

## ENDOWMENTS, INFLATION & INVESTMENT RECAPITALIZATION

This document is the parent policy for any College procedures. Questions regarding this policy are to be directed to the identified Policy Owner.

<b>Category:</b>	F. Finance
<b>Policy Number:</b>	F08
<b>Approval Date:</b>	May 15, 2025
<b>Effective Date:</b>	May 15, 2025
<b>Policy Owner:</b>	Vice President, Development

<b>Objective:</b>	<p>Olds College of Agriculture &amp; Technology (the "College") receives endowment donations in support of its academic, applied research and strategic priorities.. Endowment donations are external donations that are provided to the College where the donor restricts the terms of the donation, noting what it can be spent on, how much of it can be spent and what span of time the endowment should cover.</p> <p>It is the responsibility of the Department of Development in conjunction with Business Services to administer the endowments in accordance with donor and legislative requirements.</p>
<b>Policy:</b>	<p><b>Policy Objectives</b></p> <ol style="list-style-type: none"> <li>1. The College is committed to using the funds derived from endowments to advance specified educational purposes such as student awards &amp; bursaries, research support, and other initiatives.</li> <li>2. The assets from each endowment will be combined for purposes of investing and the interest earned and/or realized and unrealized gains and losses will be allocated on an annual basis.</li> <li>3. The capital portion of the endowment will be left intact and only the investment return, or a portion of it, will be utilized annually.</li> <li>4. The investment return earned on the principal will be used to support the purpose of the endowment.</li> <li>5. Annually, if investment returns are adequate to permit, a provision will be added to the endowment principal to preserve economic value.</li> </ol>

<b>Definitions:</b>	<p><b>Economic Rate Adjustment (ERA):</b> A College estimated long-term inflation factor, expressed as an annual percentage, used to preserve economic purchasing power of an Endowment.</p> <p><b>Endowments:</b> Gifts to the College of which the principle, plus any reinvestment made to preserve economic value, cannot be encroached. Endowments can include cash, investments or land. Land is assumed to preserve economic value by virtue of market value changes. Only revenue in excess of what is required to maintain economic value can be distributed in the manner expressed by the donor.</p> <p><b>Capital Account:</b> The total of all contributions made to the principal portion of the endowment. It can be comprised of: charitable donations, government matching contributions, annual inflation adjustments, or other amounts.</p> <p><b>Spending Account:</b> The portion of the endowment that is available to be spent to support the intended purpose of the endowment fund. The balance of the account can consist of an allocated portion of interest earned, other cash contributions intended for expenditure, and any unspent spending allocations carried forward from prior years.</p> <p><b>Core Consumer Price Index (CPI):</b> The Statistics Canada consumer price index exclusive of food &amp; energy.</p> <p><b>Endowment Gains &amp; Losses:</b> This is inclusive of interest income, realized and unrealized investment income and losses.</p> <p><b>Return on Investment:</b> The total gains and losses for the endowment after deducting the fund management fees.</p>
<b>Related Information:</b>	
<b>Related Procedures:</b>	D04 Donor Recognition & Stewardship D06 Gift Acceptance F02 Budget Owner Responsibilities F10 Externally Restricted Contributions
<b>Review Period:</b>	3 years
<b>Revision History:</b>	Revised: September 2016 Revised: May 2023 Revised: November 2023 Revised: April 2025