College of Opticians of Ontario

BRIEFING NOTE

TO: **Board of Directors**

FROM: **Fazal Khan, Registrar**

DATE: **November 30, 2026**

SUBJECT: **Reserves Policy (2-07) Monitoring Report**

☐ For Decision ☐ For Information ☒ Monitoring Report

Purpose:

To provide the Board with a monitoring report on the Reserves Policy, in accordance with the monitoring report schedule approved by the Board.

CEO Interpretation and Evidence:

The Reserves Policy **(2-07, previously 2-15)** was approved by the board in May 2018.

The information contained in this monitoring report represents compliance with a reasonable interpretation of the policy. The monitoring report covers the period from January 2026 to December 2026. The next Reserves Policy Monitoring Report is due in December 2027.

Policy Requirement	Interpretation and Evidence
Reserve Fund	As reported in the College's audited 2025 financial statements, presented to the Board in June 2026, the College maintained a reserve fund totaling $6,341,957 as of December 31, 2025, segregated from the general operating fund. The reserve fund consisted internally restricted funds designated for therapy and counselling, and unrestricted funds allocated across invested capital assets, operating contingency, unauthorized practice contingency, premises contingency, strategic initiatives contingency, and general reserves.
Required Reserve	The College maintains an Operating Contingency Reserve of $3,500,000, representing approximately 12 months of operating expenses. In June 2025, the Auditor recommended increasing the Operating Contingency Reserve to cover 12 months of operating expenses, consistent with practices at comparable organizations. With operating expenses projected to approach $3.9 million under the proposed 2027 budget, the Board may wish to consider increasing the Operating Contingency Reserve to $4 million to maintain approximately 12 months of coverage.

	The College also maintains a reserve of $96,360 for Funding for Therapy and Counselling for Sexual Abuse, equivalent to four times the maximum award permitted under the Regulated Health Professions Act.
Discretionary Reserve	As part of the 2026 budget approval process in December 2025, the Board reviewed the discretionary reserve allocations and determined that the existing amounts were sufficient. In June 2026, the Board also reviewed and approved the 2025 audited financial statements, which reported a General Reserve balance of $1,274,785 as at December 31, 2025.
Intended Uses	The College maintains contingency reserves to mitigate potential operational and financial risks, with the use of these funds subject to Board approval. The Funding for Therapy and Counselling for Sexual Abuse Reserve is designated to provide financial assistance to individuals in connection with allegations of sexual abuse by registrants, in accordance with the *Regulated Health Professions Act*. As of November 30, 2026, no payments have been made from this reserve during the fiscal year.
Use of Reserves	The College is projected to end the 2026 fiscal year with an operating surplus and does not anticipate requiring any withdrawals from its reserve funds to support operations.
Investment	The College's reserve funds have been invested in accordance with its Investment Policy, under the guidance of a licensed investment advisor and with the approval of the Deputy Registrar and General Counsel and the Registrar, CEO. Investments are diversified across multiple financial institutions to balance capital preservation with investment returns. Funds are held in CDIC-insured institutions, with interest rates ranging from 2.55% to 3.55%. Investment income earned on reserve funds is retained within the Reserve Fund in accordance with the Reserves Policy.
Reporting	Throughout the 2026 fiscal year, the College's reserve balances have remained above the reporting thresholds established under the Reserves Policy. The Operating Contingency Reserve has not fallen 10% or more below its required minimum, and the Funding for Therapy and Counselling for Sexual Abuse Reserve has not fallen 25% or more below its required minimum. As of November 2026, no withdrawals have been made from the General Reserve.

Public Interest Considerations:

The Reserves Policy supports the public interest by ensuring the College maintains sufficient financial resources to sustain its operations and fulfill its regulatory mandate, including registration, quality assurance, investigations, and professional conduct activities. Maintaining adequate reserves allows the College to respond to unforeseen financial and operational challenges without compromising its ability to protect the public. The policy also promotes responsible financial stewardship and long-term organizational sustainability.

Diversity, Equity, and Inclusion Considerations:

The Reserves Policy supports diversity, equity, and inclusion by ensuring that financial resources are available to respond to the needs of individuals who may face barriers or require additional support from the College. In particular, maintaining dedicated funding for therapy and counselling for individuals affected by sexual abuse by registrants helps support equitable access to these services. Adequate reserves also provide the College with financial flexibility to respond to emerging accessibility and equity related needs while maintaining its core regulatory responsibilities.

Risk Management Considerations:

The Reserves Policy supports effective risk management by ensuring the College maintains sufficient financial resources to respond to unforeseen operational and financial challenges without disrupting its regulatory responsibilities. Maintaining adequate reserves helps mitigate risks associated with unexpected expenditures, fluctuations in revenue, and emerging financial obligations. Regular monitoring of reserve balances, prudent investment practices, and annual reviews of reserve requirements support the College's long-term financial stability and ability to respond to changing circumstances.

Recommendations/Action Required:

The Board is asked to provide comments and feedback on the following questions:

1. Was the Registrar, CEO's interpretation of the Reserves Policy reasonable?
2. Did the Registrar, CEO comply with the policy, as reasonably interpreted?