

## INVESTMENT POLICY

**Effective Date:** February 20, 2025

**Review Date:** February 2029

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### **PURPOSE:**

To ensure that London Public Library Board ("Library") funds including, but not limited to, operating and trust funds, are invested by the Library to provide optimal returns with minimal risk. The policy provides principles and guidelines designed to ensure that funds are invested in such a manner that both Liquidity and growth are met and assets are protected.

### **SCOPE:**

This policy guides the actions of the Library Board, CEO & Chief Librarian and Director, Financial Services.

### **DEFINITIONS:**

**Canadian Deposit Insurance Corporation (CDIC)** means a Government of Canada crown corporation that contributes to the stability of the Canadian financial system by providing deposit insurance against the loss of eligible deposits at member institutions in the event of failure.

**Discretionary Funds** means funds which are not required to support the immediate ongoing cash requirements of the organization.

**Investment** means to allocate money with the expectation of financial benefit in the future.

**Liquidity** means a measure of an asset's convertibility to cash.

**Maturity** means the date on which payment of a financial obligation is due. The final stated Maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.

### **POLICY STATEMENT:**

The Library's main objective is to invest Discretionary funds in a prudent manner that provides optimal returns and minimizes risk while meeting the daily cash requirements of the Library and conforming to legislation governing the Investment of public and restricted funds.

The objectives of this Policy are to:

- Adherence to statutory requirements – all Investment activities shall be governed by the *Ontario Municipal Act, 2001* as amended.
- Preservation of capital – minimize the risk of incurring a capital loss and preserve the value of the invested principal;
- Maintenance of liquidity – short, medium and long term Investments shall be managed to minimize cash flow risks;
- Competitive rate of return – Investment yields that maximize returns to ensure continued growth without capital erosion, and
- Comply with donor restrictions - ensure that the agreed upon terms with donors are respected, if applicable.

### **Responsibility:**

The directing, implementation and monitoring of Library's Investments will be the responsibility of the Director, Financial Services in consultation with CEO & Chief Librarian, as authorized by the Library Board.

The Director, Financial Services will invest funds as follows:

- Funds will be held with the Library's insured commercial financial institution in interest bearing chequing or savings accounts;
- Investments will be held as Certificates of Deposit, Term Deposits, or Guaranteed Investment Certificates (GICs) with the financial institution;
- Investments will be made through a certified Investment Advisor;
- No individual Investment shall be for a value higher than \$1,000,000;
- Investments shall only be in Canadian funds, payable in Canadian funds, and
- Investments shall not exceed five (5) years Maturity per CDIC insurance coverage.

This policy will be reviewed every four (4) years by the Library Board with recommendations from the Director, Financial Services and CEO & Chief Librarian.

### **Maturity:**

The Maturity of Investments shall be a minimum of thirty (30) days to a maximum of five (5) years, with a weighted Maturity average so that Investments will mature on a staggering scale to meet the organization's short, medium and long term needs.

### **Internal Borrowing:**

If the operating fund does not have sufficient cash flow to ensure business continuity throughout the year, then the preferred option is to borrow from the trust funds on a short-term basis, rather than obtaining external financing. For this to occur, the trust funds must be unrestricted and replenished within the same fiscal year.

**Reporting:**

The Director, Financial Services will prepare an Investment report to the Library Board on an annual basis outlining:

- A description of the total Investments, including but not limited to amount invested, Maturity, interest assumption;
- Performance of Investments – summary of interest earned year to date for the reporting period;
- A statement as to whether or not Investments are consistent with this Policy, and
- Such other information that the Library Board may require or that in the opinion of the Director, Financial Services or the CEO & Chief Librarian, should be included.

In addition to the annual report, the Director, Financial Services shall report to the Library Board any Investment that is made that is not, in their opinion, consistent with this Policy adopted by the Library within thirty (30) days after becoming aware of it.

**INQUIRIES:**

Director, Financial Services