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|---|---------------|-------------------------|-------|
|  | Policy Name   | DESIGNATED FUNDS POLICY |       |
|   | Policy Number | FN-002                  | Rev 0 |
|   | Created By    | Keith Sanford 2023      |       |
|   | Approved By   | Board of Directors      |       |
|   | Date Approved | 20 June 2023            |       |

# DESIGNATED FUNDS POLICY

## 1. OVERVIEW

The purpose of the Designated Funds Policy is to outline the process for the establishment of Permanent and Revolving Funds and to set out the framework for oversight on how the funds are administered.

Funds represent both contributions and investment income and are to be used to support specific club initiatives as outlined in the purpose of each fund. These funds play an integral role in assisting the club to achieve its mission and support its members. Responsible management and administration of funds helps to maintain and enhance the confidence and trust of the club's membership and donors.

## 2. OUTCOMES

The club will:

1. Manage funds to preserve and grow the real value of assets over time, while maintaining an appropriate and stable level of support to the current generation of beneficiaries.
2. Only accept contributions that can be managed within its policies and procedures, and ensure funds are managed in compliance with appropriate legal and regulatory requirements for charitable purposes.
3. Have appropriate management practices and financial controls in place to ensure that the funds available for spending are used in accordance with the purpose of the fund.
4. Provide periodic reporting to the Board of Directors to enable appropriate oversight of club funds.
5. Provide reports to donors in accordance with current stewardship practices.

## 3. ETHICAL FUNDRAISING AND FINANCIAL ACCOUNTABILITY CODE

The following motion has been approved by the board or directors of The Alpine Club of Canada, March 7, 2023:

"The Alpine Club of Canada hereby adopts the Canadian Centre for Philanthropy's Ethical Fundraising and Financial Accountability Code as its policy. In so doing, members of the governing board commit to being responsible custodians of donated funds, to exercise due care concerning the governance of fundraising and financial reporting, and to ensure to the best of their ability that the organization adheres to the provisions of the Code. It is hereby confirmed that each member of the governing board has received a copy of the Ethical Fundraising & Financial Accountability Code and that a copy will also be provided to each person who is subsequently elected to the governing board."

A copy of the Canadian Centre for Philanthropy's Ethical Fundraising and Financial Accountability Code is included in **Appendix A**

#### 4. GUIDING PRINCIPLES

1. All inquiries from potential donors to an existing or possible new designated fund are treated in a confidential manner.
2. Potential donors are encouraged to seek their own independent counsel regarding taxes and other implications of their donation or gift. Donors are responsible for ensuring that their gift is made in the most tax- advantageous manner possible. Any costs associated with this responsibility (e.g. accessing professional advice) are to be borne by the donor. The ACC may provide assistance to the donor if requested.
3. Donors may donate to any existing Club fund, either on a "current" or "deferred" basis. Deferred gifts are those that will become fully owned by the Club at some future time e.g. a charitable remainder trust.
4. Donations other than Unrestricted Contributions will be accepted at the discretion of the Board of Directors or its delegate.
5. Once received, donations become the property of the Club and their use, now and in the future, is at the discretion of the Board of Directors or its delegate.
6. Subject to the discretion of the leadership of the Club, all cash/cash equivalent donations received without donor instructions as to which fund the donation should be allocated will be deposited in the ACC Endowment Fund.
7. Donors may request that a new separate fund be created. (See section 11 Establishing a New Fund).
8. All ACC funds are eligible to be charged an annual fee, payable to the Alpine Club of Canada, which reflects the costs incurred by the Club to manage and or administer the fund.
  - a) The administration fee for each fund is based on the estimated cost associated with additional time and or materials required to administer the fund.
  - b) Administration fees will be set for any or all the funds during the annual budget process.
  - c) A management fee may only be charged if the investment decisions of the designated funds are not managed by an independent third-party.
9. The principal and the capitalized investment income in all designated funds are pooled and invested in accordance with **The Investment Policy**. (See Section 8 Designated Fund Investment Policy, Fund Pools)
10. Change in fund values are calculated and allocated monthly to each fund based on the funds individual balance within its investment pool. See section 8 for details.
11. The ACC adheres to all federal and provincial statutes and regulations applicable to the Club's designated funds. (NOTE: as a registered amateur athletic association, the Club is not subject to the Revenue Canada "distribution rules" that apply to registered charities.)

#### 5. THE ALPINE CLUB OF CANADA DESIGNATED FUNDS

##### **ACC DESIGNATED FUNDS**

The Alpine Club of Canada designated funds are as follows:

##### **1. Permanent Funds**

- Endowment Fund
- Environment Fund

Jim Colpitts Fund  
 Jennifer Higgins Memorial Fund  
 Eric Brooks Memorial Fund  
 Tania and Rob Ritchie Environmental Legacy Fund (ELF)  
 Bev Bendell Library Fund  
 Louise Guy Commemorative Fund  
 Philippe Delesalle Memorial Fund

## 2. Revolving Funds

Mountain Culture Fund  
 Facilities Fund  
 Leadership Development Fund  
 Mountain Guides Ball Fund (MGB)  
 Mount Robson Hut Fund  
 John Lauchlan Award Fund (JLA)  
 Insurance Reserve Fund  
 Section Funds – Manitoba  
 Mountain Muskox Mentorship Fund (MMM)

## 6. PERMANENT FUNDS

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| <b>ENDOWMENT FUND</b> | Purpose             | To provide a consistent source of income for operational purposes.   |
|                       | Fund Type           | Permanent  |
|                       | Date Established    | 1989 with revenues from the rental of Clubhouse accommodations during the 1988 Olympics  |
|                       | Source of Principal | Donations specifically directed to the fund, all donations not directed by the donor to another ACC fund and annual operating surpluses.   |
|                       | Fund Use            | The Endowment Fund distribution will be made available for operating purposes. As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal. |
|                       | Other               | Additional fund principal can only be accessed in cases involving extreme financial emergency for the Club and requires approval by a 90% vote of the Board of Directors.  |

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| <b>ENVIRONMENT FUND</b> | Purpose   | To provide grants on an annual basis for environmental protection and conservation projects and initiatives. |
|                         | Fund Type | Permanent  |

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|  | Date Established    | 1990  |
|  | Source of Principal | Donations specifically directed to the fund, and fundraising initiatives.<br>A set percentage of the Tania and Rob Ritchie Environmental Legacy Funds annual payout will be transferred to the Environment Fund.  |
|  | Fund Use            | The use of the fund's distribution is on an application/grant basis. Applications are assessed and approved by the Access and Environment committee, chaired by the VP Access and Environment, who reports on distributions to the Board of Directors.<br><br>As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal. |
|  | Other               | Fund principal can only be accessed in special circumstances on recommendation of the VP Access and Environment to the Board of Directors, and requires approval by a 75% vote by the Board.  |

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| <b>JIM COLPITTS FUND</b> | Purpose             | To provide one grant each year to deserving applicants interested in mountaineering related courses (e.g. avalanche training, wilderness first aid, rock/crevasse rescue, mountain leadership training, ACMG training etc.).  |
|                          | Fund Type           | Permanent   |
|                          | Date Established    | 1991 by Dolena Colpitts in memory of her son Jim 1953-1982 of Calgary.  |
|                          | Source of Principal | Donations by the Colpitts family and others.  |
|                          | Fund Use            | The use of the investment income earned by the fund is on an application/grant basis. Applications are assessed and approved by the VP Activities, who reports on distributions to the Board of Directors.<br><br>As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal.           |
|                          | Other               | Applicants must be Albertans 17-24 years of age.<br>Fund principal can only be accessed in special circumstances on recommendation of the VP Activities to the Board of Directors and requires approval by a 75% vote by the Board. (NOTE: accessing fund principal used to be contingent on approval of the Colpitts family. However, Dolena passed away in 1991 and Sewart, husband and father, in 2002. Attempts to track down surviving family members have been unsuccessful). |

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| <b>JENNIFER HIGGINS MEMORIAL FUND</b> | Purpose             | To promote outdoor pursuits for young women.   |
|                                       | Fund Type           | Permanent  |
|                                       | Date Established    | 1997 by Richard and Christine Higgins and the Higgins Family in memory of their daughter Jennifer 1974-1997 of Vancouver.  |
|                                       | Source of Principal | Donations from the Higgins family and others.  |
|                                       | Fund Use            | <p>The use of the investment income earned by the fund is on an application/grant basis. Applications are assessed and approved by the Jen Higgins Fund committee chaired by someone elected by that committee. The chair reports to the VP Activities who reports on the distribution to the Board of Directors.</p> <p>As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal.</p> |
|                                       | Other               | <p>Fund principal can only be accessed with the prior approval of the Higgins family. If at some point there is no representative of the Higgins family, access to fund principal requires 75% approval of the Board of Directors by vote.</p> <p>In June 2011, Richard and Christine Higgins agreed to the addition of the directive above regarding accessing fund principal by Board vote.</p>  |

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| <b>ERIC BROOKS MEMORIAL FUND</b> | Purpose             | To help support the publication of the Canadian Alpine Journal.  |
|                                  | Fund Type           | Permanent  |
|                                  | Date Established    | 2002   |
|                                  | Source of Principal | \$50,000 bequeathed to the Club in Eric Brooks' estate and others.   |
|                                  | Fund Use            | <p>A total of 4.5% of capital value at fiscal year end of the principal of the fund is charged to the fund for costs associated with publishing the Canadian Alpine Journal annually.</p> <p>As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal.</p> |

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|  | Other | Eric Brooks was the Club's President from 1941-1947. The investment income earned by the fund used to be transferred annually to the Operating Fund (as CAJ income) to support the costs involved in publishing the Canadian Alpine Journal. Beginning in 2008, up to 4.5% of capital value was simply expensed against the fund instead. |
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| <b>TANIA AND ROB RITCHIE ENVIRONMENTAL LEGACY FUND</b> | Purpose  | To assist the Club regarding its goals and objectives, with special emphasis on its environmental programs.   |
|  | Fund Type  | Permanent   |
|  | Date Established   | 2006  |
|  | Source of Principal  | \$130,000 donated to the Club by the Canadian Pacific Railway on the retirement of their CEO, Rob Ritchie.  |
|  | Fund Use   | As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal.<br>Funds will be distributed as follows:<br>33% to Leadership Development Fund<br>33% to Mountain Culture Fund<br>34% to Environment Fund |
| Other  | Per the letter of agreement signed by the Club and the CPR in 2006 and subsequently accepted by motion at the March 2007 meeting of the Executive, the principal was provided in 2 lump sums: \$70,000 and \$60,000, with the latter via a separate letter of agreement regarding the renaming of the Balfour Hut to the "Rob Ritchie (Balfour Pass) Hut". |   |

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| <b>BEV BENDELL LIBRARY FUND</b> | Purpose             | To support the Club's library and ACC publications generally.  |
|                                 | Fund Type           | Permanent  |
|                                 | Date Established    | 2007   |
|                                 | Source of Principal | ~\$100,000 donated to the Club by Bev Bendell-Downing (who specifically asked that the fund name not include her married name "Downing |

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|  | Fund Use | <p>As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal.</p> <p>The fund will be used primarily for the purchase of books for the ACC library.</p> <p>Any remaining fund appreciation at year end may be used for other ACC library-related purposes, as well as for ACC publications purposes. Distribution decisions are made by the Mountain Culture Committee, chaired by the VP Mountain Culture who reports annually to the Board of Directors.</p> |
|  | Other    | <p>As at 2023 the fund is being used to pay for storage and display of the clubs library by the Whyte Museum in Banff AB. This cost is consistent with the 4.5% return that is the target earning of the fund.</p>  |

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| <b>LOUISE GUY<br/>COMMEMORATIVE<br/>FUND</b> | Purpose             | To provide ongoing funding for the training of amateur leaders for the annual general mountaineering camp (GMC).   |
|  | Fund Type           | Permanent  |
|  | Date Established    | 2010   |
|  | Source of Principal | A \$10,000 equity transfer from the fiscal year 2010 operational surplus, donations from membership, and a \$100,000 gift from Richard Guy in January 2011.  |
|  | Fund Use            | <p>As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal.</p> <p>The distribution of funds is to assist in costs associated with offering a skills training session for amateur leaders who will attend the General Mountaineering Camp in a leadership capacity. In years that the maximum available amount of 4.5% is not distributed for those training purposes, it will be allocated to the Leadership Development Fund.</p> |
|  | Other               | <p>Richard and Louise Guy were instrumental in keeping the GMC going through the 80's and believed strongly in the peer-to-peer learning opportunities provided at the GMC. In October 2016 the fund was modestly repurposed with Richard's input so that 4.5% of capital value was always made available for leadership giving priority to GMC amateur leader training, and secondarily for overall leadership development within the Club.</p>   |

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| <b>PHILIPPE<br/>DELESALLE<br/>MEMORIAL FUND</b> | Purpose | To provide financial assistance for the delivery of programs in support of marginalized, urban, or disadvantaged youth so they may experience Canada's mountain environment and culture. |
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|  | Fund Type           | Permanent  |
|  | Date Established    | 2020 by the Delesalle family in memory of Philippe Delesalle.  |
|  | Source of Principal | Donations from the Delesalle family and others.  |
|  | Fund Use            | <p>The use of the investment income earned by the fund is on an application/ grant basis. Applications or disbursements are assessed and approved annually by the Delesalle Fund committee. The committee will be appointed and chaired by the ACC VP of Activities who reports to the Board of Directors and will consist of 3-5 members, one of whom will represent the Delesalle family. As per Designated Funds Policy Section 9, a maximum of 4.5% of capital value at fiscal year end of the principal of the fund may be distributed annually. Any investment income in excess of 4.5% is reinvested and becomes part of the fund principal. Fund principal can only be accessed with the prior written approval of the Delesalle family.</p> <p>If at some point there is no representative of the Delesalle family, access to fund principal requires 75% approval of the Board of Directors by vote.</p> |
|  | Other               | In 2020 the ACC and the Delesalle family agreed to support the Bugaboo Teen Climbing camp as the initial program for applicants.   |

**7. REVOLVING FUNDS**

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| <b>MOUNTAIN CULTURE FUND</b> | Purpose             | To promote the understanding and appreciation of Canada's mountain heritage.  |
|                              | Fund Type           | Revolving   |
|                              | Date Established    | 1986  |
|                              | Source of Principal | <p>Donations and fundraising initiatives.</p> <p>Subsequent dollars have been guaranteed through the Tania and Rob Ritchie Environmental Legacy Fund.</p>   |
|                              | Fund Use            | Fund principal and investment income may be used for projects and initiatives approved by the Mountain Culture Committee with the proviso that the Fund balance is not permitted to be in a deficit position. |

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| <b>FACILITIES FUND</b> | Purpose | To construct, restore, maintain and upgrade the ACC's Canmore Clubhouse and nationally administered mountain huts. |
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|  | Fund Type           | Revolving  |
|  | Date Established    | 1986   |
|  | Source of Principal | Donations and fundraising initiatives.   |
|  | Fund Use            | Principal and/or investment income is used on projects consistent with the fund's purpose. The use of fund monies is based on plans prepared by staff and the Facilities Committee, chaired by the VP Facilities, and form part of the annual capital budget approved by the Board of Directors. |
|  | Other               | At times, the Facilities Fund has been two separate funds – the Huts Fund and the Clubhouse Fund. However, they were combined into a single fund in 2002.  |

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| <b>LEADERSHIP DEVELOPMENT FUND</b> | Purpose             | To develop amateur leaders for national and section activities.  |
|                                    | Fund Type           | Revolving  |
|                                    | Date Established    | 1997   |
|                                    | Source of Principal | Donations and sponsorships. The fund also benefits from a surcharge placed on all registrations for National camps and trips (currently \$50 per participant) and transferred into the fund annually. Subsequent dollars have been guaranteed through the Tania and Rob Ritchie Environmental Legacy Fund. |
|                                    | Fund Use            | Principal and/or investment income is used consistent with the fund's objectives. The use of fund monies is based on plans prepared by staff and the Leadership Development Committee, chaired by the VP Activities.   |
|                                    | Other               | The camp surcharge was increased from \$25 to \$50 per person at the end of 2016.  |

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| <b>MOUNTAIN GUIDES BALL FUND</b> | Purpose             | To be the mechanism for holding all revenues, and the source for all expenditures, associated with the annual Mountain Guides Ball. The MGB is the Club's annual dinner. Monies raised support the work of the Club, the Association of Canadian Mountain Guides, and other organizations. |
|                                  | Fund Type           | Revolving  |
|                                  | Date Established    | 1990   |
|                                  | Source of Principal | MGB ticket sales and live/silent auction revenues. Donations and sponsorships are also accepted.   |
|                                  | Fund Use            | The use of the net MGB proceeds each year is decided by the Executive Director, with input from members of the Executive Committee.  |
|                                  | Other               | In the past, the ACMG received a percentage of the evening's proceeds. The arrangements in place for revenue sharing changed with the 2005 ball and are now at the discretion of the Executive Director.   |

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| <b>MT ROBSON HUT FUND</b> | Purpose             | To support the costs associated with the possible construction of a hut in Mt. Robson Provincial Park.  |
|                           | Fund Type           | Revolving   |
|                           | Date Established    | 2006  |
|                           | Source of Principal | Partial funding came from 2 separate transfers from the now obsolete Centennial Fund as approved by the Executive Committee in Dec/06 (\$5,000) and March/07 (\$30,000). A Fall 2007 Executive Committee motion approved transfer of the remaining balance from the Centennial Fund after all other projects had been completed. Additional funding provided by Mary Caldwell in memory of her husband Byron. Naming right has been secured for this donation by M. Caldwell. |
|                           | Fund Use            | As of 2022 hut construction has been postponed due to access issues to the hut location. At the request of the VP Facilities, funds will be allocated to the project once it resumes.   |
|                           | Other               |   |

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| <b>JOHN LAUCLAN AWARD FUND</b> | Purpose             | To serve as a vehicle for revenues and disbursements connected to the annual John Lauchlan Award.   |
|                                | Fund Type           | Revolving   |
|                                | Date Established    | 2007  |
|                                | Source of Principal | ~\$7,000 of principal is being held on a permanent basis by the Calgary Foundation. Additional donations are being received by the ACC.   |
|                                | Fund Use            | To provide the cash prize presented each year to the winner of the award. The annual cash prize has traditionally been in the \$5,000-6,000 range.  |
|                                | Other               | The John Lauchlan Award was started in 1995 to help fund Canadian climbing expeditions in John Lauchlan's memory. Priority is given to expeditions that are lightweight (alpine style), low impact, environmentally sensitive, exploratory in nature, and have at least 50% Canadian members. In the spirit of John Lauchlan's climbing career, selection is geared towards trips that help to reasonably push the standards and experience of the team members. Applications are due by September 30th each year and the winner is announced on the Saturday evening at the Eric Harvie theatre at the Banff Mountain Film Festival. |

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| <b>INSURANCE RESERVE FUND</b> | Purpose          | To aide the Club in the event of an insurance claim investigation or award, and payment of deductible. |
|                               | Fund Type        | Revolving  |
|                               | Date Established | 2009   |

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|  | Source of Principal | An initial transfer from the 2009 operating surplus of ~\$9000 and subsequent annual contributions.   |
|  | Fund Use            | In the event of an occurrence, either nationally or at the section level, the fund will be accessed should a claims investigation be warranted. The Club's deductible increased from \$5000 per occurrence in 2011 to \$15,000 per occurrence in 2022, making it imperative to have a fund through which costs can be expensed so as not to negatively impact the operating budget of the Club. |
|  | Other               |   |

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| <b>SECTION FUNDS</b> | Purpose             | To assist the Sections of the ACC in management of their funds for continuity, ease of reporting, and professional management.   |
|                      | Fund Type           | Revolving  |
|                      | Date Established    | 2012   |
|                      | Source of Principal | A minimum initial deposit of \$10, 000 and subsequent deposits of not less than \$2000.  |
|                      | Fund Use            | Fund use is at the discretion of the leadership of the section to which the fund belongs. Access to the fund is by request of the section treasurer and must be accompanied by a motion from the section executive.  |
|                      | Other               | Management of section monies is subject to the risks inherent in the investment portfolio. Transfers in and out of the fund may only be made on a quarterly basis: January, April, July, October. Requests for information about the status of the fund may be made at any time by the treasurer of the section to which the fund belongs. |

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| <b>MOUNTAIN MUSKOX MENTORSHIP (MMM) FUND</b> | Purpose             | To support ACC community members who have experienced critical incidents or trauma related to their mountain pursuits.                                      |
|  | Fund Type           | Revolving   |
|  | Date Established    | 2020  |
|  | Source of Principal | Donations   |
|  | Fund Use            | The use of the fund is on an application/ grant basis. Applications or disbursements are assessed and approved by the VP Services and Director of Services. |

## 8. DESIGNATED FUND INVESTMENT POLICY

### GUIDANCE

#### Fund Pools

All designated funds are pooled for investment purposes. The fund manager will create two investment pools for the Club's funds. The pools are invested as described below.

1. Permanent Funds Pool – All permanent funds will be pooled and invested with a long-term perspective. As a result, the Club shall maintain from 40% to 60% of its funds investments in equities and the balance in fixed income instruments. If the club's fund manager deems it necessary to deviate from the recommended ratio, they will notify the club's contact (typically the Treasurer) immediately.
2. Revolving Funds Pool – All Revolving funds, except for the Section Funds and the Insurance Reserve Fund will be pooled and invested in fixed income instruments. As these funds are for a specific purpose, no risk of loss should be undertaken with these funds by the fund manager. The Section Funds and the Insurance Reserve Fund will be added to the Permanent Funds pool.

#### Prudent Investing

For all Club investments, the legal concept of the Prudent Man Rule applies: the Club's investment manager(s) make(s) investment decisions in a manner a prudent man would.

#### Investment Income Distribution

Each fund is a holder of units in the investment pool. Units are valued at month-end and the monthly change in investment value is distributed to each fund according to its number of units in the pool.

#### Performance Measurement

The performance of the Club's funds investments are measured according to the objectives and constraints described above and not necessarily compared with returns available in the market.

The stated goal for returns from the Fund Manager is 4.5% (net of fees) per annum for our Permanent Funds Pool. There is no expectation of a specific return for the Revolving Funds Pool. The performance measurement will be measured at the fiscal year end of the Club, October 31 of each year. Fund performance shall be provided by the fund manager and will be inclusive of all gains, both realized and unrealized, but not inclusive of additional donations to a fund. This is typically published as the "change in value" of a fund.

#### Fund Distribution

See section 9 Designated Funds Distribution Policy

#### Portfolio Management

Starting in 2017, the club's funds are being managed by a professional fund manager. The management of the fund managers is the responsibility of the Finance and Audit Committee as outlined in their TOR and in the section Roles and Responsibilities above. The Finance and Audit Committee will designate a representative who will be the contact person for the Fund Manager.

Only the designated contact person, the Executive Director and the Club's Controller shall have access to the Fund Manager and the Fund's online dashboard. Additional access can be granted by the Board of

Directors when required. This access is to ensure continuity of messaging between the club and the Fund Manager.

## 9. DESIGNATED FUNDS DISTRIBUTION POLICY

1. Each Designated Fund shall have its own specific distribution guideline. Specific guidelines are listed under “Fund Use” in sections 6 and 7.
2. Distributions from all Permanent Funds are in accordance with the Fund Use as outlined in each fund. Valuations for distributions are calculated at fiscal year end (October 31). Any variance to the award amount more than amounts outlined in the fund use or other fund direction, must be approved by the board of directors prior to the spend.
3. Most Permanent Funds typically pay out 4.5% of their principal. This 4.5% pay out is consistent with the fund’s expected return. If the annual return of the Permanent Fund Pool, as of October 31, is less than 4.5% then the formula for payouts is as follows:
  - a. the average return for the previous 5 years (including the current fiscal year) or 4.5%, which ever is less.
4. Each year end the following year’s spend recommendation will be reviewed and recommended by the Executive Director and the Finance and Audit Committee. The Board of Directors will have final approval of the spend amount.
5. Distributions from all Revolving Funds are approved by the Finance Committee, chaired by the Treasurer, as part of the annual budgeting process. Modest variances to budgeted items as well as minor items not budgeted for are at the discretion of the Executive Director who reports such items directly to the Treasurer. See fund use descriptions for any other parameters.
6. Revolving Funds will be managed so that no fund should be in a deficit position unless there is prior knowledge of incoming moneys to offset the deficit within a reasonable time frame. Any anticipated deficit must be approved by the ED and notice given to the F&A Committee.

## 10. FUND DECOMMISSIONING/DISILLUSION POLICY

It is required that the Club review each fund from time to time to ensure that each fund remains relevant, and to ensure the original intent of the fund is being achieved. While all of our funds are designed to function in perpetuity, this section will deal with decommissioning or dissolving of any fund.

1. Named Permanent Funds will be reviewed every 10 years to ensure that they are meeting the goals as outlined in Section 6.
2. Revolving Funds will be reviewed every 5 years to ensure that they are meeting the goals as outlined in Section 6.
3. Where a committee exists to oversee a fund, that committee will review its fund and make a recommendation to the board on the fund’s future.
4. Where a committee does not exist to oversee a fund, the fund will be reviewed by the F&A committee and a recommendation made to the Board on the fund’s future. The F&A committee will, whenever possible, consult with any interested parties when they are reviewing funds.
5. Committees reviewing funds may make a recommendation to alter the funds goals but not to alter the intended spirit of the fund. Such alterations will be presented to the Board as a motion and voted on accordingly.

6. In the event that a fund is deemed not relevant or is no longer meeting the need it was intended to fulfill, that fund will be decommissioned/dissolved by motion of the Board. Any balance of moneys in that fund will be added to the Endowment Fund in whole.
7. All named funds will have a 30-year lifespan. If the fund is deemed to remain relevant at its 30<sup>th</sup> anniversary (third review process), the board may choose to either renew the existing naming convention for additional years or recruit a new named benefactor to continue the fund. New benefactors will be subject to the same named fund requirements of section 12.1 and 12.2.
8. In the event that a change of naming convention of any fund is required prior to the 30-year anniversary, such change will require 100% agreement of the board.

## 11. ROLES OF THE VARIOUS ENTITIES WITHIN THE ACC

### ROLES AND RESPONSIBILITIES

The Board of Directors of The Alpine Club of Canada has responsibility for the following:

1. Final approval of recommendations from the Finance and Audit Committee.
2. Approval of any changes to the Designated Funds Policy.
3. Annual review of The Designated Funds objectives and return, and approval of the Club's Designated Funds Distribution amount for the following year.
4. Ensuring the investment strategy being used by the Finance Committee remains consistent with Club interests and priorities.

The Finance and Audit Committee has responsibility for the following:

1. The recommendation to The Board of Directors of a qualified third-party fund manager.
2. The recommendation to The Board of Directors of fund expectations specific to annualized returns, broad risk tolerances, strategic asset allocation and responsible investment.
3. Regular monitoring of the status of the fund's investment portfolio and balances.
4. Quarterly review of the investment's performances with the third-party fund manager.
5. Annual review of the Club's Designated Funds Policy. Any recommended changes require approval by the Board of Directors and, where possible, shall be reviewed by the Governance Committee.
6. Setting the annual management and administration fee to be charged to each fund if any.

Committees of The Alpine Club of Canada have responsibility for the following:

1. Each Committee having access to capital and/or investment income of a fund is responsible for adhering to the policies and procedures outlined in this Designated Fund Policy and the Fund Use as described in each fund.

The Executive Director of The Alpine Club of Canada has responsibility for the following:

1. Supporting the Club's objective of growth in the value of its designated funds by supporting the planning, organizing, implementing, monitoring and communications for all fundraising initiatives undertaken by the Club, and responding to inquiries from donors and potential donors.
2. Ensuring all gifts made to the Club are directed in the appropriate manner and accounted for, and that all donors are appropriately thanked for their donation and tax receipts are forwarded to donors in a timely manner.
3. Notify the Finance and Audit Committee and the President of any donation to the club exceeding \$1000.

4. The up-to-date value of each designated fund (via the monthly financial statement)
5. Any designated fund or potential/actual gift situations or issues requiring the attention of a Board Member or Committee. This includes possible changes required to this policy or an existing fund, and any requests for the creation of a new fund.

## 12. ESTABLISHING A NEW FUND

A donor may request that a new separate fund be created in memory of a particular person or event. The donor's gift may be the only gift or may be part of several gifts made to establish the fund. New named funds will have a maximum 30-year lifespan. If at the end of its lifespan a new named benefactor cannot be found for a specific fund, the board may choose to continue the fund and its goals till a new benefactor is found. A new fund will be created only if the purpose of the fund is consistent with the mission and objectives of the Club, and if all applicable conditions stated in this policy are met.

Before any new fund is created, the following conditions must be met:

1. The person making the gift must give a written commitment to the Club to provide the Club with a minimum \$100,000 donation when the fund is created.
2. The requirement of \$100,000 minimum can be waived by the Board of Directors if requested by the donor and recommended by the Finance and Audit Committee.
3. Upon recommendation of the ED and the Finance and Audit Committee, the Board of Directors will make the final decision, via approved motion, whether to create the new fund. This includes any conditions the donor or the club wishes to place on any aspect of the fund.
4. At the discretion of the Board of Directors, new funds should not duplicate the goals and aims of existing funds.

## 13. DEFINITIONS

**Designated Funds** the generic term for any named funds held by The Alpine Club of Canada.

**Permanent Funds** are those where only a predetermined amount of the principal and/or investment income may be used at any time. Typically, a set percentage assigned annually.

**Revolving Funds** are those where any amount of both the principal and investment income may be used at any time.

**Change in Fund Value** includes income(dividends, interest) and distributions, including reinvested income or distributions, realized and unrealized capital gains or losses, changes in dividend receivables and interest accruals, as well as operating and transaction charges paid

**Realized Gain** is when an investment is sold for a higher price than it was purchased.

**Unrealized Gain** refers to an increase in the value of an asset, such as a stock position or a commodity like gold, that has yet to be sold for cash.

**Fund Principal** is the original amount of donations or resources transferred to a fund, excluding capitalized investment income.

**Distribution** is the amounts available for disbursement in accordance with the terms of each fund.

**Unrestricted Contribution** is any contribution that is not given with a specific purpose or to support a specific fund.

**Management Fee** – Fee charged by the Fund Manager for holding club funds and making the investment decisions on behalf of the Club.

**Administration Fee** – Fee charged by the club to individual funds for administrative duties related to the funds.

REVISION HISTORY

| Revision | Date          | Description                    |
|----------|---------------|--------------------------------|
| Rev 0    | June 20, 2023 | Approved by Board of Directors |

