

LONDON PUBLIC LIBRARY POLICY

Title: Investment Policy
Policy Type: Means
Policy No.: F-1-01

Effective Date: January 26, 2017

Review Date: January, 2021

PURPOSE:

This policy is established to ensure that London Public Library (LPL) 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, Chief Librarian & CEO and Director, Financial Services.

DEFINITIONS:

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

Prudence means the use of care, caution, good judgment, and circumspection as to danger or risk.

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.

Investment means to allocate money in the expectation of some benefit in the future.

Canadian Deposit Insurance Corporation (CDIC) is 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.

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POLICY STATEMENT:

London Public Library's main objective is to invest discretionary funds in a prudent manner that provides optimal returns and minimizes risk.

The objectives of this Investment Policy are to:

- Protect assets – minimize the risk of incurring a capital loss and preserve the value of the invested principal;
- Maintain liquidity – short term investments shall be managed to minimize cash flow risk;
- Ensure continued growth – investment yields that maximize returns to ensure continued growth without capital erosion; and
- Ensure that the terms of reference agreed upon with donors are respected.

Responsibility:

The directing and monitoring of LPL's investments will be the responsibility of the Director, Financial Services in consultation with Chief Librarian & CEO, 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 \$100,000;
- 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 bi-annually by the Library Board with recommendations from the Director, Financial Services and Chief Librarian & CEO.

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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 and long term needs.

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; and
- A statement as to whether or not investments are consistent with the investment policy.

BACKGROUND:

INQUIRIES:

Director, Financial Services

KEYWORDS:

Investment, trust, liquidity, prudence

RELATED DOCUMENTS:

LPL Fund Development – Gift Acceptance Policy

DOCUMENT CONTROL:

Approved: January 23, 2017 (L17/03)

Reviewed: