Fund until a total of \$200,000.00 is reached. The board shall re-evaluate the percentage on an annual basis in June of each year.

Reserve Fund:

The reserve fund consists of annual surplus revenues or specific budgeted contributions. It is the policy of AIA Las Vegas to maintain a reserve fund of money over and above that necessary for day to day operations. This fund serves five main purposes:

1. To cover special initiatives or unanticipated expenses;
2. To save for large capital purchases;
3. To provide cash flow for operations in the event of a temporary interruption of income;
4. To provide a buffer allowing time to adjust operating expenses in the event of an unanticipated long term reduction of income; and
5. To provide for long term financial stability of the Chapter.

The board of directors has determined that these Reserve Funds be invested according to the Investment Policy, originally adopted in 2008. (See Investment Policy)

The board of directors recommends that the reserve fund should be equal to 50% of the annual operating budget. The minimum annual budgeted allocation to the reserve fund should be 1% of the overall annual budget. (If the annual budget is \$300,000.00 the annual allocation to the reserve fund should be \$3,000.00.)

Investment Objectives:

The objective of investing the reserve funds is to increase the value of the funds in order to protect the spending power of the funds against inflation and to serve as a source of money to achieve the financial goals of AIA Las Vegas. The primary investment objectives of the reserve funds are as follows:

1. Safety. It is essential that investments be of such quality that principal impairment is minimized, since funds must be available for emergencies.
2. Yield. It is important to maximize total return over a full market cycle, subject to prudent levels of risk.
3. Liquidity. While it is expected that the utilization of the principal will be low, some maturities should be scheduled each year as additional assurance that emergencies can be met.

Responsibility / Authority:

Responsibility for oversight of the reserve funds will be placed with the AIA Las Vegas executive director, treasurer and board of directors as follow:

1. Executive Director

Responsibility for investment decisions will rest with the Executive Director and the AIA Financial Committee within the approved investment guidelines. The Executive Director with the approval of the board of directors, shall secure the services of a professional investment advisor to assist in the placement of the investments. The Executive Director in consultation with the Treasurer will make recommendations to the board of directors regarding the use of the reserve funds.

2. Treasurer

The Treasurer will review the investment policy each year prior to the adoption of the budget and recommend any changes to the board of directors. The Treasurer in consultation with the Executive Director will make recommendations to the board of directors regarding the use of the reserve funds.

3. Board of Directors

The Board of Directors will review and approve all investment guidelines for AIA Las Vegas. The board of directors will decide on the use of the reserve funds.

Reporting / Evaluation:

Reserve Fund Investment reports will be prepared and presented to the board of directors quarterly. The Investment Advisor should meet with the board of directors annually (or more often if necessary) to discuss performance, portfolio content, transactions, investment strategy and proposed changes to the investment objectives and guidelines.

The Executive Director, Treasurer and Board of Directors will evaluate the quarterly reports and make recommendations as often as necessary to preserve the investment objectives of AIA Las Vegas.