

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Fazal Khan, Registrar

**DATE:** December 6, 2021

**SUBJECT:** 14.1 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 2021 to December 2021. The next Reserves Policy Monitoring Report is due in December 2022.

Policy Requirement	Interpretation and Evidence
Reserve Fund	A reserve fund valued at \$4,451,035.00 CAD remained segregated from the general operating fund at the end of the beginning of the fiscal year.
Required Reserve	The 2020 fiscal year ended with sufficient amounts in the fund to cover 6 months of operations (\$1,300,000) 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.
Discretionary Reserve	At the presentation of the 2021 Budget in December 2020, the Board approved that the discretionary reserve amounts were sufficient.
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 October 31, the College has provided \$2,200 in funding for therapy and counselling for survivors of sexual abuse.
Use of Reserves	At the presentation of the 2021 budget, the Board approved the use of \$817,426 to offset the financial impact of reducing registration fees for pandemic relief.

Investment	Funds have been invested in accordance with the COO's Investment Policy under the guidance of a Licenced Financial Advisor and with the approval of the Deputy Registrar and General Counsel, and the Registrar, CEO. The funds have been allocated to the following GICs: RFA Bank of Canada (0.85%), Concentra Bank (0.77%), Haventree Bank (0.72%), People's Trust (0.71%), BMO (0.46%), BMO Trust (0.46%), BMO Mortgage Co (0.46%)
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 October 2021, the full allowance of \$817,426 from the General Reserve has not been used. At the presentation of the December 2021 financials, the Board will be provided with a report on the status of the General Reserve and a new schedule for replenishment.

**Recommendations/Action Required:**

To provide feedback to the Registrar on achievement of the policy as demonstrated by the monitoring report.

## 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.