

The Michigan Theater Foundation

Investment Policy

1. Introduction

The Michigan Theater Foundation (MTF) must maintain an amount of cash sufficient to fund operations on both a short-term and long-term basis. The MTF also should invest funds for future needs, such as capital investment in personal and real property, for use by MTF. The MTF should also build an endowment to benefit the long-term success of the MTF.

2. Operating Funds

All funds of the MTF shall be designated as Operating Funds unless otherwise specifically designated by the Executive Director in consultation with the Finance Committee and with approval of the Board of Directors. The amount of funds needed as short-term Operating Funds shall be equal to 3-6 months Operating Expenses as determined by the prior year Cash Flow Statement. The remaining balance shall be deemed long-term Operating Funds.

The investment of all Operating Funds shall be limited to federally-insured (subject to FDIC/NCUA protection) financial institution deposit accounts (with amounts not to exceed the FDIC/NCUA insurance limits at any given institution unless otherwise determined appropriate by the Finance Committee). Funds may also be invested in financial instruments (such as T-Bills) that are backed by the full faith and credit of the US government. All accounts designated as short-term Operating Funds shall be in accounts of a fully liquid demand deposit nature, preferably interest bearing. Any funds designated as long-term Operating funds shall carry a maturity date not to exceed fifteen (15) months.

The Executive Director is responsible for establishing and transacting all Operating Funds.

3. Building Reserve Funds

Certain funds of the MTF may be designated as Building Reserve Funds by recommendation of the Finance Committee in consultation with the Executive Director and approval of the Board of Directors. Such funds are intended to serve as an internal "loan" fund for capital maintenance and capital acquisitions.

The investment of all Building Reserve Funds shall be limited to federally insured (subject to FDIC/NCUA protection) financial institution deposit accounts (with amounts not to exceed the FDIC/NCUA insurance limits at any given institution unless otherwise determined appropriate by the Finance Committee) of an interest-bearing nature, with a maturity date not to exceed the anticipated date of the capital expenditure.). Funds may also be invested in financial instruments (such as T-Bills) that are backed by the full faith and credit of the US government.

The Finance Committee, in consultation with the Executive Director, may recommend funds be moved from the Building Reserve Fund to the Operating Fund.

The Executive Director is responsible for establishing and transacting all Building Reserve Funds.

4. Program or Other Specified Fund

Certain funds of the MTF may be designated as Program or Other Specified Funds by recommendation of the Finance Committee in consultation with the Executive Director and approval of the Board of Directors. Such funds are specifically earmarked to promote programming innovation and expansion and are intended to be used as an internal “loan” fund which should be repaid from future program revenue.

5. Endowment Funds

The MTF has an Endowment Fund established at and administered by the Ann Arbor Area Community Foundation (AAACF). Funds received that are specifically designated by a donor and/or their estate to be allocated to the Endowment will be deposited with AAACF. The Finance Committee, in consultation with the Executive Director and approval of the Board of Directors, may also designate funds as Endowment Funds. Gifts to the Endowment Fund are irrevocable.

6. Gifts of Securities

The MTF periodically receives gifts of securities. These securities shall be liquidated as soon as practical. The funds will be held in an investment account (currently at Comerica Bank) and will be transferred to the General Checking account when the funds reach \$100,000, or at least once annually.

7. Capital Campaigns

The MTF may engage in a Capital Campaign to fund a large and specific project as approved by the Board of Directors. These funds are to be segregated from all other MTF funds.

The investment of all Capital Campaign Funds shall be limited to federally insured (subject to FDIC/NCUA protection) financial institution deposit accounts (with amounts not to exceed the FDIC/NCUA insurance limits at any given institution unless otherwise determined appropriate by the Finance Committee) of an interest-bearing nature, with a maturity date consistent with the projected project expenditures.

The Executive Director is responsible for establishing and transacting all Capital Campaign Funds.

8. Review

The Finance Committee shall be responsible for periodic reviews of the Investment Policy and for recommending updates to the policy as necessary. The Finance Committee will be responsible for monitoring activity and confirming adherence to the Investment Policy.