

FRIENDS OF THE FOREST PRESERVE DISTRICT OF WILL COUNTY

Fiscal Policy and Investment Policy Statement

The purpose of the Fiscal Policy of the Friends of the Forest Preserve District of Will County (Foundation) is to provide sound fiscal management of the Foundation's resources which is in concert with the overall strategic plan. The Fiscal Policy includes the following components and/or other policies: Investment Policy, Annual Audit, Budgetary Guidelines, and Financial Management and Internal Controls.

Investment Policy

The Foundation already has a detailed Investment Policy under separate cover (see attached Investment Policy). The Investment Policy covers the investment philosophy and investment strategy for all restricted, unrestricted and endowed funds.

The Foundation Board of Directors (Board) shall manage, invest, operate, deal in and with, and conserve the property of the Foundation, and may retain any or all of the assets transferred to the Foundation by gift or bequest; provided, however, that the exercise of any such powers shall not in any way conflict with the purposes of the Foundation, and such powers shall not be exercised so as to cause the Foundation to lose its qualification as an organization exempt from federal income taxation.

Annual Audit

Each year a financial audit will be performed by a reputable accounting firm selected by the Board. The President/CEO will be responsible for coordinating the audit with the auditor.

Budgetary Guidelines

The annual budget year for the Foundation will be a calendar year. The budgeting process will begin with a review of the Strategic Plan at least six months prior to the final budget approval. The purpose for this is to ensure that goals and objectives for the next year that have budget implications are included in the budget proposal.

The President/CEO will prepare a draft budget proposal to be reviewed by the Board or appropriate committee no later than two months prior to the final budget approval. Change, if any, will be made and the draft budget will be sent to the entire Board no later than one month before the final budget approval. Final approval of the budget will be made no later than the final Board meeting of the fiscal year. It is the policy of the Board to have a budget approved before the beginning of the new fiscal year.

Financial Management and Internal Controls

- The President/CEO is responsible for fiscal management, budgeting, revenue collection and disbursements for the organization.
- The President/CEO will be responsible for the development and management of a system of internal controls designed to safeguard the assets of the Foundation and to assure that transactions are executed in accordance with appropriate authorization.
- The President/CEO is authorized to approve transactions, including expenditures, within the scope of the approved budget.
- All expenditures must be approved by the President/CEO.
- All financial records will be stored at the Foundations' office, including audits and IRS 990s.
- Bank deposits will be made by Foundation staff or officers only.
- The President/CEO is responsible of bookkeeping activities for the Foundation; financial reports will be developed monthly and provided to the board no later than the end of the following month in which the financial report reflects.
- All checks in excess of \$10,000 will require a second signature of an officer of the Board.

Capital Policy

Expenditures for assets with useful lives in excess of one year will be capitalized and depreciated over their estimated useful lives in accordance with generally accepted accounting principles. For convenience, expenditures for such assets of less than \$5,000.00 will be expensed as incurred rather than capitalized.

Approved June 25, 2014

FRIENDS OF THE FOREST PRESERVE DISTRICT OF WILL COUNTY
Investment Policy Statement

The funds of The Friends of the Forest Preserve District of Will County (Foundation) are to be invested in a manner consistent with achieving the mission of the Foundation. The Board of Directors is responsible for establishing investment policies and retains ultimate fiduciary responsibility for the investment portfolios. Authority to manage the investment program is delegated to the Finance Committee of the Foundation. In fulfilling these responsibilities, the Directors are to be guided by the investment policy and objectives set forth herein.

Statement of Objectives

Foundation funds are to be invested with the primary objectives of:

1. Maintaining liquidity
 - a. To assure the ready availability of funds for operations, the Foundation will maintain approximately six (6) months operating expenses in unencumbered cash or cash equivalents, including unrestricted funds invested in a CD or US Treasury Bill. Funds above this amount (“Funds Available for Investment”), as determined no less than quarterly, may be invested as set forth below and in accordance with the objectives set forth herein.
2. Preserving capital
 - a. The Foundation shall seek to preserve capital by investing in allowed asset classes with reputable financial institutions that are insured by an agency of the federal government (“AFG”).
3. Earning a reasonable rate of return
 - a. The Foundation shall seek to earn a competitive market rate of return and will actively seek opportunities to increase the return on investment when making investment decisions and shall also consider factors beyond the rate of return when evaluating investment opportunities (i.e. banking relationships, sponsorship opportunities, community outreach, county location, etc.).

Should a conflict appear to exist between these objectives, the maintenance of liquidity and the preservation of capital shall take precedence.

From time to time the Finance Committee may determine that there are excess funds available for longer-term investment. In these instances, the Finance Committee will also consider the objective of Achieving potential financial growth.

Investment Categories

Consistent with the Objectives above, the Board of Directors has established the following Allowable and Prohibited Asset Classes.

Allowable Asset Classes

As defined below, the allowable asset classes are broken into two separate categories: those that the Finance Committee has the authorization to make investment decisions, and those that require Board Approval prior to taking any action.

Allowable for the Finance Committee to Authorize

The Board of Directors authorizes the Finance Committee to invest Funds Available for Investment in the following asset classes without prior Board approval:

- Certificates of deposit;
- Money market funds;
- U.S. government securities such as treasury bills, notes, and bonds and securities issued by U.S. government agencies; and
- Local government investment pools.

Certificates of deposit and money market funds must be with reputable banking institutions that are insured by an AFG.

Allowable with Board Approval

The following asset classes are allowable only with prior Board Approval for each specific investment:

- Mutual Funds (including index funds and ETFs). Mutual funds to be invested in must be actively traded on a major U.S. exchange such as the New York Stock Exchange or NASDAQ;
- Investment grade securities of corporations (Common stock, preferred stock, commercial paper, corporate bonds), except for as noted below under ‘Donated Securities’; and
- Real Estate including improved or unimproved properties consistent with the mission of the Foundation.

Prohibited Asset Classes

Unless otherwise authorized, under no circumstances may funds of the Foundation be invested directly or indirectly in:

- Options;
- Futures;
- Commodities;
- Foreign currencies;
- Derivatives;
- Short selling; and
- Securities of foreign governmental units or corporations or mutual funds that invest primarily in such instruments or securities.

Donated Securities

In the event that a donor would like to donate securities, the Foundation will seek to liquidate the securities within 5 business days of receipt, unless the donor has stipulated that the securities be held for a certain period of time or invested in a certain asset class or manner, in which case the Foundation will seek to honor the donor stipulations. The Foundation may accept securities that fall under the Allowed Asset Classes listed above without Board approval. The Foundation will not accept real estate or any Prohibited Asset Classes without Approval from the Board of Trustees.

Investment Policy Guidelines

Consistent with the above objectives and investment categories, the Board of Trustees has established the following investment guidelines.

Investment Decisions

The Board of Directors has authorized the Finance Committee to discuss and approve investment decisions under the guidelines detailed in the policy herein. Changes will be made to investments as deemed necessary, whether due to investment maturity, cash requirements, or excess Funds Available for Investment. Annually, the investment portfolio will be presented to the Board of Trustees for review and discussion.

Investment Limits and Disclosure

The Finance Committee shall seek to maintain cash and investment balances that are fully insured by an AFG. At times, temporary circumstances may require the AFG insurance limit to be exceeded. In order to monitor this, the Foundation's staff shall prepare and provide to the Finance Committee a periodic but no less than quarterly Investment Allocation report which details the total funds held under each AFG insurance umbrella and whether each is in compliance with the current AFG limit. Any balances that temporarily exceed the AFG limit will be reviewed and discussed by the Finance Committee in order to take actions to re-allocate funds. In the event of any extraordinary circumstances that are not temporary (less than 3 months), the Finance Committee and Treasurer will notify the Board of Trustees and seek approval in order to maintain balances in excess of the AFG limit.

Interest Earned on Investments

Unless otherwise stipulated and restricted by the donor or law, interest earned on investments can be used at the discretion of the Finance Committee and Board of Trustees for mission-related purposes.

Financial Statement Presentation

Cash and cash equivalents: For purposes of the annual audited Financial Statements, the Foundation considers all unrestricted highly liquid investments with a maturity of three months

or less at the date of acquisition to be cash equivalents. For the purposes of the policy statement herein, cash and cash equivalents are deemed to be Investments.

Investments: Investments with readily determinable fair values are reported at their fair values as of the financial statement date. Investment income or loss and unrealized gains or losses are included in the financial statements as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Approved June 25, 2014