

**APPENDIX A – NASEMSO Investment Policy**  
*Approved by NASEMSO Board of Directors \_\_\_\_\_.*

This policy establishes investment objectives, policies, guidelines and investment tolerances relating to the assets held by the Association, presently and in the future that are and will be used primarily for investment purposes. It provides a framework within which staff and a brokerage firm will be expected to exercise judgment, offer recommendations in structuring and managing the investment portfolio as directed by the Board of Directors or assignees. In doing so, the Policy:

- Clarifies the delegation of duties and responsibilities concerning the management of invested funds.
- Communicates the objectives of the Board, staff and any investment managers involved in the management of invested funds.
- Identifies the criteria against which the investment performance of investments will be measured.
- Reserve Funds are not intended to be used in the day-to-day operations. Utilization requires approval by the Board of Directors in conjunction with the budget process or separate action.
- Not all invested funds may be “Reserve Funds.” Refer to the NASEMSO Reserve Funds Policy for additional information.
- Serves as a review document to guide the ongoing oversight of the management of investments.

Delegation of Responsibilities

The Board of Directors has oversight regarding all decisions that will impact invested funds. The Board of Directors delegates the day-to-day supervision for the management of investment funds to the Treasurer and the Management Counsel.

Treasurer

- Reviews the performance reports provided by the brokerage firm.
- Reviews annually investment policy and practices, and as appropriate recommends modifications to the Executive Committee and Board of Directors.

Board of Directors

- Selects the brokerage firm with staff collaboration
- Annually reviews investments and practices as appropriate and recommends any modifications to the Treasurer and Management Counsel.
- Approves and monitors adherence to the investment policy.
- Assigns actions to Treasurer and staff.

### Management Counsel

- Ensures that monthly financial reports to the Board of Directors appropriately reflect financial performance of investments.
- Provides the Executive Committee and Treasurer with detailed investment performance reports, as requested.
- Collaborates with brokerage firm with respect to their duties.

### Brokerage Firm

- Recommends alternatives as to dollar amounts to placed in a mix of investment instruments, based on best financial management practices and Allowable Investment Instruments defined below.
- Manages the investment portfolio, that is, has full discretion in collaboration with Treasurer and Management Counsel to buy, sell, invest and reinvest assets consistent with the policy guidelines set forth in this document.
- Account statements and analyses are available on line on the Brokerage website.
- Meets with the Treasurer and Management Counsel no less than twice annually to review the portfolio.

### Allowable Investment Instruments

- **Fixed Income** – U.S. Government & Agency Bonds, Corporate Bonds and Mutual Funds.
- **Equities** – Common Stock, Convertible Bonds, Convertible Preferred Stocks and Mutual Funds.
- **Cash Equivalents** – U.S. Federally Insured Certificate of Deposits and Money Market Funds that invest in Government backed securities.
- **Investment Bearing Checking or Savings Accounts**

### Investment Considerations

The Executive Committee must consider the purposes of both NASEMSO and its assets in managing and investing funds. All individuals responsible for managing and investing NASEMSO's funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the expenditure of invested funds, each of the following factors by way of example only, might be considered:

1. General economic conditions.
2. Possible effect of inflation or deflation.
3. Expected tax consequences, if applicable, of investment decisions or strategies.
4. The role that each investment or course of action plays within the overall investment portfolio.
5. Expected total return from the income and appreciation of investments.
6. Other resources of the organization.
7. The needs of the organization and the fund to make distributions and preserve capital.
8. Related costs of the transaction and/or brokerage fees.

### **Guidelines for Investing**

**Cash and Money Market Funds 10% of Assets:** At all times there will be minimum cash, money market or other highly liquid securities comprising 10% of portfolio.

**Prohibited Investments:** All alternatives including but not limited to initial public offerings, restricted securities, private placements, derivatives, options, futures and margined transactions.

### **Performance Measurement Standards**

It will be the responsibility of the Treasurer and Management Counsel to review the performance of the investment account and investment policy guidelines, and report to the Board of Directors semi-annually with any updates and recommendations as needed.

The Benchmark to be used in evaluating the performance of fixed income and equity investments will be:

- **Equities: S&P 500 Index** – Goal: Exceed the average annual return of the index over a full market cycle (3-5 years).
- **Fixed Income** – Moderately Conservative Diversified Portfolio Without Alternatives  
Given that the overall objective of these funds is to achieve capital preservation and appreciation, the goal is to limit exposure to the downside of the market pullbacks.

**APPENDIX A – NASEMSO Reserves Policy**  
*Approved by NASEMSO Board of Directors \_\_\_\_\_.*

NASEMSO's Reserves Fund Policy explains the importance of financial reserves and provides guidelines for maintaining and expending them.

**◆ Section 1. Definition of Reserves**

Reserves are defined as the accumulated net surpluses of the organization, i.e., the unrestricted net assets as reported on the Balance Sheet. The reserves fund generally resides in the investment accounts.

**◆ Section 2. Use of Reserves**

Decisions to budget the use of reserves must be accompanied by a plan to replenish such funds. The primary purpose of the reserve is to ensure that NASEMSO has adequate funds available in the event of an unanticipated catastrophic event or business situation that reduces reserves and threatens the financial viability of the organization.

A second purpose of the reserve is to provide for new or unanticipated operational needs that surface during or outside the annual budgeting process that cannot be supported by available operational resources.

A third purpose of the reserve is to support special projects in the event that single or multiple strategic initiatives should surface outside of the annual budgeting process. This means that should a strategic initiative surface during the course of the year, a recommendation may be made to the full Board of Directors to fund such an initiative. An initiative is defined as a chance for NASEMSO to invest in an action that will benefit the membership or the emergency medical services profession.

**◆ Section 3. Funding Requirements**

NASEMSO will maintain reserves of no less than fifty percent (50%) of annual budgeted expenses. In the event that reserves fall below 50% of annual operating expenses, the Treasurer shall notify the Board of a variance.

When reserves are below 40%, the Board may direct the Treasurer and Management Counsel to put a cap on any new-project funding or special initiative funding through the reserves. Also, this occurrence would trigger a process through which the Executive Committee would convene to recommend necessary and sufficient corrective actions to pursue a recovery plan by 1) generating a budget surplus in the next budget cycle sufficient to rebuild the reserves' floor to a minimum of 40% of annually budgeted expenses, or 2) using a two-year budget cycle to rebuild the reserves' floor to a minimum of 50% of annually budgeted expenses. In either case, the recommendations shall be presented to the Board for immediate action.

NASEMSO shall maintain no more than 150% of annual operating expenses for one year.

When it appears that at the end of the current fiscal year, reserves will reach an amount exceeding 150% of the current fiscal year's operating budget, the Executive Committee shall propose usage(s) for the reserves for the current year and/or for the next year on a pre-paid basis, so that reserves do not exceed 150% at the end of the fiscal year. The proposed usage will be presented to the Board of Directors in conjunction with the annual budgeting process.