



1210 ENDOWMENT MANAGEMENT & INVESTMENT POLICY

Policy Type: Board Policy Manual
Applies To: Administration, Board
Approved By: LCS Board of Directors
Policy Reviewed: every years
Adopted: 05 2023
Revisions: 10 2023

Replaces Investment Policy (1997)

1. PURPOSE

- (a) LCS receives Endowment funding from Donors for a variety of purposes including student awards, scholarships, bursaries, and program enrichment. LCS is charged with investing Endowment funds in order to maximize the benefit to both current and future students.
- (b) The purpose of this Policy is to outline the objectives and principles by which LCS's Endowment funds are established, administered, invested and disbursed.

2. DEFINITIONS: For the purposes of this Policy the following definitions apply:

- (a) "Donor" means a person, foundation, or corporation that makes a Gift that is eligible for a donation receipt.
- (b) "Endowed Fund" means a principal sum, set aside permanently and invested by the School with only the income (all or a portion thereof) used to support specific programs or projects, often based on Donor direction.
- (c) "Endowment" means the total value of the School's Endowed Funds. The Endowment is made up of individual Endowment Principal Accounts each representing the original value of the donation and additions made for inflation and other capitalized amounts.
- (d) "Endowed Fund Agreement" means a document describing the name, purpose, funding and administration of an Endowed Fund, normally signed by the Donor and the School.

3. POLICY

- (a) Contributions to the Endowment Fund can be made at any time and for any amount. A named Endowment Fund can be established when a Donor(s) makes a minimum contribution of \$10,000 or more. Under exceptional circumstances this limit may be waived by the Director of Finance. In accordance with the Gift Acceptance Policy, a written agreement with the Donor(s) stipulates the purpose and terms of the gift(s).

- 3.a.1. For a named Endowment Fund, an Endowed Fund Agreement must be created which sets out the conditions of the endowment such as the purpose and how annual distributions are done. The Agreement is to be signed by both the donor and the Director of Finance for the School.
- 3.a.2. Endowed Funds are assumed to be in perpetuity and annual distributions or spend percentage is determined by the LCS Board of Directors following a recommendation of the Finance & Risk Management Committee.
- (b) Administration of the Endowment and the individual named Endowments will be overseen by the Director of the Development and the Director of Finance.
 - 3.b.1. Annual reporting to the donor shall be done by LCS which will report on the Endowment's investment income, distribution and how or to whom received a benefit of the annual endowment distribution.
 - 3.b.2. Regular reporting of the Endowment shall be made to the Finance and Risk Management Committee of LCS.
 - 3.b.3. Administration of the Endowment shall always follow endowment, charity and gift acceptance guidelines of CRA (Canada Revenue Agency).
 - 3.b.4. Annual distributions made from the endowment will be set in consideration of the running 48-month average of rate of return of the Endowment. The intent is to distribute 4-5% each year, but that is not guaranteed.
 - 3.b.5. Administration of the Endowment shall allow for disbursements but also to provide long term growth at or above the rate of inflation.
- (c) Investment of the Endowment shall be overseen by the Finance and Risk Management Committee with the intent of maximizing returns while balancing an acceptable level of risk.
 - 3.c.1. The Endowment will be invested and managed by a major Canada wide investment securities company. A local securities advisor or team will report regularly to the Finance and Risk Management Committee. A summary of that report will be presented to the LCS Board of Directors.
 - 3.c.2. The Endowment investment portfolio will not include companies which sell addictive substances, companies which the Finance and Risk Management Committee decide are clearly promoting values and marketing against Christian principles or which result in the persecution of Christians. Also, the portfolio will not include stocks considered penny stocks and startup companies.
 - 3.c.3. Stock held in the portfolio in which there is a known conflict of interest held by a member of the Board must be declared. Failure of the Board member to intentionally not declare may result in removal from the board.
 - 3.c.4. Managing the Endowment in consideration of 3.c.1. and 3.c.2. above will require a portfolio based in securities. The risk level of the securities held will be at the advice of the portfolio manager in consultation with the Finance and Risk Management Committee. The Endowment portfolio will consist of 70% equities and 30% fixed income investments. This percent will vary as equity values go up and down and a 10% tolerance is allowed, meaning equities as low as 60% and as high as 80%.
- (d) Individual endowed fund agreements will have the first distribution start one year after the first contribution unless otherwise stipulated in the agreement.
 - 3.d.1. The rate of return approved by the Board of Directors will be the rate used to determine the distribution amount for the general Endowment as well as all named endowments. The exact payout of each endowment may be rounded up or down as determined by the Director of

Finance. Also, the donor with whom the Endowed Fund Agreement is made has the option of increasing the Fund distribution on any given year through a new donation. For example, if a Grade 12 endowed scholarship is set to pay \$1700 a donor may donate an additional \$300 to round up to \$2000.

- 3.d.2. The Finance and Risk Management Committee will set a rate of return annually in January which allows time to set payout levels for all Funds for the coming year.
- 3.d.3. Annual distribution of Endowed Funds shall be made to meet the intent of the Fund Agreement.
- 3.d.4. The Endowed Fund donor will receive an annual statement or report including the rate of return on the endowment as well as the amount which will be distributed.

(e) An endowment fund may be loaned back to LCS at the current rate of interest.*

4. RELATED POLICIES

- (a) 1211 GIFT RECOGNITION & APPRECIATION POLICY
- (b) 1212 OPERATING RESERVES POLICY
- (c) 1213 GIFT ACCEPTANCE PROCEDURES

5. REVIEW OF POLICY

- (a) This Policy will be reviewed every other year, at minimum, by the Finance and Risk Management Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance and Risk Management Committee to the Board of Directors.

* motion for amendment passed by Board of Directors, October 25, 2023

Reviewed: