



INVESTMENT & RESERVE FUND POLICY STATEMENT

The Virginia Association of Museums will adhere to the following investment policy for its operating, reserve, and investment accounts subject to amendment at any time by a majority vote of the full Council. The policy will be implemented by the Executive Director, Finance Committee and Treasurer and monitored by the Executive Committee. VAM will utilize a competent, ethical, and professional Financial Advisor deemed appropriate to assist in the management of the financial objectives of the Association.

The Finance Committee is chaired by the Vice President for Planning and Resources, who is assisted by the Council Treasurer. Others members are selected from Council and from the membership-at-large. The Finance Committee meets at least twice a year, with additional meetings as required by circumstances or at the request of the Financial Advisor. The members of this committee, as with the Council as a whole, will act in an ethical manner at all times, and information obtained through participation on this committee may not be used for personal gain.

Should the Financial Advisor have a recommendation for an adjustment in our investment portfolio, or need approval for such a recommendation, he/she will contact the Executive Director. If the Executive Director is not available, he shall contact first the Treasurer, and then the Vice President for Planning and Resources for such approval.

Financial Constraints

1. VAM will maintain three basic investment accounts with a professional investment brokerage (currently Scott & Stringfellow): an operating reserve account, an investment account, and an endowment pledges account. The organization's regular operating account for daily transactions will be held at a bank, currently B B & T. The operating account budget will be established by the Council each year.
2. The operating reserve account will be invested in a money market account with interest accruing to that account. A minimum of one-month estimated operating expenses for the organization shall be maintained in this account as backup for operational emergencies. Further investment decisions regarding this account, including the use of other financial instruments than money market funds, will be made by the Finance Committee in consultation with the financial advisor, subject to advice and review by the Treasurer and Executive Director. (For use of these funds, see below.)
3. The remaining funds of the organization shall be placed in an investment account with all dividends and interest being reinvested in that account. Funds will be invested in some combination of equities (including but not limited to individual firms, managed funds and indexed funds), bonds, and international investments.
4. Should VAM Council determine that the organization be dissolved, the last remaining assets will be used for this purpose. The Council and Executive Director will manage this process as to time frame, settling of accounts payable and receivable, and disposition of any remaining assets according to the Constitution and Bylaws.
5. The Finance Committee of the Council and the Financial Advisor shall review the investments and annual rate of return on an annual basis and make recommendation to the Executive Committee of any changes deemed advisable for the good of the organization.

Structure and Procedure for Utilizing the Operating Reserve Account

The Virginia Association of Museums has established an Operating Reserve Account generally known as the “Rainy Day Fund” in the event financial conditions require the introduction of non-revenue earned funds into the budget. This policy outlines the general steps that must be taken in order to access the funds and use them.

1. All requests for use of Reserve Account funds will generally come from the Treasurer and/or Executive Director and must be in writing to the Executive Committee. A copy will be given to the secretary for the record.
2. The Executive Committee of Council must approve withdrawals from the Reserve Account; the President may determine the method for obtaining agreement of the Executive Committee, either at a meeting, via email or phone call. A full report of the action taken will be made at the next scheduled Council meeting.
3. The amount requested should address the problem at hand and be sufficiently sized to avoid creating a “slush fund” or surplus in the budget. No more of the account may be withdrawn than is absolutely necessary to address the projected financial need.
4. Requests to withdraw funds should be accompanied by a repayment plan.