

COLLEGE OF OPTICIANS OF ONTARIO

Financial Statements

December 31, 2023

Draft for discussion only

COLLEGE OF OPTICIANS OF ONTARIO

Financial Statements

December 31, 2023

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Revenues and Expenses	5
Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13
Additional Information	14

INDEPENDENT AUDITOR'S REPORT

To the Members of
College of Opticians of Ontario

Opinion

We have audited the financial statements of College of Opticians of Ontario (the College), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenses, 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 the College as at December 31, 2023, and the results of its 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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.

Grewal Guyatt LLP
Chartered Professional Accountants, Licensed Public Accountants

Richmond Hill, Ontario

COLLEGE OF OPTICIANS OF ONTARIO

Statement of Financial Position

As at December 31, 2023

	2023	2022
Assets		
Current assets		
Cash	\$ 3,349,098	\$ 3,303,797
Short-term investments (Note 3)	4,671,071	4,488,298
Interest receivable (Note 3)	82,481	41,224
Prepaid expenses	19,264	19,264
	8,121,914	7,852,583
Capital assets (Note 4)	201,679	235,738
	\$ 8,323,593	\$ 8,088,321
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 353,203	\$ 410,581
Deferred registration fees	2,761,232	2,655,801
	3,114,435	3,066,382
Net assets (Note 7)		
Unrestricted funds	4,911,119	4,689,841
Invested in capital assets	201,679	235,738
Internally restricted funds	96,360	96,360
	5,209,158	5,021,939
	\$ 8,323,593	\$ 8,088,321

Commitments (Note 8)

Approved on behalf of the Board:

_____, Director

_____, Director

COLLEGE OF OPTICIANS OF ONTARIO

Statement of Revenues and Expenses
Year Ended December 31, 2023

	2023	2022
Revenue		
Opticians registration fees	\$ 2,966,790	\$ 2,812,434
Interest income	229,415	61,579
Examination fees	146,100	163,027
Intern and student registration fees	26,400	69,464
Miscellaneous income	13,359	57,149
	3,382,064	3,163,653
Expenses		
Salaries and benefits	1,511,695	1,335,172
Office and general	330,924	271,013
Data development	259,490	141,974
Occupancy	254,912	229,137
Consulting	158,603	93,062
Council and committee (Schedule A)	105,972	148,618
External personnel	90,576	82,640
Computer maintenance	87,639	76,412
External relations	82,477	18,275
Investigator	62,389	3,867
Professional fees	59,014	86,454
Communications	46,637	40,274
Amortization of capital assets	39,910	59,576
Education and development	37,905	55,303
Printing and postage	29,490	32,012
Advertising and promotion	13,302	13,701
Telecommunications	9,217	8,385
Insurance	6,143	8,500
Equipment rental and maintenance	5,250	5,403
Quality assurance portfolio	3,300	5,925
Committee	-	1,286
	3,194,845	2,716,989
Excess of revenues over expenses	\$ 187,219	\$ 446,664

COLLEGE OF OPTICIANS OF ONTARIO

Changes in Net Assets
Year Ended December 31, 2023

				2023	2022
	Internally restricted funds	Invested in capital assets	Unrestricted funds	Total	Total
Balance, beginning of year	\$ 96,360	\$ 235,738	\$ 4,689,841	\$ 5,021,939	\$ 4,575,275
Excess of revenues over expenses	-	(39,910)	227,129	187,219	446,664
Invested in capital assets	-	5,851	(5,851)	-	-
Balance, end of year	\$ 96,360	\$ 201,679	\$ 4,911,119	\$ 5,209,158	\$ 5,021,939

COLLEGE OF OPTICIANS OF ONTARIO

Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
Operating activities		
Excess of revenues over expenses	\$ 187,219	\$ 446,664
Non-cash item:		
Amortization of capital assets	39,910	59,576
	227,129	506,240
Net change in non-cash items related to operating activities:		
Interest receivable	(41,257)	(37,453)
Prepaid expenses	-	6,177
Accounts payable and accrued liabilities	(57,378)	74,433
Deferred registration fees	105,431	128,065
	6,796	171,222
	233,925	677,462
Investing activities		
Purchase of short-term investments	(182,773)	(22,909)
Acquisition of capital assets	(5,851)	(19,240)
	(188,624)	(42,149)
Increase in cash	45,301	635,313
Cash, beginning of year	3,303,797	2,668,484
Cash, end of year	\$ 3,349,098	\$ 3,303,797

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2023

1. Nature of Operations

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. Significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook. The College's significant accounting policies are as follows:

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 which 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. Revenue from examination fees are recognized in the year they are earned. Interest income is recorded on an accrual basis as earned.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the following methods, rates and periods:

Furniture and fixtures	Declining balance	20%
Computer hardware	Declining balance	30%
Leasehold improvements	Straight-line	5 years

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2023

2. Significant accounting policies (continued)

Impairment of long-lived assets

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the College uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Government assistance

The College applies for financial assistance under available government incentive programs. Government assistance related to current expenses and revenue is included in the determination of net earnings for the year.

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 the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the useful lives of capital assets and accrued liabilities.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The College has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2023

2. Significant accounting policies (continued)

Financial instruments (continued)

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 impairment charge.

3. Short-term investments

	2023	2022
Guaranteed investment certificates ("GICs")	\$ 4,666,108	\$ 3,981,795
High interest savings	4,963	506,503
	<u>\$ 4,671,071</u>	<u>\$ 4,488,298</u>

The GICs have an effective interest rate of 4.85% to 5.61% (2022- 3.10% to 4.75%) and mature between June 2024 and October 2024 (2022- May 2023 and October 2023). The financial statements include all accrued interest earned to December 31, 2023.

4. Capital assets

	2023			2022	
	Cost	Accumulated amortization	Net book value	Net book value	
Furniture and fixtures	\$ 445,341	\$ 388,949	\$ 56,392	\$ 70,490	
Computer hardware	270,126	243,855	26,271	23,061	
Leasehold improvements	403,205	284,189	119,016	142,187	
	\$ 1,118,672	\$ 916,993	\$ 201,679	\$ 235,738	

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2023

5. Bank indebtedness

On June 2, 2007, the College entered into an operating loan agreement for a line of credit of up to \$100,000 available in Canadian or U.S. dollar equivalent. The credit facility bears interest at the bank's prime rate plus 1% and is repayable on demand. As at December 31, 2023 and 2022, no funds were drawn on the credit facility.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$247,007 (2022 - \$337,988).

7. 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:

	2023	2022
Internally restricted funds		
Reserve for funding of therapy or counselling (a)	\$ 96,360	\$ 96,360
Unrestricted funds		
Invested in capital assets (b)	201,679	235,738
Operating contingency (c)	2,700,000	2,700,000
Unauthorized practice contingency (d)	500,000	500,000
Premises contingency (e)	650,000	650,000
Strategic initiatives contingency (f)	200,000	200,000
General reserve (g)	861,119	639,841
	\$ 5,209,158	\$ 5,021,939

a) Reserve for funding of therapy or counselling: As per legislative requirements, funds have been put aside for the funding of sexual abuse therapy. The Executive 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.

b) Invested in capital assets: Are reflected on the statement of financial position and include furniture and fixtures, computer hardware and leasehold improvements that are utilized in the day-to-day operations of the College.

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2023

7. Net assets (continued)

- c) Operating contingency: Represents twelve (12) months' projected operating expenses.
- d) 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.
- e) 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.
- f) Strategic initiatives contingency: The Executive Council has set aside this amount to support the College's new Strategic Plan 2023-2025. 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.
- g) 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.

8. Commitments

The commitment of the College under a lease agreement aggregates to \$420,000. The instalments over the next four years are the following:

2024	\$	120,000
2025		120,000
2026		120,000
2027		60,000
		<hr/>
		\$ 420,000

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2023

9. Financial instruments

Liquidity risk

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College manages its liquidity risk by monitoring its operating requirements. The College prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. 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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College is exposed to interest rate risk on its short-term investments. The College manages this risk by holding exclusively guaranteed investment certificates and staggering the terms of the investments held.

COLLEGE OF OPTICIANS OF ONTARIO

Additional Information

Year Ended December 31, 2023

Schedule A - Council and committee

	2023		2022	
	Honoraria	Expenses	Honoraria	Expenses
Statutory/By-law Committees				
Council	\$ 40,696	\$ 5,907	\$ 59,198	\$ 11,256
Quality assurance	16,575	-	15,620	225
Discipline	15,225	-	31,692	-
Inquiries, Complaints, and Reports Committee	10,819	-	9,025	-
Registration	7,329	-	9,198	-
Executive	3,700	-	3,588	120
Governance	1,938	-	5,063	-
Ad-Hoc Committees - miscellaneous	1,381	2,402	2,164	750
Patient relations	-	-	719	-
	\$ 97,663	\$ 8,309	\$ 136,267	\$ 12,351