

*Financial Statements of*

**COLLEGE OF OPTICIANS OF ONTARIO**

*December 31, 2017*

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# **COLLEGE OF OPTICIANS OF ONTARIO**

## **FINANCIAL STATEMENTS**

**December 31, 2017**

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CHARTERED ACCOUNTANTS  
BUSINESS ADVISORS

45 St. Clair Avenue West, Suite 200 Toronto, Ontario M4V 1K9

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## **Independent Auditor's Report**

To the Council of  
College of Opticians of Ontario

We have audited the accompanying financial statements of the College of Opticians of Ontario which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Executive Committee's Responsibility for the Financial Statements*

Executive Committee 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 council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## **Independent Auditor's Report (continued)**

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of College of Opticians of Ontario as at December 31, 2017, 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.

*Sevitt & Associates*

Toronto, Ontario  
March 27, 2018

Chartered Accountants  
Licensed Public Accountants

# COLLEGE OF OPTICIANS OF ONTARIO

## Statement of Financial Position

As at December 31, 2017

|   | 2017             | 2016             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>A S S E T S</b>                            |                  |                  |
| <b>CURRENT</b>                                |                  |                  |
| Cash  | 1,375,290        | 2,352,979        |
| Short-term investments (Note 3)               | 4,102,902        | 3,140,393        |
| Interest receivable                           | 15,148           | 32,296           |
| Prepays                                       | <u>28,613</u>    | <u>15,648</u>    |
|   | <u>5,521,953</u> | <u>5,541,316</u> |
| <b>CAPITAL ASSETS (Note 4)</b>                | <u>413,474</u>   | <u>38,452</u>    |
|   | <u>5,935,427</u> | <u>5,579,768</u> |
| <b>L I A B I L I T I E S</b>                  |                  |                  |
| <b>CURRENT</b>                                |                  |                  |
| Payables and accrued liabilities              | 134,070          | 116,046          |
| Ontario Bridge funding payable                | -                | 13,216           |
| Harmonized sales tax payable                  | 203,248          | 243,263          |
| Deferred registration fees                    | <u>2,104,289</u> | <u>2,112,650</u> |
|   | <u>2,441,607</u> | <u>2,485,175</u> |
| <b>NET ASSETS (Note 2)</b>                    |                  |                  |
| <i>Restricted</i>                             |                  |                  |
| Reserve for Funding of Therapy or Counselling | 45,000           | 45,000           |
| <i>Unrestricted</i>                           |                  |                  |
| Invested in capital assets                    | 413,474          | 38,452           |
| Operating contingency                         | 942,000          | 942,000          |
| Unauthorized Practice contingency             | 700,000          | 700,000          |
| Relocation contingency                        | 650,000          | 650,000          |
| General reserve                               | <u>743,346</u>   | <u>719,141</u>   |
|   | <u>3,493,820</u> | <u>3,094,593</u> |
|   | <u>5,935,427</u> | <u>5,579,768</u> |

Contingency (Note 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, 2017

|  | 2017<br>\$       | 2016<br>\$       |
|--|------------------|------------------|
| <b>REVENUE</b>                                     |                  |                  |
| Opticians registration fees                        | 2,565,980        | 2,436,231        |
| Intern and student registration fees               | 48,389           | 35,516           |
| Examination fees                                   | 160,650          | 132,311          |
| Miscellaneous income                               | 43,975           | 35,775           |
| Interest income                                    | <u>39,079</u>    | <u>45,573</u>    |
|  | <u>2,858,073</u> | <u>2,685,406</u> |
| <b>EXPENDITURES</b>                                |                  |                  |
| Amortization                                       | 52,298           | 18,068           |
| Audit  | 12,924           | 12,500           |
| Committee expenses                                 | 8,467            | 4,930            |
| Communications                                     | 29,817           | 26,684           |
| Computer maintenance, website and database hosting | 75,739           | 66,792           |
| Consulting   | 70,656           | 78,703           |
| Council and committee - See schedule               | 120,664          | 120,064          |
| Database development                               | 289,831          | 123,476          |
| Education and development                          | 2,277            | 3,605            |
| Equipment rental and maintenance                   | 17,428           | 16,411           |
| External personnel                                 | 71,151           | 58,817           |
| External relations                                 | 28,870           | 44,612           |
| Extraneous legal expenditures                      | 510              | 1,517            |
| General office                                     | 206,580          | 150,139          |
| Insurance  | 5,730            | 5,099            |
| Investigator                                       | 13,044           | 14,553           |
| Legal  | 165,530          | 112,054          |
| Premises rent                                      | 195,700          | 158,263          |
| Printing and postage                               | 32,864           | 45,035           |
| Quality assurance portfolio                        | 58,973           | 36,905           |
| Salaries and benefits                              | 960,663          | 868,362          |
| Seat fees and advertising                          | 20,220           | 22,713           |
| Telephone and fax                                  | <u>18,910</u>    | <u>15,847</u>    |
|  | <u>2,458,846</u> | <u>2,005,149</u> |
| <b>EXCESS OF REVENUE OVER EXPENDITURES</b>         | <u>399,227</u>   | <u>680,257</u>   |

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, 2017

|  |                                   |                               |                       | 2017             | 2016             |
|--|-----------------------------------|-------------------------------|-----------------------|------------------|------------------|
|  | Internally<br>Restricted<br>funds | Invested in<br>capital assets | Unrestricted<br>funds | Total            | Total            |
|  | \$                                | \$                            | \$                    | \$               | \$               |
| Beginning of year                      | 45,000                            | 38,452                        | 3,011,141             | 3,094,593        | 2,414,336        |
| Excess of revenue<br>over expenditures | -                                 | (52,298)                      | 451,525               | 399,227          | 680,257          |
| Investments in<br>capital assets       | <u>-</u>                          | <u>427,320</u>                | <u>(427,320)</u>      | <u>-</u>         | <u>-</u>         |
| End of year                            | <u>45,000</u>                     | <u>413,474</u>                | <u>3,035,346</u>      | <u>3,493,820</u> | <u>3,094,593</u> |

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, 2017

|   | 2017<br>\$         | 2016<br>\$       |
|---|--------------------|------------------|
| <b>NET INFLOW (OUTFLOW) OF CASH RELATED TO<br/>THE FOLLOWING ACTIVITIES</b> |                    |                  |
| Operating   |                    |                  |
| Excess of revenue over expenditures   | 399,227            | 680,257          |
| Item not affecting cash   |                    |                  |
| Amortization of capital assets  | <u>52,298</u>      | <u>18,068</u>    |
|   | <u>451,525</u>     | <u>698,325</u>   |
| Changes in non-cash working capital   |                    |                  |
| Interest receivable   | 17,148             | (16,113)         |
| Prepays   | (12,965)           | 541              |
| Payables and accrued liabilities  | 18,024             | 60,415           |
| Ontario Bridge funding payable  | (13,216)           | (36,011)         |
| Harmonized sales tax payable  | (40,015)           | (1,740)          |
| Deferred registration fees  | <u>(8,361)</u>     | <u>41,240</u>    |
|   | <u>412,140</u>     | <u>746,657</u>   |
| Investing   |                    |                  |
| Purchase of capital assets  | (427,320)          | (4,979)          |
| Purchase of short-term investments  | <u>(962,509)</u>   | <u>(629,111)</u> |
|   | <u>(1,389,829)</u> | <u>(634,090)</u> |
| <b>NET (DECREASE) INCREASE IN CASH</b>                                      | (977,689)          | 112,567          |
| <b>CASH, beginning of year</b>  | <u>2,352,979</u>   | <u>2,240,412</u> |
| <b>CASH, end of year</b>  | <u>1,375,290</u>   | <u>2,352,979</u> |

The accompanying notes form an integral part of these financial statements



# COLLEGE OF OPTICIANS OF ONTARIO

## Notes to Financial Statements

December 31, 2017

### ORGANIZATION

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 not required to pay income taxes.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### *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*

The College initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The College subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, interest receivable and short-term investments. Financial liabilities measured at amortized cost include payables and accrued liabilities.

The College has not designated any financial asset or financial liability to be measured at fair value.

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in statement of operations.

# COLLEGE OF OPTICIANS OF ONTARIO

## Notes to Financial Statements

December 31, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Financial Instruments (continued)*

##### *Transaction costs*

The College's transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

##### *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:

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

##### *Measurement Uncertainty*

The preparation of the financial statements is in conformity with Canadian generally accepted accounting principles. This requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. These estimates include the useful life of capital assets and accrued liabilities. Actual results could differ from these estimates.

##### *Impairment of Long Lived Assets*

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carry amount of the assets may not be recoverable. An impairment loss is recognized when the carrying amount of the long-lived asset exceeds the sum of the undiscounted future cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

# COLLEGE OF OPTICIANS OF ONTARIO

## Notes to Financial Statements

December 31, 2017

### 2. 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:

|   | 2017<br>\$    | 2016<br>\$    |
|---|---------------|---------------|
| <b>Restricted</b>                             |               |               |
| Reserve for Funding of Therapy or Counselling | <u>45,000</u> | <u>45,000</u> |

Reserve for Funding of Therapy or Counselling represents amounts that have been allocated from general operations in order to comply with provincial regulations relating to financing of therapy or counselling sessions which may be required in cases of sexual abuse of patients by members.

|                                   | 2017<br>\$       | 2016<br>\$       |
|-----------------------------------|------------------|------------------|
| <b>Unrestricted</b>               |                  |                  |
| Invested in capital assets        | 413,474          | 38,452           |
| Operating contingency             | 942,000          | 942,000          |
| Unauthorized Practice contingency | 700,000          | 700,000          |
| Relocation contingency            | 650,000          | 650,000          |
| General reserve                   | <u>743,346</u>   | <u>719,141</u>   |
|                                   | <u>3,448,820</u> | <u>3,049,593</u> |

Invested in capital assets represents the College's net investment in property which is comprised of the amount of its capital assets purchased with unrestricted funds.

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

### 3. INVESTMENTS

The investments are held in an investment account with BMO Nesbitt Burns and comprise of five separate Guaranteed Investment Certificates, each with maturity dates of one year from date of acquisition, which when combined total \$1,500,900 (2016 - \$2,622,585) plus the remaining balance in a high interest savings account with interest which fluctuates with prime rate.

The financial statements include all accrued interest earned to December 31, 2017.

# COLLEGE OF OPTICIANS OF ONTARIO

## Notes to Financial Statements

December 31, 2017

### 4. CAPITAL ASSETS

|                        | Cost<br>\$     | Accumulated<br>Depreciation<br>\$ | Net Book Value<br>2017<br>\$ | 2016<br>\$    |
|------------------------|----------------|-----------------------------------|------------------------------|---------------|
| Furniture and fixtures | 433,975        | 237,564                           | 196,411                      | 20,500        |
| Computer equipment     | 224,648        | 210,718                           | 13,930                       | 17,952        |
| Leasehold improvements | <u>225,703</u> | <u>22,570</u>                     | <u>203,133</u>               | <u>-</u>      |
|                        | <u>884,326</u> | <u>470,852</u>                    | <u>413,474</u>               | <u>38,452</u> |

### 5. BANK INDEBTEDNESS

As at December 31, 2017 the College has an unused unsecured credit facility of a \$100,000 Operating Line of Credit at prime rate plus 1%.

### 6. FINANCIAL INSTRUMENTS

The College is exposed to various financial risks through transactions in financial instruments. There is exposure to the following risks:

#### *Credit Risk*

Credit risk arises from the possibility that third parties may experience financial difficulty and be unable to fulfill their commitments. The College's maximum exposure to credit risk is represented by the carrying value of short-term investments, bank and receivable.

All of the College's cash and investments are held with reputable Canadian financial institutions from which management believes loss through risk exposure to be minimal.

#### *Liquidity Risk*

Liquidity risk is the risk that the College may not be able to fund its obligations as they come due. The College manages its liquidity risk by monitoring its operational requirements to ensure financial resources are available.

# COLLEGE OF OPTICIANS OF ONTARIO

## Notes to Financial Statements

December 31, 2017

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

#### *Interest Rate Risk*

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. The College is exposed to interest rate risk on its high interest savings account.

### 7. COMMITMENTS

The College has entered into agreements to lease its premises and office equipment for various periods. The existing premises lease commence 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            |
|------|------------------|---------------|------------------|
|      | \$               | \$            | \$               |
| 2017 | 52,855           | 15,040        | 67,895           |
| 2018 | 105,710          | 11,280        | 116,990          |
| 2019 | 105,710          | -             | 105,710          |
| 2020 | 105,710          | -             | 105,710          |
| 2021 | 105,710          | -             | 105,710          |
| 2022 | 112,918          | -             | 112,918          |
| 2023 | 120,125          | -             | 120,125          |
| 2024 | 120,125          | -             | 120,125          |
| 2025 | 120,125          | -             | 120,125          |
| 2026 | 120,125          | -             | 120,125          |
| 2027 | <u>60,062</u>    | <u>-</u>      | <u>60,062</u>    |
|      | <u>1,129,175</u> | <u>26,320</u> | <u>1,155,495</u> |

### 8. CONTINGENT LIABILITY

The College is listed as a co-defendant in a Statement of Claim against it in the sum of \$1,500,000. This is being vigorously defended by the College and in the opinion of Management even should there be any potential liability that might be awarded at the resolution of the claim, there is sufficient insurance coverage to fully cover it.

# COLLEGE OF OPTICIANS OF ONTARIO

## Schedule of Council and Committee Expenditures

For the Year Ended December 31, 2017

|                                      |               |               | 2017<br>\$     | 2016<br>\$     |
|--------------------------------------|---------------|---------------|----------------|----------------|
|                                      | Honoraria     | Expenses      | Total          | Total          |
| <b>Statutory / By-Law Committees</b> |               |               |                |                |
| Council                              | 24,431        | 15,920        | 40,351         | 40,431         |
| Discipline                           | 5,763         | 16,030        | 21,793         | 13,350         |
| Executive                            | 4,663         | 4,270         | 8,933          | 6,104          |
| Governance                           | 4,725         | 1,172         | 5,897          | 3,306          |
| ICRC / Complaints                    | 11,856        | 5,028         | 16,884         | 16,817         |
| Patient Relations                    | -             | -             | -              | 1,788          |
| Quality Assurance                    | 9,250         | 3,503         | 12,753         | 12,871         |
| Registration                         | 6,700         | 6,374         | 13,074         | 24,423         |
| <b>Ad-Hoc Committees</b>             |               |               |                |                |
| Miscellaneous Ad hoc                 | <u>311</u>    | <u>668</u>    | <u>979</u>     | <u>974</u>     |
|                                      | <u>67,699</u> | <u>52,965</u> | <u>120,664</u> | <u>120,064</u> |