

COLLEGE OF OPTOMETRISTS OF ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2012

and

DECEMBER 31, 2011

COLLEGE OF OPTOMETRISTS OF ONTARIO

DECEMBER 31, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Members of: College of Optometrists of Ontario

We have audited the accompanying financial statements of College of Optometrists of Ontario, which comprises the balance sheets as at December 31, 2012 and December 31, 2011, the statements of changes of net assets, revenue and expenditures and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure 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 statement 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the College of Optometrists of Ontario as at December 31, 2012 and December 31, 2011 and its results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Radvany Jurina Cleary Associates LLP

TORONTO, Ontario
June 10, 2013

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANT

RADVANY JURINA CLEARY

ASSOCIATES LLP

CHARTERED ACCOUNTANTS

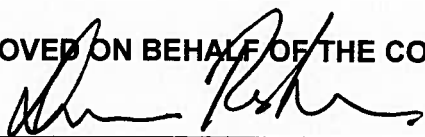
COLLEGE OF OPTOMETRISTS OF ONTARIO

BALANCE SHEET

AS AT DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u> Restated (Note 3)
ASSETS		
CURRENT		
Cash	\$ 858,724	\$1,163,230
Short-term investments (Note 4)	1,947,410	2,734,571
Amounts held by broker	16,250	8,433
Accounts receivable	4,320	5,432
Prepaid expenses	<u>43,840</u>	<u>16,202</u>
	2,870,544	3,927,868
LONG-TERM INVESTMENTS (Note 3 & 4)	2,111,443	954,264
CAPITAL ASSETS (Note 5)	<u>15,091</u>	<u>17,763</u>
	<u>\$4,997,078</u>	<u>\$4,899,895</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 117,073	\$ 319,841
HST payable	192,715	190,455
Fees received in advance	<u>1,906,355</u>	<u>1,747,300</u>
	2,216,143	2,257,596
	<u>2,216,143</u>	<u>2,257,596</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	15,091	17,763
APPROPRIATED SPECIAL POLICY FUNDS	500,000	500,000
UNAPPROPRIATED SURPLUS	<u>2,265,844</u>	<u>2,124,536</u>
	<u>2,780,935</u>	<u>2,642,299</u>
	<u>\$4,997,078</u>	<u>\$4,899,895</u>

APPROVED ON BEHALF OF THE COUNCIL:



President

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RADVANY JURINA CLEARY

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C H A R T E R E D A C C O U N T A N T S

**COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u> Restated (Note 3))
APPROPRIATED SPECIAL POLICY FUNDS		
New Government Initiatives	\$ 50,000	\$ 50,000
Patient Relations Fund	30,000	30,000
Office Acquisition	400,000	400,000
Special Contingencies	<u>20,000</u>	<u>20,000</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>
UNAPPROPRIATED SURPLUS		
Balance, beginning of year	\$2,124,536	\$1,277,102
Excess of revenue over expenditure	<u>138,327</u>	<u>213,864</u>
	2,262,863	1,490,966
Segregated for capital assets	2,673	481,911
Net unrealized gain on investments (Note 3)	<u>308</u>	<u>151,659</u>
Balance, end of year	<u>\$2,265,844</u>	<u>\$2,124,536</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RADVANY JURINA CLEARY

ASSOCIATES LLP

CHARTERED ACCOUNTANTS

COLLEGE OF OPTOMETRISTS OF ONTARIO STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
REVENUE		
Annual registration fees	\$1,863,659	\$1,769,362
Professional corporation	227,499	147,807
Ontario Ministry of Health (Optometry Review Committee)	8,640	9,752
Other income	4,022	3,439
Quality assurance	19,525	11,939
Continuing education (net of expenses)	879	(6,862)
Credential assessment	3,675	-
	<u>2,127,899</u>	<u>1,935,437</u>
EXPENDITURES		
Council meeting and general expense	70,660	162,219
Government regulations	75,198	73,028
Strategic Planning Committee	-	1,438
Quality Assurance Committee	104,328	74,214
Clinical Practice Committee	10,244	9,970
College representation	96,334	56,135
ICRC (Complaints Committee)	85,995	47,982
Executive Committee	45,763	99,893
Discipline Committee	137,263	117,684
Registration Committee	147,093	120,977
By-Law Review Committee	18,104	27,912
Patient Relations Committee	22,567	11,167
Optometry Review Committee	8,640	9,752
Jurisprudence examination expense	7,599	11,537
Search Committee	-	76,058
Credential Assessment Committee	17,679	-
Fitness to Practise Committee	4,786	-
Communication Committee	1,479	-
	<u>853,732</u>	<u>899,966</u>
COLLEGE ADMINISTRATION ACTIVITIES		
Salaries and benefits	741,086	646,248
Office operation	263,605	264,479
Occupancy costs (Note 9(b))	92,388	64,398
Accounting and audit fees	44,721	42,975
General legal fees (Note 7)	53,669	234,158
Amortization	6,289	5,435
Consulting	8,115	5,445
Relocation expense	32,007	27,546
	<u>1,241,880</u>	<u>1,290,684</u>
TOTAL EXPENDITURES	<u>2,095,612</u>	<u>2,190,650</u>

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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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C H A R T E R E D A C C O U N T A N T S

**COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		
Before unauthorized practice	32,287	(255,213)
Unauthorized practice	<u>40,711</u>	<u>48,868</u>
Excess (deficiency) of revenue over expenditures for the year	<u>(8,424)</u>	<u>(304,081)</u>
OTHER INCOME		
Investment income	146,751	330,770
Gain on sale of capital property	<u>-</u>	<u>187,175</u>
	<u>146,751</u>	<u>517,945</u>
TOTAL EXCESS OF REVENUE OVER EXPENDITURES	\$ <u>138,327</u>	\$ <u>213,864</u>

RADVANY JURINA CLEARY

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CHARTERED ACCOUNTANTS

COLLEGE OF OPTOMETRISTS OF ONTARIO STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 138,327	\$ 213,864
Adjustments for:		
Amortization of capital assets	6,289	5,435
Gain on sale of capital property	-	(187,175)
Net unrealized gain on investments	<u>(308)</u>	<u>(151,659)</u>
	144,308	(119,535)
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	1,112	(1,011)
(Decrease) in prepaid expenses	(27,638)	(7,802)
(Decrease) in accounts payable	(202,768)	(53,383)
Increase in HST payable	2,260	178
Increase in fees received in advance	<u>159,055</u>	<u>165,449</u>
Cash flow from operating activities	<u>76,329</u>	<u>(16,104)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(3,616)	(7,349)
Proceeds on disposition of capital property	-	671,000
Net (increase) in investments	(369,402)	(470,025)
(Increase) decrease in amounts held by broker	<u>(7,817)</u>	<u>9,980</u>
Cash flow from investing activities	<u>(380,835)</u>	<u>203,606</u>
(DECREASE) INCREASE IN CASH	(304,506)	187,502
CASH, beginning of year	1,163,230	975,728
CASH, end of year	\$ <u>858,724</u>	\$ <u>1,163,230</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COLLEGE OF OPTOMETRISTS OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. NATURE OF OPERATIONS

The College of Optometrists of Ontario (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 the self-regulatory authority responsible for the registering, licensing and governing of optometrists in Ontario. The College's mission and goal is to ensure that the public have access to safe, ethical and high quality optometric care by guiding the profession.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and includes the following significant accounting policies:

(a) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available, the College follows the fund method of accounting.

Invested in capital assets fund reports the flow of funds related to their acquisition and disposal capital assets of the College.

Appropriated special policy funds reports money set aside by the Council for specific purposes.

Unappropriated surplus fund reports revenue and expenditure of the general operation of the College and follows the accrual basis of accounting.

(b) Short-Term and Long-Term Investments

Short-term and long-term investments consist of guaranteed investment certificates, bonds, stocks, income trusts and mutual funds. They are recorded at quoted market value under the new accounting framework. Long-term investments are not intended to be sold or mature at end of the following fiscal year-end. The investment income is recognized as revenue in the year in which it is earned. Gains and losses on sales of investments are recorded as investment income as such sales are realized.

For investments which have not been sold or matured, the unrealized gains and losses are recognized and reported under unappropriated surplus.

(c) Capital Assets

Capital assets are stated at acquisition cost. Amortization is provided on a diminishing balance basis using the following rates:

Computer hardware	- 30% diminishing balance
Furniture and equipment	- 20% diminishing balance

In the year of acquisition, amortization of assets are calculated at one-half the amortization rate.

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue Recognition

Members of the College pay a registration fee upon admission to the College. Registration and other fees are included in income upon receipt of these fees.

(e) Fees Received in Advance

Annual member fees are billed each November. These fees relate to membership for the following fiscal year and, accordingly, these amounts are shown as fees received in advance at year end.

(f) Measurement of Financial Instruments

The College initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments, which are stated at fair values at the year-end date.

Financial assets measured at amortized cost are accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and fees received in advance.

(g) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting standards for not-for-profit requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. An area requiring the use of management's judgement relates to the estimated useful lives of capital assets. Actual results may differ from these estimates.

3. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2012, the organization has adopted the Canadian accounting standards for not-for-profit organizations. These are the first financial statements prepared in accordance with this new accounting framework which has been applied retrospectively.

The transition to Canadian accounting standards for not-for-profit organizations required all investments to be subsequently measured at fair market value. The adoption of this new accounting standards, required restatement of previously reported amounts. The presentation and disclosures in the financial statements reflect the requirements under the new accounting framework.

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C H A R T E R E D A C C O U N T A N T S

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

3. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (Continued)

The adoption of the Canadian accounting standards for not-for-profit organizations required restatement of previously reported investments at fair market value.

	<u>2011</u>
Long-term investments as previously reported	\$ 802,605
Net unrealized gain on investments	<u>151,659</u>
Long-term investments as adjusted	<u>\$ 954,264</u>

4. SHORT AND LONG-TERM INVESTMENTS

	<u>2012</u>	<u>2011</u>
	Cost	Cost
Short-term investments	\$1,947,553	\$2,734,570
Long-term investments	<u>1,959,333</u>	<u>802,605</u>
	<u>\$3,906,886</u>	<u>\$3,537,175</u>
	Market value	Market value
Short-term investments	\$1,947,410	\$2,734,570
Long-term investments	<u>2,111,443</u>	<u>954,264</u>
	<u>\$4,058,996</u>	<u>\$3,688,834</u>

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2012</u>	<u>Net 2011</u>
Computer hardware	\$ 78,538	\$ 72,946	\$ 5,592	\$ 6,813
Furniture and equipment	<u>39,491</u>	<u>29,992</u>	<u>9,499</u>	<u>10,950</u>
	<u>\$ 118,029</u>	<u>\$ 102,938</u>	<u>\$ 15,091</u>	<u>\$ 17,763</u>

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

6. FEES

To maintain and enhance the operations of the College, the Council has approved a 5% increase in all fees and penalties charged beginning November 1, 2012.

7. GENERAL LEGAL FEES

Legal fees not directly identified as a legal cost specific to the activities of a Committee, are recorded as general legal expenses of the College.

8. RETIREMENT PLAN

The College sponsors a defined contribution pension plan covering all eligible employees. Contributions are based on a percentage of the employee's compensation.

9. COMMITMENTS

(a) Equipment Operating Leases

The College leases office equipment under long term lease arrangements which require the following payments over the following two years.

2013	\$	10,532
2014		10,532

(b) Premise Operating Lease

The College entered into a sixteen month sublease on its premises beginning November 2011 to February 2013. During the year, the College negotiated a lease arrangement for an additional twelve months to begin March 2013. During the term of the sublease/lease, rents are exclusive of property taxes, maintenance expenses and insurance. The rent has been included in the financial statements, under occupancy costs. The net rents to be paid each year are as follows:

2013	\$	57,930
2014		10,928

10. FINANCIAL INSTRUMENTS

Market Risk

The College's investments in publicly traded securities exposes the organization to market risk since these equity investments are subject to price fluctuations.

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

11. SUBSEQUENT EVENTS

On March 28, 2013, the College entered into a 66 month equipment lease agreement. The lease arrangement requires quarterly payments of \$1,599.

On June 10, 2013, the Council appropriated and approved a transfer of funds of \$1,600,000 from the Unappropriated Surplus fund to the Office Acquisition fund. The transfer of funds will increase the Office Acquisition fund balance to \$2,000,000.

12. COMPARATIVE FIGURES

Certain prior year's comparative figures have been restated to conform with the current year's presentation.