

CHELTENHAM TOWNSHIP LIBRARY SYSTEM

INVESTMENT POLICY

PURPOSE: The purpose of the Cheltenham Township Library System (CTLS) Investment Policy is to establish principles and a framework for making investment decisions that maintain liquidity of certain assets for operating expenditures and establish parameters for the investment of CTLS' Excess Funds.

GENERAL INVESTMENT PRINCIPLES

CTLS investments shall be in low-risk, interest-bearing instruments, or mechanisms such as, but not limited to investment trusts, interest-bearing bank accounts, and certificates of deposit.

INVESTMENT OBJECTIVES

The primary objectives, in priority order, of CTLS' financial investments are:

- Safety of Principal – the principal's safety is the investment program's foremost objective. All investments shall be undertaken in a manner that seeks first to preserve capital and second to fulfill other investment objectives.
- Liquidity – CTLS' investment portfolio will remain sufficiently liquid to enable CTLS to meet all operating requirements which might be reasonably anticipated.
- Return on Investments (Yield) – CTLS' investments should generate a reasonable rate of return without sacrificing the first two objectives outlined above.

LIQUIDITY

The establishment and maintenance of cash reserves is a high priority for Cheltenham Township Library System. Cash reserves will enable CTLS to effectively address:

- Necessary working capital to financially operate the organization
- Emergency expenditures or unexpected shortfalls in revenue
- Emergency community needs
- Increase in mission obligations considered necessary by the Board of Library Directors of Cheltenham Township (BOLDOCT)

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment CTLS shall maintain a minimum of three (3) months of operating expenses (Operating Expenses) in a cash or cash equivalent bank account or similar instrument. The Executive Director will periodically provide the Internal Affairs Committee with an estimate of expected net cash flow. The Executive Director will also notify the Internal Affairs Committee, in a timely manner, if CTLS needs to build up additional necessary liquid reserves.

Upon BOLDOCT approval, the Executive Director will liquidate investments to meet CTLS' cash needs. Such a request must be signed by the Executive Director and Treasurer.

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Excess Funds

CTLS' unrestricted funds not needed to cover Operating Expenses (Excess Funds) shall be put in interest-bearing non-stock account(s). Any interest earned from investments of Excess Funds shall be used for CTLS' annual operating expenses.

INVESTMENT GUIDELINES Allowable Assets

Cash or Cash Equivalents

Prohibited Assets

Prohibited investments include, but are not limited to, the following:

1. Private Placements
2. Options
3. Limited Partnerships
4. Venture-Capital Investments
5. Real Estate Properties (physical)
6. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs
7. Stock accounts such as Exchange Traded Funds (ETFs)

Prohibited Transactions

Prohibited transactions include, but are not limited to the following:

1. Short Selling
2. Margin Transactions

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status, and expectations as established in this statement of investment policy, the BOLDOCT shall review this investment policy at least annually.

This statement of investment policy was adopted on June 14, 2023 by the Board of Library Directors of Cheltenham Township.

Executive Director_____Mary Kay Moran_____

Board President_____Julie Haywood_____

Board Treasurer _____Nathan Schultz_____