

POLICY/PROCEDURE NUMBER: **B – 5.4**

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INTRODUCTION:

In the ordinary course of business, CHES accumulates excess cash balances that are not required for short term operating, capital purposes or for retention for long term business continuity. Excess funds are to be invested in approved products to earn interest income above the amount that would be earned if left in corporate bank accounts.

1. POLICY:

1.1 In line with the Mission, Vision and Values of CHES, the CHES Board of Directors will invest excess cash holdings in a prudent manner as authorized by the CHES Board of Directors, specifically:

- 1.1.1 Investments will be purchased to minimize risk
- 1.1.2 A reasonable level of return commensurate with risk, terms and volume will be sought.

1.2 Investments will only be made in certain Money Market or Government of Canada products. Refer to Procedure section 3.1 for definitions and details of these authorized investment products.

1.3 Investments purchases will only be through certain approved financial institutions or dealers. Refer to Procedures section 3.2 for a list of these approved institutions and dealers.

1.4 Responsibilities and Approvals:

- 1.4.1 Identification of the excess funds available for investment is the responsibility of the Treasurer working with the Executive Director.
- 1.4.2 Investing of these excess funds in accordance with the rules established in this policy is also the responsibility of the Treasurer.
 - 1.4.2.1 At the discretion of the Treasurer, the Executive Director is authorized to assist with investing activities.
- 1.4.3 All new investing activities are to be approved according to the following guidelines:
 - 1.4.3.1 For each new investment two approvals are required:
 - 1.4.3.1.1 Up to \$20,000 – Treasurer and the Executive Director
 - 1.4.3.1.2 Over \$20,000 up to annual approved retained earnings – Treasurer and the President.
 - 1.4.3.2 For each re-investment of funds, two approvals are required (unless otherwise previously directed in the annual budgeting or another Board directive):
 - 1.4.3.2.1 Up to \$100,000, the Treasurer and the Executive Director
 - 1.4.3.2.2 Over \$100,000, the Treasurer and the President.

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1.4.3.3 All new investments and reinvestments, including the amounts, type of investment product, institution, and all relevant investment terms and conditions must be reported to the CHES Board of Directors at the next regular meeting.

2. PROCEDURES:

2.1 CASH FLOWS:

- 2.1.1 Based on approved annual operating budget, the Treasurer, along with the Executive Director will prepare an annual budget and a cash flow forecast using reasonable and prudent assumptions. This will be presented to the CHES Board of Directors for approval as per policy B5.2.
- 2.1.2 The cash flow forecast prepared in this manner will be updated and reviewed regularly taking into account updated forecasts.

2.2 INVESTING ACTIVITIES:

- 2.2.1 Investing activities will be reviewed on a regular basis as actual, revised and forecasted operating accounting information is received.
- 2.2.2 Maturity dates will be staggered so that investment cash inflows, renewals and new investments occur throughout the year and across several years.
- 2.2.3 Investment terms should vary but shall not exceed 36 months.

2.3 INVESTMENT PRODUCTS: as per policy, only the following products can be purchased:

- 2.3.1 Acceptable Money Market and Government investment include:
 - 2.3.1.1 Government of Canada Treasury bills
 - 2.3.1.2 Government of Canada bonds
 - 2.3.1.3 Provincial Treasury bills and promissory notes
 - 2.3.1.4 Banker acceptances
 - 2.3.1.5 Bank Bearer deposit notes
 - 2.3.1.6 Bank term deposits
 - 2.3.1.7 Commercial paper
 - 2.3.1.8 Crown corporation paper

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2.3.2 Acceptable Term and Guaranteed Investment Certificates issued by one of the following banks:

- 2.3.2.1 Scotia Bank
- 2.3.2.2 BMO
- 2.3.2.3 RBC
- 2.3.2.4 CIBC
- 2.3.2.5 TD

2.4 REPORTING AND EVALUATION

- 2.4.1 Regular quarterly financial reporting will include a summary of all investments, values, financial terms/results, length of term and renewal dates.
- 2.4.2 The primary objective of this investing strategy outlined in this policy is to minimize CHES's exposure to loss of any retained earnings. For this reason, the results of investing activities will be measured in terms of the net investment income recorded in the consolidated results of operations compared to budget and average returns available for similar investment products.