

College of Optometrists of Ontario
Financial Statements
For the year ended December 31, 2023

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Independent Auditor's Report

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, 2023, 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, 2023, 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.



Independent Auditor's Report (continued)

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 25, 2024

College of Optometrists of Ontario
Balance Sheet

December 31 **2023** **2022**

Assets

Current

Cash	\$ 746,925	\$ 641,413
Short-term investments (Note 3)	4,604,632	5,217,685
Accounts receivable	16,365	8,681
Prepaid expenses	45,693	47,800
	5,413,615	5,915,579

Long-term investments (Note 4)	3,167,363	2,366,581
Capital assets (Note 5)	24,292	49,746
	\$ 8,605,270	\$ 8,331,906

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 155,885	\$ 169,945
Government remittances payable	325,300	320,314
Deferred revenue	2,605,785	2,504,670
	3,086,970	2,994,929

Funds in trust (Note 6)	-	16,769
Other long-term liabilities	-	23,000
	3,086,970	3,034,698

Net assets

Invested in capital assets	24,292	49,746
Internally restricted funds (Note 7)	2,083,547	2,409,097
Unrestricted fund	3,410,461	2,838,365
	5,518,300	5,297,208
	\$ 8,605,270	\$ 8,331,906

Approved on Behalf of the Council:



President

College of Optometrists of Ontario
Statement of Changes in Net Assets

For the year ended December 31

	Invested in Capital Assets	Other Internally Restricted Funds	Unrestricted Funds	2023 Total
2023				
Balance, beginning of year	\$ 49,746	\$ 2,409,097	\$ 2,838,365	\$ 5,297,208
Excess (deficiency) of revenue over expenditures (Note 7)	-	(336,453)	557,545	221,092
Interfund transfers	-	10,903	(10,903)	-
Purchase of capital assets	2,297	-	(2,297)	-
Amortization	(27,751)	-	27,751	-
Balance, end of year	\$ 24,292	\$ 2,083,547	\$ 3,410,461	\$ 5,518,300
2022				
Balance, beginning of year	\$ 82,988	\$ 3,235,920	\$ 2,903,694	\$ 6,222,602
Excess (deficiency) of revenue over expenditures	-	(826,823)	(98,571)	(925,394)
Interfund transfers	(33,242)	-	33,242	-
Balance, end of year	\$ 49,746	\$ 2,409,097	\$ 2,838,365	\$ 5,297,208

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	2023	2022
Revenue		
Annual registration fees	\$ 2,719,145	\$ 2,103,024
Professional corporation fees	323,414	335,761
Services and other fees and recoverables	18,807	18,828
	3,061,366	2,457,613
Expenditures		
Council meeting and training expense	86,887	78,816
Inquiries, Complaints, and Reports Committee	33,750	39,413
Quality Assurance Committee	80,585	163,655
Executive Committee	32,063	32,738
Strategic planning	-	81,437
Stakeholder engagement	126,841	77,135
Discipline Committee	837	32,040
Registration Committee	21,525	18,534
Governance Committee	9,877	14,577
Fitness to Practice Committee	-	1,699
Clinical Practice Committee	2,925	16,200
Audit, Finance, Risk Committee	9,900	5,625
Patient Relations Committee	1,875	6,000
	407,065	567,869
College administration activities		
Salaries and benefits (Note 8)	1,778,939	1,616,377
Legal fees	92,538	123,910
Administration and services	189,522	219,486
Occupancy costs	159,889	165,291
IT services and maintenance	117,993	112,207
IT projects	46,975	78,492
Professional fees - consulting	32,668	13,995
Amortization of capital assets	27,751	53,820
OE tracker expense	56,271	52,293
Education and program delivery	258,688	96,247
Accounting and audit fees	21,470	29,708
Research	35,800	84,619
	2,818,504	2,646,445
Total expenditures	3,225,569	3,214,314
Deficiency of revenue over expenses for the year before other income	(164,203)	(756,701)
Other income (expenses)		
Investment income	253,701	570,470
Unrealized gain (loss) on investments	131,594	(739,163)
	385,295	(168,693)
Net excess (deficiency) of revenue over expenditures	\$ 221,092	\$ (925,394)

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

College of Optometrists of Ontario
Statement of Cash Flows

For the year ended December 31	2023	2022
Cash flows provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 221,092	\$ (925,394)
Adjustments for items not involving cash:		
Amortization of capital assets	27,751	53,820
Net unrealized (gain) loss on investments	(131,594)	739,163
Changes in non-cash working capital balances		
Accounts receivable	(7,684)	24,403
Prepaid expenses	2,107	1,413
Accounts payable and accrued liabilities	(37,060)	23,960
Government remittances payable	4,986	82,999
Deferred revenue	101,115	583,850
Funds in trust	(16,769)	(7,520)
	163,944	576,694
Investing activities		
Purchase of capital assets	(2,297)	(20,578)
Net increase in investments	(56,135)	(1,208,858)
	(58,432)	(1,229,436)
Increase (decrease) in cash during the year	105,512	(652,742)
Cash, beginning of year	641,413	1,294,155
Cash, end of year	\$ 746,925	\$ 641,413

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

College of Optometrists of Ontario

Notes to Financial Statements

December 31, 2023

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.

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, equities, 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

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income, which includes interest, dividend income, realized and unrealized gains, is recorded as earned.

College of Optometrists of Ontario

Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

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:

Examination fund: To set aside funding for the development of a new entry-to-practice examination.

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.

Diversity, Equity, and Inclusion Fund: To set aside fund for building ways to pragmatically promote and reflect the principles of diversity, equity and inclusion.

College of Optometrists of Ontario Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Internally Restricted Fund (continued)

Research fund: To set aside research fund that supports the public interest mandate of the College.

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.

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 of 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.

3. Short-Term Investments

	<u>2023</u>	<u>2022</u>
Cash	\$ 62,461	\$ 698,480
Fixed income and money market	<u>4,542,171</u>	<u>4,519,205</u>
Total	<u>\$ 4,604,632</u>	<u>\$ 5,217,685</u>

Short-term investments mature or are redeemable at various dates not exceeding 12 months within the next fiscal year. Fixed income investments include guaranteed investment certificates with interest rates ranging from 0.25% to 5.71% (2022 - 4.1% to 4.4%).

College of Optometrists of Ontario
Notes to Financial Statements

December 31, 2023

4. Long-Term Investments

	2023	2022
Fixed income	\$ 1,626,432	\$ 2,366,581
Canadian equities	1,150,649	-
Foreign equities	390,282	-
Total	\$ 3,167,363	\$ 2,366,581

Long-term investments mature or are redeemable at various dates exceeding 12 months. Fixed income investments include investments with effective interest rates ranging from 0.80% to 6.05% (2022 - 0.71% to 6.69%).

5. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 91,439	\$ 81,556	\$ 9,883	\$ 18,265
Furniture and equipment	111,651	97,242	14,409	18,011
Leasehold improvements	304,452	304,452	-	13,470
	\$ 507,542	\$ 483,250	\$ 24,292	\$ 49,746

6. Funds in Trust

The amount represents payments received from a member of the College subsequent to the resolution of a professional conduct ruling (such as a Discipline Committee order) arising from complaints and/or reports of sexual harassment, sexual abuse of a patient, and inappropriate professional behaviour.

	2023	2022
Balance, opening	\$ 16,769	\$ 24,289
Disbursements	(16,769)	(7,520)
Balance, ending	\$ -	\$ 16,769

December 31, 2023

7. Restricted Funds

December 31, 2023													
Fund													
As of December 31, 2023	Contingency	Examinations	Fee Stabilization	Investigations and Hearings	New Government Initiatives	Patient Relations	Public Awareness	Diversity, Equity and Inclusion	Research	Staff Development	Strategic Plan and CPMF Fund	Unauthorized Practice	Total
Balance, beginning of year	\$ 150,000	\$ 270,000	\$ 157,242	\$ 200,000	\$ 200,000	\$ 46,760	\$ 191,218	\$ -	\$ 269,281	\$ 290,000	\$ 488,597	\$ 146,000	\$ 2,409,097
New allocations (Transfers from unrestricted funds)	\$ (150,000)	\$ 80,000	\$ (157,242)			\$ 3,240	\$ (91,218)	\$ 300,000	\$ 80,719	\$ (190,000)	\$ 131,404	\$ 4,000	\$ 10,903
Spent in 2023		\$ (39,969)				\$ (10,403)	\$ (83,018)	\$ (22,787)	\$ (34,850)	\$ (20,110)	\$ (125,316)		\$ (336,453)
Balance, end of year	\$ -	\$ 310,031	\$ -	\$ 200,000	\$ 200,000	\$ 39,597	\$ 16,982	\$ 277,213	\$ 315,150	\$ 79,890	\$ 494,684	\$ 150,000	\$ 2,083,547

December 31, 2022													
Fund													
As of December 31, 2022	Contingency	Entry-to-Practice Exam Development	Fee Stabilization	Investigations and Hearings	New Government Initiatives	Patient Relations	Public Awareness	Diversity, Equity and Inclusion	Research	Staff Development	Strategic Plan and CPMF Fund	Unauthorized Practice	Total
Balance, beginning of year	\$ 150,000	\$ 270,000	\$ 700,000	\$ 200,000	\$ 200,000	\$ 50,000	\$ 300,000	\$ -	\$ 350,000	\$ 290,000	\$ 579,920	\$ 146,000	\$ 3,235,920
Spent in 2022			\$ (542,758)			\$ (3,240)	\$ (108,782)		\$ (80,719)		\$ (91,324)		\$ (826,823)
Balance, end of year	\$ 150,000	\$ 270,000	\$ 157,242	\$ 200,000	\$ 200,000	\$ 46,760	\$ 191,218	\$ -	\$ 269,281	\$ 290,000	\$ 488,597	\$ 146,000	\$ 2,409,097

The breakdown of restricted funds were reorganized incorporating initiatives identified in the new strategic plan 2023-2025. The ten (10) funding allocations were approved by the Council on December 9, 2022 meeting.

College of Optometrists of Ontario Notes to Financial Statements

December 31, 2023

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").

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:

2024	\$	8,268
2025		8,268
2026		8,268
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	\$	24,804
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(b) Premise Operating Leases

The College entered into a ten year lease agreement for their premises effective March 1, 2014, which expires February 29, 2024. The College entered into another ten year lease agreement for their premises effective March 1, 2024 to February 28, 2034. 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 and thereafter are as follows:

2024	\$	64,711
2025		68,106
2026		71,925
2027		75,744
2028		79,563
Thereafter		471,647
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	\$	831,696
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College of Optometrists of Ontario Notes to Financial Statements

December 31, 2023

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.

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.

