

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Fazal Khan, Registrar

**DATE:** December 2, 2025

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

☒ Monitoring Report

☐ For Decision

☐ For Information

**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 2025 to December 2025. The next Reserves Policy Monitoring Report is due in December 2026.

Policy Requirement	Interpretation and Evidence
Reserve Fund	A reserve fund valued at \$5,929,610.00 CAD remained segregated from the general operating fund at the end of the beginning of the fiscal year. This amount was further split into restricted and unrestricted funds, and presented to the Board by the Auditor in June 2025.
Required Reserve	The 2025 fiscal year is trending to end with enough funds to cover 12 months of operations (\$3,200,000) as a contingency fund, and an amount equal to 4 times the maximum award (\$96,360) which can be made under the <i>Regulated Health Professions Act</i> by the COO to a person in connection with allegations of sexual abuse by registrants. In June 2025, the Auditor recommended to the Board that the Operations Reserve be increased to cover 12 months of operations in line with other organizations of similar size/industry.
Discretionary Reserve	At the presentation of the 2023 Budget in December 2022, the Board approved that the discretionary reserve amounts were sufficient and there was no required change to the fund allocation at this time.
Intended Uses	Contingency funds are to be used as a means of mitigating operational and financial risks, as approved by the Board. Funding for Therapy and Counselling for Sexual Abuse funds are to be granted by the College to a person in connection with allegations of sexual abuse by registrants. As of November 30, 2025, the College has not paid for therapy and counselling for survivors of sexual abuse.

Use of Reserves	The College is operating with a projected surplus for the 2025 year-end and will not require the use of additional reserve funds.
Investment	Funds have been invested in accordance with the COO's 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. The funds have been allocated over several institutions to balance yield vs capital preservation, with investments in CDIC insured institutions at rates ranging from 2.45%- 3.45%
Reporting	Reserve funds have not reached levels of 10% or more below the minimum amount set for Contingency, or 25% or more below the minimum amount set for Funding for Therapy and Counseling for Sexual Abuse during the fiscal year. As of November 2025, no funds from the General Reserve have been used.

#### **Public Interest Considerations:**

This policy serves the public interest by ensuring that reserves are sufficient to see the College is able to operate continuously. It optimizes reserves placement, controls costs, and plans for long-term needs. It also involves ensuring fair distribution of benefits, complying with legal standards, and promoting sustainable resource management for future operations. These elements help align reserve management with broader societal goals and public welfare.

#### **Diversity, Equity, and Inclusion Considerations:**

DEI considerations include ensuring funds are set aside for the potential support of RO's outside of the regular operations. Consideration should be put to assess funds set aside for therapy and counselling.

#### **Risk Management Considerations:**

The policy supports the Board's ability to manage risks by ensuring that it addresses market volatility, environmental and social impacts, operational challenges, and reserve replacement to ensure long-term sustainability. Regular reviews, updates, and scenario planning are essential for adapting to changing conditions and maintaining reliable, compliant, and economically viable reserves.

#### **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?

## POLICY TYPE: OPERATIONAL BOUNDARIES

### 2-07 Reserves Policy

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#### BACKGROUND

The College of Opticians of Ontario (COO) Board of Directors 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 12 months operating expenses, which shall be re-calculated annually based on the previous 12 months operating expenses (the "Contingency Fund"); 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 a registrant (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").
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. Contingency Fund: 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.