

GRACE UNITED CHURCH, Caledonia

Policy and Procedure Manual

Policy Title	INVESTMENTS	Policy Number	PPM-D5.1
Date of Approval by Council	December 17, 2014		
Revision Dates	February 17, 2016 May 15, 2019	Date of next Review	May 2025

PURPOSE:

To establish guidelines for governing and managing the financial investments of Grace United Church, Caledonia, while providing a useful framework for making decisions, reporting on progress and reviewing objectives in a timely and regular manner.

POLICY STATEMENT:

1) Objectives

The overall objective is to provide for necessary funding requirements of Grace United Church, Caledonia without jeopardizing the principal goal of preserving the capital needed to provide a continued stream of income over the longer term.

Investments will be managed:

1. To recognize the need for a degree of liquidity for short-term needs.
2. To maintain and prudently grow capital value.
3. To consider support of the Congregation's commitment to social justice and the United Church of Canada.
4. To respect the wishes of the original donors as much as possible.

Specific Funds:

1. The **Wilson/Senn Fund** will be maintained to support and enhance youth development.
2. Other Funds may be created for specific needs as identified from time to time by Church Council.

2) Eligible Investments

This investment policy strictly prohibits the Congregation from engaging in any investment activity that would be considered speculative according to the generally accepted principles of conservative investment management.

The securities of any one issuer will comprise no more than 25% of the portfolio value, except for government or fully insured obligations.

Investments of temporarily surplus cash made by any Grace United Church committee or group other than the Trustees may only be held in short-term Notes (GICs) and Fixed Income Securities, subject to approval by each group.

The Stewards will maintain no more than \$60,000 in operating cash and short-term investments. Any excess of \$10,000 or more at year-end will be transferred to the Trustees for investment.

The Trustees investment committee is authorized to invest in:

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▪ **Cash and Fixed Income:**

Government obligations (i.e. Treasury Bills Notes, Strip Coupons, Debentures and/or Bonds) issued directly or indirectly by the Federal government or an agency (Canadian and U.S.) or any of the provinces with an appropriate credit rating.

Canadian Chartered Bank Securities, being Bearer Discount Notes, Deposit Receipts, Term Notes, Certificates of Deposit, Bankers Acceptances, bonds and strip coupons with an appropriate credit rating.

Securities of foreign banks or the Canadian affiliates of foreign banks provided that the obligations are guaranteed or carry separate appropriate ratings.

Commercial paper, bonds, debentures and strip coupons issued of Canadian companies with at least an A credit rating.

▪ **Preferred Shares and Income Units:**

Preferred shares issued by Canadian corporations and eligible for the dividend tax credit. Income units being Royalty Trust Units and Real Estate Investment Trusts.

▪ **Common Equity:**

Large capitalization common equity of domestic and U.S. corporations. The Trustees investment committee will endeavor to follow prudent investor rules in determining equity allocation strategy.

▪ **Third party managed funds** that co-mingle all participant investments provided that the Safety, Liquidity, and Yield characteristics of the fund are consistent with the parameters imposed by this investment policy.

Grace United Church, Caledonia will not knowingly invest in companies which are engaged in:

- Child labour
- Pornography
- Gambling & casinos
- Tobacco products
- Other companies which have been identified by the United Church of Canada as problematic.

3) Asset Mix

The Trustees investment committee will adjust the asset mix according to the needs of Grace United Church, Caledonia and capital market expectations in a way that produces the desired mix of target returns while minimizing market risk.

Reasonable diversification with respect to asset classes, market sectors, terms of interest bearing securities, and risk associated with investments will be subject to the following parameters:

	<u>Target</u>	<u>Min.</u>	<u>Max.</u>
Cash and Money Market Securities	5%	2%	20%
Long term fixed income instruments/preferred shares	90%	50%	90%
Equities	0%	0%	25%

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4) Performance Review

The Trustees will monitor investment performance on a regular basis and seek advice from an investment advisor when deemed appropriate.

5) Safekeeping

Securities purchased will be held in safekeeping by a dealer or financial institution approved by the Trustees investment committee.

6) Reporting

Annual investment reports shall be prepared for and distributed to the congregation.

These reports will include:

- A list of all investments whether matured or not, including expected return, and date of maturity
- Details of any variations from stated investment policy.

Any situation involving a potential conflict of interest will be referred to Council for resolution.

7) Investment Committee

This investment policy will be implemented and monitored by an investment committee that consists of three Trustees: George Greenlees, Keith Crawley, and Donna Imeson.

REVISION HISTORY:

May 2019

-Remove specific reference to Building Fund

-Adjustments to portfolio mix values to reflect ongoing cash needs are covered through the Operating accounts.

POLICY REVIEW:

Time Frame: At least every three years.

Committee Responsible: Stewards & Trustees

Revisions to the policy require Council approval.

CROSS REFERENCES:

The Manual (2019) Sect. G2.2.1, G3.4, G4.2.3

Congregational Board of Trustees Handbook (2004) Sect. 1-4, 42-45

Financial Handbook for Congregations (2017) Sect. 7.3