

INVESTMENT POLICY OF SPRINGDALE PARK ELEMENTARY PTO

INVESTMENT POLICY SUMMARY

This Investment Policy is established to provide guidelines for investing Springdale Park Elementary PTO's assets in order to define investment objectives, responsibilities of the Board and to provide guidelines for permissible investments.



As a non-profit created to support Springdale Park Elementary School, with funds donated by current and past student families, staff, teachers and other organizations, the fiduciary responsibility is to manage return on invested assets while minimizing risk and expenses.



The Board has ultimate responsibility for the investment and management of the Organization's investment assets. External investment managers are used to execute the investment strategies in accordance with the investment policy.



Permissible investments should be low-risk and allow funds to be readily accessible as needs arise. Permissible investments include cash, cash equivalents and fixed income securities. Investments should be aligned with SPARK's core values and its key rules: Be Responsible, Be Respectful, Be a Good Citizen, Be Green. Investment should also align with the mission of the PTO, as fully outlined in its by-laws.

The Treasurer is responsible for measuring and reporting performance on a quarterly basis to the Board to ensure responsible, transparent management of SPARK PTO funds.

PURPOSE OF INVESTMENT POLICY

The purpose of this Investment Policy is:

- To provide a clear statement of Springdale Park Elementary PTO's (the "Organization") investment objective;
- To define the responsibilities of the Board of Directors and any other parties involved in managing the Organization's investments, and
- To provide guidelines for permissible investments.

INVESTMENT OBJECTIVE

The overall investment objective of the Organization is to manage the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning.

GENERAL PROVISIONS

- All transactions shall be for the sole benefit of the Organization.
- The Board shall review the Organization's investment policy on an annual basis.
- The Board shall conduct an annual review of the Organization's investment assets to verify alignment with this Policy.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board.
- The Board will endeavor to operate the Organization's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be selected with a view to minimizing risk and providing flexible funds access.

DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS

- The Board has ultimate responsibility for the investment and management of the Organization's investment assets.
- The Board may delegate authority over the Organization's investments to a properly formed and constituted Investment Committee, being a Board Committee led by the Treasurer.
- The Board or Board Committee must hire outside experts as investment consultants or investment managers to the extent these outside experts are paid on a commission basis based on specific, net of fees, return on investment objectives.

RESPONSIBILITIES OF THE BOARD

The Board, or if authority is delegated, the Investment Committee, is charged with the responsibility of managing the investment assets of the Organization. The specific responsibilities of the Board or the Investment Committee, as applicable, include:

- Communicating the Organization's financial needs on a timely basis;
- Determining the Organization's risk tolerance and investment horizon and communicating these to donors and parties involved;
- Establishing reasonable and consistent investment objectives and guidelines to direct the investment of the assets;

- Reviewing the Investment Policy on an annual basis;
- Prudently and diligently selecting a qualified investment manager to execute investment strategies;
- Regularly evaluating the performance of investment manager to assure adherence to policy guidelines and to monitor investment objective progress;
- Reporting quarterly performance, by the Treasurer, to the Board, and
- Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to conflicts of interest, or for failure to comply with established guidelines.

RESPONSIBILITIES OF INVESTMENT MANAGER

An investment manager will invest assets placed in his, her or its care in accordance with this investment policy. Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary. Each investment manager will operate within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:

- Reporting, on a timely basis, monthly investment performance results.
- Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
- Informing the Board, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
- Administering the Organization's investments at a reasonable cost on a commission-based approach without compromising the return on investments on a net of fees basis.

GENERAL INVESTMENT GUIDELINES

Investments should be selected on the basis of managing return on invested assets while minimizing risk and providing access to funds, as necessary, within a one- to three-month period. Investments should be aligned with the core values of Springdale Park Elementary School. All individuals responsible for managing and investing the Organization's funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the expenditure of institutional funds, each of the following factors must be considered:

- General economic conditions;
- Possible effect of inflation or deflation;
- Expected tax consequences, if any, of investment decisions or strategies;
- The role that each investment or course of action plays within the overall investment portfolio of the fund;
- Expected total return from the income and appreciation of investments;
- Other resources of the organization;
- The needs of the organization to make distributions and preserve capital; and,
- An asset's special relationship or special value, if any, to the organization's purposes.

A copy of this Investment Policy shall be provided to all Investment Managers. The Organization is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making the investments.

When determining available invested assets, the Board should take into consideration:

- Minimum requirements for emergency startup fund (currently, \$40,000) are to be held in cash accounts (e.g. Savings).
- No more than half of the remaining Reserves should be invested outside the cash account.

Transactions shall be executed at a reasonable, commission-based cost, taking into consideration prevailing market conditions and services and research provided by the executing investment manager.

Permitted investments include:

- Cash and cash equivalents (e.g., CD's, short-term bonds, etc.) and fixed income investments (e.g., ETF of short-term government bonds, municipal bonds, etc.). Fixed income securities shall have an investment-grade rating above BBB or higher by Standard & Poor's and Baa or higher by Moody's at time of purchase and possess a liquid secondary market.

The following types of investments and transactions are strictly prohibited:

- Purchase of stock, non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.
- Purchase of any type of investment in organizations that are not aligned with the core values of Springdale Park Elementary School and the Organization.

Exceptions to the investment guidelines may be made through Board ratification of a change in this Policy.

PERFORMANCE

Performance objectives are to be met on a net of fees basis. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on an annual basis.