

*Effective Date: January 2025*

*Review Date: January 2026*

## ***Reserves Policy***

### **1. PURPOSE**

The purpose of the OMA's Reserves Policy is to ensure the stability of the mission, programs, employment and ongoing operations of the OMA, as well as to ensure financial reserves held at the OMA are appropriate and reasonable and are reviewed on an annual basis during the development of the following year's budget.

### **2. SCOPE**

This policy is applicable to all operations of the OMA. The focus is on Reserve Funds held at a point in time (typically at the close of the fiscal year) and the application of those reserves in achieving strategic priorities and addressing risks.

### **3. DEFINITIONS**

**Reserve Funds** - a distinct pool of net assets that the organization manages to achieve a specified set of objectives (whether planned or unplanned).

### **4. PRINCIPLES**

**4.1** Reserve Funds target ranges are between one year of operating budget to a maximum of one and a half year.

**4.2** When reserves fall below or go over the target range established by policy, Finance department will provide regular updates to the Finance and Audit Committee (FAC) on actions undertaken until the reserves return to compliance with the target range.

### **5. RESPONSIBILITIES**

The Finance department is responsible for the overall management of this Policy including Policy education, monitoring, implementation, and amendments.

**5.1** Finance department is responsible for ensuring that all Reserve Funds are monitored and reviewed annually and that balances align with strategic priorities and informed by risk assessments. This ensures that across the organization funds are used for the purposes for which they were intended.

**5.2** Finance department is required to annually provide appropriate reports to the FAC. This ensures transparency and effective monitoring.

## **6. POLICY**

### **6.1 Operations**

#### **6.1.1 Short term financial solvency**

At all times the Association should have on hand sufficient funds to meet its current obligations.

#### **6.1.2 Major new initiatives or services**

Strategically important initiatives can arise quickly and without warning and may require substantial investment that has not been foreseen during the budget process.

### **6.2 Negotiations**

Costs of negotiating and implementing an agreement vary materially from year to year over the usual four-year life of an agreement. Funds are raised in the first two years of the cycle and are normally drawn down for use in the last two years. This reserve is based on projections for negotiations, then Mediation or Arbitration and then commencement of implementation and considers the risk that actual costs may exceed the projected amount.

### **6.3 Insurance Reserve Funds**

The OMA Insurance programs are operated for the ultimate benefit of the participants in the insurance programs. These funds and the related investment earnings will be held in the Insurance Reserve for the sole purpose of enhancing the insurance benefits available to OMA members, and to subsidize insurance premiums for OMA insurance program participants. No refund or distribution of any portion of these funds will be made to any members of the OMA.

### **6.4 Contingencies**

#### **6.4.1 Legal actions**

A significant lawsuit arising out of issues relating to physician incomes would incur material costs of defense in excess of that covered by liability insurance. OMA may be subject to various other legal claims arising from time to time in the normal course of operations.

#### **6.4.2 Loss of mandatory dues**

OMA is dependent for revenue on dues paid by practicing physicians in Ontario, who are mandated by law to pay OMA dues. This mandate consists in an Act of the Legislature of Ontario, which could withdraw it by repealing the Act at any time. It is estimated that circumstances which would lead the Legislature to repeal the OMA's right to mandatory dues would also lead to disaffection among the medical profession.

Loss of mandatory dues would therefore result in a permanent impairment in revenue. Funds would be required to achieve an orderly contraction of operations to permit the OMA to continue serving its members with a revised mandate.

#### **6.4.3 Protracted conflict with government**

A protracted conflict could arise from negotiations with government for a Master Agreement for physician's services (reflecting either more difficult negotiations or obtaining an agreement with a very short term) or from significant policy issues. Such a conflict would entail an expanded public advocacy advertising campaign, numerous meetings with the Physician Leaders, Negotiating Committee, Board, extensive external legal advice, and a Charter challenge.

#### **6.4.4 Loss of government contracts**

The OMA's lease at 150 Bloor expires in February 2024. Failure by the government to renegotiate the EMR Funding Agreement between OMD and MoHLTC could result in significant exposure to losses on subletting the space used by OMD for the remainder of the lease term.

#### **6.4.5 Pension plan interest rate sensitivity**

The OMA's DB pension plan has been closed to new entrants and it is expected that as the plan members age, de-risking strategies will be implemented to gradually reduce the exposure to return generating equity investments.

#### **6.4.6 Winding up the Association**

In the event that the OMA were no longer viable as an organization, funds would be required to achieve an orderly wind up of its affairs.

#### **6.4.7 IT systems, Cybersecurity and fraud**

In the event of a malicious attack on the OMA, amounts will be set aside to cover potential financial losses from IT and cybersecurity threats which may impact the operations of the OMA through the loss of data or secure and sensitive information. Amounts have been set aside which correspond to the insurance deductible from such losses.

## **7. ANNUAL REVIEW OF RESERVES**

Each year during the development of the following year's budget, the Finance and Audit Committee (FAC) will review the status of the reserves. For this purpose, the reserves position will be defined as Net Assets, both internally restricted and unrestricted, excluding amounts invested in capital assets.

In so doing, the FAC will consider:

- Whether the contingencies identified in this Policy still exist and whether new contingencies have arisen that should be included in this Policy
- Updated estimates of the funds needed to protect the OMA against the contingencies identified in this Policy
- The reserves position at the end of the last fiscal year

Based on its analysis, the FAC will recommend to the Board any measures needed in the budget then being developed to adjust the amount of funds held in reserve.

## 8. DOCUMENT ROLES/ACTIONS

POSITION	ACTIONS
CEO	Approve operating policies and/or procedures.
Senior Management Team	Provide guidance on Policy/procedure.
Records Management	Maintain original documentation for archiving.

Author: Ali Mirza, Controller

\_\_\_\_\_  
*March 26, 2025*

\_\_\_\_\_  
*Approved By: CEO*

\_\_\_\_\_  
*Approval Date*

*March 26, 2025*

\_\_\_\_\_  
*Approved By: Chair of the Board*

\_\_\_\_\_  
*Approval Date*

***Reserves Policy approved by the OMA Board of Directors  
 March 26, 2025***