

	APPROVED INVESTMENT POLICY	POLICY NO.	19
		EFFECTIVE DATE	Sept 17, 2025
		REVISION DATE	

BVPA Mission

Our mission is to develop pickleball as a sport for all in the Bow Valley by promoting the health, physical and social well-being of its members through offering organized recreational and competitive play in an atmosphere of collegiality and sportsmanship.

Purpose

The purpose of this Investment Policy is to establish clear guidelines for the management of surplus funds for the Bow Valley Pickleball Association (BVPA, or the Association). These investments will ensure the financial sustainability of the Association, support future facility and program expansion, and align with the organization's mission described above.

This policy is designed to ensure alignment with Canada Revenue Agency (CRA) guidelines for nonprofit financial management and the Income Tax Act, and to avoid any activity that may jeopardize the Association's tax-exempt status.

Scope

This policy applies to all surplus funds held by the BVPA, including internally and externally restricted net assets designated for long-term growth. It applies to all investment activities undertaken by or on behalf of the Association, regardless of the fund source.

Investment Objectives

BVPA's investment portfolio shall be managed with the following objectives:

- **Preservation of capital** – The principal amount of investments should remain secure.
- **Liquidity** – Investments must allow access to funds within a reasonable time to meet financial needs.
- **Steady growth** – Investments must support long-term growth while avoiding unnecessary risk. Above-inflation results are considered opportunistic only and will be pursued through permitted low-risk vehicles (e.g., insured GICs, market-linked GICs with principal protection, T-bills, and short-duration investment-grade bonds).
- **Alignment with values** – Investments should align with BVPA's mission and ethical guidelines.
- **Asset allocation** – Allocate assets to maximize returns while ensuring liquidity for operational needs.

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These objectives shall be pursued within the context of a tiered approach to reserves, recognizing that different investment pools may have varying time horizons and purposes.

Investment Strategy, Permitted Investments, and Restrictions

1. Investment Approach

Given the Association's mission and nonprofit status, the investment strategy prioritizes low-risk, liquid, and highly secure investments. The following restrictions apply:

- **Permitted Investments:**

Asset Class	Investment Guidelines	Target Allocation	Risk Profile
Cash and equivalents (e.g., high-interest savings accounts)	Held in Canadian chartered banks, credit unions or provincially regulated institutions	20-40%	None
Guaranteed Investment Certificates (GICs) and term deposits	Insured under CDIC or provincial legislation	30-60%	Very low
Market-linked or structured GICs	Only from Canadian chartered banks, credit unions or provincially regulated institutions, and only where principal is fully protected	30-60%	Very low
Money market funds	Mutual funds invested in short-term, low-risk instruments	0-10%	Very low
Fixed income (bonds and treasury bills)	Canadian government or investment-grade corporate bonds	0-20%	Low

For market-linked GICs, "fully protected" means that principal is contractually guaranteed by the issuing institution and the product must also qualify as an eligible deposit under CDIC or provincial credit union insurance rules. Insurance eligibility, issuer status, and coverage limits must be documented prior to purchase, and aggregate deposit-insurance coverage across institutions will be monitored.

Total portfolio allocations must remain within the combined permissible ranges, ensuring that allocations across all asset classes sum to 100%. Allocations should reflect appropriate liquidity for each capital pool.

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- **Prohibited Investments:**
 - Traditional equities (stocks, ETFs, funds with stock exposure that do not guarantee principal protection)
 - Real estate
 - Alternative investments (hedge funds, private equity, derivatives, cryptocurrencies and other high-risk investments)
- **Responsible Investing:**
 - The Association will not invest in industries or sectors that contradict its mission.
 - The Treasurer will prepare a short annual briefing on the ethical and sustainability practices of our financial institutions using publicly available information; the Board will review and ratify the briefing.
- **No Borrowing:**
 - There will be no borrowing from any source to make investments.

2. Investment Selection Criteria

All investments must meet the following criteria:

- **Liquidity** – Easily accessible.
- **Low risk** – Rated investment grade or higher by Canadian rating agencies (DBRS, S&P, Moody's).
- **Regulatory compliance** – CDIC-insured or provincially guaranteed where applicable.
- **Competitive return** – Target to keep pace with or modestly exceed inflation using permitted low-risk vehicles; no equity-like or speculative exposure.
- **Investment time horizon** – Until the Liquidity Reserve Target is met, all investments will be made with a time frame of two years or less.

As the Association matures and surpluses continue to grow, the Board may create an additional pool for capital reserves with a time horizon of 3–5 years, subject to separate investment parameters and Board approval.

3. What to Invest

- **Restricted net assets** – Unless the Board determines it is likely to require additional operating funds from these sources, the Association will separately set aside and invest an amount equivalent to the (cumulative) internally- and externally-restricted net assets as set out in the Association's balance sheet at the end of the most recent fiscal year.

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- **Liquidity reserves** – Over and above the internally- and externally-restricted net assets, the Association will target maintaining one year’s worth of projected operating and program expenses as a financial reserve to preserve financial stability (Liquidity Reserve Target).

Until the Liquidity Reserve Target has been achieved, the Board will monitor progress toward this goal annually and prioritize allocating surpluses to strengthen the reserve.

Once the reserve is fully established, any use of those funds must be approved by a two-thirds majority vote of the Board and accompanied by a plan to replenish the reserve within a defined timeframe.

Governance and Oversight

Board Responsibility

The Board holds ultimate responsibility for overseeing the Association’s investments and ensuring adherence to this policy. The Board shall:

- Approve the Investment Policy and any amendments.
- Define investment strategy and risk tolerance in alignment with the Association’s mission.
- Ensure investments comply with nonprofit financial best practices and Canadian regulations. For BVPA, this means: (a) investments remain low-risk and liquid, (b) quality internal controls are applied, (c) the Board receives annual reporting on investments, and (d) this policy is reviewed at least every three years or earlier if required.
- Monitor investment performance and liquidity to support organizational needs.
- Approve any investment over \$10,000 in principal value.

Treasurer’s Responsibility

The Treasurer shall:

- Ensure investments adhere to the approved guidelines.
- Maintain proper records and financial reporting of all investment holdings.
- Report to the Board annually on investment performance, strategy and compliance.
- Execute individual investment transactions up to \$10,000 in principal value only in cashable GICs without Board pre-approval, subject to dual authorization and within policy guidelines.

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Custodianship & Account Management

- BVPA's investments will be held in accounts under the Association's name, at a Canadian financial institution(s) approved by the Board.
- The Board shall annually confirm authorized signatories.
- Only the Treasurer and one other designated officer may authorize investment transactions, requiring dual approval for withdrawals or transfers.
- The President and the Treasurer will review quarterly account statements.

Supporting tools, including an investment dashboard template, delegation of authority summary, and glossary of terms, are included as appendices to this policy to support implementation and oversight.

Compliance & Regulatory Considerations

- Ensure adherence to donor/grant restrictions and financial transparency standards.
- Avoid conflicts of interest by ensuring Board members do not directly benefit from investment decisions.
- Comply with CRA reporting requirements for nonprofit financial management.
- Ensure the Investment Policy complies with the Income Tax Act and CRA guidance related to investment income, unrelated business activity, and the preservation of nonprofit status. Structure investments to avoid jeopardizing the Association's nonprofit status.
- Roles in compliance: the Treasurer implements this policy and reports on compliance; the Board maintains overall fiduciary accountability and approves transactions above the Treasurer's authority.

Risk Management

To protect BVPA's financial security, the following risk mitigation strategies will be in place:

Risk Framework

- Ensure investments are within a low-risk profile and aligned with BVPA's Liquidity Reserve Target and capital-preservation objective.
- Avoid speculative or high-volatility investment vehicles.

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Market & Liquidity Risks

- If market conditions pose a risk of principal loss or liquidity constraints, the Board will convene a special financial meeting to reassess investment strategy.
- Funds may be reallocated to more secure investment vehicles if necessary.

Emergency Fund Protection

- Once the emergency reserve is fully in place, any investment decision that reduces the reserve below the one-year operating target must be approved by a two-thirds Board vote and must include a replenishment strategy.

Policy Review & Adjustments

This policy shall be reviewed by the Board at least every three years, or earlier if:

- BVPA's investable assets exceed \$150,000, requiring a reassessment of investment strategy.
- Market conditions, regulatory conditions or strategic needs necessitate a change.
- The Association begins receiving significant sponsorships, grants or other external funding requiring a shift in investment planning.

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Appendix A Quarterly Investment Dashboard Template

To support effective oversight, the Treasurer will present an annual investment dashboard to the Board. This summary will include asset mix, liquidity coverage, performance metrics, and responsible investing compliance.

Category	Current Status	Target / Benchmark	Notes
Total invested funds	\$XX,XXX	N/A	Include total of all accounts
Liquidity reserve status	\$XX,XXX (equivalent to X months ops)	12 months operating expenses	On track / building / below target
Restricted funds invested	\$XX,XXX	100% of restricted net assets	Confirmed based on latest FS
Asset allocation	e.g., 40% cash, 60% GIC	Within target ranges	Green / Yellow / Red flagging if needed
YTD investment return	X%	Benchmark: Inflation or GIC average	Brief comparison
Compliance issues	None	N/A	Note any concerns or exceptions

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Appendix B Delegation of Authority Summary

This table outlines roles, responsibilities, and approval thresholds under this policy, to guide decision-making and ensure internal controls are maintained.

Action	Who Can Approve	Notes / Conditions
Approve Investment Policy	Board (majority vote)	Required at least every 3 years
Amend Investment Policy	Board (majority vote)	May be triggered earlier based on thresholds
Select or change financial institutions	Board	ESG preference considered
Approve investment > \$10,000 principal	Board (majority vote)	Applies per investment product
Execute investment ≤ \$10,000 principal (cashable GICs only)	Treasurer + one other officer	Must be within policy; dual sign-off required
Use of reserve funds (once target is achieved)	Board (two-thirds majority vote)	Must include replenishment plan
Review account statements	Treasurer & President	Quarterly
Monitor reserve-building progress	Board	Annually; focus on surplus allocations
Present annual dashboard to Board	Treasurer	Include compliance, liquidity, and performance

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Appendix C Glossary of Terms

The following definitions are provided to assist current and future Board members in interpreting and applying this policy.

Term	Definition
Surplus funds	Any funds not immediately required for operational or programmatic use.
Restricted net assets	Funds designated for specific purposes by external stakeholders or board decisions.
Liquidity reserve	Cash or near-cash held to cover one year of expected operating and program expenses.
CDIC	Canada Deposit Insurance Corporation — insures eligible deposits at banks.
GIC (Guaranteed Investment Certificate)	A fixed-term deposit that guarantees principal and pays interest.
Market-linked GIC	A GIC whose return depends on market performance but still protects principal.
ESG (Environmental, Social, Governance)	Criteria used to evaluate ethical or sustainable financial institutions.
Benchmark	A standard (e.g., inflation, fixed income index) used to compare performance.
Asset allocation	The percentage of total investment funds allocated to different asset classes.
Principal	The original amount of money invested, excluding interest or returns.

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Revision History

Date	Rev. No.	Change

References

Bow Valley Pickleball Association Bylaws