

January 30, 2023

RE: Investment and Reserve Funds Policy – Revised Draft

FROM: Molly Myers, Chair Finance Committee
Amir Malek, Gorfine Schiller

In reviewing the ArtStream Investment Policy and the Reserve Funds Policy, we are proposing the two policies be combined into one document. Attached is the revised draft. The language of both has not been changed from the original.

However, the following new section has been added. It was not in the original document.

1. Board oversight monitoring and review

The Finance Investment Committee will meet on a periodic basis (at minimum twice a year) to review the reports of the Investment Adviser, and to evaluate the performance of the Portfolio and adherence by the Investment Adviser to this Policy. The performance of the Portfolio will be measured relative to appropriate and agreed upon performance benchmarks. The Finance Investment Committee will also make periodic basis (at minimum twice a year) reports to the Board regarding the Organization's investment performance. Investments shall be aligned with ArtStream's mission.

Accordingly, we are asking for the board to approve this revised policy and the additional section. Frank Koster and Josh Kruk from One Day in July will speak to performance benchmarks related to ArtStream's investments.

ArtStream
Investment and Reserve
Funds Policy (REVISED)
Draft – January 24, 2023

Objective of the Investment Policy

The objective of this investment policy is to assist ArtStream in effectively monitoring and evaluating the financial assets of the organization. The policy should be consistent with the by - laws of the organization. The primary objectives of the Investment policy are to:

- Define the responsibilities of all parties involved.
- Establish investment goals: investment risk and long-term investment strategies.

Finance-Investment Committee

The Finance-Investment committee is comprised of the Board Treasurer and two Board Members.

It shall be the responsibility of the investment committee to:

- Supervise the overall implementation of ArtStream's investment policies by ArtStream's Executive Director and Investment Advisors
- When necessary, select and recommend investment advisors and/or investment entities to the Board.
- Monitor and evaluate the investment performance of ArtStream's funds.
- Report regularly on ArtStream investment matters to the board
- Recommend changes to the Board in approved policy, guidelines, and objectives as needed.
- Execute other duties as may be delegated by the Board.

Delegation of Authority

The Board of Directors has the ultimate fiduciary responsibility for the organization's investment portfolio in account at Charles Schwab. ArtStream's Executive Director and Investment Advisors, One Day in July will also have fiduciary responsibility.

Investment Advisors

The Committee may recommend to the Board the retention of one or more investment advisors as well as any administrators, custodians, or other investment service providers required for the proper management of ArtStream's funds. The Committee may utilize one or more advisors as an investment consultant to advise and assist the committee in the discharge of its duties and responsibilities.

Asset Allocation

- Time Horizon
- Risk Tolerance: Maintain asset allocation of the assets of the Opportunity Fund in the following ranges: 55-65% equities; 35-45% fixed income.
- Assets in the Operating Reserve Fund will be held in cash or cash equivalents in accordance with the reserve policy.
- Performance Expectations: Preservation of real purchasing power of principal and maximization of investment income.

Board oversight - monitoring and review

The Finance-Investment Committee will meet on a periodic basis (at minimum twice a year) to review the reports of the Investment Adviser, and to evaluate the performance of the Portfolio and adherence by the Investment Adviser to this Policy. The performance of the Portfolio will be measured relative to appropriate and agreed upon performance benchmarks. The Finance-Investment Committee will also make periodic basis (at minimum twice a year) reports to the Board regarding the Organization's investment performance. Investments shall be aligned with ArtStream's mission.

Objective of the Reserve Funds:

To build and maintain an adequate level of unrestricted net assets to support the day-to-day operations in the event of unforeseen shortfalls, unexpected non-recurring expenses, and strategic initiatives.

Definitions and Goals of the Reserve Funds

The Operating Reserve Fund is a designated unrestricted fund. The Operating Reserve Fund is set aside to stabilize cash flow during temporary shortfalls of operating funds. The funds are currently deposited in the Capital One Bank operating account.

The target minimum Operating Reserve Fund is equal to approximately four months of average recurring operating expenses. The Operating Reserve Funds will be available in cash or cash equivalents and maintained in a separate account.

The Executive Director will submit a request to use the Operating Reserve Fund to the Board Finance-Investment Committee for presentation to the Board of Directors. The request will include analysis of the reason for the use of the funds and the plan for repayment of the Operating Reserve Fund.

The Opportunity Reserve Fund provides for major unbudgeted expenditures, new programs, current program improvements and facilities. (Charles Schwab)

The Opportunity Reserve Funds will be invested according to the Investment Strategy adopted by the Board of Directors and maintained in a separate account.

The Executive Director will submit a request to use the Opportunity Reserve Fund to the Board Finance-Investment Committee for presentation to the Board of Directors. The request will include analysis of the reason for the use of the funds. The Board will monitor the investment portfolio and determine if it is necessary to develop a plan for re-funding the Opportunity Reserve Fund.

Accounting for the Reserve Funds - The Operating and Opportunity Reserve Funds will be separately recorded in the accounting system and financial statements.

Reporting and Monitoring

The Executive Director is responsible for ensuring that the Operating and Opportunity Reserve Funds are maintained and used only in accordance with this policy. The Executive Director shall ensure that the Operating and Opportunity Reserve Funds are designated and noted in the financial statements.

Review of the Reserve Policy and Investment Strategy

The Finance-Investment Committee will review the Reserve Policy annually and the Investment Strategy twice a year and report to the Board of Directors.