

CHIHUAHUAN DESERT RESEARCH INSTITUTE

FINANCIAL POLICIES

Check Signing and Withdrawal of Funds Policy

Revised February 23, 2008

Revised December 3, 2010

The Chihuahuan Desert Research Institute (CDRI) shall maintain its accounts in financial institutions that are federally insured. All funds received by the CDRI shall be deposited at least once a week. All nonproductive funds shall be invested in accordance with the investment policy established by the board.

Authority to sign

Orders of withdrawal shall bear the signature of one of the following officers or staff members:

1. President
2. Treasurer
3. Executive Director
4. One designated board member appointed by the president.

In addition, any checks issued over \$15,000 shall require two signatures, and any checks other than payroll checks payable to any one of the above-named persons shall be signed by someone other than the payee.

Quarterly Review

The Executive Committee shall, on a quarterly basis, review all disbursements in the amount of \$15,000 or more.

Borrowing Policy

Adopted February 24, 2007

From time to time it will be necessary for the Chihuahuan Desert Research Institute (CDRI) to borrow funds from outside sources to fund operations and expansion. This will be necessary because of the seasonality of income from fees, donations, and sales, and due to major expansions or revisions of the CDRI's programs.

Funds are to be borrowed only as required to meet these needs, and borrowing is to be consistent with sound fiscal and management practices. Borrowings are not intended to make up for inadequate planning or spending above budgeted levels.

Borrowing funds should be done within the following guidelines:

1. Borrowing should be initiated by the Executive Director and be within appropriate limits approved by the Executive Committee prior to the time of borrowing.

2. Amounts should be borrowed at the lowest available interest rates. Where borrowing from individuals can be done at lower than current commercial rates, this may be done.

3. Most borrowing will be done at short-term conditions due to the seasonal nature of income. Long-term borrowing will be done only if rates are favorable and amounts for short-term would be at the same level.

Approval of Capital Expenditures

Adopted February 24 2007

Definition

A capital acquisition is an individual asset and/or class of assets that has a useful life of more than one year and a cost of \$1,000 or more.

Budget

Anticipated capital acquisitions shall be included in the normal budgetary process as part of the separate capital acquisitions budget. The budget shall include purchase requests for all new and replacement acquisitions and a discretionary fund of \$5,000.

Expenditures

When appropriate, any equipment with an estimated value of \$2,000 or more shall be purchased through competitive bidding or comparative pricing by at least three vendors.

Discretionary Fund

The Executive Director shall have the authority to spend up to \$2,000 from the discretionary fund on any single acquisition without prior approval from the board. Such acquisitions shall be reported to the board and finance committee at their next regular meeting.

Endowment Policy

Approved October 5, 2005

The Chihuahuan Desert Research Institute shall establish an unrestricted endowment fund to support the general purposes of the organization. The principal is to be invested in a reasonably wise and prudent manner in accordance with the Institute's investment policy and a portion of the income is to be used to support the Institute's general purposes.

All funds to the Chihuahuan Desert Research Institute's Permanent Endowment Fund shall be commingled for investment purposes, regardless of whether they are restricted or unrestricted.

The Board of Directors or its designated committee shall retain the right to dissolve the Chihuahuan Desert Research Institute's endowments and use the principal for general purposes or for the restricted purposes contained in each endowment when, in the board's discretion, the purposes of the endowment can no longer be met or the organization's needs may so require.

Investment Policy

Original policy approved October 5, 2005

Revised and approved October 24, 2009

Revised and approved February 26, 2011

Introduction

This statement presents the guidelines within which the Board of Directors of the Chihuahuan Desert Research Institute will steward the investment of funds. These funds, consistent with the Bylaws and Articles of Incorporation of the Institute, are for all investments of the Chihuahuan Desert Research Institute.

The purpose for the establishment of an investment policy is to enable the Board of Directors, staff, and consultants to protect its holdings from ad hoc revisions to sound practices.

Objective

The objective of the investment policy of the Chihuahuan Desert Research Institute is to provide guidance for the implementation of an investment strategy that will:

1. Allow the Institute Board to invest its assets in the best interests of the Chihuahuan Desert Research Institute in a wise and prudent manner, while providing the Institute with the greatest benefits possible;
2. Allow for the growth of its assets;
3. Ensure safekeeping and proper fiduciary stewardship at all times, while respecting the wishes of donors.

The Permanent Endowment Fund

Distribution of income from the Permanent Endowment Fund shall be determined annually and distributed quarterly at the discretion of the Board of Directors. Determination of the amount of the annual distribution shall be 6% of the average of the end-of-year balances from the three preceding years.

For example: During 2009, the distribution for 2010 was calculated using end-of-year balances from 2006, 2007, and 2008. Distribution for 2011 will be calculated using end-of-year balances from 2007, 2008, and 2009.

The emphasis of investment will be long-term growth of capital and income. The integrity of the endowment fund is to be rigorously protected by setting a goal of consistently above average investment results.

Investment Objectives

The long-term investment goal for the CDRI's Permanent Endowment is to achieve a total return of 6%. This return is to be the net of, or after, all fees and expenses.

Permanent endowment funds will be allocated, for investment purposes, among Fixed Income, Equity, and Cash investments. The percentage of distribution of funds among these alternatives will be established by the Executive Committee.

Targeted returns for the three investment vehicles will be:

1. A Fixed Income return that exceeds the Barclay Capital Aggregate Bond Index.
2. An Equity return that consistently performs better than the Standard and Poors 500 over time.
3. Cash return equal to the average money market fund returns as reported by area financial institutions.

Investment Guidelines

Fixed Income Investment

Fixed income investments are intended to provide a hedge against severe deflation, to reduce portfolio volatility, and to provide a predictable and dependable source of income. The fixed income is to be diversified in order to minimize the adverse effects of interest rate fluctuations.

Equity Investments

Equity investments will be in mutual funds or equivalents. The Board of Directors will avoid volatile issues, speculative issues, and those issues with limited marketability. The portfolio is to be diversified to minimize the impact of substantial loss in any specific industry or issue. No more than 10% of the equity holdings may be invested in any one company and no more than 20% of the total equity holdings may be invested in any one industry. Convertible bonds will be considered as an equity investment. The Board of Directors may select domestic or foreign companies for investment.

Cash Investments

Cash investments will be in high quality instruments including bank certificates of deposits, United States government obligations, and similar accounts.

Prohibited Investments

The following investments are prohibited:

1. Investments in non-public corporations, penny stock, letter stock, or restricted stock
2. Short sales of any type
3. Buying or selling on margin

The above stated prohibited investments should not preclude the Institute from receiving gifts of this type, but such gifts should be converted to cash as soon as possible.

Evaluation and Review

Performance will be measured and reviewed by the Board of Directors. The Board of Directors will establish parameters within which the growth of funds can be measured.