

College of Optometrists of Ontario
Financial Statements
For the year ended December 31, 2021

Contents

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

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, 2021, 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, 2021, 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 24, 2022

College of Optometrists of Ontario
Balance Sheet

December 31 **2021** **2020**

Assets

Current

Cash	\$ 1,294,155	\$ 2,525,248
Short-term investments (Note 3)	4,268,459	1,096,023
Accounts receivable	33,084	27,132
Prepaid expenses	49,213	13,758
	5,644,911	3,662,161

Long-term investments (Note 4)

2,846,112 4,558,610

Capital assets (Note 5)

82,988 132,312

\$ 8,574,011 \$ 8,353,083

Liabilities and Members' Equity

Current liabilities

Accounts payable and accrued liabilities	\$ 168,985	\$ 116,549
Government remittances payable	237,315	245,745
Deferred revenue	1,920,820	2,304,213
	2,327,120	2,666,507

Funds in trust (Note 6)

24,289 30,924

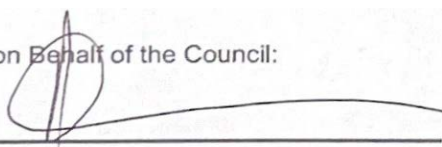
2,351,409 2,697,431

Net Assets

Invested in capital assets	82,988	132,312
Internally restricted funds (Note 7)	3,235,920	3,266,000
Unrestricted fund	2,903,694	2,257,340
	6,222,602	5,655,652

\$ 8,574,011 \$ 8,353,083

Approved on Behalf of the Council:



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

	Invested in Capital Assets	Other Internally Restricted Funds	Unrestricted Funds	2021 Total
2021				
Balance, beginning of year	\$ 132,312	\$ 3,266,000	\$ 2,257,340	\$ 5,655,652
(Deficiency) excess of revenue over expenditures (Note 7)	-	(30,080)	597,030	566,950
Interfund transfers	(49,324)	-	49,324	-
Balance, end of year	\$ 82,988	\$ 3,235,920	\$ 2,903,694	\$ 6,222,602
2020				
Balance, beginning of year	\$ 122,565	\$ 3,266,000	\$ 1,907,384	\$ 5,295,949
Excess of revenue over expenditures	-	-	359,703	359,703
Interfund transfers	9,747	-	(9,747)	-
Balance, end of year	\$ 132,312	\$ 3,266,000	\$ 2,257,340	\$ 5,655,652

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	2021	2020
Revenue		
Annual registration fees	\$ 2,606,735	\$ 2,513,595
Professional corporation fees	308,475	226,689
Services and other fees and recoverables	56,429	27,707
	2,971,639	2,767,991
Expenditures		
Council meeting and training expense	55,630	82,524
Inquiries, Complaints, and Reports Committee	29,925	52,698
Quality Assurance Committee	137,716	41,844
Executive Committee	25,185	41,720
Strategic planning	-	39,225
Stakeholder engagement	58,528	56,522
Discipline Committee	11,841	20,408
Registration Committee	18,413	17,009
Governance Committee	18,038	16,369
Clinical Practice Committee	15,450	11,789
Audit, Finance, Risk Committee	13,988	9,188
Patient Relations Committee	7,650	2,327
	392,364	391,623
College administration activities		
Salaries and benefits (Note 8)	1,526,328	1,522,069
Legal fees	108,395	170,215
Administration and services	205,363	167,306
Occupancy costs	153,946	155,704
IT services and maintenance	91,057	71,507
IT projects	120,071	65,888
Professional fees - consulting	98,727	57,192
Amortization of capital assets	52,897	55,739
OE tracker expense	50,867	52,565
Education and program delivery	12,951	23,473
Accounting and audit fees	67,385	21,500
Research	-	15,000
	2,487,987	2,378,158
Total expenditures	2,880,351	2,769,781
Excess (deficiency) of revenue over expenses for the year before other income	91,288	(1,790)
Other income		
Investment income	361,614	158,532
Unrealized gain on investments	114,048	182,136
TWS subsidy (Note 11)	-	20,825
	475,662	361,493
Net excess of revenue over expenditures	\$ 566,950	\$ 359,703

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	2021	2020
Cash flows provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 566,950	\$ 359,703
Adjustments for items not involving cash:		
Amortization of capital assets	52,897	55,739
Net unrealized gain on investments	(114,048)	(182,136)
Changes in non-cash working capital balances		
Accounts receivable	(5,952)	1,694
Prepaid expenses	(35,455)	9,715
Accounts payable and accrued liabilities	52,436	(8,051)
Government remittances payable	(8,430)	(43,990)
Deferred revenue	(383,393)	(90,769)
Funds in trust	(6,635)	(6,025)
	118,370	95,880
Investing activities		
Purchase of capital assets	(3,573)	(65,486)
Net (increase) decrease in investments	(1,345,890)	1,889,844
	(1,349,463)	1,824,358
(Decrease) increase in cash during the year	(1,231,093)	1,920,238
Cash, beginning of year	2,525,248	605,010
Cash, end of year	\$ 1,294,155	\$ 2,525,248

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

College of Optometrists of Ontario

Notes to Financial Statements

December 31, 2021

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, 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.

College of Optometrists of Ontario

Notes to Financial Statements

December 31, 2021

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.

Office Acquisition fund: To set aside funding for the future purchase of office premises. During the prior year, Council approved a transfer of \$2,250,000 from this fund to various other internally restricted funds, as detailed in Note 7.

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.

College of Optometrists of Ontario Notes to Financial Statements

December 31, 2021

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.

3. Short-Term Investments

	<u>2021</u>	<u>2020</u>
Cash and money market	\$ 1,963,948	\$ 519,685
Fixed income	2,304,511	576,338
Total	<u>\$ 4,268,459</u>	<u>\$ 1,096,023</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 0.36% to 0.80% (2020 - 1.35% to 3.55%).

College of Optometrists of Ontario
Notes to Financial Statements

December 31, 2021

4. Long-Term Investments

	2021	2020
Fixed income	\$ 1,267,490	\$ 2,785,132
Canadian equities	1,398,979	903,423
Foreign equities	179,643	870,055
Total	\$ 2,846,112	\$ 4,558,610

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 1.13% to 6.69% (2020 - 0.80 to 6.69%).

5. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 68,565	\$ 61,130	\$ 7,435	\$ 13,392
Furniture and equipment	111,651	89,137	22,514	26,309
Leasehold improvements	304,452	251,413	53,039	92,611
	\$ 484,668	\$ 401,680	\$ 82,988	\$ 132,312

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.

	2021	2020
Balance, opening	\$ 30,924	\$ 36,949
Disbursements	(6,635)	(6,025)
Balance, ending	\$ 24,289	\$ 30,924

December 31, 2021

7. Restricted Funds

December 31, 2021													
Fund													
	Contingency	Entry-to-Practise Exam Development	Fee Stabilization	Investigations and Hearings	New Government Initiatives	Patient Relations	Public Awareness	Office Acquisition	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	\$ 300,000	\$ 600,000	\$ 146,000	\$ 3,266,000
Deficiency of revenue over expenditures	-	-	-	-	-	-	-	-	-	(10,000)	(20,080)	-	(30,080)
Balance, end 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

December 31, 2020													
Fund													
	Contingency	Entry-to-Practise Exam Development	Fee Stabilization	Investigations and Hearings	New Government Initiatives	Patient Relations	Public Awareness	Office Acquisition	Research	Staff Development	Strategic Plan and CPMF Fund	Unauthorized Practice	Total
Balance, beginning of year	\$ -	\$ 270,000	\$ 100,000	\$ 200,000	\$ 200,000	\$ 50,000	\$ -	\$ 2,250,000	\$ 50,000	\$ -	\$ -	\$ 146,000	\$ 3,266,000
Interfund transfers	150,000	-	600,000	-	-	-	300,000	(2,250,000)	300,000	300,000	600,000	-	-
Balance, end of year	\$ 150,000	\$ 270,000	\$ 700,000	\$ 200,000	\$ 200,000	\$ 50,000	\$ 300,000	\$ -	\$ 350,000	\$ 300,000	\$ 600,000	\$ 146,000	\$ 3,266,000

During the prior year, Council approved the reallocation of \$2,250,000 from the Office Acquisition Fund given that project was deemed unlikely to be pursued. These funds were allocated to various other internally restricted funds, including certain funds that were established during the year, to better reflect the anticipated future strategic projects of the College and the funds required to carry out those activities.

College of Optometrists of Ontario Notes to Financial Statements

December 31, 2021

8. Retirement Plan

The College sponsors a retirement plan covering all eligible employees. Contributions are based on a percentage of the employee's compensation. During the year, 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 four years as follows:

2022	\$	10,126
2023		7,838
2024		3,263
2025		<u>3,263</u>
	\$	<u>24,490</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 three years are as follows:

2022	\$	63,650
2023		63,650
2024		<u>10,608</u>
	\$	<u>137,908</u>

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.

College of Optometrists of Ontario Notes to Financial Statements

December 31, 2021

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.

11. TWS Subsidy

The College received the Temporary Wage Subsidy ("TWS") from the Government of Canada during the year. The total amount of government assistance received was \$nil (2020 - \$20,825). Management of the College has determined that the College does not have an obligation to repay the Government of Canada for this subsidy as they have determined that the College has met all applicable eligibility criteria.

12. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of COVID-19 pandemic resulting in governments worldwide enacting emergency measures to combat the spread of the virus.

In response to pandemic, the College allowed for deferrals on its annual registration fees, suspended the collection of its professional corporation fees, and implemented other measures in an attempt to decrease expenses.

The pandemic could result in future economic uncertainties, which would impact the operations and cash flows of the College in future years.