



Trust Account Management Policy

Category: Financial;

Jurisdiction: Vice President, Administration and Finance; Board Finance & Operations Committee

Approval Authority: Board of Governors;

Established on: January 30, 2015;

Amendments: March 2, 2017; September 29, 2022

1. Preamble

- 1.1 Lakehead University actively seeks and welcomes donations in support of the activities of the institution. The Board of Governors of the University (“Board”) has the responsibility to administer the trust accounts.
- 1.2 This policy applies to all Lakehead University trust accounts unless specifically exempted by the Board.
- 1.3 This policy is subject to and consistent with the Statement of Investment Policies and Guidelines for Trust & Endowment Funds and the Statement of Investment Policies and Guidelines for Restricted Internal Funds.

2. Purpose

The purpose of this policy is to describe the objectives and principles by which the University’s Non-Endowed Trust Accounts (Trust Accounts) are established, maintained and administered.

3. Definitions

- 3.1 Donor Trust Account: Funds received for the purpose of financing an ongoing scholarship, bursary, award or other commitment from the donations and interest

income. E.g. A donation designated to provide a scholarship award until the donation and interest income are fully depleted.

- 3.2 Donor Annual Trust Accounts: Funds received annually for the purpose of financing an annual scholarship, bursary, award or other commitment. E.G. A donation designated to provide an award received and disbursed within the year. Due to the short-term nature, no income is allocated to these funds.
- 3.3 Other Trust Accounts: Funds received from general revenue, capital or other sources for the purpose of meeting certain commitments not to be considered as endowments E.g. department lecture series.
- 3.4 Interest Income: Funds deposited in the trust bank account will earn income calculated using the monthly bank interest rate.
- 3.5 Net Investment Return: The total gains and losses of the Non-Endowed Trust Pool after deducting the investment, fund management and administrative fees. The total gains and losses will include interest income, dividend income, realized and unrealized investment income and losses.

4. General Principle

This policy applies to all Lakehead University Trust Accounts unless specifically exempted by the Board of Governors.

5. Policy Objectives

- 5.1 The University is committed to using the Trust Accounts to advance the objects and purposes of the University as designated in the gift agreement.
- 5.2 The assets of each individual Donor Trust Accounts and Other Trust Accounts are combined into a “Non-Endowed Trust Pool” for the purpose of investments unless otherwise specified.
- 5.3 Donor Trust Accounts and Other Trust Accounts held for less than 5 years will be held in the trust bank account where they will earn interest income.

- 5.4 Donor Trust Accounts and Other Trust Accounts held for 5 or more years will be invested in medium and longer-term investment strategies and will earn net investment income.
- 5.5 Income will be allocated to the Donor Trust and Other Trust Accounts based on the actual interest income and net investment income earned.
- 5.6 Costs related to the investment, fund management and administration should be covered by the interest and investment income.

6. Allocation of Income

At the end of each fiscal year, the actual interest earned and net investment return is determined and an amount is deposited in each Donor Trust and Other Trust account.

7. Disbursement of Trust Funds

The funds will be disbursed based on the established intentions of the trust account. In the final year, the disbursement will be adjusted to fully utilize the balance and collapse the trust account.

8. Policy Review

The Vice-President (Administration & Finance) will review this policy within two years to determine whether amendments are necessary.

9. Policy Interpretation

The Associate Vice-President, Financial Services is responsible for clarifying all aspects of this policy as required.

10. Other Related Policies

This Policy should be read and interpreted in conjunction with the Statement of Investment Policies and Guidelines for Trust and Endowment Funds and the Statement of Investment Policies and guidelines for Restricted Internal Funds.

10.1 This policy supersedes any previous practices and agreements applied to Trust Funds where such agreements allow.

Review Period: 2 years;

Next Review Period: 2023-2024;

Related Policies and Procedures: Statement of Investment Policies and Guidelines for Trust and Endowment Funds; Statement of Investment Policies and Guidelines for Restricted Internal Funds;

Policy Superseded by this Policy: Trust and Endowment Management Policy – January 30, 2015

The University Secretariat manages the development of policies through an impartial, fair governance process, and in accordance with the Policy Governance Framework. Please contact the University Secretariat for additional information on University policies and procedures and/or if you require this information in another format:

Open: Monday through Friday from 8:30am to 4:30pm;

Location: University Centre, Thunder Bay Campus, Room UC2002;

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