



# Endowment Fund

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## PURPOSE/RATIONALE

The Library Endowment Fund (“Fund”) was created to assist the Library by making available revenue to purchase library materials and equipment beyond the normal funding provided through operations.

This fund was jointly established by the Friends of the Library and the Board in July 1985.

## SCOPE/LIMITS

- The fund was formally approved by an amendment to a former Library Operating Agreement between four core municipalities and the Provincial Secretary, effective November 1, 1985, and continues under succeeding agreements.
- Endowment funds are designated as either restricted or unrestricted. The reserve funds will not be shown in the budget, but will be held in separate general ledger balance sheet accounts with equivalent funds invested either with the Victoria Foundation or Library bank accounts and/or Library investment accounts, depending on the funding cycle and type of fund (principal or income). Consequently, this policy applies to all funds received and designated as Endowment Fund, regardless of physical location of such funds.
- Endowment funds invested with the Victoria Foundation are not shown as a Library asset on the audited financial statement, but rather are reported in the notes to the audited financial statements annually.
- The Library’s Policy 3.4 –Gift and Fundraising also applies to Endowment Fund donations.

## BOARD OF MANAGEMENT

The fund shall be administered by a Board of Management constituted as follows:

- Two members appointed by the Friends;
- Two members appointed by the Board, one of which shall be the Chair of the Board.

A member appointed by the Friends shall always be the Chair of the Board of Management.

The CEO/Secretary to the Board and the Finance Manager/Treasurer to the Board shall attend the meetings of the Board of Management and shall advise as required.



A representative of the Library's auditors may attend the meetings of the Board of Management and shall advise as required.

Decisions of the Board of Management shall be made by majority vote, provided that a quorum for any meetings shall be three members and that the Chair shall not have a second or casting vote.

The Finance Manager/Treasurer to the Board shall be the Treasurer of the Endowment Fund.

The Board of Management shall meet at least once a year, or at the call of the Chair.

### **MANAGEMENT OF FUNDS**

- **Signing Officers**

The signing officers for the Endowment Fund shall be:

- The Chair of the Endowment Fund Board of Management;
- The Chair of the Library Board;
- The CEO/Secretary of the Library Board;
- The Finance Manager/Treasurer of the Library Board.

Any appropriation or expenditure of the Fund shall be signed by two of the signing officers.

- **Investment of funds**

Any contribution to the Fund shall be deposited in an interest-bearing account in an appropriately deposit-insured financial institution. The Treasurer shall invest funds in treasury bills or such other investments as are authorized for trust funds by the *Trustee Act*, and as directed by the Board of Management. A portion or all of the funds may be transferred to The Victoria Foundation, as directed by the Board of Management.

- **Expenditure of Interest from funds**

The Board of Management may designate the expenditure of up to 50% of the interest revenue in any year, or up to 100% of the income received from any funds transferred to The Victoria Foundation. Unrestricted Endowment Funds received from The Victoria Foundation as expendable income earned on funds endowed and invested with the Foundation shall be recorded in the Operating Reserve until expended.

- **Treasurer's Report**

The Treasurer shall prepare a financial report for each meeting of the Fund's Board of Management.

- **Accounting**

For the purposes of accounting, the assets of the Fund excluding assets transferred to The Victoria Foundation, form part of the accounts of the Library and shall be included in the Library's annual audit.



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- **Administration Expenses**

Such expenses shall be shared between the Friends of the Library in such manner as they may agree from time to time, with the exception of bank charges, which shall be borne by the Fund (Letter of Understanding attached).

**ACKNOWLEDGMENT OF DONATIONS**

The CEO will respond with a personal letter of thanks to every donor.

The CEO may recommend that the Fund's Board of Management, the Friends of the Library, or the Library Board acknowledge outstanding donations.

All donors to the Fund will receive an official charitable tax receipt from the Library Board for their donation that complies with requirements of the Canada Revenue Agency.

Any bequest to the Fund that has conditions attached will be referred to the Board of Management for decision on its acceptance. Donor recognition initiatives will reflect the principles stated in the Library's Policy 3.4 – Gift and Fundraising and will be reviewed by the Endowment Fund Board of Management from time-to-time.

**AMENDMENT OF THE TERMS OF REFERENCE**

From time to time, the Endowment Fund Board of Management may recommend to the Board changes in these Terms of Reference.

Such changes shall be referred to the Friends of the Library for review and recommendation and shall only be implemented after having received the approval of the Board.

<b>Approved by the Greater Victoria Public Library Board:</b>	<b>December 14, 2004</b>
<b>Reviewed by the Policy &amp; Program Development Committee:</b>	<b>November 12, 2008</b>
<b>Amended by the Greater Victoria Public Library Board:</b>	<b>November 18, 2008</b>