



ASSET MANAGEMENT POLICY

SECTION 1. BEN FRANKLIN ACADEMY

MISSION

The mission of Ben Franklin Academy is to develop young adults with character like America's founding Renaissance man, Benjamin Franklin: well-read, scientifically curious, and civically engaged.

VISION

Our students will excel academically through a challenging, sequenced curriculum that emphasizes math, science, the arts, and literacy. We will be a data-driven institution, focusing on individual students. Our students, teachers, parents, staff, and leaders will be held accountable for the success of our school. Finally, we recognize that an education is incomplete without fostering social emotional development, character, sports, and nature.

PURPOSE

The purpose of this policy is to ensure the proper safekeeping and protection of Ben Franklin Academy's (BFA) assets. In addition, the policy will establish guidelines around which to invest BFA's financial liquid assets in order to achieve the following goals:

- Preserve the principal amount of invested capital;
- Accept an appropriate level of risk that is within legal limits appropriate for a public school, given the nature and time horizon of the invested capital; and
- Earn a better return on invested capital than that which would be achieved from a savings deposit account.

SECTION 2. ASSET MANAGEMENT PROCEDURES

The BFA Board of Directors (Board) recognizes the importance of prudent and profitable investment of Douglas County School District (District) monies and its responsibility in overseeing this part of the District's financial program. This policy shall apply to the revenue from investment of all financial assets and all funds of BFA over which it exercises financial control.

A. Legal Investments

All district funds allocated to a specific use but not ear marked or assigned shall be deposited and invested in accordance with state law. The Business Manager or other administrator appointed by the Board shall comply with state statute C.R.S. §24-75-601.

B. Safety of Principal

BFA shall not enter into investment transactions which may expose the school to undue credit risk. BFA shall investigate the condition and creditworthiness of financial institutions and investments before committing funds.

C. Reserves

BFA shall continue to set aside amounts as mandated by the state for TABOR reserves. Furthermore, BFA shall continue to move funds to the Board-mandated Contingency Reserve when possible at 3% of the net revenues received on a quarterly basis. TABOR funds will remain in cash but Contingency Reserve funds may be invested according to the guidelines set forth below.

D. Yield

Investments shall occur in a manner that enables the invested funds to earn a market rate of interest throughout the budget cycle, after consideration is given to items A, B, and C above.

E. Liquidity of Funds and Minimum Cash

Adequate funds shall be kept available to pay BFA's financial obligations when due. Before entering into any investment transaction, BFA's cash needs shall be determined and taken into account. It is prudent for BFA to keep a certain level of operating cash on hand at any point in time.

BFA shall keep a minimum level of cash on hand ("Minimum Cash") of four (4) months average operating expenses.

F. Cash Definition

Cash and cash equivalents are monies that are immediately available and may include the following types of accounts; checking, savings, and money market. All such cash accounts shall be FDIC insured.

G. Investment Guidelines for Investable Assets

Beyond this Minimum Cash, all amounts will be referred to as the "Investable Assets". An additional month's cash flow will remain a government investment pool, either CSAFE or ColoTrust, and will receive a market level of return associated with low-risk assets. Such assets are liquid within one (1) day provided the request for funds comes by 11:00 a.m. Mountain.

For Investable Assets beyond four (4) months operating cash and for the amount of capital in the Contingency Reserve, the following investments may be made to the extent permitted by law as "Permitted Investments": Commercial Paper; Money Market Funds; government bond funds; and high credit (AA or higher), investment grade corporate bond funds with short- to intermediate-term duration. To the extent prudent and responsible for a public school, large cap equity investments are also Permitted Investments as long as the equity to fixed income ratio for Investable Assets would not exceed 30%:70% (with government investment pool assets accounted for as fixed income). In the event equity appreciation were to cause the equity portion of this ratio to exceed 30% of Investable Assets, then annual rebalancing would be necessary to move Investable Assets at or below this 30% cap. Individual equities and alternative investments, including private equity, hedge funds, currencies, and venture capital are not Permitted Investments.

H. Deposit/Withdrawal Processes

Deposits and direct investments beyond Minimum Cash into Permitted Investments will be done directly by the Business Manager following the appropriate calculation with Board review. The timing of deposits will happen the month following end of quarter. Withdrawals and asset mix

changes require formal approval and signature by the Board president, treasurer, and principal. Such withdrawals should only be necessary to cover large capital expenditures or other significant purchases within the annual budget or to fund special projects overseen by the administration and Board.

I. Board Approval for Withdrawal

Assets that are not held in cash or government investment pool)”Board Reserves”), including those amounts invested beyond four (4) months’ operating cash flow, shall require majority vote by the Board for their use, unless already included in the annual budget as an approved withdrawal.

J. Reporting

The Board shall be kept informed of all investments and yields through periodic reports, at least quarterly. These reports shall be formatted in a manner that allows the Board to evaluate the success of its investment practices in light of its stated objectives.

LEGAL REFS: C.R.S. §11-10.5-101, *et seq.*
 C.R.S. §11-47-101, *et seq.*
 C.R.S. §24-75-601, *et seq.*

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