

Type of policy: Operations	Approved by: Council
Date approved: March 25, 2021	Next review date: March 2024
Amendment Dates:	

Executive Limitations Policy: Reserve Fund

Purpose

The purpose of the Reserve Fund policy is to help ensure the long-term ability of the College of Registered Psychotherapists of Ontario to fulfill its mandate of public protection.

Policy

CRPO will maintain the reserve to achieve the following objectives:

- To manage cash flow and maintain financial flexibility
- To enable the organization to sustain operations through delays in payments of committed funding
- To ensure adequate funds are available to carry out the College's mandate through the full disposition of all complaints and reports and requests for funding from the sexual abuse therapy fund.
- To pay for one-time, nonrecurring expenses that will build capacity

Procedure

The Reserve Fund is defined as funds set aside by action of the Council. Its ongoing oversight is delegated to the Executive Committee.

The reserve fund shall be established as follows:

1. The minimum amount to be designated for the Reserve will be established as an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months.
2. The Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.
3. The Reserve will include restricted and unrestricted funds.
4. The target minimum unrestricted Reserve Fund is equal to a minimum of six months of the approved operating expenses on average for the prior fiscal year.
5. The calculation of average monthly operating expenses includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation.

6. The target minimum restricted reserve fund will include funds:
 - i. In accordance with O. Reg. 59/94: Funding for Therapy or Counselling for Patients Sexually Abused by Members funding to reimburse potential applicants who have been sexually abused by a Registered Psychotherapist with the necessary funds for therapy and counselling, for all cases involving allegations of sexual abuse brought before the college in the previous year.
 - ii. Equal to the minimum estimated as being required to dispense with all prior year's complaints and reports
7. The amount of the Reserve Fund target minimum will be calculated each year as part of the annual budgeting process. This amount will be reported to the Executive Committee.
8. The Reserve Fund will be funded annually with surplus unrestricted operating funds.
9. The Council may from time to time direct that a specific source of revenue be set aside for its reserves.
10. The Reserve Fund will be funded and available in cash or cash equivalent funds, in accordance with the risk preferences, liquidity needs and investment objectives of CRPO.
11. If the Reserve is and has been less than 100% of the target reserve minimum for two consecutive years, the Council will adopt an operational budget with a projected surplus sufficient to rebuild the Reserve Fund to its targeted reserve level over a prescribed number of years.
12. The Registrar and staff will identify reasons for accessing the reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. As a part of this process, the Registrar will:
 - Analyze the reason for the needed funds
 - Create a plan for shortfalls
 - Assess the availability of and need for any other sources of funds before using
 - Evaluate the time period that the funds will be required, and then replenished.
13. The Registrar is responsible for ensuring that the Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Reserve, the Executive Director and finance staff will maintain records of the use of funds and plan for replenishment. The Registrar will provide regular reports to the Executive Committee of progress to restore the fund to the target minimum amount.
14. This policy will be reviewed every year/every other year at minimum, by the Executive Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Executive Committee to the Council.