

Policy 6: Finances, Reserves and Investments: (approved July 7, 2007)

iHEA is an academic society supported by its membership and shall follow prudent financial policies to strengthen the association and support its mission (see Policy #2 “*Funding and Sponsorship*” adopted April 16, 2002). Specific topics are addressed below.

FINANCE COMMITTEE AND REPORTING: A committee of the board will be appointed to oversee finances and report to the full board. Records of all financial transactions will be available for review by the finance committee. Management staff and consultants will meet with the finance committee, but the committee will also hold closed meetings and report independently to the board. *iHEA* will make copies of its audited financial statements and charitable organization (IRS 990) statements publicly available to through open posting on the association web site.

OPERATING INCOME AND RESERVE GUIDELINES: *iHEA* will attempt to maintain a net operating surplus (revenues – expenses) of approximately 5% of revenues over any two year cycle assuming sufficient reserves (equal to one year’s average operating expenses) have been placed in a separate account to cover unanticipated contingencies and fund outreach programs. Until sufficient reserves have been accumulated, *iHEA* will attempt to maintain net operating surplus of approximately 10% so that future operations can have a reasonable margin of safety. Excess funds accumulated above these guidelines may be used for scholarships, academic outreach and other activities in support of the *iHEA* mission, including the funding of charitable endowments and foundations for such purposes, as directed by the board.

RESERVE ACCOUNT AND ENDOWMENT INVESTMENTS: The *iHEA* reserves will be invested in a broadly representative set of low-cost index and money market funds broadly representative of the global economy. *iHEA* will not engage a financial broker or advisor without the approval of the finance committee, and will not invest in options, hedge funds, derivatives or individual firm debt and equity securities. Operating funds will be invested only in liquid money market accounts.

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