

COLLEGE POLICY: Endowment Policy

Policy ID:	#4-421
Manual Classification:	Finance and Facilities
Approved by Board of Governors:	<i>Original:</i> March 23, 2011
Revision Date(s):	January 25, 2012; June 28, 2017
Effective Date:	Replaces January 2012
Next Policy Review Date:	Annual review
Administrative Contact for Policy Interpretation:	Vice-President Finance and Administration
Linked to an Operating Procedure:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

The College recognizes the value of endowment funds to provide financial assistance to students.

The principal of the endowment fund must be held for a set period of time, where only the investment income is available to be spent.

The College will set the minimum value to establish a named endowment fund. The first distribution will take place no earlier than one year after the minimum value has been reached.

The College endowment funds are comprised of individually named endowment funds, each with unique disbursement criteria, undisbursed awards and retained capital. The College enters into Endowment Fund Agreements with donors; in instances where prior agreements differ from the College Policy, the agreements will take precedence.

The endowment funds are invested in compliance with the College's investment policies and any future amendments to this policy. The actual investment return will fluctuate annually due to the nature of equity investments. In recognition of these fluctuations, there is a need to set a longer term target award percentage for planning purposes. The target award percentage is to be equal to the Canada Revenue Agency's disbursement quota percentage. This target award percentage will be applied to the total of endowment principal and retained capital for each named fund, each year, and will be accumulated for future bursary disbursements.

The target annual award is calculated each fiscal year end, by named fund, and set aside to be used for future awards, regardless of actual returns. The undisbursed award balance, by named fund, is calculated by accumulating the past target annual awards less actual awards disbursed.

The target annual award will not necessarily be the actual award distributed by named fund. The following will be taken into consideration when setting the planned annual award disbursements each fiscal year:

- The actual investment income balance at the end of the prior fiscal year,
- The bond interest income projected to be earned during the fiscal year,
- The projected dividends to be earned during the fiscal year,
- Undisbursed Award Balance projected to the end of the fiscal year

The planned award disbursement for each fiscal year will be agreed upon by the Advancement and the Finance Departments.

It is possible that an award may not be disbursed each year for each named fund or issued at a reduced rate. Conversely, prior years' undisbursed awards may be disbursed resulting in the rate of the award to exceed the target annual award.

In exceptional circumstances, if approved by the Vice-President Finance and Administration, Endowment Fund Agreements may include terms that differ from College policy.

This policy shall be reviewed annually to ensure that the target award percentage continues to be consistent with investment returns.

History of Amendments/Reviews:

Section(s)	Date	Comments
Policy created	March 2011	• Board approval of policy (Resolution BoG March23-2011 #7)
Reviewed/updated in conjunction with IPS policy as outcome of integration of Foundation Board with governance structure of the College	January 2012	• Board approval of policy (Resolution BoG Jan25-2012 #6)
Review by Finance and Property Committee	February 2014	• Finance and Property Committee February 12, 2014 – no changes recommended to policy or target award percentage
Annual review of target award percentage	March 23, 2016	• Received by Board for information - no changes
Regular review of policy; updated format	May-June 2017	• Board approval of policy (Resolution BoG June28-2017 #1)