

**Society of Saint Vincent de Paul  
Greater Toronto Central Council**

**Policy 25**

**Policy and Procedures on Reserve Fund Management of  
Accumulated Operating Surpluses**

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**Approved by: Board of Directors**

**Reviewed: April 22, 2026**

**In Effect: March 11, 2025**

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**1 POLICY**

The corporation restricts portions of its accumulated surplus to provide funds to meet risks to its financial position, future and health that it has identified. These restricted funds are set up, modified and removed by the corporation's directors. The restricted funds are invested in accordance with the corporation's investment policy.

**2 PURPOSE**

GTCC believes that operational surpluses must be carefully managed to support growth, ensuring financial health and stability, and to mitigate risk. Accumulated Operating Surplus is the cumulative excess of operating revenues over operating expenses. The Board considers any Accumulated Operating Surplus balance as a resource to address funding pressures, one-time costs or unforeseen expenditures and to assist with staff retention, within the Greater Toronto Central Council.

**3 PROCEDURES**

The management of Accumulated Operating Surpluses will be reviewed and considered annually with the development of the annual budgets. Consideration for internally restricting funds, can be identified by management, committees, or the Board.

The Finance Committee will review reserve proposals and their priority and submit recommendations to the Board.

A list of current Internally and Externally Restricted funds is available in Appendix A.

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*Appendix A follows*

# Appendix A

## Internally Restricted Funds

The Society's Board of Directors (the “Board”) have created the following internally restricted funds by transfer from the Unrestricted Fund.

### (i) Operating Reserve

This fund will be used to mitigate any financial impact from unforeseen risk or circumstances related to funders no longer funding the programs or services (i.e. wind-down) that could negatively impact the staff and resources allocated to managing the existing program and services.

The target reserve will be 1 – 3 months of salaries/operating expenses.

### (ii) Future Cash Flows Reserve

The fund will be used to mitigate any financial impact from unforeseen risk or circumstances related to future lower than expected funding, donations, etc. that could negatively impact the resources allocated for program and services. The reserve shall be funded from any remaining excess accumulated operating surplus once all other reserves are considered.

The Board may approve the use of these funds for the purposes under the following circumstances:

1. Future operating deficits;
2. Employee compensation, retention, or severance
2. Initial one-time outlays for new programs and services;
4. The Financing of one time capital projects not included in the Capital Budget Reserve
  - The replacement of equipment, upgrade or protection of facilities;
5. The funding of unforeseen new cost pressures
6. Debt retirement
7. Other

### (iii) Capital Budget Reserve

The Board established this fund for specific budgeted capital projects. In each year, funds are used for capital purchases and projects as previously approved by the Board and funds are derestricted if the planned purchase or project does not occur or was under budget

This budget is revised annually based on capital requirements and brought to the committee for recommendation to the Board as part of the annual budget process.

(iv) Insurance Deductible Reserve

The objective of this fund was to reduce insurance costs through the increase of the insurance deductible which would be paid out of this fund. Upon renewal of the insurance policy in December 2022, a fund was established to restrict amounts equal to the savings from increasing the insurance deductible. Work continues on this objective.

(v) Conference Assistance

As of fiscal 2014, due to the continuing economic difficulties, the Board restricted amounts from the unrestricted fund for conferences that require financial assistance.

This is maintained at \$30,000 and reviewed annually

(vi) Mimico project

On April 15, 2024, the Board established this fund from the unrestricted fund in support of expenses related to the continuing development of the Mimico Housing Project.

This is maintained at \$80,000 and reviewed annually.

**Externally Restricted Funds**

(i) Marygrove Camp

These funds and any specified fundraising for Marygrove Camp is to be used for the purpose of continuing to develop the camp.

(ii) Replacement reserve - MCCSS

This fund is an appropriation annually from operations for DePaul and Vincent Houses as approved by MCCSS.