

**AMERICAN VOLKSSPORT ASSOCIATION
EXECUTIVE COUNCIL AGENDA ITEM**

Introduction of Business: Adoption of Investment Policies

I move that: The NEC adopt the attached Investment Policy

Summary of Proposed Action: AVA’s auditors have consistently recommended the adoption of investment policies that give the NEC’s guidance to management about the funds used for day-to-day operations as well as those held for contingencies and longer term plans. The adoption of the attached policy will resolve the auditor’s concerns by improving internal control and requiring Executive Committee involvement in the process.

Motion Submitted By: Bob Morrison, Treasurer

Seconded By:

Action: Motion Carried

Motion Failed

**American Volkssport Association
Investment Policies
Adopted by the National Executive Council July 7, 2012**

I. Investment Philosophy

American Volkssport Association (AVA) is a nonprofit entity and does not have as one of its purposes the accumulation of large amounts of money for which there is no known objective. Nevertheless, there are legitimate reasons for accumulating monies, such as maintaining a reserve for contingencies to sustain operations and to provide for major purchases in the future.

In keeping with these limited objectives, there are two main guiding principles for investments of AVA monies:

- (1) idle cash shall earn a return, and;
- (2) risk to principal shall be minimized to the extent possible.

Because of these fiduciary requirements, when practical, investments shall be placed where they enjoy the protection of FDIC or SPIC insurance. The following investments are permissible:

- (1) Money Market funds
- (2) Certificates of Deposit
- (3) US Treasury Securities
- (4) Investment grade corporate bonds

Investments within each fund may include both legally restricted and unrestricted assets of AVA. Also, the investment portfolio may include assets accumulated in previous years from operations, donations, and any other source.

II. Funds

AVA shall maintain the following funds:

Operating Fund (Checking, Savings & Money Market Accounts) – Monies in the Operating Fund shall be used to conduct day-to-day operations of the organization. The balance of this fund shall be sufficient in size to provide for at least six months of normal

operating expenses plus monies earmarked for specific short-term purposes before monies are moved to the Reserve Fund. Generally, investments in this fund shall have maturities of ninety days or less.

Reserve Funds (Certificates of Deposit and Bond Portfolio) – Monies in the Reserve Fund are those monies that are accumulated for contingencies and purposes that may require expenditures in the future. Monies in this fund shall not be co-mingled with monies in the operating fund.

III. Reporting

The Treasurer shall be responsible for reporting the status of the Reserve Fund to the EC quarterly and to the NEC at least annually. The reports should include a complete listing of investments in each fund, including descriptions, amounts (original cost and market), location, dates of purchase, interest rates and maturity dates.

IV. Transaction Authority

It is the responsibility of the President or her/his designee to manage the investment portfolio, with the approval of the Executive Committee. This responsibility includes the authority to purchase and sell investments, establish safekeeping accounts or other arrangements for the custody of securities and to execute such documents as may be necessary.

V. Fund Access & Use

Transfer of monies between the funds shall be approved by the EC in advance of execution.

VI. Prohibited Investments

Categories of investment that are not eligible for investment without prior approval of the NEC include:

- alcohol, gambling or tobacco related industries
- short sales
- private placements

- commodities
- security loans
- leveraged derivatives
- warrants

VII. Final Authority

Notwithstanding any other authorization given to the President, Treasurer or EC, the AVA NEC reserves the ultimate responsibility and authority for the supervision of all policies, any investment decisions and supervision of the investment portfolio of the AVA.

VII. Investment Policy Review

The Treasurer shall review and propose updates and revisions to these Investment Policies to the NEC as necessary.