

## CENTRE FOR INDEPENDENT LIVING IN TORONTO (CILT) INC.

# Reserve Funds Investment Policy

This policy provides some background on CILT's Reserve Funds, sets out CILT's objectives for the investment of these funds, assigns responsibility for oversight and control of the investment process, and describes how the investments should be represented and reported in CILT's financial statements.

### Background

CILT is a registered charity, designated as a charitable organization under the Income Tax Act (Canada), and a charitable corporation under Ontario law and subject to the Charities Accounting Act of Ontario. As such, CILT is subject to the rules and regulations governing registered charities, as well as trust law applicable to charities and to the directors of charities.

CILT has a board of directors (the "Board"), which is elected by its voting members. The Board is ultimately responsible for the management and supervision of the activities and affairs of CILT, including the management and investment of its Reserve Fund.

CILT has accumulated its Reserve Funds since 1991 from various sources including the proceeds from fundraising events, productive enterprises, and interest.

The Reserve Funds are separated into a General/Capital Reserve and a Program Development Reserve. The uses of the Reserve Funds are set out in CILT's Financial Control and Accounting Policy.

Any expenditure from these Reserve Funds (excepting any fees or other expenses directly related to the management of the investments) must be approved in advance by the Board of Directors.

### Investment objectives

The Reserve Fund investment portfolio (the "Portfolio") shall be structured and managed in order to comply with all applicable legal and regulatory requirements. The investment of the Portfolio shall be made with judgment and care - under the circumstances then prevailing - which persons of prudence, discretion and integrity exercise in the management of investments.

The **primary objectives** of the Portfolio shall be to

- preserve capital in real terms, and
- optimize the rate of return within the risk tolerance levels set out below.

The Reserve Funds are not required for normal operations of CILT so **liquidity** is not a requirement of the Portfolio. If the Board approves an expenditure from the Reserve Funds,

the Board will provide as much notice as possible to the Investment Manager of the amount of funds required.

The Portfolio shall reflect a conservative **risk tolerance** with a long-term investment horizon. The Investment Manager shall recommend an asset-allocation (e.g., 50% equity and 50% fixed income within a range of +/- 5%) consistent with a conservative risk tolerance. The asset allocation shall be monitored monthly and the portfolio rebalanced when necessary.

**Diversification** across asset classes, geographies, industries, and sectors shall be achieved primarily through well diversified Exchanged Traded Funds (ETF's) and mutual funds rather than the purchase of individual equity securities. This diversification shall be subject to the **limitation** that no more than 10% of the total market value of the Portfolio shall be invested in the equity securities of any one issuer (well diversified ETF's and mutual funds excepted).

A significant portion of the Portfolio shall include securities of corporations having high **Environmental, Social, and Corporate Governance** (ESG) scores.

### Oversight and control

The **Board of Directors** shall be responsible for the following:

- the appointment of a Finance Committee,
- the appointment of a brokerage company to act as CILT's Investment Manager, and
- the approval of an investment plan (including a statement of fees) submitted by the Investment Manager and of any updates to the plan.

The **Finance Committee** appointed by the Board shall be responsible for the following:

- advising the Board on the selection and appointment of Investment Manager and on the approval of the investment plan,
- the approval of buy and sell proposals submitted by the Investment Manager after determining that they are consistent with the investment plan and the investment objectives set out above,
- reviewing and monitoring monthly statements and other reports submitted by the Investment Manager, and
- participating in an annual meeting with the Investment Manager to assess the performance of the Portfolio and to review and update the investment plan as required.

**Note:** The Committee shall not suggest, propose or request individual investments. No individual committee member may approve a buy or sell order without the advance knowledge and agreement of the full Committee.

The **Investment Manager** appointed by the Board shall be responsible for the following:

- developing an investment plan (including a statement of fees and an asset allocation recommendation) consistent with the investment objectives set out above for review by the Finance Committee and the approval of the Board,
- submitting buy and sell proposals to the CILT Finance Committee for approval,
- submitting monthly statements to CILT's accountant and to the Finance Committee,

- participating in an annual meeting with the Finance Committee to assess the performance of the Portfolio and to review and update the investment plan as required.

### Accounting and reporting

The Reserve Funds portfolio of investments shall be reported to the Board as a separate asset which shall be equal the sum of the value of securities recorded at market value plus any cash balance in the investment account.

Portfolio income (dividends, interest, and gains or losses) shall be reported on an income statement separately from Core/Administration operations and from funded projects but may be consolidated with income and disbursements for CILT’s Restricted Funds.

Excepting any fees or other expenses directly related to the management of the Portfolio, the only expenditures permitted shall be those approved by the Board.

Net annual income derived from the Portfolio shall be credited back to the Reserve Funds.

For the purpose of reporting to the Ontario Ministry of Health, Reserve Funds are considered a “type 3” fund and are not subject to the Ministry’s reporting requirements or reconciliation process.

### Policy Review

This Policy is subject to review by the Board on a schedule determined as part of the Board’s policy review practices.

#### Version Control History

Version	Date	Initiated by	Approval	Change description
1	June 9, 2022	Treasurer	Approved by Board	New policy
2	Aug 4, 2022	Finance Committee	Approved by Board	Deletion of requirements that the Investment Manager set performance targets and provide quarterly and annual reports