

INVESTMENTS & ENDOWMENT POLICY

PURPOSE

The City of Lethbridge Library Board has a duty to manage donations/gifts to the Library in a manner that will provide a good return while maintaining the safety and integrity of the donated funds. For donations deemed not needed for current use by the Board, or so restricted by the donor and for the donation to be held in perpetuity, the Library has established an Endowment Fund with The Community Foundation of Lethbridge and Southwestern Alberta (CFLSA), initially in 1995, named the Lethbridge Public Library Endowment Fund. For other donations where the funds do not need to be held in perpetuity, they may be held in the Development Fund or invested separately with both principal and interest utilized by the Library to meet the donor's specified directions and/or other Library needs.

PERSONS AFFECTED

Board/Library employees/CEO

POLICY STATEMENT

It is the policy of the Board that the Board will determine whether donations be added to the Library's existing Endowment Fund or held in the Development Fund or are to be invested separately. The Endowment Fund is managed by the Community Foundation of Lethbridge and Southwestern Alberta (CFLSA). Other donated funds, not directed to the Endowment Fund may be deposited into the Development Fund (administered by the City of Lethbridge) or invested in low risk instruments, such as Guaranteed Investment Certificates, Government Bonds, or debentures. Investments will be limited to Schedule 1 banks as defined in the *Bank Act*. Maturity dates should be planned such that funds are available when required, if applicable.

It is also Board policy that the Board Treasurer or designate who exercises due diligence and acts in accordance with this policy shall be relieved of personal responsibility for market price changes or the credit risk of any investment, provided that appropriate action is taken to control adverse developments and that such developments are reported on a timely basis.

Library funds shall be invested in a manner that will meet the following objectives, listed in order of importance:

- Maintain the safety of investment principal
- Meet daily cash flow requirements
- Provide competitive investment returns

PROCEDURES

Donations for Endowment or Investment

1. For each restricted donation/gift placed in an endowment fund, it is considered a separate trust and is to be accounted for accordingly. Each such donation/gift is to be placed in a separate named endowment fund.
2. For non-endowment fund donations/gifts, the CEO will recommend to the Finance Committee and subsequently to the Board, placement into the Development Fund or appropriate investment instruments.

Withdrawals

1. Donations held in the Development Fund or an investment instrument (not an endowment fund) will be used to meet library needs in accord with any specific restricted charitable gift. Expenditures will comply with any restrictions, limitations, conditions, terms of reference, directions, or other restricting factors on the use of the funds.
2. Expenditures from an endowment fund will be drawn from the fund's accumulated interest relative to that specific restricted charitable gift. Expenditures will comply with any restrictions, limitations, conditions, terms of reference, directions, or other restricting factors on the use of the funds.
3. The capital relative to a restricted charitable gift held in an endowment fund will not be encroached upon unless specifically allowed for the by donor in the donation agreement.

Approval of Expenditures

1. The CEO will make recommendations to the Finance Committee on items that require endowment fund support or withdrawal from the Development Fund or Investments, as well as any proposed expenditures.
2. If the Finance Committee endorses the recommendation it will be taken to the Board for approval.
3. The CEO will arrange for receipt of funds as well as make arrangements for any disbursement. If the funds are placed in an endowment fund, these will be created using the format as outlined in Appendix A.

Reporting and Review

1. The CEO will report the status of all donated funds (including all endowment funds) annually as part of the CEO Constraints.
2. The Finance Committee will review the investment instruments utilized for donations not placed in endowment funds or the Development Fund on an as needed basis, but no less than twice a year and make recommendations to the Board if changes to those investments instruments are warranted or deemed necessary.
3. The Finance Committee will review the status of the Investments and Endowment Policy, and all endowment funds, at least every four years, in the same year as the City's four year Budget

approval, and recommend changes, if any, to the Board. Changes are communicated to the CFLSA by the CEO.

REFERENCES

- The Lethbridge Public Library/The Lethbridge Community Foundation – *Lethbridge Public Library Endowment Fund*, July 27, 1995
- *Bank Act*, Schedule 1, <https://laws-lois.justice.gc.ca/eng/acts/b-1.01/page-103.html>

REVISION HISTORY

- March 12, 2014: Rescinded
- February 14, 2018: Revised and Reinstated
- June 12, 2019: Revised
- April 14, 2021: Revised
- April 22, 2022: General donations guidelines moved to new policy LB32 Donations, Sponsorships & Naming
- October 9, 2024: Revised