



SECTION 5
FINANCE

NUMBER 5.1 TREASURER DUTIES

EFFECTIVE: November 2018

POLICY

The Treasurer shall perform the duties usual to the office of an organization treasurer and those required by the Constitution and Bylaws and by actions of the Board.

The Treasurer is Board Liaison for the Finance and Investment Committees.

PROCEDURES

The Treasurer and Finance Committee members will review the budget, prepared by the Director of Finance, with staff during the winter quarterly conference call and/or meeting. The budget will incorporate approved rates for journal subscriptions, meeting registration fees, membership dues, overhead charges, and budget format.

Monitor Institute expenses through:

- Interactions with INFORMS office;
- Periodic financial statements;
- Annual audit report;

Report to members through such means as the INFORMS web site, business meetings, and INFORMS publication(s) received by all members.

Serve on:

- INFORMS Board (counsel the Board and explain numbers);
- Executive Committee, as officer;
- Finance Committee, as chair;
- Investment Committee, as chair.

Perform special studies, as requested by the Board or President, including:

- Determination of financial impact of proposed amendments;
- Selection of auditors.

Periodically prepare a long-range financial plan.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.2, Signature Authorization for Checks
INFORMS Policies and Procedures Manual, Section 5.3, Financial Assets of Sections and Societies

INFORMS Policies and Procedures Manual, Section 5.4, Finance Committee INFORMS Policies and Procedures Manual, Section 5.5, Investment Committee INFORMS Policies and Procedures Manual, Section 5.6, Investment of INFORMS' Funds INFORMS Policies and Procedures Manual, Section 5.7, Restricted Reserve Fund

NUMBER 5.2 AUTHORIZATIONS FOR CHECKS AND OTHER FORMS OF PAYMENT

EFFECTIVE: November 2018

POLICY

All payments of approved invoices or other obligations shall be made by check, credit card, or secure electronic fund transfers. All transactions should have the appropriate supporting documentation and must have approval/verification sign off by the applicable department director(s) and the Executive Director, or in their absence by persons properly designated to act for them. Only official INFORMS check stock, controlled by the Director of Finance, may be used for checks.

The Director of Finance is authorized to sign checks and approve wires. In the event that the Director of Finance is unable to sign check or approve wires, the signature of the Executive Director will usually be substituted.

When the disbursement is greater than \$50,000, the Treasurer will receive, for their information, the scanned copy of the applicable invoice reflecting the internal approval of staff, Director, and/or Executive Director.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 2.3, Expenditure Approvals
INFORMS Policies and Procedures Manual, Section 5.1, Treasurer Duties

NUMBER 5.3 FINANCIAL ASSETS OF SUBDIVISIONS

EFFECTIVE: November 2018

POLICY

It is the policy of INFORMS that Subdivisions support their normal operating expenses from internally generated funds. In the event that a Subdivision depletes its account, the Treasurer may authorize a short-term loan to cover the shortfall, provided that the Subdivision furnishes a viable plan for repaying this loan.

Subdivisions shall be credited interest annually on their year-end balance. The rate of interest will be a pro-rata share of the interest earnings received on the working capital Funds.

Subdivisions can carry forward any unexpended funds from one year to the next. Subdivisions can continue to request special funding from the Board to pursue special projects.

Should any Subdivision become inactive and be dissolved by the INFORMS Board, its accumulated surplus, if any, will be transferred to the general Institute funds or to another subdivision or committee as recommended by the subdivision being dissolved.

Statement of Subdivision Assets

The INFORMS Accounting Department will provide subdivisions monthly financial statements to the Director of Subdivisions for review and distribution. Each financial statement will show, at a minimum, the current year-to-date activity and the fund balance carried forward from the prior year.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 2.3, Expenditure Approvals

NUMBER 5.4 FINANCE COMMITTEE

EFFECTIVE: November 2018

POLICY

The Finance Committee supports the Treasurer and oversees the financial functions of INFORMS except for the investment of reserves, which is the responsibility of the Investment Committee. The Treasurer is the Board Liaison for the Finance Committee.

PROCEDURES

Membership

The voting members of the Finance Committee are composed of the Treasurer as chair of the Committee, plus four additional INFORMS members, who are nominated by any INFORMS member, recommended by the Treasurer, and appointed by the Executive Committee. The Finance Director of INFORMS serve(s) as *ex officio* non-voting member(s) of the Committee. Terms begin on January 1, and appointed voting members serve two-year terms that are staggered such that half the members are appointed each year.

Functions

The Finance Committee identifies and deals with financial issues of concern to INFORMS. Issues for the Committee may be generated by the Treasurer or by the Board. Areas of concern include, but are not limited to: (1) the budget process, (2) the setting of subscription and meetings rates, and (3) the monitoring of INFORMS' financial health. Motions initiated by the Committee are submitted to the Board.

1. In preparation for the Fall Board of Directors meeting, the Finance Committee acts as an intermediary between INFORMS' departments and the Board with respect to the review of the following year's budget. The process is initiated by Directors, with support from their Vice Presidents and Committee Chairs submitting budget requests. These requests contribute to a preliminary budget that is prepared by the Finance Director that is then presented to the Finance Committee for approval. The Finance Committee reviews this budget and may make suggestions for changes. Once a version of the preliminary budget that is acceptable to the Finance Committee has been reached, the Committee submits it to the Board with a recommendation.

2. At its regular meetings, the Finance Committee reviews recent financial statements provided by the Finance Director, identifies any exceptions and significant trends, and where necessary the Treasurer brings them to the attention of the Executive Committee.

Meetings

Meetings of the Committee consist of a quarterly conference call, and other meetings as requested by the Chair. A quorum consists of at least half of the voting members of the Committee.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.5, Investment Committee

INFORMS Policies and Procedures Manual, Section 5.6, Investment of INFORMS
Funds

INFORMS Policies and Procedures Manual, Section 5.7, Working Capital/Operating Accounts

INFORMS Policies and Procedures Manual, Section 5.8, INFORMS Restrictive Reserve.

NUMBER 5.5 INVESTMENT COMMITTEE

EFFECTIVE: May, 2000

POLICY

The Investment Committee oversees the investments in the Restricted Reserve and Working Capital/Operating Accounts of INFORMS. The Treasurer is the Board Liaison for the Investment Committee.

Membership

The voting members of the Investment Committee are composed of the Treasurer as chair of the Committee plus four additional INFORMS members appointed by the President with the advice of the Treasurer and the approval of the Executive Committee. The senior staff person(s) responsible for overall INFORMS financial management serve(s) as *ex officio* non-voting member(s) of the Committee. Terms begin on January 1, and appointed voting members serve four-year terms staggered such that one member is appointed each year.

Functions

The Investment Committee 1) recommends investment policies to the Board for the INFORMS Restricted Reserve and Working Capital/Operating Accounts, 2) recommends to the Board the hiring or retention of an Investment Advisor for the Restricted Reserve, 3) monitors the investment performance of the Restricted Reserve, and 4) reports and recommends to the Board on other investment matters of importance to INFORMS.

Meetings

Meetings of the Committee are called by the Chair as required. A quorum consists of at least half of the voting members of the Committee.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.6, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Section 5.7, Working Capital/Operating Accounts
INFORMS Policies and Procedures Manual, Section 5.8, INFORMS Restricted Reserve.

NUMBER 5.6 INVESTMENT OF INFORMS FUNDS

EFFECTIVE: November 2018

POLICY

For the purposes of managing investment risk and optimizing investment returns within acceptable risk parameters, the funds held by INFORMS are divided into two separate investment accounts, which are named the “Working Capital/Operating Account” and the “INFORMS Restricted Reserve”.

PROCEDURES

1. The following procedures ensure that the investment policies and procedures are consistent with the current mission of INFORMS and accurately reflect current financial conditions:
 - A. The investment policies and procedures will be reviewed annually by the Investment Committee.
 - B. Recommendations for any revisions or modification will be made by the Investment Committee to the Board for approval.
2. The following procedures are used to determine the dollar amounts to be placed in the INFORMS Restricted Reserve.
 - A. The Finance Committee reviews the dollar amounts in the Restricted Reserve and the Working Capital/Operating Accounts, and when necessary recommends adjustments to the Treasurer, subject to the policy stated in INFORMS Policies and Procedures Manual, Section 5.8, INFORMS Restricted Reserve.
 - B. The Treasurer may act on recommendation of the Finance Committee regarding the dollar amounts placed in the Restricted Reserve and in the Working/Capital/Operating Accounts, subject to the policy stated in INFORMS Policies and Procedures Manual, Section 5.8, INFORMS Restricted Reserve.

3. To ensure that the fiduciary responsibilities of the Board and the Investment Committee are met, INFORMS will have a professional Investment Advisor for the Restricted Reserve account.
 - A. The Investment Advisor is selected by the INFORMS Board. The Investment Committee is responsible for reviewing the performance of the current Investment Advisor, and if necessary, considering alternative Investment Advisor candidates, and making a recommendation to the Board regarding retaining or replacing the Investment Advisor.
 - B. The Investment Committee also reviews and approves the contract with which the Investment Advisor is engaged.
 - C. The Investment Advisor selects specific investments for the Restricted Reserve and allocates the Restricted Reserve assets among these investments subject to the policies and procedures specified in this Section and in Section 5.8.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.5, Investment Committee
INFORMS Policies and Procedures Manual, Section 5.7, Working
Capital/Operating Accounts
INFORMS Policies and Procedures Manual, Section 5.8, INFORMS Restricted
Reserve

NUMBER 5.7 WORKING CAPITAL / OPERATING ACCOUNTS

EFFECTIVE: November 2018

OBJECTIVES

The purpose of the Working Capital / Operating Accounts is to provide sufficient cash to meet the financial obligations of INFORMS in a timely manner. These accounts consist of (1) INFORMS' current (operating) checking account, and (2) INFORMS' Working Capital Accounts. The remainder of this document applies Only to the Working Capital Accounts.

The investment objectives of the Working Capital Accounts are:

1. Preservation of capital;
2. Maintenance of a sufficient level of liquidity to meet foreseeable cash flow requirements; and
3. Optimization of investment returns, subject to the two previous objectives.

PROCEDURES

The INFORMS Working Capital Accounts maybe invested only as follows:

1. Checking accounts in U.S. federally insured banks and savings and loans not to exceed federally insured amounts.
2. Money market funds that invest in U.S. Government backed securities.
3. Federally insured certificates of deposit.
4. Direct obligations of the U.S. Government, its agencies and instrumentalities.
5. Repurchase agreements in conjunction with bank sweep accounts collateralized by U.S. Government obligations.

NUMBER 5.7

Page 2

RESTRICTION

Investments for the Working Capital Accounts are limited to fixed-income instruments having a duration (or average duration, in the case of funds) of three years or less.

INCOMING TRANSFERS

The Director of Finance has the authority to transfer funds between the INFORMS operating checking account and the Working Capital Accounts.

WITHDRAWALS

Policies on withdrawals from the INFORMS Working Capital Accounts are:

1. The Finance Committee will review the size of the Working Capital Accounts quarterly, and may recommend changes in size to the Treasurer.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.5, Investment Committee INFORMS
Policies and Procedures Manual, Section 5.6, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Section 5.8, INFORMS Restricted Reserve

EFFECTIVE: NOVEMBER 2014

(Fall BOD 2014)

POLICY

INFORMS funds over and above those funds needed for orderly cash management will be invested in financial media suitable for institutional investment. These funds are referred to as the Restricted Reserve. The purposes of the Restricted Reserve are to provide (1) a financial safety net for use in the event of a major emergency, (2) a productive repository in which to accumulate funds for new INFORMS initiatives, and (3) an endowment to support selected INFORMS activities. Therefore, it is the policy of INFORMS to have the Restricted Reserve permanently invested in a manner that is expected to lead to sufficient growth in the Reserve to maintain it at or above a specified target percentage of annual expenses, even if those expenses grow. In order to meet this goal, a portion of the Restricted Reserve is typically invested in equities. INFORMS recognizes that the value of such equities can decline significantly over extended periods of time, but the historical record shows that over the long term the return on equity investments is higher than on fixed income investments. Therefore, investing in equities is expected to generate a higher average return, and hence require less diversion of current operating funds to maintain a prudent reserve level over the long term.

Required Level of Restricted Reserve

The INFORMS Board will consider the reserves of the organization to be in part a necessary hedge against adverse changes in our financial position. To furnish this important hedge and safety net, the Board will endeavor to maintain the level the Restricted Reserve within or above a target range of from sixty-five to eighty-five percent of current annual operating expenses. In the event that the level of the Restricted Reserve falls below this target range, then the Board will approve a plan to bring the Reserve back within this range. Since there may be considerable volatility in returns on the Restricted Reserve from year to year, when comparing a three-year moving average of the Reserve balance to the current year's operating expenses of INFORMS a three-year moving average will be used to determine the condition of the Reserve. When the Reserve goes above the target range, the Board should be advised to consider the long term, and therefore, treat surpluses NOT as extra short-term revenue, but as a hedge against the next downturn in the market. Thus, the driving policy of the reserves is that they are "left alone" except to meet financial crisis, fund a new initiative, or support an endowed activity.

Changes to Policies

Because of the long-term nature of the investments in the Restricted Reserve, it is INFORMS policy that changes to the governing policies for the Reserve should only be made after careful and extended consideration.

Investment Objective and Constraints

The investment objective for the Restricted Reserve is to maximize long-term return without exposure to undue risk. The primary concern is long-term appreciation of the assets, with a secondary, but still significant, emphasis on consistency of total return on the portfolio.

Investment Guidelines

The following investments and investment activities are prohibited:

1. Private placements;
2. Letter stock;
3. Derivatives. However, to the extent that mutual funds are used as investments the mutual funds may buy or sell derivatives for the purposes of decreasing portfolio risk;
4. Commodities or commodity contracts;
5. Short sales;
6. Margin transactions; and
7. Any speculative investment activities.

Diversification and Target Asset Mix

Individual stocks are subject to a maximum seven percent commitment at cost or ten percent commitment of the Restricted Reserve's market value for an individual security and twenty percent for a particular industry. Individual bonds not guaranteed by the U.S. Government or its agencies or instrumentalities are subject to a maximum ten percent commitment at cost. The Reserve Fund is composed of the asset classes listed in the table below. The *target allocations* are the desired allocations for each asset class. The *minimum allocations* and *maximum allocations* are to allow for normal market fluctuations. It is the responsibility of the Investment Advisor to remain within the range specified for each asset class. The Investment Advisor will re-balance the portfolio according to the target allocations semi-annually. Any contributions or withdrawals from the Fund will be made in a manner that re-balances according to the target allocations.

ASSET CLASS	MINIMUM ALLOCATION	TARGET ALLOCATION	MAXIMUM ALLOCATION
EQUITY			
U.S. Large Capitalization Stocks	35%	40%	45%
U.S. Small Capitalization Stocks	0%	5%	10%
International Stocks	10%	15%	20%
TOTAL EQUITY	50%	60%	70%
FIXED INCOME			
U.S. Government/Corporate Intermediate Bonds	30%	35%	40%
High Yield Bonds	0%	5%	10%
TOTAL FIXED INCOME	30%	40%	50%

The investments in the equity asset classes will be maintained at risk levels roughly equivalent to the averages for the sectors of the market represented, with the objective of exceeding the performance of selected nationally recognized indices, as specified below in the Procedures section. Performance will be measured over a three-year moving time period, net of fees and commissions. Mutual funds conforming to the policy guidelines may be used to implement the equity investment program. Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. Mutual funds conforming to the policy guidelines may be used to implement the fixed income investment program.

Any non-cash gifts received by INFORMS that do not conform to the table above, such as individual stocks or mutual funds, will be sold or put up for sale within 30 days of receipt and reinvested in order to conform unless explicitly instructed otherwise by the donor(s) or the Executive Committee at the time of the gift.

However, if the market value of a non-cash donation exceeds ten percent of the current value of INFORMS' Restricted Reserve, then the 30-day time limit is waived and within thirty days, the Investment Committee, in consultation with our investment advisor, will make a recommendation to the Executive Committee regarding disposition of the gift.

Definitions

The following definitions apply for the purposes of this Section:

U.S. Large Capitalization Stocks: A portfolio of stocks composed primarily of U.S.-based companies having a market capitalization, on average, exceeding a minimum value determined by the Investment Committee and INFORMS' Investment Advisor and whose primary shares trade on a major U.S. exchange. (Market Capitalization = Market Price × Number of Shares Outstanding).

U.S. Small Capitalization Stocks: A portfolio of stocks composed primarily of U.S.-based companies having a market capitalization, on average, of less than a maximum value determined by the Investment Committee and INFORMS' Investment Advisor.

International Stocks: A portfolio comprised primarily of stocks of non-U.S. based companies, the primary shares of which are traded on exchanges outside the United States. American Depository Receipts are considered International Stocks.

U.S. Government/Corporate Intermediate Bonds: A portfolio consisting primarily of fixed income securities denominated in U.S. dollars issued by the U.S. Government or U.S. corporations having a weighted average maturity of less than 10 years. This portfolio can include Treasury Inflation Protected Securities (TIPS).

High Yield Corporate Bonds: A portfolio consisting primarily of bonds issued by U.S. corporations, with the majority of the bonds rated below BBB/Baa.

PROCEDURES

1. INFORMS will always have a professional portfolio advisor (hereafter called the "Investment Advisor") assisting in overseeing the Restricted Reserve. This Advisor will invest the assets in the Restricted Reserve subject to the policies stated above.
2. The INFORMS Restricted Reserve performance will be reported by the Investment Advisor on a quarterly basis. Returns will be compared to:
 - a. The Consumer Price Index over a five-year rolling horizon.
 - b. Nationally recognized indices measuring the performance of the classes specified in the target asset mix, as follows:
 1. U.S. large capitalization stocks: Russell 1000 Index.
 2. U.S. small capitalization stocks: Russell 2000 Index
 3. International stocks: Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCIEAFE)
 4. U.S. government/corporate intermediate bonds: Lehman Brothers Intermediate Government/Corporate Bond Index
 5. High yield bonds: Merrill Lynch High Yield Master
 6. Overall: A weighted average of the above indices, with the weights set equal to the specified target allocations for each asset class.
3. The quarterly reports of Restricted Reserve investment performance will show results for the latest quarter, year to date, the last three years, and since inception.

4. Withdrawals from the Restricted Reserve require approval by the INFORMS Board at two Board meetings with an election of new Board members having intervened. Should the second Board vote not occur within two years of the first vote to withdraw funds from the Restricted Reserve, the motion fails and then a new approval requiring the two different Boards to vote for withdrawal must take place. Such withdrawals can be made only with the written authorization of the Executive Director and Treasurer. In the event that one or both of these is unable to sign, the signature(s) of the President or President-Elect may be substituted. Such withdrawals can be made only by wire transfer to an INFORMS account that has previously been specified in writing by the President and Treasurer. In the event that the authorized withdrawal amount is not transferred fully from the Restricted Reserve, such authorization to do so will become null and void two years from the date of the second Board vote. In such a case, a new authorization following the policies and procedures must take place before any funds are released from the Restricted Reserve.
5. Annually, and normally before the fall meeting, the Treasurer will calculate the Restricted Reserve's current market value as a percentage of one year's operating expenses. Attention will be given to longer-term trends by adopting a practice of calculating a three-year moving average, as discussed above under Policy, paragraph 2. . If the resulting percentage is in the range of seventy-five to eighty-five percent or above, the Board will be informed without a special caution. If the percentage is in the range of sixty-five to seventy-five percent, the Board will be notified with a special caution, indicating a prospective need for definite remedial action. If the percentage is below sixty-five percent, the Board will be notified with a call for an immediate plan of action to return the Restricted Reserve to a value that reaches the acceptable target range.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.5, Investment Committee INFORMS
Policies and Procedures Manual, Section 5.6, Investment of INFORMS Funds INFORMS
Policies and Procedures Manual, Section 5.7, Working Capital/Operating Accounts

NUMBER 5.9

FUNDING OF INFORMS INITIATIVES

EFFECTIVE: NOVEMBER 2014

(Fall BOD 2014)

POLICY

Initiatives shall be authorized in a way that:

- (1) enables appropriation, when needed, from the Working Capital/Operating Accounts and the Restricted Reserve to fund new initiatives; and,
- (2) supports the creation of new initiatives for products or services or to “test market” new initiatives prior to determining if they should become ongoing programs.

All money authorized for use for Initiatives shall remain within the Restricted Reserve or Working Capital/Operating Accounts until such time as appropriated by the Board. Funds appropriated are to seed initiatives rather than sustain new activities and programs. At the time new initiatives are appropriated, the funding source should be identified as funds previously authorized for initiatives.

PROCEDURES

1. In years when the three-year moving average of the value of the Restricted Reserve to the operating expenses of INFORMS is over seventy-five percent (75%), the Finance Committee may recommend to the Board authorization of a specified amount of funds for Initiatives. This recommendation will take into account the long-range fiscal climate and health of the Institute and the trends of the Restricted Reserve earnings. The authorization shall be for a specific amount and allow for the transfer of funds from the Restricted Reserve to the Working Capital/Operating Accounts. All authorization of funds to Initiatives must be approved by the INFORMS Board at two Board meetings with an election of new Board members having intervened. At no time should the authorization of funds bring the moving average of the value of the Restricted Reserve to the operating expenses of INFORMS to less than seventy-five percent (75%).
2. Funds appropriated by the Board for use for Initiatives shall come from the Working Capital/Operating Accounts prior to the Restricted Reserve. Although already authorized, The Board must be notified prior to the need to transfer funds from the Restricted Reserve for use by any appropriated Initiatives.
3. The Board may appropriate funds for Initiatives without two Board actions.
4. The solicitation and approval criteria for initiatives to be funded are developed by and are the responsibility of the Board. Special consideration will be given to those initiatives that help the Institute meet its Strategic Goals.
5. Proposals having potential recurring budget implications (beyond one year) must include a multi-year budget projection that includes both revenue and cost implications. Proposals may be for single or multi-years. To ensure the integrity of the Restricted Reserve and Working Capital/Operating Accounts, the entire balance for a multi-year proposal will be appropriated in one lump sum rather than over a period of years. This one-time appropriation will:
 - a. safeguard against approving funding for future years when Initiative Funds may not be available;
 - b. safeguard against over committing funds;
 - c. make sure an initiative does not have to “re-compete”; and,

- d. protect against wasting resources by starting new initiatives that we are unable to fund to the conclusion of their development or trial.
6. The Director of Finance shall report quarterly to the Finance Committee and the Board:
 - a. the amount of funds authorized for Initiatives;
 - b. the amount of funds appropriated for Initiatives;
 - c. the amount of appropriated funds spent;
 - d. the source of spent funds; and,
 - e. current balances of the Working Capital/Operating Account and the Restricted Reserve.
 - f. Any funds appropriated for Initiatives will be included in the year's Operating Budget during which the funds are expected to be or are expended.

APPLICATION OF SURPLUS FUNDS

Surplus funds are defined as those held in the Restricted Reserve, above (a) those that are needed to meet the required level specified in P&P 5.8, Policy, paragraph 2, and (b) currently foreseeable requirements for initiative funding.

As part of the process of determining a level of surplus funds, an evaluation of future risks to revenue will be undertaken. In principle, surplus funds will be applied for the purposes of (a) strengthening INFORMS, and (b) improving member value of benefits. When a financial surplus is available, the Board will consider various applications of the surplus funds, using the INFORMS initiative process detailed in the Procedures section of this P&P.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.5, Investment Committee INFORMS Policies and Procedures Manual, Section 5.6, Investment of INFORMS Funds INFORMS Policies and Procedures Manual, Section 5.7, Working Capital/Operating Accounts INFORMS Policies and Procedures Manual, Section 5.8, Restricted Reserve

NUMBER 5.10 DEFINITION OF MEMBER

EFFECTIVE: August 2015

POLICY

The INFORMS Bylaws provides that the Board shall establish annual dues for various membership categories specified in the Bylaws and defined in the INFORMS *Policies and Procedures Manual*. The Bylaws also empower the Board to further subdivide membership categories for purposes of dues assessment.

PROCEDURES

Member Dues

The Board will establish the annual Member Dues as the baseline for other dues computations. The term of membership for all members shall be 12 months. As of August 3, 2015, the term of membership for a new member shall be 12 months beginning the first of the month in which a dues payment is received between the first and the fifteenth day of the month and first of the following month in which a dues payment is received between the sixteenth and thirty-first day of the month.

Student Member Dues

The annual Student Member dues shall be one-fourth (1/4) of the annual Member Dues (rounded to the nearest dollar). A Student Member will receive *OR/MS Today* and *OR/MS Tomorrow* and a free section membership as member benefits. A Student Member may subscribe to any INFORMS' journal at one-half of the regular Member subscription price.

Retired Member Dues

The annual Retired Member Dues shall be one-fourth (1/4) of the annual Member Dues (rounded to the nearest dollar). A Retired Member will receive *OR/MS Today* as a member benefit. A Retired Member may subscribe to any INFORMS' journal at one-half of the regular Member subscription price.

Unemployed Member Dues

For purposes of dues assessment, an Unemployed Member is a member who is involuntarily unemployed and is actively seeking employment. The annual Unemployed Member Dues shall be one-fourth (1/4) of the annual Member Dues (rounded to the nearest dollar). An Unemployed Member will receive *OR/MS Today* as a member benefit. An Unemployed Member may subscribe to any INFORMS' journal at one-half of the regular Member subscription price. An Unemployed Member may exercise this option for a maximum of two consecutive years.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Appendix I, Constitution and Bylaws
INFORMS Policies and Procedures Manual, Section 11.8, INFORMS Membership Category Definitions

NUMBER 5.11 LINE OF CREDIT

EFFECTIVE: November 2001

POLICY

As a business, INFORMS may from time to time require access to supplement cash to pay its expenses. The cyclic nature of INFORMS' cash flow tends to result in a cash drain during the August to October time frame. One means of making funds available is to have a line of credit with a bank. Such a line of credit would be used only as a short-term solution to cover expenses and to retain INFORMS' credit worthiness. The line of credit is to be equal to no more than ninety percent of the average monthly operating revenue for the previous fiscal year. This policy provides an option for the staff to consider for execution but is to be viewed as an alternative to withdrawing funds from the Restricted Reserve rather than as a mandate.

PROCEDURES

1. The line of credit can be activated by obtaining the signatures of both the Executive Director and the Treasurer with the consent of a majority of the Executive committee.
2. The Board shall be notified within 30 days of such an action by email or letter.
3. Funds will be transferred by wire only to INFORMS' current checking account.
4. The line of credit will be paid off within six months of its activation.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.8, INFORMS Restricted Reserves

NUMBER 5.12 FIDUCIARY RESPONSIBILITY OF BOARD MEMBERS

EFFECTIVE: January 2009

POLICY:

Board members of INFORMS have the fiduciary responsibility to oversee the proper expenditure of the organization's funds. To this end, the Board passes a budget each year. While each Board member should review the budget, the periodic expense statements, and the annual report of the auditors, Board members also have very specific oversight responsibilities for the area(s) for which they are the Board liaison.

Board liaison responsibilities are assigned in general terms by Bylaw 2 of the Institute, and every Institute activity should fall under the liaison responsibility of some identifiable Board member. Questions or disagreements about the identity of the Board liaison for an activity will be resolved by the Secretary together with the person responsible for that activity, or by the Executive Committee in the event that these two persons cannot agree.

PROCEDURES:

Board members will work with their staff liaisons to identify and explain substantive deviations from the budget in revenue or expense for the areas for which they are responsible and will report these to the rest of the Board as part of their areas' presentations.

Number 5.13

INTENTIONALLY LEFT BLANK

**NUMBER 5.13.1 INFORMS SECTION ON PRACTICE
ENDOWMENT FUND FOR THE DANIEL H.
WAGNER PRIZE**

EFFECTIVE: February 2002 (Editorial Changes; November 2016)

POLICY:

The Institute of Operations Research and the Management Sciences has a permanent operating policy that it will maintain a Prize Fund on behalf of its practice Section, INFORMS Section on Practice. This Fund is established using corporate and other contributions for the purpose of providing prize money and other expenses for the Daniel H. Wagner Prize of Excellence in Operations Research Practice. INFORMS Section on Practice will only withdraw a small fraction of the balance of this fund each year as necessary for the administration of the prize.

Therefore, it is the policy of INFORMS to have this Endowment Fund permanently invested in a manner that is expected to lead to sufficient growth so as to allow the prize value to be increased in the future. In order to meet this goal, a large portion of the Endowment is generally invested in equities. The Institute recognizes that the value of such equities can decline significantly over extended periods of time, but the historical record shows that over the long term the return on equity investments is higher than on fixed investments. Therefore, investing in equities is expected to generate a higher average return, and hence allow for growth in future prize awards.

PROCEDURES:

1. The INFORMS Treasurer will instruct the investing institution to distribute the total invested amount to follow the INFORMS investing policies and procedures as specified in Section 5.8, Restricted Reserve Fund.
2. Once a year, before the INFORMS annual meeting, the INFORMS Treasurer will determine the Wagner Prize fund's current market value and will consult with the Chairperson of INFORMS Section on Practice to determine an appropriate amount to be withdrawn from the Prize Fund to pay for prize and expenses. The maximum amount to be withdrawn is five percent of this balance.

RELATED DOCUMENTS:

INFORMS Policies and Procedures Manual, Section 5.5, Investments
Committee

INFORMS Policies and Procedures Manual, Section 5.6, Investment of
INFORMS Funds INFORMS Policies and Procedures Manual, Section 5.8,
Restricted Reserve Fund