

# Victoria-Shuter Non-Profit Housing Corporation

|                                 |   |
|---------------------------------|---|
| <b>POLICY NAME</b>              | <b>Investment Policy</b>                                    |
| <b>POLICY NUMBER</b>            | 2013-105  |
| <b>DATE</b>                     | May 2013  |
| <b>DATE REVIEWED OR REVISED</b> |   |
| <b>REFERENCES</b>               | <i>Housing Services Act, 2011<br/>Letters Patent 7d(iv)</i> |
| <b>SEE ALSO</b>                 | <i>Purchasing Policy<br/>Petty Cash Policy</i>              |

## POLICY STATEMENT

Victoria-Shuter Non-Profit Housing Corporation is committed to the maintenance and preservation of its residential units and other property. This will be achieved partly through the investment of funds: Funds that are over and above the monies needed for current operations. These funds include the capital reserve fund, LMR deposits and retained earnings.

# Victoria-Shuter Non-Profit Housing Corporation

## PURPOSE

The purpose of this policy is to establish principles and guidelines for the investment of Victoria-Shuter Non-Profit Housing Corporation's capital reserves and other funds for the purpose of:

1. Maintaining and preserving its units and other property, and
2. providing for future financial contingencies.

## RULES

The Non-Profit must follow the *Housing Services Act (H.S.A.)* which includes rules about the operation and investment of capital reserve funds. The Non-Profit will follow those rules when making decisions about its capital reserve investments.

Being a non-profit corporation the investment income is not subject to tax of any kind.

## RESPONSIBILITIES

The Board of Directors will decide how to allocate capital reserve and other funds among the investment alternatives based on:

- a. the non-profit's requirements for cash over the short and long term,
- b. the need to diversify (choose an mix of) investments to balance investment risk against rate of return,
- c. the advice of SHSC's financial portfolio adviser, Phillips, Hager & North and any external investment manager hired by the non-profit.

The Non-Profit's Board of Directors will:

- a. review this Policy from time to time and propose amendments as required,
- b. invest and deposit funds according to this Policy
- c. review the Non-Profit's investments when the Policy is adopted and make any changes necessary to follow it,
- d. monitor investment results,

# Victoria-Shuter Non-Profit Housing Corporation

- e. report to the members about the investments at the Non-Profit's annual meeting.

## DEFINITIONS

### ***“Housing Services Act”***

Means the Ontario *Housing Services Act* (H.S.A), including all amendments.

### ***“Housing Services Corporation”***

Means the Housing Services Corporation (HSC), set up to manage capital reserve investments, co-ordinate insurance programs, deliver bulk-buying programs and put in place a system for sharing best practices.

### ***“SHSC Financial”***

Means the Social Housing Services Corporation Financial Inc., a subsidiary of Housing Services Corporation to oversee its investment program.

### ***“Capital plan”***

Is a plan for the replacement of the capital items, such as appliances, flooring, roofs and windows, that includes:

- a study of the condition of the buildings with a schedule of when the replacements will be needed (a building condition assessment),
- a forecast of the annual funding requirements for the capital reserve (reserve fund forecast).

### ***“Capital reserve fund”***

Is the money that a non-profit puts in a separate fund to be used to replace or make major repairs to capital items such as roofs, furnaces, stoves, refrigerators, carpets and plumbing. The money in the capital reserve fund comes from the annual or monthly transfer from the non-profit's operating budget and any additional lump sum contributions that a non-profit may make.

### ***“Investment allocation”***

Means the proportion of funds invested in different types of investments.

### ***“Investment risk”***

Means the risk that some of the value of the principal investment could be lost through changes in the value of the investment.

# Victoria-Shuter Non-Profit Housing Corporation

## ***“LMR deposits”***

The Last Month Rent deposits is the amount of money the Non-Profit holds for each household while that household lives in the non-profit.

## ***“Principal”***

Means a sum of money placed in an investment to earn investment income.

## ***“Retained earnings”***

Means the accumulation of annual surpluses less annual losses over the life of the Non-Profit.

## ***“Rate of return”***

Means the annual amount of income from an investment, expressed as a percentage of the principal.

## **PROCEDURES**

### **CAPITAL RESERVE FUND**

1. The objectives in investing the capital reserve fund are:
  - a. to achieve the best possible rate of return while keeping investment risk to an acceptable limit,
  - b. to ensure that the non-profit have sufficient money to maintain its property.
2. The Board of Directors may only invest capital reserve funds in:
  - a. securities of mutual or investment funds, which are managed by SHSC Financial Inc., with Phillips, Hager North as portfolio adviser,
  - b. other investments required or permitted by the SHSC Financial Corporation.

### **OTHER FUNDS**

1. The primary objective for investing other funds which include LMR deposits and retained earnings is to achieve the best possible rate of return while keeping investment risk to an acceptable level.
2. Other funds which include LMR deposits and retained earnings, may only be invested in:
  - a. Bank or credit union deposits
  - b. Government bonds, treasury bills or other securities backed by a level of government in Canada or by a crown corporation or agency

# Victoria-Shuter Non-Profit Housing Corporation

c. Securities, mutual or investment funds managed or offered by SHSC Financial.

## EXTERNAL INVESTMENT MANAGER

1. Phillips, Hager & North will manage the Non-Profit's capital reserve funds and any other funds the Non-Profit invests with SHSC's investment program.
2. The Non-Profit's Board of Directors may hire a professionally accredited investment manager to manage any other investments. The board must consult with an investment manager before making any investments other than bank or credit union deposits or investments in the SHSC Financial's funds.
3. The Non-Profit's Board of Directors will make sure that any investment manager, or other agent or advisor providing investment services to the Non-Profit, is aware of and follows this policy.
4. Every year the Non-Profit's Board of Directors will review the performance of any investment manager, agent or advisor it is using.

## CAPITAL PLANNING

The Non-Profit's Board of Directors will have a capital plan prepared and updated from time to time to help guide its decisions about when cash from its capital reserve funds will be needed for capital replacements and repairs.

**Policy 2013-105 of Victoria Shuter Non-Profit Housing Corporation passed by the Board of Directors at a duly constituted meeting held on May 14, 2013**