

INVESTMENT POLICIES

Investment Objectives

The investment objectives of DIFI, in order of importance, shall be:

1. The safety of principal
2. Liquidity
3. Competitive rate of return.

General Investment Guidelines

The DIFI Finance Committee shall have the primary responsibility for the administration of the investment policy and for establishing any specific guidelines as to the mix and quality of the investment accounts.

Types of Investments

Fixed Income: The following types of fixed income instruments are authorized for investment. The Finance Committee, with the approval of the Board, may authorize additional instruments.

- Government & Corporate Bonds shall be Investment Grade
- Short Term Investment Funds (Mutual Funds, Money Market, Institution Co-mingled Funds)
- Certificates of Deposit
- Treasury Bills
- Treasury Notes V

Equity: The equity portion of the portfolio will include asset allocation in keeping with a strategy of diversification. No one issue may comprise more than 5% of the portfolio.

Quality: The investment instrument purchased by DIFI should be of the highest quality involving minimal risk of principal.

Diversification: Adequate diversification in order to minimize risk should be maintained.

The "Prudent Man Rule" shall dictate all investment decisions of the Board of Trustees and their assignees.

FINANCIAL POLICIES

Capitalization Policy

Depreciation is computed using the straight-line method over the estimated useful life of assets of \$500 and greater, ranging from 5-29 years. The cost of

repairs is charged to expense as incurred, significant additional and betterments are capitalized.

Line of Authority

The Board of Trustees has the authority to execute any policies it deems to be in the best interest of the organization on within the parameters of the organization's articles of incorporation, bylaws, or federal, state, and local laws.

The Treasurer and the Finance Committee perform regular in depth reviews of the organization's financial activity; oversee the development of the annual budget; and determine the allocation of investment deposits.

The Executive Committee has the authority designated by the Board of Trustees to make spending decisions within the parameters of the approved budget. When applicable, it will also have the authority to employ and terminate personnel; recommend salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision making authority; and enter into contractual agreements within Board designated parameters.

Fiscal Documents

All focal documents will be retained for at least seven (7) years. All audit reports will also be retained for at least seven (7) years. Audit will be retained in a safe and responsible manner under the supervision of the President of the Board.

Financial Controls & Operating Procedures

All procedures are to be performed within generally accepted standard accounting practices

The appropriate personnel, in collaboration with the President and Treasurer, will establish and maintain the accounting system. Staff (when applicable) or volunteers as designated may provide bookkeeping support .

Financial reports will include budget versus expenditure report comparisons. The treasurer will review monthly postings to the general ledger for reasonableness.

The Finance Committee will be required to provide Quarterly budget reviews. Reviews of the adequacy of insurance coverage to be provided by this committee as needed.

The Board of Trustees will be required to secure an independent audit bi-annually.

Loans to Board members, employees and volunteers are prohibited.

The President must obtain the approval of the Board of Trustees for any acquisition of property and equipment that exceeds \$5,000, and is not provided for in the approved annual budget.

Only the Treasurer will sign checks. There must be, however, two signatures on any check over \$5,000. There will always be at least two (2) authorized signatures on record at the bank. These signatures will normally be the President's and the Treasurer. The President can, however, authorize any other member of the Board to also be authorized to sign checks.

Bank statements are to be reconciled on a monthly basis by the Treasurer. The Treasurer will review monthly banking activity for accuracy and reasonableness.

Financial reporting

The Finance Committee with the collaboration of the Treasurer will prepare an annual budget with information from all DIFI committees and other volunteers as necessary.

Budgets are reviewed by the Treasurer, the Executive Committee and the Finance Committee and are adjusted to reflect changing conditions. Budget revisions are subject to approval of the Board of Trustees.

A Chart of Accounts is available and used to code income and expenditures to the proper accounts.

Non-standard journal entries are discussed with the appropriate accounting experts to ensure proper accounting treatment.

Monthly Financial Reports are provided to the Executive Committee.

Detailed Financial Reports are provided to the Board of Trustees at each Board meeting.

Bi-annual audits will be conducted by an independent CPA at the close of the Fiscal Year. Copies of these reports will be made available to the public.

The Fiscal period for DIFI shall be October 1st through September 30th.

Safeguarding Assets

The President and Treasurer have the primary responsibility for ensuring that proper financial management procedures are maintained and that the policies of

the Board of Trustees are carried out.

A proper filing system shall be maintained for all financial records.

Actual income and expense will be compared to the budget on a monthly basis.

All excess cash, including deferred revenues, shall be kept in an interest bearing account.

Bank statements will be promptly reconciled on a monthly basis.

Adequate levels of insurance will be maintained on all assets.

When applicable, approval by the President is required for Officers, members of the Board, Committee Chairpersons, or volunteers, to use any of DIFI credit cards for use in the operation of DIFI.

Payroll Controls (To be implemented whenever DIFI hires employees)

Personnel files will be maintained in the administrative office. The President, within the bounds of the approved budget, must approve any changes to salary levels.

The bookkeeper/accountant/payroll service processes all paychecks and pays all payroll taxes.

The President or designee reviews the payroll register to ensure proper processing of all amounts.

The President will review the payroll checks and payroll records monthly.

Bill Payments

The appropriate designated staff member opens all bills.

REQUIREMENTS FOR OPEN MEETINGS

Meetings of DIFI governing body or any committee of the governing body are open to the public.

Meetings of DIFI advisory board (when established) are open to the public.

DIFI will give at least one week's notice to the public as to when and where open meetings are held. DIFI will post an announcement of such meetings at its Web site; will send notice of meetings by phone, fax, or letter to anyone who has specifically asked to be notified. All people attending any of DIFI's open meetings

are not required to register or provide their names, except as would be reasonably required to maintain a safe meeting environment.

There are exceptions to the open meeting policy. DIFI can conduct closed meetings to consider matters relating to employees, proprietary information, litigation, and other matters requiring the confidential advice of counsel. If DIFI holds such legally recognized closed meetings, it will issue a written statement within a week after the meeting to explain the reasons for closing it.

Minutes of open meetings are available to the public upon request.

REQUIREMENTS FOR OPEN FINANCIAL RECORDS

DIFI's financial records are available to the public. Any member of the public wanting access to those records must make an appointment first.

All financial records dealing with personnel matters are confidential.

ADVISORY COMMITTEE REQUIREMENTS

DIFI will maintain an Advisory Committee. The committee is independent of DIFI's governing body, and does not include members of the governing body.

The advisory committee's purpose is to review and comment on DIFI's policies & procedures and the impact of DIFI's major policy decisions on the community. The board will meet as required, and will be reasonably representative of the makeup of the DIFI membership at large.

The chairman of the Advisory Committee will be an ex-officio member of the Board of Trustees.

EQUAL EMPLOYMENT OPPORTUN'ITY (EEO) REQUIREMENTS

DIFI (when it has employees) will compile an annual report to show the organization is in compliance with all Federal EEO guidelines.

The employment section of the SAR will be made available to the public upon request.

REQUIREMENTS FOR DONOR LISTS AND POLITICAL ACTIVITIES

DIFI will maintain active control of its membership and donor lists.

DIFI will respect the privacy of all members and donors by not giving out names

and personal information unless members and donors specify otherwise.

DIFI will not sell, rent, lease, lend, trade, give, donate, transfer or exchange membership or donor names to, with or from any candidate for public office; committees or organizations supporting such candidates; political parties; lobbying groups; and organizations that solicit money for use in political campaigns.

DIFI will maintain complete and accurate records of all uses of membership and donor lists for fundraising purposes, and furnish such records on request.

Donors will regularly be given the opportunity to opt out of being listed.