

New Unionville Home Society

AUDIT AND FINANCE COMMITTEE MEETING

AGENDA

Wednesday, January 5, 2022

4:00pm

Zoom Meeting

<https://us06web.zoom.us/j/84569212586?pwd=SGREM0JYTlp3Y3YlVEo5ZDhSdFphZz09>

Meeting ID: 845 6921 2586 Passcode: 650582

Committee Members:	Phil Gunn (Chair), Lyndsey McIntyre, Amaar Naqi, Andy Taylor, Christine Joe (Ex-Officio)
New UHS Staff:	Abby Katz Starr (CEO), Julie Horne (CFO), Shamniz Jetha (Controller), Rozmin Kala (Accounting Manager), Marieanna Mallen (Executive Assistant)

#	Agenda Item	Encl.	Lead	Time
1.0	Call to Order	√	Committee Chair	4:00 – 4:05pm
2.0	Roll Call and Appointment of Committee Meeting Chair and Recording Secretary			
3.0	Confirmation of Proper Notice Given			
4.0	Confirmation of Quorum Present			
5.0	Declaration of Conflicts of Interest			
6.0	Approval of the Agenda	√		
7.0	Approval of Minutes – May 25 and September 17, 2021	√		
8.0	Business Arising			
9.0	New Business		Committee	4:05 – 5:00pm
	9.1 Investment Policy Review	√		
10.0	Date of Next Meeting: TBD			
11.0	Adjournment			5:00pm

AUDIT AND FINANCE COMMITTEE

MINUTES

TUESDAY, MAY 25, 2021

10:00 am

Zoom Meeting

Committee Members:	Phil Gunn (Chair), Lyndsey McIntyre, Glenn Crosby (Ex-Officio)
New UHS Staff:	Abby Katz Starr (CEO), Julie Horne (CFO), Rozmin Kala (Accounting Manager), Shamniz Jetha (Controller), Marieanna Mallen (EA)
Guest:	Michael Rooke, Jerry Wu and Dale Tinkham of Tinkham LLP
Regrets:	Amaar Naqi and Andy Taylor

1. Call to Order

Phil Gunn called the meeting to order at 10:03am.

2. Roll Call and Appointments of Meeting Chair and Recording Secretary

A roll call was completed. Phil Gunn and Marieanna Mallen were appointed meeting Chair and Recording Secretary, respectively.

3. Confirmation of Quorum Present

It was declared that a quorum of the Directors was not present.

4. Confirmation of Proper Notice Given

All of the Directors having been given proper notice of the meeting and being present or having waived notice, the meeting was declared to be regularly constituted in accordance with the by-laws of the Corporation.

5. Declaration of Conflicts of Interest

No conflicts of interest were declared.

6. Agenda

The agenda was approved as presented.

7. Approval of the Previous Minutes

The Minutes of April 19, 2021 were approved.

8. Business Arising

There was no business arising.

9. New Business

9.1 Auditor Results Letter

Dale Tinkham, Managing Partner of Tinkham LLP, was the partner in charge of the audit for the third consecutive year. Mike Rooke, who has been involved with the audit for the last seven years, replaced Paul Brockelsby last year as the concurring principal on the engagement. Jerry Wu was the engagement lead for the second year. Tinkham LLP continues to provide a fresh perspective while maintaining our continuing of staff and a high level of professional service.

The Audit Results Letter, Issued letter in draft dated May 18, addressed to the Audit committee discusses the results of the year-end examination. Issuing unqualified opinions because there are outstanding items that need to be concluded. The audit approach was risk-based and there was change in the audit plan based on the results of the findings. The significant accounting policies are disclosed; There were no changes and presented in the same framework and no recommendations on internal controls arising from the audit work. The only adjustment entries made were for presentation purposes only. Dale thanked Julie and her team for the support during the audit.

9.2 Review of Draft Audited Statements:

New Unionville Home Society
Unionville Home Society
Unionville Home Society Foundation
Wyndham Gardens Apartments of Unionville

Dale Tinkham informed the Committee that there were no adjusting entries to the accounts and that the opinions were clean. There were no changes in format or the principals and no changes in the notes to the financial statements except for the removal of the details regarding the sale of land and the pandemic from the previous year. Note 9 speak to the Ministry Funding which is required, and note 6c is to be re-worded for clarification. There were no significant changes in the financial position or performance in any of the four entities, except for the impacts of COVID-19.

An inquiry was brought forward in regards to the disclosure of the Foundation statements in the UHS and NUHS statements, the reason for this is due to the significant overlap, and it considered substantive representation across the two boards, it is considered a controlled organization. The Foundation is in support of the UHS and NUHS, therefore it is reported in the UHS and NUHS financial note disclosures.

MOTION to approve the draft year-end financial statements for the Foundation, Wyndham Gardens, Unionville Home Society and New Unionville Home Society.

Carried

9.3 In-Camera Session with Auditors

The in camera session began at 10:22am and was completed at 10:36am.

9.4 Recommendation for Auditor for 2021/2022

The auditors excused themselves at this point of the meeting and thanked Julie and her Team for their dedicated hard work.

A previous discussion regarding a change in auditors was had by the Committee, but given all that we are undertaking with the planned restructuring and the ongoing pandemic, the Committee agreed to take this fiscal year to build the RFP for the next fiscal year instead.

From a fee perspective, Tinkham LLP is considered to be very fair and feel we are receiving the correct value as they offer continuity and fresh faces every year, along with a strong understanding of the industry and challenges faced.

MOTION to recommend proceeding with Tinkham LLP for the 2021/2022 Audit.

Carried

10. Date of Next Meeting – TBD

11. Adjournment:

MOTION to adjourn the meeting at 10:42am.

Carried

AUDIT AND FINANCE COMMITTEE

MINUTES

FRIDAY, SEPTEMBER 17, 2021

1:00 pm

Zoom Meeting

Committee Members:	Andy Taylor, Lyndsey McIntyre
New UHS Staff:	Abby Katz Starr (CEO), Julie Horne (CFO), Marieanna Mallen (EA)
Regrets:	Phil Gunn (Chair), Amaar Naqi, Christine Joe (Ex-Officio)

1. Call to Order

Lyndsey McIntyre called the meeting to order at 1:03pm.

2. Roll Call and Appointments of Meeting Chair and Recording Secretary

A roll call was completed. Lyndsey McIntyre and Marieanna Mallen were appointed meeting Chair and Recording Secretary, respectively.

3. Confirmation of Quorum Present

It was declared that a quorum of the Directors was not present.

4. Confirmation of Proper Notice Given

All of the Directors having been given proper notice of the meeting and being present or having waived notice, the meeting was declared to be regularly constituted in accordance with the by-laws of the Corporation.

5. Declaration of Conflicts of Interest

No conflicts of interest were declared.

6. Agenda

The agenda was approved as presented.

7. Business Arising

There was no business arising.

8. New Business

8.1 Investment Policy Request

Abby Katz Starr, CEO, began by explaining that the current Investment Policy (2019) states that shares received by the organization are to be sold as soon as possible. There has been a request from Maria Dimson, Director, Communications and Development, that this action be put on hold in response to a donor who has made a sizable donation in shares, and has asked that they not be sold. The donor feels that there would be a positive financial outcome if the gifted shares were held for a prolonged period of time.

Upon discussion, the Committee agreed to put a hold on the policy until such time a new policy is drafted, reviewed and approved by the NUHS Board of Directors. A meeting to review an updated policy will be scheduled as soon as possible.

MOTION to stay the current Investment Policy for a period of two months while a new version of the policy is drafted and brought forward for consideration by the NUHS Board of Directors.

Carried

9. Date of Next Meeting – TBD

10. Adjournment:

MOTION to adjourn the meeting at 1:22pm.

Carried

 <p>NEW UNIONVILLE HOME SOCIETY</p>	<p>POLICY AND PROCEDURE MANUAL</p>
<p>Subject: Investment Policy</p>	<p>Policy No.: 2014</p> <p>Last Reviewed: January 5, 2022</p>
<p>Section: 2000 – Governance</p>	<p>First Approved: April 24, 2012</p>
<p>Approved by: Board of Directors</p>	<p>Total Pages: 7</p>
<p>External References: <i>Trustee Act</i>, R.S.O. 1990, c. T.23 <i>Bank Act</i>, S.C. 1991, c. 46</p>	

PURPOSE:

The purpose of this Investment Policy (“Policy”) is to establish a policy for the investment of funds held by New Unionville Home Society (the “Organization”) that comprises reasonable assessments of risk and return that a prudent investor would adopt under comparable circumstances and is consistent with the mission, vision and values of the Organization as well as all applicable rules, regulations and laws.

This Policy applies to the investment assets held by the Organization and governs the manner in which funds may be invested and is intended to provide specific guidelines with respect to approved forms of investments, terms and collateral requirements.

This Policy shall be interpreted with an overall sense of stewardship, and the investment standards of the Organization will be those of a prudent investor.

DEFINITIONS:

Board of Directors – the board of directors of the Organization.

Canada Depository Insurance Corporation – insurance protection against bankruptcy of a Canadian financial institution. www.cdic.ca

Credit Risk – the risk that a debtor will not repay an obligation when due.

Interest Rate Risk – the risk that a fixed rate investment will change in value due to a change in interest rates.

Investment Assets – the investments held by the Organization including but not limited to guaranteed investment certificates, fixed income, and pooled funds. The Investment Assets do not include funds held in the operating bank accounts of the Organization. The Investment Assets may include both restricted and non-restricted funds.

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Investment Manager – an investment manager appointed by the Board of Directors to exercise the Board of Directors’ functions relating to the investment of the Investment Assets.

Liquidity Risk – the risk of being unable to buy or sell and investment quickly or at a price close to its market value.

Long-term – a time horizon of five years or more.

Medium-term – a time horizon of more than two years but less than five years.

Risk – a measure of the possibility of gain or loss. It consists of Credit Risk, Interest Rate Risk and Liquidity Risk.

Short-term – a time horizon of two years or less.

POLICY:

In investing the Investment Assets held by the Organization:

1. the Board of Directors must exercise the care, skill, diligence and judgment that a prudent investor would exercise in making investments; and
2. the Board of Directors must act in the best interests of the charitable purposes of the Organization and those beneficiaries who will be benefited by it.

The Board of Directors may invest the Investment Assets in any form of property in which a prudent investor might invest, including mutual funds, pooled funds or segregated funds under variable insurance contracts.

The Board of Directors must consider the following criteria in planning the investment of property, in addition to others that are relevant to the circumstances:

- general economic conditions;
- the possible effect of inflation or deflation;
- the expected tax consequences of investment decisions or strategies;
- the role that each investment or course of action plays within the overall portfolio;
- the expected total return from income and the appreciation of capital;
- needs for liquidity, regularity of income and preservation or appreciation of capital; and
- an asset’s special relationship or special value, if any, to the charitable purposes of the Organization or to one or more of its beneficiaries.

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The Board of Directors must diversify the investment of the Investment Assets to an extent that is appropriate to the requirements of its constituting documents and general economic and investment market conditions.

This Policy shall be reviewed by the Board of Directors annually or more frequently if required.

SCOPE AND RESPONSIBILITIES:

The Board of Directors has ultimate responsibility and decision-making authority over the investment of the Investment Assets. The Board of Directors shall review the investment of the Investment Assets annually to determine if the asset allocation is in the best interest of the Organization.

The Audit and Finance Committee will act in an advisory capacity to the Board of Directors and is responsible for:

- assisting the Board of Directors in making informed investment decisions;
- reviewing this Policy on an annual basis and making recommendations to the Board of Directors with respect to appropriate changes or modifications;
- recommending to the Board of Directors, the selection, engagement or dismissal of an Investment Manager;
- reviewing the Investment Manager's reports and reporting same to the Board of Directors.

DELEGATION:

The Board of Directors may authorize an Investment Manager to exercise any of the Board of Directors' functions relating to the investment of the Investment Assets to the same extent that a prudent investor, acting in accordance with ordinary investment practice, would authorize an Investment Manager to exercise any investment function.

The Board of Directors shall enter into a written agreement with the Investment Manager, which shall include a requirement that the Investment Manager comply with this Policy and a requirement that the Investment Manager report to the Board of Directors at regularly stated intervals.

The Board of Directors shall exercise prudence in selecting an Investment Manager, in establishing the terms of the Investment Manager's authority, and in monitoring the Investment Manager's performance to ensure compliance with those terms.

The Board shall monitor the Investment Manager's performance by:

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- (a) reviewing the Investment Manager's reports;
- (b) regularly reviewing the agreement with the Investment Manager and how it is being implemented, including considering whether this Policy should be revised or replaced and doing so if the Board of Directors considers it appropriate to do so;
- (c) assessing whether this Policy has been complied with;
- (d) considering whether directions should be provided to the Investment Manager or whether the Investment Manager's appointment should be revoked; and
- (e) providing directions to the Investment Manager or revoking the appointment where the Board of Directors considers it appropriate to do so.

The Investment Manager shall exercise the Board of Directors' functions relating to the investment of the Investment Assets:

- (a) with the standard of care expected of a person carrying on the business of investing the money of others;
- (b) in accordance with the agreement between the Board of Directors and the Investment Manager; and
- (c) in accordance with this Policy.

The Investment Manager shall not delegate its authority to another person.

PROCEDURES:

I. Investment Philosophy

The Organization holds Investment Assets for both long-term development purposes as well as for responding to current and changing needs.

These circumstances require an accumulating asset base as well as an annual return on that base and dictate the following general philosophy guiding the Organization's investing activities:

- A. Emphasis shall be on safety of the principal by minimizing risks from credit, interest, and/or liquidity factors.
- B. Investment diversification and portfolio rebalancing should ensure that over the medium-to-long term, sufficient investment return shall be retained to preserve and grow the economic value as a first priority and provide funds for the annual operating budget in an amount which is not subject to large fluctuations from year-to-year.
- C. Safety of principal shall be the emphasis for short-term investment of available operating funds. Investments shall be confined to interest-bearing accounts, money-market funds, Treasury Bills, and other short-term investments yielding reasonable rates of return.

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2. Guidelines for Investing

The investment goal of the Investment Assets is to achieve a total return (income and appreciation) of 5% after inflation, over a full market cycle (3-5 years).

Surplus operating funds (i.e., normally held in operating bank accounts) may be invested in short-term investments and are to be invested consistent with this policy and the operating needs of the Organization.

The following are allowable investment types:

1. Currencies

All securities selected must have a readily ascertainable market value. All investments are in primarily Canadian currency.

2. Investment types

(a) Short-term instruments:

- Cash;
- Demand or term deposits;
- Short-term notes;
- Treasury bills;
- Bankers acceptances;
- Commercial paper; and
- Investment certificates issues by Schedule I banks, insurance companies and trust companies.

(b) Fixed income instruments:

- Bonds;
- Debentures (convertible and non-convertible); and
- Mortgages and other asset-backed securities.

(c) Pooled or segregated funds containing:

- Canadian Equities
- Canadian Real Estate Investment Trusts ("REITs")
- U.S. Equities
- American depositary receipts (ADR)
- Canadian Bonds (from Canadian issuers)
- U.S. Bonds
- Canadian and U.S. Money Market Securities

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All investments will be limited to companies or governments that exhibit a moral, ethical, social and environmental responsibility. The investments will exclude any firms involved in weaponry, nuclear power, tobacco, alcohol or gambling.

3. Risk Tolerance

- (a) Term deposits or guaranteed investment certificates, not to exceed \$500,000, issued by “Schedule I” financial institutions and rated R-1 (short-term) or AA or higher (long-term) using the rating scale of the Dominion Bond Rating Services (DBRS).
- (b) Guaranteed investment certificates, not to exceed \$100,000 per issuer, issued by “Schedule I” financial institutions rated R-1 (short-term) or A or higher (long-term) using the rating scale of the Dominion Bond Rating Services (DBRS).
- (c) Money market funds that invest in securities approved under the above guidelines.
- (d) Fixed income investments will have a minimum service rating of A using the DBRS rating scale and be insured if possible with the Canada Depository Insurance Corporation (CDIC) or guaranteed by a Canadian government (federal or provincial). Not more than 5% of the fixed income portfolio will be invested in bonds of the same issuer and not more than 20% of the fixed income portfolio will be invested in bonds of issuers in the same industry.
- (e) The equity component of the portfolio will consist of high-quality equity securities traded on a North American stock exchange. The securities must be screened for above average financial characteristics such as price-to-earnings, return-on-equity, debt-to-capital ratios, etc. No more than 5% of the market value of the equity portion of the account will be invested in any one issuer. As well, not more than 20% of the equity portion of the account will be invested in stocks contained within the same industry. Prohibited equity investments include: initial public offerings, restricted securities, private placements, derivatives, options, futures and margined transactions. Proxy voting rights and corporate action rights on portfolio securities are delegated to the Investment Manager, except as otherwise provided by law.

4. Portfolio Mix

As a general guideline, 10% of the short-term investment assets should be convertible to cash with minimum risk of capital loss within a period of one year. It is understood such a requirement will be an extreme and rare occurrence.

Medium-to-long-term investment assets should be invested with no contemplated need to liquidate in less than two years from investment.

Cash and cash equivalents - Allowable range: Minimum 5%; Maximum 45% of total assets

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Fixed Income: Allowable Range - Minimum 35%; Maximum 75% of total assets

Equities: Allowable Range - Minimum 20%; Maximum 60% of total assets

5. Donor Restrictions

In all instances, donor intent shall be respected when decisions are rendered concerning the investment or expenditure of donor-restricted funds. If a donor, in the gift instrument, has directed that appreciation not be spent, the Organization shall comply with that directive and consider it when making decisions regarding the management and investment of the fund. Any attempt to lift restrictions on any fund shall be conducted in full compliance with the law.

6. Management's Role

Management (CEO or their delegate) shall be responsible for the day-to-day administration and implementation of policies established by the Board of Directors. Management shall also be the primary liaison between the Investment Manager and/or other outside professionals that may be retained to assist in the management of the Investment Assets.

In the case of short-term investments and/or in absence of an Investment Manager, the CEO or their delegate will action the investment decisions of the Board of Directors (e.g., purchase of term deposits and guaranteed investment certificates, etc.).

7. Accounting for Investments

All investments will be accounted in a manner consistent with Accounting Standards for Private Enterprises and when investing capital reserves and earnings on these reserves, the Organization will comply with the requirements of relevant legislation and associated regulations.