

COLLEGE OF OPTICIANS OF ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2021

DRAFT

COLLEGE OF OPTICIANS OF ONTARIO

YEAR ENDED

DECEMBER 31, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Schedule of Council and Committee Expenditures	13

Independent Auditor's Report

To: The Council of College of Opticians of Ontario

Opinion

We have audited the accompanying financial statements of College of Opticians of Ontario which comprise the statement of financial position as at December 31, 2021 and the statements of operations, changes in net assets 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 College of Opticians of Ontario as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2021 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 entity 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 enterprises, 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 these financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

Independent Auditor's Report (continued)

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 entity'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 entity'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 entity 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chartered Professional Accountants, Licensed Public Accountants

April 11, 2022
Richmond Hill, ON

COLLEGE OF OPTICIANS OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
Current assets		
Cash	\$ 2,668,484	\$ 2,046,440
Short-term investments (Note 4)	4,465,389	4,437,690
Interest receivable	3,771	6,862
Prepaid expenses	25,441	26,181
	<u>7,163,085</u>	<u>6,517,173</u>
Capital assets (Note 5)	276,074	338,077
	<u>\$ 7,439,159</u>	<u>\$ 6,855,250</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 62,397	\$ 77,206
Harmonized sale tax payable	273,751	229,447
Deferred registration fees	2,527,736	2,097,562
	<u>2,863,884</u>	<u>2,404,215</u>
NET ASSETS (Note 3)		
Restricted	\$ 96,360	\$ 96,360
Unrestricted	4,478,915	4,354,675
	<u>\$ 7,439,159</u>	<u>\$ 6,855,250</u>

Commitment and Contingencies (Notes 8)

APPROVED BY COUNCIL

President

Registrar

The accompanying notes form an integral part of these financial statements

COLLEGE OF OPTICIANS OF ONTARIO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Revenue		
Opticians registration fees	\$ 2,310,849	\$ 3,036,782
Examination fees	189,125	63,496
Interest income	24,759	58,942
Intern and student registration fees	36,426	35,748
Miscellaneous income	67,160	15,447
COVID related government subsidies (Note 9)	149,556	-
	2,777,875	3,210,415
Expenditures		
Amortization of capital assets	70,890	85,298
Audit	15,425	14,250
Committee expenses	996	1,401
Communications	25,062	33,148
Computer maintenance, website and database hosting	65,907	84,698
Consulting	96,268	41,634
Council and committee - See accompanying schedule	118,587	130,484
Database development	150,563	185,203
Education and development	50,787	52,281
Equipment rental and maintenance	9,989	14,953
External personnel	83,467	42,316
External relations	602	31,420
Extraneous discipline expenditures	1,680	1,070
General office	287,983	279,021
Insurance	7,946	12,557
Investigator	70,808	77,214
Legal	79,571	107,775
Premises rent	230,124	228,038
Printing and postage	18,645	21,530
Quality assurance portfolio	9,800	32,371
Salaries and benefits	1,235,778	1,314,924
Seat fees and advertising	13,388	14,173
Telecommunications	9,369	8,679
	2,653,635	2,814,438
Excess of revenue over expenditures	\$ 124,240	\$ 395,977

The accompanying notes form an integral part of these financial statements

COLLEGE OF OPTICIANS OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

				2021	2020
	Internally Restricted funds	Invested in capital assets	Unrestricted funds	Total	Total
Net Assets, beginning of year	\$ 96,360	\$ 338,077	\$ 4,016,598	\$ 4,451,035	\$ 4,055,058
Excess of revenue over expenditures	-	(70,890)	195,130	124,240	395,977
Investments in capital assets	-	8,887	(8,887)	-	-
Net Assets, end of year	\$ 96,360	\$ 276,074	\$ 4,202,841	\$ 4,575,275	\$ 4,451,035

The accompanying notes form an integral part of these financial statements

COLLEGE OF OPTICIANS OF ONTARIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Operating activities		
Excess of revenue over expenditures	\$ 124,240	\$ 395,977
Items not affecting cash		
Amortization of capital assets	70,890	85,298
	195,130	481,275
Changes in non-cash working capital components related to operations		
Interest receivable	3,091	15,824
Prepaid expenses	740	(597)
Accounts payable and accrued liabilities	(14,809)	(34,015)
Harmonized sales tax payable	44,304	(58,684)
Deferred registration fees	430,174	(576,006)
Net cash provided by (used in) operating activities	463,500	(653,478)
Investing activities		
Acquisition of capital assets	(8,887)	(22,129)
Purchase of short-term investments	(27,699)	(1,073,670)
Net cash used in investing activities	(36,586)	(1,095,799)
Net increase (decrease) in cash	622,044	(1,268,002)
Cash, beginning of year	2,046,440	3,314,442
Cash, end of year	\$ 2,668,484	\$ 2,046,440

The accompanying notes form an integral part of these financial statements

COLLEGE OF OPTICIANS OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1. Organization and nature of business

The College of Opticians of Ontario (the "College") was incorporated without share capital as a not-for-profit organization under the laws of Ontario for the purpose of assuring public protection in the practice of opticianry and is responsible for administering and enforcing the Regulated Health Professions Act and the Opticianry Act. Accordingly, it is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

Basis of accounting

These financial statements are prepared using an accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation(s) or condition(s) underlying the liability is partly or wholly satisfied. Accrual accounting recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Revenue recognition

The College follows the deferral method of accounting for registration fees. The College primarily receives revenue from annual registration fees from its members and is recognized as revenue in the calendar year. Deferred registration fees are represented by amounts received before year end for licensing in the next year. In addition revenue from examination fees are recognized in the year they are earned. Interest income is recorded on an accrual basis as earned.

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently measured at amortized cost on a straight-line basis, unless management has elected to carry the instruments at fair value. The College has not designated any financial asset or financial liability to be measured at fair value.

Financial assets measured at amortized cost include cash, short-term investments and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs incurred on the acquisition of financial instruments are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the College expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Summary of significant accounting policies (continued)

Capital assets

The costs of capital assets are capitalized upon meeting criteria as a long term asset for recognition as a capital asset, otherwise costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	5 years straight line

Impairment of long lived assets

Capital assets and other assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a writedown of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Adjustments are reported in earnings in the period in which they become known. Significant items subject to such estimates and assumptions include useful life of capital assets and accrued liabilities. Actual results could differ from those estimates.

COLLEGE OF OPTICIANS OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

3. Net Assets

The financial statements have been prepared in a manner which segregates net assets balances and have been allocated by Executive Council as follows:

	2021	2020
Restricted		
Reserve for Funding of Therapy or Counselling	\$ 96,360	\$ 96,360
Unrestricted		
Invested in capital assets	276,074	338,077
Operating contingency	1,300,000	1,300,000
Unauthorized Practice contingency	500,000	500,000
Premises contingency	650,000	650,000
Strategic initiatives contingency	200,000	200,000
General reserve	1,552,841	1,366,598
	4,478,915	4,354,675
	\$ 4,575,275	\$ 4,451,035

Reserve for Funding of Therapy or Counselling: As per legislative requirements, funds have been put aside for the funding of sexual abuse therapy. Council has set aside an amount equal to six (6) times the maximum amount which can be granted to a patient seeking therapy for sexual abuse.

Capital assets: Are reflected on the statement of financial position and include leaseholds, computers, furniture and fixtures that are utilized in the day-to-day operations of the College.

Operating contingency: Represents six (6) months' projected operating expenses.

Unauthorized Practice contingency: As part of its Strategic Plan, the College is committed to prosecuting unauthorized practice.

The fund is reduced to reflect legal expenses as incurred that are specifically attributed to ongoing unauthorized practice matters.

Premises contingency: With the completion of the office move it is recommended that funds be accumulated in a premises contingency fund to address requirements at the end of the current lease ranging from a lease extension with premises refurbishment, moving to a new premise and associated leasehold improvements or the possible purchase of a premise.

Strategic initiatives contingency: Council has set aside this amount to support the College's new Strategic Plan 2020-2022. While funds will be allocated in the budget for activities that support initiatives such as council governance reform, the contingency fund will be directed to any unforeseen directives issued by the government.

General reserve: This fund represents the general reserve and is the remainder of the surplus funds after the other restricted and unrestricted amounts are taken into consideration. These funds can be used for any unexpected or unbudgeted items including the implementation of new legislative changes.

All allocations for above specified contingencies were approved by the Executive Council.

COLLEGE OF OPTICIANS OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

4. Short-term investments

Short term investments are held in an investment account with BMO Nesbitt Burns and are comprised of seven guaranteed investment certificates (2020 - nine) all with maturity dates on September 22, 2022 (2020 - ranging from September 1, 2021 to December 6, 2021) and bear annual interest between 0.46% and 0.85% (2020 - between 0.70% and 0.96%), which when combined total \$2,913,959 (2020 - \$3,393,638). The remaining balance of \$1,551,430 (2020 - \$1,044,052) is held in a high interest savings account with interest which fluctuates with prime rate.

The financial statements include all accrued interest earned to December 31, 2021.

5. Capital assets

	2021	2021	2021	2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 258,122	\$ 239,754	\$ 18,368	\$ 22,196
Furniture and fixtures	442,343	357,604	84,739	105,924
Leasehold improvements	393,117	220,150	172,967	209,957
	\$ 1,093,582	\$ 817,508	\$ 276,074	\$ 338,077

6. Bank Indebtedness

As at December 31, 2021 the College has an unused unsecured credit facility of a \$100,000 Operating Line of Credit at prime rate plus 1%. Prime rate at year-end was 3.95%.

7. Financial Instruments

Risk and concentration of risks

The College is exposed to various financial risks through transactions in financial instruments. The following analysis provides a measure of the College's risk exposure at the balance sheet date.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College does not have significant exposure to credit risk since all revenue is generated from members and received in advance of the fiscal year.

There has been no change in the risk assessment from 2020.

COLLEGE OF OPTICIANS OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

7. Financial Instruments (continued)

(b) Liquidity risk:

Liquidity risk is the risk that the College will encounter difficulty in meeting its obligations associated with financial liabilities. The College is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. Cash flow from operations generates sufficient funds to fulfil the College's accounts obligations.

There has been no change in the risk assessment from 2020.

(c) Market risk:

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and other price risk. The College is primarily exposed to interest rate risk.

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 exposed to interest rate risk on its term deposits. The College manages this risk by holding exclusively guaranteed investment certificates and staggering the terms of the investments held.

There has been no change in the risk assessment from 2020.

8. Commitments

The College has entered into agreements to lease its premises and office equipment. The existing premises lease commenced on July 1, 2017 for a ten year period. The annual rent of premises consists of a minimum base rent plus operating expenses, realty taxes and hydro charges for that period.

Minimum base rent payable for premises and equipment in aggregate is as follows:

	Premises	Equipment	Total
2021	\$ 105,710	\$ 9,920	\$ 115,630
2022	112,918	7,440	120,358
2023	120,125	-	120,125
2024	120,125	-	120,125
2025	120,125	-	120,125
2026	120,125	-	120,125
2027	60,062	-	60,062
	\$ 759,190	\$ 17,360	\$ 776,550

COLLEGE OF OPTICIANS OF ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

9. Government grants and subsidies

During the year, the College applied for Canada Emergency Wage Subsidies totaling \$94,052 (2020 - \$nil). This amount was used to subsidize employee payroll expenses during the COVID-19 pandemic. All of this amount was received before the year end date..

During the year, the College applied for Canada Emergency Rent Subsidies totaling \$55,504 (2020 - \$nil). This amount was used to subsidize rent expenses during the COVID-19 pandemic. All of this amount was received before the year end date.

10. COVID-19

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic and the outbreak has become increasingly widespread in Canada. The College continues to monitor the impact of the COVID-19 (coronavirus) outbreak closely. As of the date of the audit report, management is of the opinion that the coronavirus outbreak will not have a material effect on the College's liquidity or financial position, and it will be able to realize its assets and discharge its liabilities in the ordinary course of business.

COLLEGE OF OPTICIANS OF ONTARIO
SCHEDULE OF COUNCIL AND COMMITTEE EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

			2021	2020
	Honoraria	Expenses	Total	Total
Statutory / By-Law Committees				
Council	\$ 39,350	\$ 2,775	\$ 42,125	\$ 51,053
Discipline	19,692	-	19,692	3,954
Executive	4,814	2,340	7,154	10,481
Governance	6,075	-	6,075	7,874
ICRC / Complaints	14,144	13	14,157	21,083
Patient Relations	2,225	-	2,225	1,225
Quality Assurance	20,213	-	20,213	20,547
Registration	5,300	-	5,300	11,104
Ad-Hoc Committees				
Miscellaneous Ad hoc	1,500	146	1,646	3,163
	\$ 113,313	\$ 5,274	\$ 118,587	\$ 130,484