

**College of Optometrists of Ontario**  
**Financial Statements**  
For the year ended December 31, 2022

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**Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Balance Sheet	<b>4</b>
Statement of Changes in Net Assets	<b>5</b>
Statement of Revenue and Expenditures	<b>6</b>
Statement of Cash Flows	<b>7</b>
Notes to Financial Statements	<b>8 - 14</b>

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## Independent Auditor's Report

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To the Members of College of Optometrists of Ontario

### Opinion

We have audited the accompanying financial statements of College of Optometrists of Ontario (the "College"), which comprise the balance sheet as at December 31, 2022, and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at December 31, 2022, 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 College 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 these 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 College'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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College'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.

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## Independent Auditor's Report (continued)

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### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 College'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 College'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 College 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
June 27, 2023

**College of Optometrists of Ontario**  
**Balance Sheet**

**December 31** **2022** **2021**

**Assets**

**Current**

Cash	\$ 641,413	\$ 1,294,155
Short-term investments (Note 3)	5,217,685	4,268,459
Accounts receivable	8,681	33,084
Prepaid expenses	47,800	49,213
	5,915,579	5,644,911

Long-term investments (Note 4)	2,366,581	2,846,112
Capital assets (Note 5)	49,746	82,988

**\$ 8,331,906** **\$ 8,574,011**

**Liabilities and Members' Equity**

**Current liabilities**

Accounts payable and accrued liabilities	\$ 169,945	\$ 168,985
Government remittances payable	320,314	237,315
Deferred revenue	2,504,670	1,920,820
	2,994,929	2,327,120

Funds in trust (Note 6)	16,769	24,289
Other long-term liabilities	23,000	-

**3,034,698** **2,351,409**

**Net Assets**

Invested in capital assets	49,746	82,988
Internally restricted funds (Note 7)	2,409,097	3,235,920
Unrestricted fund	2,838,365	2,903,694
	5,297,208	6,222,602

**\$ 8,331,906** **\$ 8,574,011**

Approved on Behalf of the Council:



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President

The accompanying notes are an integral part of these financial statements.

**College of Optometrists of Ontario**  
**Statement of Changes in Net Assets**

**For the year ended December 31**

<b>2022</b>	<b>Invested in Other Internally Capital Assets</b>	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>2022 Total</b>
<b>Balance, beginning of year</b>	\$ 82,988	\$ 3,235,920	\$ 2,903,694	\$ 6,222,602
Excess (deficiency) of revenue over expenditures (Note 7)	-	(826,823)	(98,571)	(925,394)
Interfund transfers	(33,242)	-	33,242	-
<b>Balance, end of year</b>	<b>\$ 49,746</b>	<b>\$ 2,409,097</b>	<b>\$ 2,838,365</b>	<b>\$ 5,297,208</b>

  

<b>2021</b>	<b>Invested in Other Internally Capital Assets</b>	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>2021 Total</b>
<b>Balance, beginning of year</b>	\$ 132,312	\$ 3,266,000	\$ 2,257,340	\$ 5,655,652
Excess (deficiency) of revenue over expenditures	-	(30,080)	597,030	566,950
Interfund transfers	(49,324)	-	49,324	-
<b>Balance, end of year</b>	<b>\$ 82,988</b>	<b>\$ 3,235,920</b>	<b>\$ 2,903,694</b>	<b>\$ 6,222,602</b>

The accompanying notes are an integral part of these financial statements.

## College of Optometrists of Ontario Statement of Revenue and Expenditures

For the year ended December 31	2022	2021
<b>Revenue</b>		
Annual registration fees	\$ 2,103,024	\$ 2,606,735
Professional corporation fees	335,761	308,475
Services and other fees and recoverables	18,828	56,429
	<b>2,457,613</b>	<b>2,971,639</b>
<b>Expenditures</b>		
Council meeting and training expense	78,816	55,630
Inquiries, Complaints, and Reports Committee	39,413	29,925
Quality Assurance Committee	163,655	137,716
Executive Committee	32,738	25,185
Strategic planning	81,437	-
Stakeholder engagement	77,135	58,528
Discipline Committee	32,040	11,841
Registration Committee	18,534	18,413
Governance Committee	14,577	18,038
Fitness to Practice Committee	1,699	-
Clinical Practice Committee	16,200	15,450
Audit, Finance, Risk Committee	5,625	13,988
Patient Relations Committee	6,000	7,650
	<b>567,869</b>	<b>392,364</b>
<b>College administration activities</b>		
Salaries and benefits (Note 8)	1,616,377	1,526,328
Legal fees	123,910	108,395
Administration and services	219,486	205,363
Occupancy costs	165,291	153,946
IT services and maintenance	112,207	91,057
IT projects	78,492	120,071
Professional fees - consulting	13,995	98,727
Amortization of capital assets	53,820	52,897
OE tracker expense	52,293	50,867
Education and program delivery	96,247	12,951
Accounting and audit fees	29,708	67,385
Research	84,619	-
	<b>2,646,445</b>	<b>2,487,987</b>
<b>Total expenditures</b>	<b>3,214,314</b>	<b>2,880,351</b>
<b>Excess (deficiency) of revenue over expenses for the year before other income</b>	<b>(756,701)</b>	<b>91,288</b>
<b>Other income</b>		
Investment income	570,470	361,614
Unrealized (loss) on investments	(739,163)	114,048
	<b>(168,693)</b>	<b>475,662</b>
<b>Net excess (deficiency) of revenue over expenditures</b>	<b>\$ (925,394)</b>	<b>\$ 566,950</b>

The accompanying notes are an integral part of these financial statements.

**College of Optometrists of Ontario**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ (925,394)	\$ 566,950
Adjustments for items not involving cash:		
Amortization of capital assets	53,820	52,897
Net unrealized gain (loss) on investments	739,163	(114,048)
Changes in non-cash working capital balances		
Accounts receivable	24,403	(5,952)
Prepaid expenses	1,413	(35,455)
Accounts payable and accrued liabilities	23,960	52,436
Government remittances payable	82,999	(8,430)
Deferred revenue	583,850	(383,393)
Funds in trust	(7,520)	(6,635)
	<b>576,694</b>	<b>118,370</b>
<b>Investing activities</b>		
Purchase of capital assets	(20,578)	(3,573)
Net (increase) in investments	(1,208,858)	(1,345,890)
	<b>(1,229,436)</b>	<b>(1,349,463)</b>
<b>Decrease in cash during the year</b>	<b>(652,742)</b>	<b>(1,231,093)</b>
<b>Cash, beginning of year</b>	<b>1,294,155</b>	<b>2,525,248</b>
<b>Cash, end of year</b>	<b>\$ 641,413</b>	<b>\$ 1,294,155</b>

The accompanying notes are an integral part of these financial statements.

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# College of Optometrists of Ontario

## Notes to Financial Statements

December 31, 2022

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### 1. Nature of Operations

The College of Optometrists of Ontario (the "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.

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### 2. Summary of Significant Accounting Policies

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

#### Short-Term and Long-Term Investments

Investments consist of guaranteed investment certificates, bonds, stocks, income trusts and mutual funds. Long-term investments reflect investments that mature after the end of the following fiscal year-end or are held for long term fund purposes. 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.

#### 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.

#### Capital Assets

Capital assets are stated at acquisition cost less accumulated amortization. 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

#### Revenue Recognition

##### *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 and when collectibility is reasonably assured. Annual registration fees received in advance of the membership year to which they relate are recorded as deferred revenue.

##### *Professional corporation fees*

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



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## College of Optometrists of Ontario Notes to Financial Statements

December 31, 2022

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### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### *Services and other fees and recoverables*

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

#### Internally Restricted Funds

The College maintains a number of internally restricted funds. The funds are established and managed by way of Council resolutions which designate that funds be set aside and used for specific strategic purposes. The following is a description of each of the College's internally restricted funds:

Invested in capital assets fund: to report the flow of funds related to the acquisition, disposal and amortization of capital assets of the College.

Contingency fund: To set aside funding for costs incurred in the resolution of unanticipated issues as identified by the College.

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

Fee Stabilization fund: To set aside funding to defray an unanticipated fee increase as a result of a temporary shortfall in revenue. Included in this fund is a reserve which, in response to the COVID-19 pandemic, provides a one-time reduction to members of \$200 each from their submitted 2022 annual membership fee.

Investigations and Hearings fund: To set aside funding to the College's Inquiries, Complaints and Reports Committee ("ICRC") and Discipline Committee for the unanticipated costs of complex investigations and hearings.

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

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

Public Awareness fund: To set aside funding for the enhancement of public participation and consultation in the College's regulatory activities, and to provide priority funding to facilitate a sustainable program of public awareness and connection to the mandate of the College as described in the College Performance Measurement Framework ("CPMF") and Strategic plan.

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

Staff Development and Succession Planning fund: To set aside contemporary, post pandemic professional development and technology to staff; to provide leadership development for succession planning within the College.

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## College of Optometrists of Ontario Notes to Financial Statements

**December 31, 2022**

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### 2. Summary of Significant Accounting Policies (continued)

#### Internally Restricted Fund (continued)

Strategic Plan and CPMF fund: To set aside funds to rapidly address the areas identified in the CPMF as “not” or “partially” met to meet Ministry of Health (“MOH”) requirements (October 2021).

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

The unrestricted fund consists of the cumulative excess of revenue over expenditures of the College less the amounts that have been internally restricted.

#### Financial Instruments

The College records financial instruments at fair value on initial recognition. The College subsequently measures all its financial instruments at amortized cost except for investments, which are subsequently measured at fair value. Financial instruments are tested for impairment when changes in circumstances indicate the asset could be impaired.

#### 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.

#### 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.

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### 3. Short-Term Investments

	<u>2022</u>	<u>2021</u>
Cash and money market	\$ 698,480	\$ 1,963,948
Fixed income	4,519,205	2,304,511
Total	<u>\$ 5,217,685</u>	<u>\$ 4,268,459</u>

Short-term investments mature or are redeemable at various dates not exceeding 12 months. Fixed income investments include guaranteed investment certificates with interest rates ranging from 4.1% to 4.4% (2021 - 0.36% to 0.80%).

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**College of Optometrists of Ontario**  
**Notes to Financial Statements**

**December 31, 2022**

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**4. Long-Term Investments**

	<b>2022</b>	2021
Fixed income	<b>\$ 2,366,581</b>	\$ 1,267,490
Canadian equities	-	1,398,979
Foreign equities	-	179,643
Total	<b>\$ 2,366,581</b>	\$ 2,846,112

Long-term investments mature or are redeemable at various dates exceeding 12 months. Fixed income investments include investments in funds with effective interest rates ranging from 0.71% to 6.69% (2021 - 1.13% to 6.69%).

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**5. Capital Assets**

	<b>2022</b>		2021	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	Net Book Value
Computer hardware	<b>\$ 89,143</b>	<b>\$ 70,878</b>	<b>\$ 18,265</b>	\$ 7,435
Furniture and equipment	<b>111,651</b>	<b>93,640</b>	<b>18,011</b>	22,514
Leasehold improvements	<b>304,452</b>	<b>290,982</b>	<b>13,470</b>	53,039
	<b>\$ 505,246</b>	<b>\$ 455,500</b>	<b>\$ 49,746</b>	\$ 82,988

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**6. Funds in Trust**

The amount represents payments 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. These funds are held in trust by the College as required by section 85.7 of the Health Professions Procedural Code, and paid to the complainant as reimbursement as the costs are incurred. Any excess of funds not used by the program will be returned to the member of the College.

	<b>2022</b>	2021
Balance, opening	<b>\$ 24,289</b>	\$ 30,924
Disbursements	<b>(7,520)</b>	(6,635)
Balance, ending	<b>\$ 16,769</b>	\$ 24,289

December 31, 2022

## 7. Restricted Funds

As of December 31, 2022	December 31, 2022											
	Fund											
	Contingency	Entry-to- Practice Exam Development	Fee Stabilization	Investigations and Hearings	New Government Initiatives	Patient Relations	Public Awareness	Research	Staff Development	Strategic Plan and CPMF Fund	Unauthorized Practice	Total
Balance, beginning of year	\$ 150,000.00	\$ 270,000.00	\$ 700,000.00	\$ 200,000.00	\$ 200,000.00	\$ 50,000.00	\$ 300,000.00	\$ 350,000.00	\$ 290,000.00	\$ 579,920.00	\$ 146,000.00	\$ 3,235,920.00
Spent in 2022			\$ (542,758.31)			\$ (3,240.00)	\$ (108,781.86)	\$ (80,719.00)		\$ (91,323.50)		\$ (826,822.67)
Balance, end of year	\$ 150,000.00	\$ 270,000.00	\$ 157,241.69	\$ 200,000.00	\$ 200,000.00	\$ 46,760.00	\$ 191,218.14	\$ 269,281.00	\$ 290,000.00	\$ 488,596.50	\$ 146,000.00	\$ 2,409,097.33

As of December 31, 2021	December 31, 2021											
	Fund											
	Contingency	Entry-to- Practice Exam Development	Fee Stabilization	Investigations and Hearings	New Government Initiatives	Patient Relations	Public Awareness	Research	Staff Development	Strategic Plan and CPMF Fund	Unauthorized Practice	Total
Balance, beginning of year	\$ 150,000.00	\$ 270,000.00	\$ 700,000.00	\$ 200,000.00	\$ 200,000.00	\$ 50,000.00	\$ 300,000.00	\$ 350,000.00	\$ 300,000.00	\$ 600,000.00	\$ 146,000.00	\$ 3,266,000.00
Spent in 2021									\$ (10,000.00)	\$ (20,080.00)		\$ (30,080.00)
Balance, end of year	\$ 150,000.00	\$ 270,000.00	\$ 700,000.00	\$ 200,000.00	\$ 200,000.00	\$ 50,000.00	\$ 300,000.00	\$ 350,000.00	\$ 290,000.00	\$ 579,920.00	\$ 146,000.00	\$ 3,235,920.00

The Council approved the updated and re-categorized restricted funds of \$2.4M in December 2022. The adjusted funds are distributed to ten (10) categories, by removing Contingency Reserve and Fee Stabilization, and adding Diversity, Equity, and Inclusion (DEI) as one of the initiatives identified in the new Strategic Plan. The Contingency Funds are set aside separately, following the adopted Finance Policy for Reserve Funds.

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## College of Optometrists of Ontario Notes to Financial Statements

**December 31, 2022**

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### 8. Retirement Plan

The College sponsors a retirement plan covering all eligible employees. Contributions are based on a percentage of the employee's compensation. In 2021, this plan became a registered retirement savings plan ("RRSP").

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### 9. Commitments

#### (a) Equipment Operating Leases

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

2023	\$	7,838
2024		3,263
2025		<u>3,263</u>
	\$	<u>14,364</u>

#### (b) Premise Operating Leases

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 two years are as follows:

2023	\$	63,650
2024		<u>10,608</u>
	\$	<u>74,258</u>

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### 10. 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, interest rate, currency and liquidity risk.

#### Market risk

Market 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.

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## College of Optometrists of Ontario Notes to Financial Statements

December 31, 2022

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### 10. Financial Instruments (continued)

#### Interest risk

Interest 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 through its fixed income investments. There has been no change in this risk assessment from the prior year.

#### 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.

#### 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 government remittances 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.