

COLLEGE OF OPTOMETRISTS OF ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2019

COLLEGE OF OPTOMETRISTS OF ONTARIO

DECEMBER 31, 2019

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Changes in Net Assets	4
Statement of Revenue and Expenditures	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of the College of Optometrists of Ontario

Opinion

We have audited the financial statements of the College of Optometrists of Ontario, which comprise the balance sheet as at December 31, 2019, and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College of Optometrists of Ontario as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tapp & Company LLP

Toronto, Ontario
April 20, 2020

Chartered Professional Accountants
Licensed Public Accountants

COLLEGE OF OPTOMETRISTS OF ONTARIO
BALANCE SHEET
AS AT DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash	\$ 605,010	\$ 2,657,433
Short-term investments (Note 3)	3,497,166	1,239,752
Accounts receivable	28,826	-
Prepaid expenses	<u>23,473</u>	<u>21,383</u>
	4,154,475	3,918,568
LONG-TERM INVESTMENTS (Note 4)	3,865,175	3,439,032
CAPITAL ASSETS (Note 5)	<u>122,565</u>	<u>144,837</u>
	\$ 8,142,215	\$ 7,502,437
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 124,600	\$ 53,773
HST payable	289,735	271,589
Deferred revenue	<u>2,394,982</u>	<u>2,316,403</u>
	2,809,317	2,641,765
LIABILITY FUNDS IN TRUST (Note 6)	<u>36,949</u>	<u>43,530</u>
	<u>2,846,266</u>	<u>2,685,295</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	122,565	144,837
APPROPRIATED FUNDS	3,266,000	3,370,000
UNAPPROPRIATED FUND	<u>1,907,384</u>	<u>1,302,305</u>
	<u>5,295,949</u>	<u>4,817,142</u>
	\$ 8,142,215	\$ 7,502,437

Approved on Behalf of the Council:

"Signed by the President"

Dr. Patrick Quaid, President

COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
INVESTED IN CAPITAL ASSETS		
Balance, beginning of year	\$ 144,837	\$ 181,233
Invested in capital assets	<u>(22,272)</u>	<u>(36,396)</u>
Balance, end of year	<u>122,565</u>	<u>144,837</u>
APPROPRIATED FUNDS		
Entry-to-Practice Exam Development		
Balance, beginning of year	-	-
Transfer of funds (Note 7)	<u>270,000</u>	<u>-</u>
Balance, end of year	<u>270,000</u>	<u>-</u>
Fee Stabilization		
	<u>100,000</u>	100,000
Investigations and Hearings		
	<u>200,000</u>	<u>200,000</u>
New Government Initiatives		
Balance, beginning of year	100,000	100,000
Appropriations (Note 7)	<u>100,000</u>	<u>-</u>
Balance, end of year	<u>200,000</u>	<u>100,000</u>
Patient Relations		
Balance, beginning of year	100,000	30,000
Appropriations (Note 7)	<u>(50,000)</u>	<u>70,000</u>
Balance, end of year	<u>50,000</u>	<u>100,000</u>
Public Relations		
Balance, beginning of year	50,000	50,000
Appropriations (Note 7)	<u>(50,000)</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>50,000</u>
Office Acquisition		
Balance, beginning of year	2,250,000	2,000,000
Appropriations (Note 7)	<u>-</u>	<u>250,000</u>
Balance, end of year	<u>2,250,000</u>	<u>2,250,000</u>
Research		
Balance, beginning of year	300,000	50,000
Transfer of funds (Note 7)	<u>(250,000)</u>	<u>250,000</u>
Balance, end of year	<u>50,000</u>	<u>300,000</u>
Special Contingencies		
Balance, beginning of year	20,000	20,000
Transfer of funds (Note 7)	<u>(20,000)</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>20,000</u>
Unauthorized Practice		
Balance, beginning of year	250,000	250,000
Expenditure	<u>(104,000)</u>	<u>-</u>
Balance, end of year	<u>146,000</u>	<u>250,000</u>
	<u>3,266,000</u>	<u>3,370,000</u>
UNAPPROPRIATED FUND		
Balance, beginning of year	1,302,305	1,653,718
Excess of revenue over expenditures (Page 5)	<u>582,807</u>	<u>182,191</u>
	1,885,112	1,835,909
Appropriations (Note 7)	-	(570,000)
Invested in capital assets	<u>22,272</u>	<u>36,396</u>
Balance, end of year	<u>\$ 1,907,384</u>	<u>\$ 1,302,305</u>

See accompanying notes to financial statements

COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Annual registration fees	\$ 2,474,279	\$ 2,373,117
Professional corporation fees	372,841	367,622
Services and other fees	<u>27,905</u>	<u>81,347</u>
	<u>2,875,025</u>	<u>2,822,086</u>
EXPENDITURES		
Discipline Committee (Note 8)	155,634	204,726
Inquiries, Complaints and Reports Committee (Note 8)	152,488	116,253
Council meeting and training expense	119,996	96,140
Quality Assurance Committee (Note 8)	104,161	115,368
Governance Committee	58,226	32,437
Registration Committee (Note 8)	43,670	47,240
College representation	43,254	38,335
Jurisprudence examination expense	37,187	21,026
Executive Committee	25,597	58,402
Clinical Practice Committee	25,347	26,624
Membership contributions (Note 9)	25,140	23,910
Continuing education expense	23,900	624
Strategic planning	22,599	-
Audit, Finance, Risk Committee	15,488	-
Patient Relations Committee	<u>10,643</u>	<u>6,409</u>
	<u>863,330</u>	<u>787,494</u>
COLLEGE ADMINISTRATION ACTIVITIES		
Salaries and benefits (Note 10)	1,100,573	1,033,319
Office operation and technology	375,272	269,868
Occupancy costs (Note 11(b))	156,269	149,705
OE Tracker expense	50,766	45,602
Accounting and audit fees	40,050	40,462
General legal fees (Note 8)	35,542	34,193
Consulting	13,190	-
Amortization of capital assets	<u>41,056</u>	<u>39,011</u>
	<u>1,812,718</u>	<u>1,612,160</u>
TOTAL EXPENDITURES	<u>2,676,048</u>	<u>2,399,654</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER EXPENDITURES AND INCOME	198,977	422,432
OTHER EXPENDITURES		
Unauthorized practice and dispensing	37,383	116,040
Database development	50,480	38,558
Research for entry-to-practice exam	15,000	1,470
Quality Assurance program review	<u>-</u>	<u>49,600</u>
	<u>102,863</u>	<u>205,668</u>
OTHER INCOME		
Investment income (Note 12)	216,568	138,956
Unrealized gain (loss) on investments	<u>270,125</u>	<u>(173,529)</u>
	<u>486,693</u>	<u>(34,573)</u>
NET EXCESS OF REVENUE OVER EXPENDITURES	\$ <u>582,807</u>	\$ <u>182,191</u>

See accompanying notes to financial statements

COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 582,807	\$ 182,191
Adjustments for items not involving cash:		
Amortization of capital assets	41,056	39,011
Net unrealized (gain) loss on investments	<u>(270,125)</u>	<u>173,529</u>
	353,738	394,731
Net changes in non-cash working capital:		
Accounts receivable	(28,826)	-
Prepaid expenses	(2,090)	(5,498)
Accounts payable and accrued liabilities	70,827	2,838
HST payable	18,146	13,482
Deferred revenue	78,579	133,033
Liability funds in trust	<u>(6,581)</u>	<u>43,530</u>
	<u>483,793</u>	<u>582,116</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(18,784)	(2,616)
Net increase in investments, short-term and long-term	<u>(2,413,432)</u>	<u>(510,581)</u>
	<u>(2,432,216)</u>	<u>(513,197)</u>
FINANCING ACTIVITY		
Unauthorized Practice fund expenditure	<u>(104,000)</u>	<u>-</u>
(DECREASE) INCREASE IN CASH	(2,052,423)	68,919
CASH, beginning of year	<u>2,657,433</u>	<u>2,588,514</u>
CASH, end of year	<u>\$ 605,010</u>	<u>\$ 2,657,433</u>

See accompanying notes to financial statements

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. NATURE OF OPERATIONS

The College of Optometrists of Ontario (College) was incorporated without share capital in 1963 as a not-for-profit organization exempt from taxes under the Income Tax Act. The College is a self-regulatory authority responsible for the registering (licensing) and governing of optometrists in the Province of Ontario. The College's mission is to serve the public by regulating Ontario's optometrists and uses its authority to guide the profession in the delivery of safe, ethical, progressive and quality eye care at the highest standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and includes the following significant accounting policies:

(a) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available, the College follows the fund method of accounting as follows:

Invested in capital assets fund reports the flow of funds related to the acquisition and disposal of capital assets of the College.

Appropriated funds report funds set aside by the Council for specific purposes as follows:

Entry-to-Practice Exam Development: To provide funding for the development of a new entry-to-practice examination.

Fee Stabilization: To provide funding to defray an unanticipated fee increase as a result of a temporary shortfall in revenue.

Investigations and Hearings: To provide funding to the College ICRC and Discipline committees for the unanticipated costs of complex investigations and hearings.

New Government Initiatives: To provide funding for initiatives undertaken by the College to address the enactment of new or amended legislation and regulations.

Patient Relations: To provide funding for the Patient Relations program which includes measures for preventing and dealing with sexual abuse of patients.

Public Relations: To provide funding for the enhancement of public participation and consultation in the College's regulatory activities.

Office Acquisition: To provide funding for the future purchase of office premises.

Research: To provide funding for the process development and related research into clinical regulatory matters.

Special Contingencies: To provide funding for costs incurred in the determination and resolution of unanticipated issues as identified by the College.

Unauthorized Practice: To provide funding for unanticipated costs in pursuing legal action against unauthorized practice and dispensing.

Unappropriated fund reports the revenue and expenditures of the general operation of the College and follows the accrual basis of accounting.

COLLEGE OF OPTOMETRISTS OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash

Cash includes cash on hand held at a financial institution and at investment brokers.

(c) Short-Term and Long-Term Investments

Investments consist of high interest guaranteed investment certificates, bonds, stocks, income trusts and mutual funds. The College has elected to state all of their investments at quoted market values under the Canadian accounting standards for not-for-profit organizations. Long-term investments reflect investments that mature or are not intended to be sold at end of the following fiscal year-end. The investment income is recognized as revenue in the year in which it is earned. Gains and losses on the sale of investments are recorded as investment income when realized.

For investments which have not been sold or have not matured, the unrealized gains and losses are recognized at the end of each fiscal year and are reported in the statement of revenue and expenditures.

(d) Prepaid Expenses

Prepaid expenses are comprised of advance payments made to vendors for facility rental and membership dues, and for contracts for services to be received in the following fiscal year.

(e) Capital Assets

Capital assets are stated at acquisition cost. Amortization is provided using the following rates and methods:

Computer hardware	- 55% diminishing balance
Furniture and equipment	- 20% diminishing balance
Leasehold improvements	- 20% straight line

(f) Revenue Recognition

(1) Annual registration fees

Annual registration fees represent membership fees and member application fees. Fees are set annually by the Council and are recognized as revenue in the year to which they relate. Annual registration fees received in advance of the membership year to which they relate are recorded as deferred revenue.

(2) Professional corporation fees

Professional corporation fees represent the application fee to operate a profession corporation as regulated by the College and the annual renewal fees. Professional corporation fees are recognized upon the successful completion of the application process.

(3) Services and other fees

Services and other fees represent quality assurance, continuing education and other service fees. Revenue is recognized at the time the service has been rendered.

(g) Measurement of Financial Instruments

The College records financial instruments at fair value on initial recognition. The College subsequently measures all its financial assets at amortized cost except for cash and investments, which are stated at fair values at the year-end date.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and liability funds in trust.

COLLEGE OF OPTOMETRISTS OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results may differ from these estimates.

(i) Contributed services

The College uses volunteers to assist in the organization's activities. While these services benefit the College considerably, a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

3. SHORT-TERM INVESTMENTS

	<u>2019</u>	<u>2018</u>
Market value	\$ <u>3,497,166</u>	\$ <u>1,239,752</u>
Cost	\$ <u>3,475,599</u>	\$ <u>1,239,607</u>

Short-term investments mature or are redeemable at various dates not exceeding 12 months and consist of \$3,332,184 (2018 - \$1,119,631) in guaranteed investment certificates and bonds with interest rates of 1.85% to 2.6% (2018 - 1% to 2.31%), and \$164,982 (2018 - \$120,121) in high interest performer accounts with interest rates of 1.15% to 1.85% (2018 - 1.65% to 1.85%).

4. LONG-TERM INVESTMENTS

	<u>2019</u>	<u>2018</u>
Market value	\$ <u>3,865,175</u>	\$ <u>3,439,032</u>
Cost	\$ <u>3,565,610</u>	\$ <u>3,388,026</u>

Long-term investments consist of \$1,900,411 (2018 - \$1,749,601) in fixed income funds with effective interest rates ranging from 1.25% to 7.90% (2018 - 1.25% to 6.69%), \$1,050,415 (2018 - \$1,010,190) in Canadian equities and \$914,349 (2018 - \$679,241) in U.S. and international equities. Investments in fixed income funds mature or are redeemable at dates ranging from 2 to 14 years.

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2019</u>	<u>Net 2018</u>
Computer hardware	\$ 57,960	\$ 42,155	\$ 15,805	\$ 4,861
Furniture and equipment	98,133	78,620	19,513	24,391
Leasehold improvements	<u>259,516</u>	<u>172,269</u>	<u>87,247</u>	<u>115,585</u>
	<u>\$ 415,609</u>	<u>\$ 293,044</u>	<u>\$ 122,565</u>	<u>\$ 144,837</u>

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. LIABILITY FUNDS IN TRUST

The amount represents costs received from a member of the College subsequent to the resolution of a professional conduct ruling arising from complaints of sexual harassment and inappropriate professional behaviour. The funds received are to be used to reimburse the College for funding under the program required by section 85.7 of the Health Professions Procedural Code. Any excess of funds not used by the program will be returned to the member of the College.

	<u>2019</u>	<u>2018</u>
Balance, opening	\$ 43,530	\$ -
Funds received	-	48,180
Disbursements	<u>(6,581)</u>	<u>(4,650)</u>
Balance, ending	<u>\$ 36,949</u>	<u>\$ 43,530</u>

7. APPROPRIATED FUNDS

During 2019, the Council approved the transfer of \$20,000 from the Special Contingencies Fund and \$250,000 from the Research Fund to the newly established Entry-to-Practice Exam Development Fund.

The Council approved the appropriation of \$100,000 from the Unappropriated Fund to the Appropriated New Government Initiatives Fund. The Council also approved the appropriation of \$50,000 from the Patient Relations Fund and \$50,000 from the Public Relations Fund to the Unappropriated Fund. There is no net effect on the Unappropriated Fund.

The Council has determined the Special Contingencies Fund and the Public Relations Fund no longer meet the long-term objectives of the College.

During 2018, the Council approved the appropriation of \$570,000 from the Unappropriated Fund to various Appropriated Funds to recognize specific operating and capital initiatives.

8. COMMITTEE AND GENERAL LEGAL FEES

Committee legal fees were incurred for the specific activities of a Committee and are included in the total expenditure for that Committee as noted in the Statement of Revenues and Expenditures. General legal fees were not incurred for any specific activity of a committee.

	<u>2019</u>	<u>2018</u>
Discipline Committee	\$ 148,632	\$ 221,999
Less: Recovery of legal costs	<u>(62,066)</u>	<u>(54,500)</u>
	<u>\$ 86,566</u>	<u>\$ 167,499</u>
Inquiries, Complaints and Reports Committee	<u>\$ 90,927</u>	<u>\$ 26,626</u>
Quality Assurance Committee	<u>\$ 280</u>	<u>\$ -</u>
Registration Committee	<u>\$ 4,144</u>	<u>\$ 7,443</u>

9. MEMBERSHIP CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>
Federation of Optometric Regulatory Authorities of Canada	<u>\$ 25,140</u>	<u>\$ 23,910</u>

10. RETIREMENT PENSION PLAN

The College sponsors a defined contribution pension plan covering all eligible employees. Contributions are based on a percentage of the employee's compensation.

COLLEGE OF OPTOMETRISTS OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

11.COMMITMENTS

(a) Equipment Operating Leases

The College leases office equipment under long term lease arrangements which require payments for the next five years as follows:

2020	\$	14,354
2021		14,354
2022		14,354
2023		14,354
2024		<u>14,354</u>
	\$	<u>71,770</u>

(b) Premise Operating Lease

The College entered into a ten year lease agreement for their premises effective March 1, 2014. The monthly occupancy cost includes the base lease amount plus the College's share of property taxes and operating costs.

The minimum annual base lease payments for the next five years are as follows:

2020	\$	61,953
2021		63,650
2022		63,650
2023		63,650
2024		<u>10,608</u>
	\$	<u>263,511</u>

12.INVESTMENT INCOME

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 136,922	\$ 126,899
Realized gain on investments	<u>79,646</u>	<u>12,057</u>
	<u>\$ 216,568</u>	<u>\$ 138,956</u>

13.FINANCIAL INSTRUMENTS

The College is exposed to various risks through its financial instruments. The College has a risk management framework to monitor, evaluate and manage the principle risks assumed. The College is primarily exposed to market price, interest rate, currency and liquidity risk.

(a) Market Price Risk:

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The investments in publicly traded securities exposes the College to market price risk as these equity investments are subject to price fluctuations. There has been no change in this risk assessment from the prior year.

(b) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College is exposed to interest rate risk by the dollar amount of the investment and the fluctuations in market interest rates. There has been no change in this risk assessment from the prior year.

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

13. FINANCIAL INSTRUMENTS (Continued)

(c) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College is exposed to currency risk from gains and losses due to fluctuations in foreign currency exchange rates on US and international equity investments. There has been no change in this risk assessment from the prior year.

(d) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet its obligations as they come due. The College is primarily exposed to liquidity risk through accounts payable, accrued liabilities and HST payable. The College meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing activities and holding assets that can be readily converted into cash. There has been no change in this risk assessment from the prior year.

14. SUBSEQUENT EVENTS - COVID-19

Due to the global Covid-19 pandemic, the fair market value of the long-term investments has declined approximately 10% as at April 10, 2020.

15. COMPARATIVE FIGURES

Certain prior year's comparative figures were reclassified to conform with the current year's financial statements presentation.