

INTERSCHOOL LENDING AND BORROWING POLICY

The Board of Directors of Blue Ridge Academy (the “School”) hereby adopts the following policy on borrowing and lending between the School and related public charter schools which operate based upon the “Inspire Education Model” described herein.

A. Purpose

The School may sometimes experience cash shortages as a result of lags in state funding due to rapid growth, delays and deferrals, government revenue reductions, and less than projected average daily attendance, among other reasons. This Interschool Lending and Borrowing Policy authorizes the School to temporarily lend and borrow funds within the School’s charter school network to ensure uninterrupted educational services and to safeguard against funding shortfalls.

B. Definitions

“Authorized Officer” shall mean the Chief Executive Officer of School or his or her designee.

“Board” shall mean the Board of Directors of the School.

“District Office” shall mean Provenance, a nonprofit public benefit corporation doing business as Inspire District Office, which contracts to provide specific goods and task-based services to School.

“Inspire Education Model” or “Inspire model school” means a public charter operating an independent study program based upon the principles of academic flexibility and use of intellectual property licensed by Provenance, developed out of years of experience of Inspire Charter Schools.

“Related School” shall mean the following public charter schools whose operations are based upon the Inspire Education Model: Alder Grove Academy, Clarksville Charter School, Granite Mountain Charter School, Heartland Charter School, Inspire Charter School – Central, Inspire Charter School – Los Angeles, Inspire Charter School – North, Inspire Charter School – Kern, Inspire Charter School – South, Lake View Charter School, Lewis and Clark Charter School, Mission Vista Academy, Monarch River Academy, Pacific Coast Academy, Sequoia Canyon Charter School, The Cottonwood School, Triumph Academy, West Coast Academy, Winship Community School, and such other schools as may be Inspire-model schools of which Inspire Charter Schools was or is a statutory member.

C. Interschool Lending & Borrowing

The School may engage in short-term receivable (borrowing) and payable (lending) funding with Related Schools and the District Office under the following terms and conditions.

1. Lending

If a Related School is experiencing a funding shortfall, and the Authorized Officer determines that the School has sufficient surplus funds, the School may temporarily loan funds to a Related School to cover reasonable and necessary expenses and liabilities arising from Related School's operation of a public charter school based upon the Inspire Education Model. The School has sufficient surplus funds if it has adequate current and projected reserves that will support the School's budgeted spending, and if the loan will not adversely affect the School's status as a going concern or exceed the fiscal year duration.

The School shall make no loans to the District Office. This prohibition shall not prevent the District Office from loaning money to the School or temporarily transferring School funds to Related Schools, so long as these services are performed at the direction of the Authorized Officer under the Board's ultimate decision-making authority. This prohibition does not extend to fees paid by the School to the District Office for goods and services provided.

2. Borrowing

If the School is experiencing a projected funding shortfall, and a Related School or the District Office has sufficient surplus funds, the School may accept a temporary loan from the Related School or from the District Office to cover reasonable and necessary expenses and liabilities arising from the School's operation of a public charter school based upon the Inspire Education Model.

3. Procedure

Requests to loan or borrow funds under the Policy shall be documented in writing by and through the Authorized Officer, according to such procedures as the Authorized Officer may determine are necessary and appropriate, subject to the approval limits imposed herein. The District Office may act as a conduit for the purposes of facilitating the transfer of funds between the School and Related Schools under this policy.

At the Authorized Officer's discretion, approved funding under this policy may be via wire transfer, check, or other approved method.

4. Repayment/Reconciliation

At the end of each fiscal year, the School shall reconcile funds loaned and borrowed under this policy. Funds loaned and borrowed under this policy that are settled or result in a zero balance as of the end of the fiscal year, are not subject to any repayment terms or interest accruals. Any funds loaned or borrowed under this policy that are not fully repaid as of the close of the fiscal year, may result in and be converted to a loan agreement or other appropriate written instrument in order to formally document the amount owed between the intracompany accounts and the repayment terms.

D. Authority

The Board hereby delegates to the Authorized Officer authority to approve loans and borrow funds under this policy in an amount of \$50,000 or less, per transaction and cumulatively, and to take any other actions that are reasonable and necessary to fulfill the purposes of this policy. Any lending or borrowing by the School in an amount greater than \$50,000, per transaction or cumulatively, shall be brought to the Board for approval. The School shall not make any loan to a Related School that will negatively impact the School's own budgeted spending (taking into account current and projected enrollment revenue), affect its status as a going concern, or exceed one (1) year in duration. The School shall not borrow funds from a Related School under repayment terms that will exceed one (1) year in duration. In the event repayment of monies loaned or borrowed will exceed one (1) year, such transaction must be renewed by the Authorized Officer or Board, as applicable.

E. Accounting

The identity, origin and source of funds loaned or borrowed under this policy shall remain known and identifiable and the transactions themselves shall be open, auditable and accountable. Funds loaned under this policy to more than one Inspire school shall not be blended or commingled.

The Authorized Officer will cause to be maintained a ledger of all transactions under this policy, which includes amounts, dates and sources of all funds loaned to and borrowed by the School under this policy. The Authorized Officer shall provide the Board with an up-to-date copy of the general ledger at regular Board meetings and upon request.

F. Supremacy

This policy shall replace any pre-existing School policies and procedures concerning the subject matter herein and shall supersede any contrary provision in any existing School policies or procedures.

Approved: _____, 2019