

# Cash Management Policy for Navigator Schools

## Board Responsibility

- Protect all assets of the charter school and organization
- Insure sufficient funds for organizational operations and sustainability
- Manage unrestricted surplus funds to the best advantage for organization and charter schools
- Maintain fidelity to donor cash investment restrictions
- Set policy for asset allocation

## Asset Allocation Priority

1. Liquidity
2. Capital Preservation
3. Return on investment

## Operating Capital Account:

Operating capital will be maintained in a demand deposit account (DDA) with a bank that provides FDIC insurance. Bank balances in excess of operating capital will be transferred to an investment account. Bank balances below operating capital ceiling balances will require a transfer in from the investment account. Balances will be monitored weekly and transfers will occur as needed.

## Operating capital is defined as:

- expected disbursements in the coming seven days (i.e AP, payroll or other)
- plus/minus net of outstanding checks and deposits
- plus a cushion of 2x FDIC insurance (\$500K).

Transfers will be made by the Director of Finance and monitored by the CEO.

## Investment Account:

The investment account will be established with a brokerage firm separate and not affiliated with the same organization that provides demand deposit account services, that offers SIPC and Excess insurance for invested funds. Funds transferred to the investment account will be invested based on the following list of approved investments:

- Government security backed mutual funds (SPAXX or fund with similar liquidity and investment portfolio)

Funds in this account will be invested based on forecasted liquidity needs, any philanthropic requirements, and the best interest of the organization.

- Investment in money market funds will cover two months of operating expenses
- Excess of that will be laddered out into treasury bills (4week and 13week positions).

Investments will be monitored weekly to account for any funds transferred in/out of this account. Longer term investment strategies will be analyzed and presented at a future date.

|                              | <b>Location</b>                              | <b>Ceiling Amount</b>  | <b>Review</b> |
|------------------------------|--|--|---------------|
| <b>Operating Capital</b>     | Demand Deposit Account                       | Based on operating capital definition                                  | Weekly        |
| <b>Investment Account</b>    | Brokerage Account                            | Funds above operating capital  | As needed     |
| <b>Liquidity Investments</b> | SPAXX or government backed money market fund | 3 months budgeted non-school/philanthropic expenses, including payroll | Weekly        |