

National Council on Education for the Ceramic Arts

Reserve Fund Policy

Overview

The purpose of this policy is to establish a framework for the investment and use of NCECA Reserve Funds. The Board of Directors has fiduciary responsibility for all NCECA assets. The Board has the authority to appoint investment professionals to manage Reserve Funds on their behalf. The employment of such professionals or intermediaries will in no way serve to lessen, eliminate or otherwise mitigate the Board's fiduciary responsibilities.

The intended purpose of Reserve Funds is to provide NCECA with the ability to fund current and future fellowship, scholarship, archival, educational, and special programs and projects. The identification and selection of such programs and projects shall be made by the Board of Directors from time to time and in their sole discretion.

Investment Guidelines

The objective of maintaining Reserve Funds is to perpetuate the existence and further the mission of NCECA through the prudent investment and use of contributed monies, operating surpluses and investment income. Reserve Funds shall be invested in vehicles appropriate to the risk and return goals of NCECA, as articulated by the Board of Directors from time to time in their sole discretion as financial fiduciaries. Consideration will be given to, among other factors, preservation of principal, total portfolio return, and mitigation of risk through diversity of investments.

Distribution Guidelines

Unless otherwise approved as provided in this paragraph, the annual distribution from all NCECA Reserve Funds shall not exceed the average real return (after adjusting for inflation) of the past three years or five percent (5%), whichever is less. All calculations of ending balances and rates of return will be based on calendar years. Distributions within the above guideline may be approved by either a two-thirds majority of the Executive Committee or a simple majority of the full Board. Distributions in excess of five percent (5%) shall require approval of two-thirds (2/3) of the full Board regardless of the incremental dollar amount. In no case shall the total balances of the Reserve Funds be permitted to go below one million dollars (\$1,000,000.00) without approval of eighty percent (80%) of the full Board.

Review and Control Procedures

Adherence to the policies set forth herein will be reviewed annually by the NCECA Treasurer and NCECA's independent auditor, and such findings shall be reported to the full Board and membership in a timely manner.

Authorization and Modification

This policy will become effective upon approval of two thirds (2/3) of the full Board of Directors at a duly authorized and convened meeting thereof. Any rescission of, additions to, deletions from or other modification of this policy will also require approval of two thirds (2/3) of the full Board of Directors at a duly authorized and convened meeting thereof.