

## POLICY TYPE: OPERATIONAL BOUNDARIES

### 2-07 Reserves Policy

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#### BACKGROUND

The College of Opticians of Ontario (COO) Board recognizes that the COO requires reasonable financial reserves in order to mitigate the impact of potential operating and financial risks to the organization in the future. The reserve funds serve as one of the means for mitigating these risks. The establishment of reserve funds also meets financial planning best practices.

#### POLICY

The Registrar, CEO may not:

1. Operate without establishing and maintaining a reserve fund with assets which are segregated from the general operating fund (the “Reserve Fund”);
2. Fail to maintain the following minimum amounts in the Reserve Fund (the “Required Reserve”):
  - a. An amount equal to 6 months operating expenses, which shall be re-calculated annually based on the previous 12 months operating expenses (the “Operating Contingency”); and
  - b. An amount equal to 4 times the maximum award which can be made under the *Regulated Health Professions Act* by the COO to a person in connection with allegations of sexual abuse by registrants (the “Funding for Therapy and Counselling for Sexual Abuse Fund”);
3. Fail to establish a minimum amount that must be maintained in a discretionary reserve, which shall be determined on an annual basis and reported to the Board in the annual budget (the “Discretionary Reserve”). The Discretionary Reserve may include general reserve funds as well as such other discretionary reserve funds as may be considered appropriate by the Board.
4. Fail to specify the intended uses for the Reserve Fund, which uses shall be approved by the Board (the “Intended Uses”);
5. Utilize any of the Reserve Fund for reasons other than the Intended Uses without Board approval;
6. Fail to make annual reports to the Board regarding Reserve Fund balances, projected contributions and planned expenditure withdrawals;
7. Fail to report to the Board by no later than the next Board meeting where the amount in the Required Reserve has reached the following levels:
  - a. Operating Contingency: 10% or more below the minimum amount set out in section 2(a), above; and/or
  - b. Funding for Therapy and Counselling for Sexual Abuse Fund: 25% or more below the minimum amount set out in section 2(b), above;
8. Fail to invest monies in the Reserve Fund in accordance with the COO’s Investment Policy; or
9. Without prior Board approval, use any investment income accrued in the Reserve Fund in any manner other than re-allocating it to the Reserve Fund.