




Policy Title: FINANCIAL HEALTH		Policy Section: II Executive Limitations		Policy Number: II-10
Approved By: Board of Directors	Date Approved: February 13, 2026	Date Reviewed/ Revised:		Chair's Signature: 

PURPOSE

This policy has been created by the Board to provide risk and values boundaries for the Registrar & CEO regarding the leadership and management of the financial health of CMLTO (including parameters regarding financial planning, management, condition, and monitoring).

POLICY

The Registrar and CEO shall not operate the organization in a manner that places its financial health and sustainability and the related public accountability at unreasonable risk.

Further, the Registrar & CEO will not operate without:

FINANCIAL PLANNING AND BUDGETING

1. Aligning financial planning/budgeting, financial operations, and the resulting financial condition with the Board's Ends (Critical Outcomes) Policies.
2. Maintaining fiscal prudence and address both short- and long-term financial health.
 - 2.1 Seeking Board input on budget assumptions annually.
3. Using multi-year planning (minimum 3 years) with evidence-based projections from prior performance and conservative assumptions.
4. Including clear, high-level budget categories and scenarios for both best- and worst-case outcomes.
5. Developing a balanced budget unless the Board explicitly approves otherwise.
 - 5.1 Presenting a draft budget by September and seeking Board approval no later than December.
 - 5.2 Providing a revised budget between February and May if significant changes occur.



6. Including financial resources in the budget for regulatory responsibilities, organizational capacity building, capital expenditures, and Board operations (e.g., governance, linkage, audit, Board development and support, Board legal affairs).

FINANCIAL RISK

The Registrar & CEO will not:

7. Finish any fiscal year with an operating deficit or without sufficient liquidity for the following year.
8. Borrow or lend funds or use long-term reserves without Board authorization.
9. Cause or allow the organization to incur debt or financial obligations that cannot be repaid within 90 days from certain revenues that are not already restricted or committed.
10. Operate without ensuring that reserves, as prescribed in the Summary of Financial Numerical Limitations Policy (EL Policy II-17), are maintained.
11. Hold surplus funds in financial instruments outside approved investment policies.

FINANCIAL OPERATIONS

The Registrar & CEO will not:

12. Make a single unbudgeted purchase exceeding \$40,000 without Board approval.
13. Deviate from the approved budget by more than 25% in any quarter without updating the financial plan.
14. Miss accounts payable due dates.

REPORTING AND ACCOUNTABILITY

The Registrar & CEO will not operate without:

15. Reporting quarterly on actual versus budgeted revenues and expenditures (including material variances and corrective plans as needed), and a Budgeted Statement of Operations and a resulting Statement of Financial Position Condition.
16. Reporting on any annual surplus including proposed allocations for these surpluses.