

RADVANY JURINA CLEARY

ASSOCIATES LLP

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

FINANCIAL STATEMENTS

DECEMBER 31, 2015

COLLEGE OF OPTOMETRISTS OF ONTARIO

DECEMBER 31, 2015

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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 sheet as at December 31, 2015, the statements of changes of net assets, revenue and expenditures and cash flows for the year 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, 2015 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.

Toronto, Ontario
April 20, 2016

Radwamy Jurina Cleary Associates LLP


CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANT

RADVANY JURINA CLEARY
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COLLEGE OF OPTOMETRISTS OF ONTARIO
BALANCE SHEET
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT		
Cash	\$2,373,484	\$2,639,923
Short-term investments (Note 3)	1,210,620	871,317
Accounts receivable	5,777	225
Prepaid expenses	<u>83,904</u>	<u>33,214</u>
	3,673,785	3,544,679
LONG-TERM INVESTMENTS (Note 4)	2,068,355	1,945,151
CAPITAL ASSETS (Note 5)	<u>261,723</u>	<u>340,711</u>
	<u>\$6,003,863</u>	<u>\$5,830,541</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 53,638	\$ 71,240
HST payable	253,036	239,559
Fees received in advance	<u>2,087,294</u>	<u>1,988,959</u>
	<u>2,393,968</u>	<u>2,299,758</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	261,723	340,711
APPROPRIATED SPECIAL POLICY FUNDS	2,350,000	2,350,000
UNAPPROPRIATED SURPLUS	<u>998,172</u>	<u>840,072</u>
	<u>3,609,895</u>	<u>3,530,783</u>
	<u>\$6,003,863</u>	<u>\$5,830,541</u>

APPROVED ON BEHALF OF THE COUNCIL:


 _____ President

COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
INVESTED IN CAPITAL ASSETS		
Balance, beginning of year	\$ 340,711	\$ 53,903
Invested in capital assets	<u>(78,988)</u>	<u>286,808</u>
Balance, end of year	<u>\$ 261,723</u>	<u>\$ 340,711</u>
APPROPRIATED SPECIAL POLICY FUNDS		
New Government Initiatives	\$ 50,000	\$ 50,000
Office Acquisition	2,000,000	2,000,000
Patient Relations Fund	30,000	30,000
Special Contingencies	<u>20,000</u>	<u>20,000</u>
	<u>2,100,000</u>	<u>2,100,000</u>
Unauthorized Practice - Balance, beginning of year	250,000	-
Appropriations (Note 13)	<u>-</u>	<u>250,000</u>
Unauthorized Practice - Balance, end of year	<u>250,000</u>	<u>250,000</u>
	<u>\$2,350,000</u>	<u>\$2,350,000</u>
UNAPPROPRIATED SURPLUS		
Balance, beginning of year	\$ 840,072	\$1,126,796
Excess of revenue over expenditure	<u>79,112</u>	<u>250,084</u>
	919,184	1,376,880
Appropriations (Note 13)	-	(250,000)
Invested in capital assets	<u>78,988</u>	<u>(286,808)</u>
Balance, end of year	<u>\$ 998,172</u>	<u>\$ 840,072</u>

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 REVENUE AND EXPENDITURES FOR THE YEARS ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Annual registration fees	\$2,120,256	\$2,106,085
Professional corporation	280,166	261,341
Quality assurance	36,847	15,527
Other income	4,261	6,621
Continuing education	1,810	3,260
Credential assessment (Note 12)	-	19,950
	<u>2,443,340</u>	<u>2,412,784</u>
EXPENDITURES		
Inquires, Complaints and Reports Committee (Note 7)	105,499	101,038
Discipline Committee (Note 7)	105,633	17,320
Registration Committee (Note 7)	102,394	64,017
Council meeting and training expense	95,891	83,782
Membership contributions (Note 8)	76,635	58,475
Executive Committee	67,176	55,281
Quality Assurance Committee (Note 7)	56,883	73,503
Clinical Practice Committee	27,680	22,339
College representation	39,699	46,863
Credential Assessment Committee (Note 12)	9,565	40,434
Patient Relations Committee	12,079	3,665
Optometry Review Committee	-	2,160
Jurisprudence examination expense	4,908	5,301
Transparency Committee	5,583	-
Government regulations	2,515	11,866
Strategic Planning	3,302	-
Communication Committee	3,038	11,402
Continuing education expense	2,607	3,209
	<u>721,087</u>	<u>600,655</u>
COLLEGE ADMINISTRATION ACTIVITIES		
Salaries and benefits	821,762	789,453
Office operation	282,770	307,361
Occupancy costs (Note 11(b))	149,705	150,683
Accounting and audit fees	48,787	42,713
General legal fees (Note 7)	42,156	54,093
Consulting (Note 9)	77,041	66,146
Relocation expense	-	26,153
OE Tracker expense	39,995	-
Amortization	98,233	88,284
	<u>1,560,449</u>	<u>1,524,886</u>
TOTAL EXPENDITURES	<u>2,281,536</u>	<u>2,125,541</u>

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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEARS ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER EXPENDITURES AND INCOME	161,804	287,243
OTHER EXPENDITURES		
Unauthorized practice	16,131	26,127
Special project (Note 10)	<u>76,903</u>	<u>230,718</u>
	<u>93,034</u>	<u>256,845</u>
OTHER INCOME		
Investment income	169,935	217,165
Unrealized gain (loss) on investments	<u>(159,593)</u>	<u>2,521</u>
	<u>10,342</u>	<u>219,686</u>
TOTAL EXCESS OF REVENUE OVER EXPENDITURES	\$ <u>79,112</u>	\$ <u>250,084</u>

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COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 79,112	\$ 250,084
Adjustments for:		
Amortization of capital assets	98,233	88,284
Net unrealized (gain) loss on investments	<u>159,593</u>	<u>(2,521)</u>
	336,938	335,847
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(5,552)	2,335
(Increase) decrease in prepaid expenses	(50,690)	18,086
(Decrease) increase in accounts payable and accrued liabilities	(17,601)	11,244
Increase in HST payable	13,476	6,475
Increase in fees received in advance	<u>98,335</u>	<u>39,478</u>
Cash flow from operating activities	<u>374,906</u>	<u>413,465</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(19,245)	(375,092)
Net (increase) decrease in investments	<u>(622,100)</u>	<u>1,936,330</u>
Cash flow from investing activities	<u>(641,345)</u>	<u>1,561,238</u>
(DECREASE) INCREASE IN CASH	(266,439)	1,974,703
CASH, beginning of year	<u>2,639,923</u>	<u>665,220</u>
CASH, end of year	<u>\$2,373,484</u>	<u>\$2,639,923</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 a self-regulatory authority responsible for the registering (licensing) and governing of optometrists in 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 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) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand with a financial institution and amounts held by brokers.

(c) Short-Term and Long-Term Investments

Investments consist of guaranteed investment certificates, bonds, stocks, income trusts and mutual funds. The College has elected to state all of their investments at quoted market values under the Canadian accounting standards for not-for-profit organizations. Long-term investments reflect investments that mature or are not intended to be sold 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 the statement of revenue and expenditures.

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Prepaid expenses

Prepaid expenses are primarily comprised of advance payments made to vendors for facility rental, membership dues, membership contributions and contracts for services received in the following year.

(e) Capital Assets

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

Computer hardware	- 30-55% diminishing balance
Computer software	- 2 year straight line
Furniture and equipment	- 20% diminishing balance

Leasehold improvements are amortized over the term of the lease.

(f) Revenue Recognition

Members of the College pay a registration fee upon admission as a member. Other fees include registration of a professional corporation fees, quality assurance fees, continuing education fees, credential assessment fees and letter of good standing fees. Registration and other fees are recorded as income upon receipt of these fees and when the services for these fees have been provided.

(g) 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.

(h) 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.

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 judgment relates to the estimated useful lives of capital assets. Actual results may differ from these estimates.

3. SHORT-TERM INVESTMENTS

	<u>2015</u>	<u>2014</u>
	Market value	Market value
Short-term investments	<u>\$1,210,620</u>	<u>\$ 871,317</u>
	Cost	Cost
Short-term investments	<u>\$1,212,919</u>	<u>\$ 871,317</u>

Short-term investments mature or are redeemable at various dates not exceeding 12 months and consist of \$919,410 (2014 - \$659,286) guaranteed investment certificates with interest rate of 1.00%, \$76,467 (2014 - \$NIL) corporate bonds and \$214,743 (2014 - \$212,031) high interest performer accounts.

4. LONG-TERM INVESTMENTS

	<u>2015</u>	<u>2014</u>
	Market value	Market value
Long-term investments	<u>\$2,068,355</u>	<u>\$1,945,151</u>
	Cost	Cost
Long-term investments	<u>\$2,066,108</u>	<u>\$1,785,610</u>

Long-term investments consist of \$1,092,564 (2014 - \$1,020,117) fixed income funds with effective interest rates ranging from 2.48% to 6.69%, \$604,007 (2014 - \$637,385) Canadian equities and \$371,784 (2014 - \$287,649) U.S. equities. Investments in fixed income funds mature or are redeemable at dates ranging from 4 to 18 years.

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2015</u>	<u>Net 2014</u>
Computer hardware	\$ 96,445	\$ 85,691	\$ 10,754	\$ 6,276
Computer software	104,282	101,550	2,732	49,409
Furniture and equipment	98,133	50,495	47,638	56,089
Leasehold improvements	<u>259,516</u>	<u>58,917</u>	<u>200,599</u>	<u>228,937</u>
	<u>\$ 558,376</u>	<u>\$ 296,653</u>	<u>\$ 261,723</u>	<u>\$ 340,711</u>

6. 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.

7. COMMITTEE AND GENERAL LEGAL FEES

General legal fees represent legal costs that have not been identified as a specific legal expense to the activities of a Committee.

Committee legal fees represent legal costs specific to the activities of a Committee and are included in the total expenditure for that Committee as follows:

	<u>2015</u>	<u>2014</u>
Quality Assurance Committee	\$ <u>1,001</u>	\$ <u>11,134</u>
Inquires, Complaints and Reports Committee	\$ <u>40,218</u>	\$ <u>40,211</u>
Discipline Committee	\$ 110,558	\$ 19,262
Less: Recovery of legal costs	<u>(27,544)</u>	<u>(11,000)</u>
	\$ <u>83,014</u>	\$ <u>8,262</u>
Registration Committee	\$ <u>57,084</u>	\$ <u>19,111</u>

8. MEMBERSHIP CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Canadian Examiners in Optometry	\$ 54,675	\$ 48,475
Federation of Optometric Regulatory Authorities of Canada	21,960	-
Advisory Group for Regulatory Excellence (AGRE)	<u>-</u>	<u>10,000</u>
	\$ <u>76,635</u>	\$ <u>58,475</u>

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

9. CONSULTING

	<u>2015</u>	<u>2014</u>
Data base project management	\$ 77,041	\$ 64,076
General consulting	<u>-</u>	<u>2,070</u>
	<u>\$ 77,041</u>	<u>\$ 66,146</u>

The College undertook to implement an information management data base system that required outside project management services to administer the implementation process.

10. SPECIAL PROJECT

The College Council has approved and provided funding for the development, implementation and administration of an evaluating exam, which replaces the current Prior Learning Assessment for international applicants.

11. COMMITMENTS

(a) Equipment Operating Leases

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

2016	\$	11,771
2017		11,771
2018		<u>11,771</u>
	\$	<u>35,313</u>

(b) Premise Operating Lease

The College entered into a ten year lease agreement for their new premises effective March 1, 2014. Occupancy costs include the monthly lease amount, the College's share of property taxes and the College's proportionate share of operating costs. The minimum annual lease payments for the next five years and thereafter are as follows:

2016	\$	61,104
2017		61,104
2018		61,104
2019		61,104
2020		61,952
thereafter		<u>201,558</u>
	\$	<u>507,926</u>

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

12. CREDENTIAL ASSESSMENT

The Federation of Optometric Regulatory Authorities of Canada (FORAC) was established on August 1, 2014 to continue the credential assessment process formerly provided by the College.

13. APPROPRIATED SPECIAL POLICY FUNDS

In 2014, the Council approved an appropriation of funds of \$250,000 from the Unappropriated Surplus fund to the Unauthorized Practice Fund.

14. 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 price, interest rate and liquidity risk.

(a) Market Price Risk:

Market price 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.

(b) 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 by the dollar amount of the investment and the fluctuations in market interest rates. There has been no change in this risk assessment from the prior year.

(c) Liquidity risk:

Liquidity risk is the risk that the College will not be able to meet a demand for cash or fund 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.