

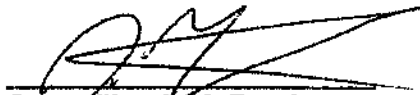
K'ómoks First Nation
Spending Policy for
Disbursements from KFN Institutional Investment Funds

Approval date:

Effective date:

The undersigned hereby certify that this Statement of Investment Policies and Procedures was adopted by the Council


Chief Nicole Rempel


Councillor Josh Frank


Councillor Sharlene Frank


Councillor Melissa Quocksister

February 5, 2018
(Date)

K'ómoks First Nation

Spending Policy for Disbursements from KFN Institutional Investment Funds

TERMS

KFN

K'ómoks First Nation

Investment Policy

The KFN Statement of Investment Policies and Procedures, adopted by Council on _____

Investment Fund, Funds

The "Institutional Investment Fund" held in respect of the K'ómoks First Nation (the "KFN"). The investment Fund may be comprised of multiple, separate funds

Disbursements from the Funds

Distribution of dividends, capital appreciation and interest income from the Investment Fund (see Section III of the Investment Policy).

1. PURPOSE

The purpose of this policy is to establish the:

- a) Maximum level of disbursements that can be made in any one fiscal year from the Investment Fund,
- b) Authority and process for making those disbursements, and
- c) Process that will ensure that disbursements are used solely for the purposes for which the Funds were intended.

2. OBJECTIVES

KFN's spending policy is to meet the following objectives:

- a) To ensure that the real value (i.e. purchasing power) of the revenue stream does not decline over the long term.
- b) To ensure that the real value (i.e. purchasing power) of the Funds does not decline over the long term.
- c) To provide current programs as set out in the Policy with a predictable and relatively stable stream of revenue.

3. POLICY

3.1 Maximum Level of Disbursements

The capital of the Investment Funds is to be preserved (adjusted for inflation in the long term) Accordingly, any disbursement from the Funds is to be limited so as to provide for the preservation of capital.

The Fund distribution rate is set by the Finance Committee in terms of section 3.2 of the Investment Policy and approved by KFN Council. In any fiscal year, the aggregate of a) disbursements and b) management and other fees charged to the Funds in the previous fiscal year, shall not exceed the Fund distribution rate.

Disbursements are limited as provided in the previous paragraph so that income will be capitalized in years when income exceeds disbursements so that disbursements can be made as provided above in years when income is less than disbursements.

3.2 Authorization of Disbursements

Other than fees which are charged to the Funds as provided for by the Investment Policy, no disbursement from the Funds will be made unless authorized by resolution of the KFN Council.

4. Allocation of Disbursements

When the KFN Council approves the Fund distribution rate, it approves the percentage of the market value of the investment Funds that can be disbursed in that budget year. This amount will be allocated to programs in each of the following categories by the Band Administrator, in the proportion set out in Appendix A.

Allocation percentage will be reviewed annually by KFN Council (at the start of a new fiscal year), and Appendix A will be updated to reflect any changes. In reviewing the allocation percentage, Council will consider:

- Program budget needs as identified by the Band Administrator
- Current community priorities as identified by the community and Band Administrator
- Current operational needs of the Nation as identified by the Band Administrator

5. Internal Audit

Each fiscal year the Finance Committee will oversee an audit of the disbursements from the Funds. This is to ensure that disbursements are used for, and only for, the purposes for which the amounts were allocated and to ensure that the amounts were used in accordance with any restrictions placed upon them.

This audit will be considered sufficient if it involves an examination of 10% of the accounts, randomly chosen, in each of the various categories of accounts which make up the allocations, representing at least 20% of the total value of the disbursements.

The Auditor will prepare a written report for the KFN Council on the results of the audit. The Band Administrator will be responsible for ensuring that the audit report is accompanied by a written report on the disbursement process (successes and challenges). This report is to be provided to Chief and Council and the community on and off reserve.

6. Results of Non-Compliance

At the discretion and recommendation of the KFN Council, if funds were not used for the purposes for which they were allocated, the following year the monies will be replaced by the Band Administrator from the appropriate KFN program to the Fund. Consistent non-compliance (more than two consecutive years) will result in an inquiry and evaluation. The evaluation process will be directed by the KFN Council.

7. Policy Review

This Policy will be reviewed by Council every two (2) years after its approval. The Band Administrator will provide an evaluation process that involves previous audits (up to 5 years) as well as a short survey from staff on how the spending policy meets their program needs and priorities of members.

APPENDIX A

Allocation of Disbursements (Sample)

This Allocation of Disbursements is valid for the 2018/2019 fiscal year, as approved by Council on _____.

CATEGORY	EXAMPLES	PERCENTAGE
Member Dividends	Annual payment to members	25%
Member Emergency Expenses	Funeral and/or burial expenses up to \$3,000 with invoice; medical and dental costs not covered by Health Programs up to \$2,500 annually including medical equipment	10%
Youth	Employment, Summer programs, Training, Drivers Lessons; Volunteering, Recreation	15%
Culture	KFN Languages, Traditions, Tribal Journeys, History, Elders Gathering	5%
Infrastructure	Water, sewer, buildings	15%
Environment	Estuary Management, Watercourse restoration, Guardian program	5%
Education	Post-secondary fees/allowances; tutors	15%
Governance	Capacity Development for staff and Council; Policy and By-Law Development	5%
Elder Support	Yard maintenance (snow removal, grass cutting) elders programming; travel for medical appointments, elders gathering, etc	5%