



Policy Investment	Replaces former policy:
	<input type="checkbox"/> Title: Click or tap here to enter text. <input checked="" type="checkbox"/> N/A
	Date Effective: 2024-12-31
	Last Update: Select date
Contact: Finance and Audit Committee or delegate	

Policy Statement

- The Finance & Audit Committee (“The Committee”) provides oversight regarding the management of the College investment portfolio. The Committee’s main responsibilities are to:
 - Determine, subject to Board approval, the College’s overall goals and objectives for the management of investments.
 - Determine asset mix parameters under which investment management activities will be undertaken.
 - Determine, subject to Board approval, whether it is suitable for external investment managers to manage some or all of the portfolios, and if so, to approve the choice of investment managers.
- Asset mix and security selection decisions in respect of any portfolio meet the College’s objectives of investing funds in a diversified portfolio of high-quality securities, taking into consideration tenets of social responsibility as determined by the Board.
- The College operates in a manner such that large amounts of surplus funds are held in the College. These funds come from two primary sources:
 - Operating Funds:** The pattern of the College’s annual collections and disbursements causes the College to maintain excess funds which are expected to be spent over the remainder of the fiscal year. These funds together with a portion of past retained surpluses that are not deemed “Restricted” form the working capital that the College requires to operate on a day-to-day basis. These funds are known as the “Operating Funds” of the College.
 - Restricted Funds:** Over the years, the predecessor colleges that came together to form the current College had built up retained surpluses. Portions of these surpluses were held in reserve as a contingency fund against potential unexpected costs and to meet longer-term strategic goals, such as needs for large capital expenditures. The level of these reserve funds as well as their potential use is a decision of the Board and therefore these are known as “Restricted Funds.”
- The fundamental purpose and expected duration of these funds is different and these differences create the need for different investment approaches. To ensure that the different investment approaches are reflected in the management of the investments,



the two funds are managed and accounted for as separate funds

- Operating Funds are known as “Short-Term Investments” on the balance sheet
- Restricted Funds are known as “Investments – Restricted” on the balance sheet
- There will be no comingling of assets between the two funds

5. Investments should be managed to:

- preserve and protect capital;
- maintain liquidity necessary to meet cash requirements; and
- maximize the rate of return, within acceptable risk levels.

6. The Finance and Audit Committee approves Investment Guidelines ([Appendix A: Operating Funds](#) and [Appendix B: Restricted Funds](#)).

1. Policy Rationale and Purpose

The Board has a statutory responsibility to govern, control and administer the affairs of the College effectively and appropriately. This includes the financial management of the College.

As per Bylaw 3.13 (Banking, Borrowing Power and Investments), the Board may invest College funds in accordance with any Board policies on investment, and authorize the Registrar to invest College funds.

The overall objective of the College’s Investment Portfolio is to make a reasonable contribution to the current and long-term funding requirements of the College which includes working capital and reserve funds. The Board, through the Finance and Audit Committee, provides clarity and guidance to the investment decision-making process by defining the College’s goals, needs, risk tolerance and expectations.

2. Policy Scope

The policy applies all investment funds of the College. It applies to the Board of the College of Health and Care Professionals of BC, the Finance and Audit Committee, all College staff and any external investment managers or consultants retained to provide any services associated with the management of College investments.

3. Legal Authority

This policy is linked to the following legislation and regulatory documents:

- CHCPBC Bylaws
- [Health Professions Act](#) R.S.B.C. 1996, c.183
- [Trustee Act](#), R.S.B.C. 1996, c.464
- Chartered Professional Accountants Canada, [20 Questions Directors of Not-For-Profit Organizations Should Ask About Fiduciary Duty](#)



4. Key Partnerships

None at this time

5. Definitions

See Appendices

6. Process Check

The following documents have been consulted and applied to this policy.

- Board Policy Framework (in draft – use for reference)
- Safe Spaces Playbook
- In Plain Sight Report and Recommendations

7. Resources/References

None at this time

Reviewed by the Board on:		2024-09-26	<input type="checkbox"/> N/A
Reviewed by the Registrar/ Deputy Registrar on:		Select date	<input checked="" type="checkbox"/> N/A
Date Approved 2024-09-26	Approved By <input checked="" type="checkbox"/> Board <input type="checkbox"/> Committee (<i>Name of Committee</i>) OR Name <i>Full Name</i> Title <i>Title</i>		
Date Effective 2024-12-31	Revision history	Last Updated:	Select date
Next Review 2025-12-31		Previous Update:	Select date
Drafted by: Name: Paul Cormier		Title: Financial Consultant	



Appendix A: Operating Funds

Description:	<p>The Operating Funds of the College consist of any investments that have not been designated as Restricted Funds. The sources of these funds are:</p> <ol style="list-style-type: none"> 1. Excess funds on hand as a result of the timing mismatch between the College’s annual collections of revenue and its disbursements. 2. Any portion of past retained surpluses that are not deemed “Restricted.” <p>The Operating Funds support the working capital that the College requires to operate on a day-to-day basis.</p>
Purpose:	<p>The purpose of Operating Funds investments is to earn investment income on any working capital that is in excess of the immediate needs of the College due to timing differences between revenue collection and associated operating and planned capital expenditures.</p>
Duration:	<p>The Operating Funds are generally expected to be spent over roughly a one-year period (although there can be exceptions to that rule such as when funding is received for a multi-year project). Also, the Board of the College can elect to maintain a buffer in the Operating Funds (by not transferring all past retained surpluses to Restricted Funds) to allow for the College to fund minor unexpected events or timing variations in planned collections and expenditures without need to seek Board approval to draw on Restricted Funds.</p>
Investment Objectives:	<p>Since most of the Operating Funds represent money collected in advance earmarked for future expenditures, the objectives of investments in the Operating Funds are:</p> <ol style="list-style-type: none"> 1. Preservation of capital (avoiding investments that have the capacity to generate losses). 2. Liquidity (matching investment durations to generate cash at the points at which cash is required to fund ongoing operations). 3. Return (attempting to generate the highest levels of return available within the parameters of preserving capital and maintaining liquidity).
Contributions & Withdrawals:	<p>Cash will regularly be transferred by College management into and out of Operating Funds over the course of the year as collections and expenditures dictate. Amounts in the Operating Funds will fluctuate for that reason.</p>
Assets:	<p>Investments in the Operating Funds may consist of:</p>



	<ol style="list-style-type: none"> 1. Bank or brokerage cash account balances 2. Guaranteed Investment Certificates, term deposits and other interest-bearing accounts at a major Canadian Chartered Bank (Bank of Montreal, Bank of Nova Scotia, CIBC, National Bank, Royal Bank or Toronto-Dominion Bank) or a credit union in British Columbia. 3. Guaranteed Investment Certificates, term deposits and other interest-bearing accounts at other Canadian financial institutions that are not included in asset group 2. 4. Treasury Bills, Bonds or similar obligations of the Government of Canada or of the governments of the provinces of Canada. 5. Bankers Acceptances, Bearer’s Deposit Notes and Commercial Paper of Canadian companies or Canadian federal, provincial or municipal government authorities. 6. Investment Funds or Exchange Traded Funds whose assets consist substantially of any combination of financial instruments defined as asset groups 1-5 directly above.
<p>Investment Limits:</p>	<p><u>Limits on Holdings</u></p> <ul style="list-style-type: none"> • A minimum of 75% of Operating Fund holdings must be held in some combination of assets defined in groups 1, 2 and 4 in the preceding section titled “Assets.” • Any securities held as defined in section 5 of the preceding section titled “Assets” may not cumulatively exceed 10% of assets in the Operating Funds. <p><u>Maturity Dates</u></p> <ul style="list-style-type: none"> • At all times, at least 50% of assets in the Operating Funds must be readily cashable (held in cash, GICs or deposits that can be converted to cash without penalty or in marketable securities or funds that can be sold for cash). • At all times, a minimum of 90% of assets held in the Operating Funds must mature within 1-year. • No assets held in the Operating Funds shall have a maturity date exceeding three years.
<p>Management:</p>	<p>Management of the Operating Funds will be a responsibility of College employees or consultants, as designated by the Registrar & CEO, to ensure that the duration of assets in the Operating Funds aligns to the cash flow requirements of the College and to keep the cost of managing typically lower-return assets to a minimum.</p>
<p>Accounts:</p>	<p>Any bank or brokerage accounts required to manage Operating Funds shall be established and maintained by the College. No Restricted Funds will be managed within accounts where Operating Funds are being maintained.</p>



Appendix B: Restricted Funds

Description:	<p>The Restricted Funds of the College consist of any cash and investments that have been designated by the Board as “Restricted,” meaning that future withdrawals from the fund may only be authorized by Board resolution. Therefore, the Restricted Funds contain:</p> <ol style="list-style-type: none">1. Contributions to Restricted Funds from past surpluses of the College, per Board resolution, plus2. Any investment income that has been generated within the Restricted Funds based on investments within the funds, less3. Any withdrawals from the Restricted Funds, per Board resolution. <p>For clarity, net assets of the College can be defined as Restricted, Invested in Capital Assets or Unrestricted:</p> <ul style="list-style-type: none">• Restricted assets are assets from which withdrawals may only be made by Board resolution.• Invested in Capital Assets means the assets are invested in property, tangible assets (such as computers, equipment, furniture, etc.) or intangible assets (like software).• Unrestricted assets are those assets not otherwise deemed Restricted or Invested in Capital Assets. The Registrar can utilize those Unrestricted assets without specific Board approval, but within the parameters of other Board constraints (such as budgets, approved plans, resolutions, etc.). <p>Contributions to Restricted Funds reduce the balance of Unrestricted Funds and withdrawals from Restricted Funds increase the balance of Unrestricted Funds. When the Board resolves to withdraw from Restricted Funds for a specific purpose, the resolution shall state that purpose, directing the Registrar to utilize that portion of what are now considered Unrestricted Funds for the purpose so stated. In the event that amounts removed from the Restricted Funds are not required for their specific purpose, the Registrar will recommend to the Board their re-contribution to Restricted Funds.</p> <p>The Board may resolve to contribute or withdraw from Restricted Funds at its discretion.</p>
Purpose:	The purpose of Restricted Funds is twofold:



	<ol style="list-style-type: none"> 1. Ensuring the College has sufficient financial capacity to appropriately deal with risks inherent in the mandate of the College. Specifically, the nature of the College’s operations creates the possibility of unexpected legal fees, hearing-related costs or related unforeseen expenses associated with discipline, complaint or inquiry issues. While many other potential risk areas are largely addressed through insurance coverage, other types of risks, though perhaps improbable, might require large one-time financial payments best addressed through the usage of reserve funds. 2. Providing the College with sufficient capacity to fund major projects or capital expenditures that the Board deems to be of long-term strategic importance to the College. The Board may determine that a major capital upgrade is required or that a major project should be undertaken that would lead to improvements in the ability of the College to fulfill its mandate. The value of these efforts may extend over many years and therefore it may be deemed more appropriate by the Board to fund these projects from reserves and seek gradual replenishment of reserve funds through future operating surpluses than to attempt to seek financing from registrants immediately, or incur debt, to fund the project <p>Investment income generated within the Restricted Funds is meant to grow the reserve in order to enhance the capacity of the College to address future risks and needs.</p> <p>The College will establish a target range for amounts held as Restricted Funds of between 60% and 100% of forecasted annual registrant revenue (defined as College revenues excluding investment income and grants revenue). Due to the need to rationalize investments from several legacy colleges, the Board seeks to first achieve this target by March 31, 2025.</p> <p>The Board will endeavour to make appropriate contributions to or withdrawals from Restricted Funds to maintain this target but may resolve to waive this target when appropriate.</p> <p>The target will be subject to periodic review by the Board and may be modified by future policy changes.</p>
<p>Duration:</p>	<p>The timing of the usage of Restricted Funds is unknown. While some contingencies may require immediate funding, even most unanticipated events will provide a planning window of many months before spending is required. Longer-term needs (such as a major capital spend on software) could be anticipated years in advance. It would be highly</p>



	unlikely that the College would draw down its Restricted Funds to near zero.
Investment Objectives:	<p>Since potential usage of Restricted Funds is not fully predictable, but because it would also be unlikely that the funds would be fully or near fully diminished, the objectives of the Restricted Fund investments are:</p> <ol style="list-style-type: none"> 1. Preservation of capital (ensuring that the majority of the portfolio is positioned in investments that will avoid the capacity to generate losses). 2. Return (attempting to generate the highest levels of return available within the constraint of preserving sufficient capital to fund unexpected events). 3. Liquidity (ensuring that a sufficient portion of the portfolio is positioned in assets that can be readily converted to cash to be available to fund unexpected events).
Contributions & Withdrawals:	The Board may resolve to contribute or withdraw from Restricted Funds at its discretion. The Board will endeavour to make appropriate contributions to or withdrawals from Restricted Funds to maintain its target for Restricted Funds.
Assets:	<p>Investments in the Restricted Funds may consist of (defined as follows for the purposes of asset allocation decisions):</p> <p><u>Cash & Cash Equivalents</u></p> <ul style="list-style-type: none"> • Bank, brokerage or investment manager cash account balances. • Discounted securities with a maturity shorter than a year: <ul style="list-style-type: none"> ○ Government of Canada Treasury Bills, ○ Treasury Bills of Canadian provincial governments, ○ Bankers Acceptances, Bearer’s Deposit Notes and Commercial Paper of Canadian companies or Canadian federal, provincial or municipal government authorities. • Cashable Guaranteed Investment Certificates, term deposits and other interest-bearing accounts at Canadian financial institutions that allow for redemption or partial redemption at any time (except for initial lock-in period) without penalty. • Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds consisting substantially of assets otherwise listed in this category of Cash & Cash Equivalents. <p><u>Fixed Income</u></p> <ul style="list-style-type: none"> • Bonds or similar obligations of the Government of Canada or of the governments of the provinces of Canada. • Bonds of other issuers (such as, but not limited to, federal or provincial government agencies, municipal governments, and Canadian corporations) if the bonds are considered “investment



	<p>grade” (have a rating of BBB- [on the Standard & Poor’s, Fitch and DBRS scale] or Baa3 [on Moody’s] or better).</p> <ul style="list-style-type: none"> • Non-Redeemable Guaranteed Investment Certificates, term deposits and other interest-bearing accounts at Canadian financial institutions. • Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds consisting substantially of assets otherwise listed in this category of Fixed Income. <p><u>Equities</u></p> <ul style="list-style-type: none"> • Common shares of Canadian corporations. • Common shares of United States corporations. • Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds consisting substantially of assets otherwise listed in this category of Equities. • Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds consisting substantially of common shares or American Depositary Receipts of companies residing outside of Canada or the United States, either alone or in combination with common shares of Canadian or US issuers. <p><u>Other Investments</u></p> <ul style="list-style-type: none"> • Preferred shares in Canadian corporations. • Gold. • Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds consisting substantially of assets otherwise listed in this category of Other Investments. • Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds consisting substantially of a combination of assets in more than one category of Cash & Cash Equivalents, Fixed Income, Equities or Other Investments. 																
<p>Asset Allocation Targets:</p>	<p>The Finance and Audit Committee will determine the target asset allocation of the Restricted Funds within the following range and shall modify the target asset allocation from time to time as it deems prudent.</p> <table border="1" data-bbox="425 1570 1409 1705"> <thead> <tr> <th>Combined Asset Target for Restricted Funds</th> <th>Minimum</th> <th>Maximum</th> <th>Range Mid-Point</th> </tr> </thead> <tbody> <tr> <td>Cash & Cash Equivalents</td> <td>5%</td> <td>30%</td> <td>17.5%</td> </tr> <tr> <td>Fixed Income</td> <td>30%</td> <td>85%</td> <td>57.5%</td> </tr> <tr> <td>Equities</td> <td>10%</td> <td>40%</td> <td>25.0%</td> </tr> </tbody> </table> <p>For the purposes of this calculation:</p> <ul style="list-style-type: none"> • Assets types will be defined as in the Assets section directly above. 	Combined Asset Target for Restricted Funds	Minimum	Maximum	Range Mid-Point	Cash & Cash Equivalents	5%	30%	17.5%	Fixed Income	30%	85%	57.5%	Equities	10%	40%	25.0%
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	<ul style="list-style-type: none"> • Preferred shares will be deemed to be allocated 50% Fixed Income and 50% Equities due to their tendency to share certain attributes with both asset classes. • Gold will be deemed to be within Equities. • Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds consisting substantially of a combination of assets in more than one category of Cash & Cash Equivalents, Fixed Income, Equities or Other Investments will be classified based on its estimated composition within each category.
<p>Investment Limits:</p>	<p><u>Rebalancing</u></p> <ul style="list-style-type: none"> • If at the conclusion of any calendar quarter, the actual asset allocation of any asset category deviates from the target asset allocation by more than five percentage points (500 basis points), the manager of the investments shall immediately rebalance the category to its target. • If at the conclusion of any calendar quarter, any of the following limitations are breached, the manager of the investments shall immediately rebalance the investments to eliminate the breach to those limitations. <p><u>Limits on Holdings</u></p> <ul style="list-style-type: none"> • Subject to the eligible asset descriptions and asset allocation targets above, the following limitations shall apply: <ul style="list-style-type: none"> ○ Exposure to foreign currency risk must not exceed 5% of the total portfolio value. ○ The combined market value of fixed income securities (excluding GICs) of a single issuer must not exceed 10% of the total investments of the Restricted Funds portfolio, unless that issuer is the Government of Canada, a provincial government or an issuer they guarantee. ○ The market value invested in one company's common shares must not exceed 5% of the total investments of the Restricted Funds portfolio. ○ Use of margin debt and short selling is prohibited. ○ Use of derivatives such as options and futures may only be done for hedging purposes or as part of a strategy for generating income within the Exchange Traded Funds, Mutual Funds, Segregated Funds or other Investment Funds. ○ Ratings will be from one or more of the following agencies: Canadian Bond Ratings Service, Dominion Bond Rating Service, Standard & Poor's Credit Rating Service, Moody's Investor Services, Fitch Ratings.



<p>Management:</p>	<p>The Finance and Audit Committee will recommend to the Board whether the Restricted Funds be managed:</p> <ol style="list-style-type: none"> 1. By College employees or consultants, as designated by the Registrar & CEO, using: <ol style="list-style-type: none"> a. an active approach to managing assets meant to ensure that near-term liquidity goals are achieved, and b. a passive approach to assets which are expected to be long-lived (subject to periodic rebalancing). 2. By an external investment manager, as recommended by the Finance and Audit Committee, who will provide detailed plans to manage investments in accordance with this policy. 3. A combination of management approaches described in 1 and 2. <p>The manager of the investments shall have investment discretion in the management of the portfolios, subject to the overall direction set by the Committee and general parameters set out in the Trustee Act (British Columbia).</p>
<p>Review & Monitoring:</p>	<p>The Finance and Audit Committee will regularly (at least annually) review the performance of the portfolios. Based on these reviews, the Committee may recommend to the Board changes to the management approach or changes to the asset allocation targets.</p>
<p>Accounts:</p>	<p>Any bank, brokerage or investment management accounts required to manage Restricted Funds shall be established and maintained by the College. No Restricted Funds will be managed within accounts where Operating Funds are being maintained.</p>