INVESTMENT OF EXTERNALLY RESTRICTED AND ENDOWMENT FUNDS POLICY

Approved by:	Board of Governors
Authorizer:	Board of Governors
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I. POLICY STATEMENT:

Conestoga shall be responsible and accountable to its donors for ensuring it provides excellence in the management of endowment funds and the disbursement of funds for their intended purposes.

Conestoga shall invest externally restricted and endowment funds to optimize the earning potential to achieve the goals and benefits contemplated by the donors with an appropriate and prudent level of risk management to protect the principal contributions.

II. PURPOSE:

The purpose of this policy shall be to accomplish the following:

- To establish a framework for plans or strategies for the investment of college funds, comprising reasonable assessments of risk and return, that a prudent investor could adopt under comparable circumstances; and
- To ensure that the investment of college funds is carried out in accordance with what is in the best interests of the charitable objects of Conestoga.
- To establish a framework of compliance to guide investment activity.

This policy provides a framework for maintaining Conestoga's investment portfolios in order to generate income, maximize the rate of return, and preserve capital in real terms.

III. SCOPE:

This policy and related procedures shall apply to externally restricted and endowment funds.

IV. DEFINITIONS:

Binding Directive: Shall mean the most current version of the Minister's Binding Policy Directive on Banking, Investments and Borrowing and the Banking, Investments and Borrowing Operating Procedure issued by the Ministry of Training, Colleges and Universities.

College funds: As defined in the Minister's Binding Directive, shall mean all money belonging to a college, received or collected by a college official or by any person authorized to receive and collect such money, for the purpose of operating the college, including:

- Money contributed in the form of transfer payments from the governments of Ontario and Canada.
- Contributions provided by organizations that have entered into agreements with the college.
- Proceeds from borrowings by the college by means of loan, promissory note or other evidence of indebtedness.
- Revenues generated by investment by the college.
- Proceeds made from the sale of college assets or investments.
- Money generated by college ancillary operations.
- Student tuition fees paid to the college.
- Money generated from all other college operations.

Externally restricted and endowment funds: As defined in the Minister's Binding Directive shall mean money contributed by a person or entity other than a government of Ontario or Canada to the college under or pursuant to a trust or other agreement which contains restrictions on the use and investment of the money. This shall include money and donations for scholarships and bursaries.

Investment manager: Shall mean the investment manager or investment managers appointed by Conestoga in accordance with applicable legislation.

V. APPROACH:

Framework

- In addition to complying with the Binding Directive and this Policy, the investment of funds shall be subject to complying with the restrictions and the requirements under other applicable legislation, including but not limited to:
    - The Trustee Act (Ontario), R.S.O. 1990, c. T.23, in relation to investment standards and authorized investments;
    - the Income Tax Act (Canada), R.S.C. 1985, C.1 (5th Supp.), in relation to permitted investments;
    - the Charitable Gifts Act (Ontario), R.S.O. 1990 c. C.8, in relation to the limitation on owning not more than a ten percent interest of any business as defined therein;
    - the Charities Accounting Act (Ontario), R.S.O., 1990 c. C.10, in relation to the restrictions to not own land for more than three years where such land is not used to further the charitable purpose of Conestoga;
    - the Accumulations Act (Ontario), R.S.O. 1990, c.A.5, in relation to the restrictions that income from real or personal property cannot be accumulated for any longer than the maximum accumulation periods set out in section 1(1) therein; and
    - the Canada Corporations Act, R.S.C. 1985, c. C. 32 in relation to a requirement to prepare audited financial statements each year, which should show details of the investments of the college funds.

- The standard of care that shall apply to the investment of college funds shall be the care, skill, diligence and judgement that a prudent investor would exercise in making investments.

- Conestoga may, when reasonably practical, obtain the services of a qualified professional or expert to provide professional or expert advice in relation to the implementation of the investment policy and any amendments thereto, or the interpretation in relation to its terms that may require clarification.

- An investment manager who is authorized to invest funds on behalf of Conestoga in accordance with this Policy shall not delegate such authority to any other person or persons, except as permitted by the Trustee Act.

- An investment manager shall enter into a written agency agreement with Conestoga, which shall include, as a minimum, a requirement that the investment manager comply with this Policy and all applicable Ministry guidelines.

- Where an investment manager has not been retained by Conestoga for purposes of delegating investment decision making with respect to any fund or funds, then Conestoga shall, where it considers it appropriate, retain a qualified investment advisor to provide investment advice.

- Conestoga believes the environmental, social and governance (ESG) aspects of corporate performance can be material to their financial performance. Investment managers shall consider the potential materiality of ESG factors when making investment decisions on Conestoga's behalf.

- In the event that a fund or funds suffers a loss because of the breach of duty of the investment manager contrary to the requirements of this Policy and the Binding Directive, and the investment manager does not compensate all of the loss incurred by Conestoga within a reasonable period of time as determined at the discretion of the Board, then Conestoga may commence proceedings against the investment manager as soon as practicable after making such determination to recover such loss.

Reporting/Monitoring

- Conestoga shall receive monthly reporting of its investment portfolio. Staff shall review the monthly reports for any appropriate action which may be required. Staff shall be responsible for the day-to-day administration of the fund.

- Annually, Conestoga shall receive a statement from the investment manager regarding its forecast for income generation and rate of return, as well as its strategy with respect to ESG performance.

- The investment manager shall provide quarterly progress and compliance reports, as well as monthly statements and reports detailing portfolio performance.

- The Finance and Audit Committee shall provide the governance oversight of this Policy. The Board shall review this Policy annually.

VI. REFERENCES:

Accumulations Act

Canada Corporations Act

Charitable Gifts Act

Charities Accounting Act

Income Tax Act

Ministry of Training, Colleges and Universities – Binding Policy Directive on Banking, Investments and Borrowing

Trustee Act

VII. REVISION LOG:

Revision Date

M**ay 29 2023**	Finance and Audit Committee Review
May 10 2022	Finance and Audit Committee Review
June 8 2021	Finance and Audit Committee Review
October 7, 2019	Board of Governors Approval
June 24, 2013	Board of Governors Approval
May 21, 2013	Finance and Audit Committee Approval