

## **AIA Colorado Merged Asset Allocation Policy**

***Effective upon date of merger with AIA Colorado Local Chapters***

### **Background**

At the time the local AIA chapters merge with AIA Colorado, each Local Chapter brings into the merger all of its assets, including all cash assets, as well as a list of strategic initiatives identified that they would like to spend reserves money on for the benefit of local members. Upon merging, Local Chapters will henceforth be known as Local Sections of AIA Colorado, but will still maintain their local identities as AIA Denver, AIA Colorado North, AIA Colorado South and AIA Colorado West.

### **Purpose**

The purpose of this policy is twofold. The first part is to stipulate the amount of Local Chapter cash assets required to put towards reserves per AIA Colorado's reserves policy and cover any current financial commitments from the Local Chapters at the time of merger (current reserves goal is 50% of the general operating budget). Secondly, this policy allocates the cash assets brought to AIA Colorado by each Local Chapter through the merger so that resulting Local Sections have funds available for them to designate for extraordinary, non-recurring expenses outside the normal annual operating budget, which benefit local or statewide membership. Such expenses may be called "strategic initiatives."

### **Formula**

Each Local Chapter is responsible for establishing a stand-alone 2014 budget based on historic and anticipated activity for the year. These budgets will be used to inform and add to the AIA Colorado merged annual operating budget. Recognizing that merging will increase the AIA Colorado general operating budget, 50% of each Local Chapter's 2014 general operating budget will be designated as reserves, plus money to cover Local Chapter expenses committed but not yet paid at the time of merger. The remaining cash or cash-equivalent assets from each Local Chapter will be designated by AIA Colorado for each respective Local Section to spend on its strategic initiatives. Each Local Section's strategic initiatives previously identified in their 2014 budgets will carry forward into either AIA Colorado's general operating budget or into its respective Local Section strategic initiative budget. Any unallocated resources will be tied to each respective Local Section as undesignated strategic initiative funds.

Example: Chapter A approves its 2014 operating budget of \$30,000. All of Chapter A's cash and other assets become AIA Colorado's assets upon the merger. \$15,000 (50%) of Chapter A's 2014 operating budget will be designated as AIA Colorado Reserves upon merging. Prior to the merger, Chapter A has current monetary assets totaling \$45,000. After the merger, \$30,000 would be designated to fund Chapter A's strategic initiatives as well as \$5,000 of committed expenses at the time of merger. Chapter A has identified \$5,000 of strategic initiative spending for 2014 so far. Therefore, undesignated strategic initiative funds of \$20,000 (\$45,000 less

### Exhibit 3

\$15,000 reserves, \$5,000 committed expenses and \$5,000 strategic initiatives) will be made available to Local Section A's Board to allocate through December 31, 2016.

#### **Allocation Process**

Local Section Boards are authorized to identify extraordinary expenses outside AIA Colorado's general operating budget that will benefit local or statewide membership in accordance with AIA Colorado's strategic plan. Examples of strategic initiatives include member or community grants that relate to the mission of AIA Colorado, special travel stipends, sponsorships, seed money for equipment/resources to launch a new program agreed to by the AIA Colorado Board, or a local public outreach/advocacy campaign. If proposed initiatives require extraordinary staff time, the AIA Colorado CEO may request the Local Section fund that as well.

Because it is not in the members' best interest to hold member dues in savings beyond what is necessary to fund reserves, the general operating budget, or specially designated projects and investments, a time limit of December 31, 2016 will be set on Local Section Board allocation of savings beyond what local chapters contribute to reserves at the time of merger. Beyond that point, unallocated funds designated for Local Sections shall be re-classified as general AIA Colorado reserves.

This is *not* to say that local projects or investments will not be considered after December 31, 2016, but that automatically designating funds to Local Sections based on what they brought forth in the merger will no longer be in practice. Local Section Boards are encouraged to continue submitting requests for extraordinary or innovative funding on behalf of local members, and regularly occurring expenses should be worked into AIA Colorado's general operating budget versus continually taken from savings.