

COLLEGE OF OPTOMETRISTS OF ONTARIO

FINANCIAL STATEMENTS

DECEMBER 31, 2011

and

DECEMBER 30, 2010

COLLEGE OF OPTOMETRISTS OF ONTARIO

DECEMBER 31, 2011 and 2010

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Changes in Net Assets	3
Statement of Revenue and Expenditures	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9

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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, 2011 and 2010 and 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 generally accepted accounting principles, 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, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

TORONTO, Ontario
June 4, 2012

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANT

RADVANY JURINA CLEARY

ASSOCIATES LLP

CHARTERED ACCOUNTANTS


COLLEGE OF OPTOMETRISTS OF ONTARIO

BALANCE SHEET

AS AT DECEMBER 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT		
Cash	\$1,163,231	\$ 975,728
Short-term investments (Note 3)	2,734,571	1,548,042
Amounts held by broker	8,433	18,412
Accounts receivable	5,432	4,420
Prepaid expenses	<u>16,202</u>	<u>8,400</u>
	3,927,869	2,555,002
LONG-TERM INVESTMENTS (Note 3)	802,605	1,367,449
CAPITAL ASSETS (Note 4)	<u>17,763</u>	<u>499,675</u>
	<u>\$4,748,237</u>	<u>\$4,422,126</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 510,294	\$ 563,498
Fees received in advance	<u>1,747,302</u>	<u>1,581,851</u>
	<u>2,257,596</u>	<u>2,145,349</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	17,763	499,675
APPROPRIATED SPECIAL POLICY FUNDS	500,000	500,000
UNAPPROPRIATED SURPLUS	<u>1,972,878</u>	<u>1,277,102</u>
	<u>2,490,641</u>	<u>2,276,777</u>
	<u>\$4,748,237</u>	<u>\$4,422,126</u>

APPROVED ON BEHALF OF THE COUNCIL:



Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COLLEGE OF OPTOMETRISTS OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
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	\$1,277,102	\$1,594,071
Excess of revenue over expenditure	<u>213,865</u>	<u>(329,308)</u>
	1,490,967	1,264,763
Segregated for capital assets	<u>481,911</u>	<u>12,339</u>
Balance, end of year	<u>\$1,972,878</u>	<u>\$1,277,102</u>

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
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUE		
Annual registration fees	\$ 1,769,362	\$ 1,672,440
Professional corporation	147,807	141,225
Ontario Ministry of Health (Optometry Review Committee)	9,752	10,040
Other income	3,439	11,045
Quality assurance	11,939	12,280
Road show	(6,862)	3,158
	<u>1,935,437</u>	<u>1,850,188</u>
EXPENDITURES		
Council meeting and general expense	162,219	94,580
Government regulations	73,028	67,550
Strategic planning	1,438	2,296
Quality Assurance Committee	74,214	57,872
Clinical Practice Committee	9,970	20,232
College representation	56,135	43,742
ICRC (Complaints Committee)	47,982	39,026
Executive Committee	99,893	35,632
Discipline Committee	117,684	62,595
Registration Committee	120,977	43,616
By-Law Review Committee	27,912	-
Patient Relation Committee	10,411	6,051
Optometry Review Committee	9,752	10,040
Council examination expense	11,537	8,573
Ethics Committee	755	1,938
Human Resources and Search Committees	76,058	675
	<u>899,965</u>	<u>494,418</u>
COLLEGE ADMINISTRATION ACTIVITIES		
Salaries and benefits	646,248	1,061,670
Office operation	264,479	234,595
Occupancy costs (Note 5)	64,398	68,093
General legal and accounting services	277,133	137,316
Amortization	5,435	20,512
Consulting	5,445	15,496
Relocation expense	27,546	-
	<u>1,290,684</u>	<u>1,537,682</u>
TOTAL EXPENDITURES	<u>2,190,649</u>	<u>2,032,100</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		
Before unauthorized practice	(255,212)	(181,912)
Unauthorized practice	48,868	202,286
Excess (deficiency) of revenue over expenditures for the year	<u>(304,080)</u>	<u>(384,198)</u>
OTHER INCOME		
Investment income	330,770	54,890
Gain on sale of capital property	187,175	-
	<u>517,945</u>	<u>54,890</u>
TOTAL EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 213,865</u>	<u>\$ (329,308)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COLLEGE OF OPTOMETRISTS OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Net income (loss)	\$ 213,865	\$ (329,308)
Adjustments for:		
Amortization of capital assets	5,435	20,512
(Gain) on sale of capital property	<u>(187,175)</u>	<u>-</u>
	32,125	(308,796)
Changes in non-cash working capital:		
Increase in accounts receivable	(1,011)	(2,260)
(Increase) decrease in prepaid expenses	(7,802)	4,460
(Decrease) increase in accounts payable	(53,205)	440,395
Increase in fees received in advance	<u>165,449</u>	<u>99,204</u>
Cash flow from operating activities	<u>135,556</u>	<u>233,003</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(7,349)	(8,227)
Proceeds on disposal of capital property	671,000	-
Net (increase) decrease in investments	(621,684)	636,527
Decrease (increase) in amounts held by broker	<u>9,980</u>	<u>(14,216)</u>
Cash flow from investing activities	<u>51,947</u>	<u>614,084</u>
INCREASE IN CASH	187,503	847,087
CASH, beginning of year	<u>975,728</u>	<u>128,641</u>
CASH, end of year	<u>\$1,163,231</u>	<u>\$ 975,728</u>

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

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

(a) Accrual Basis of Accounting

Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(b) 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.

(c) 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 cost on acquisition. Long-term investments are not intended to be sold or mature at end of the following fiscal year-end. An adjustment to market value is recorded where there has been a permanent decline in value. 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.

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

(d) 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
Computer software	- 100% straight line
Furniture and equipment	- 20% diminishing balance

In the year of acquisition, amortization of assets are calculated at one-half the amortization rate. Leasehold improvements are amortized over the term of the lease.

(e) 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.

Annual member fees are billed each October. 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 Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. SHORT AND LONG-TERM INVESTMENTS

	<u>2011</u>	<u>2010</u>
	Cost	Cost
Short-term investments	\$2,734,570	\$1,548,042
Long-term investments	<u>802,605</u>	<u>1,367,449</u>
	<u>\$3,537,175</u>	<u>\$2,915,491</u>
	Market value	Market value
Short-term investments	\$2,734,570	\$1,505,706
Long-term investments	<u>954,264</u>	<u>1,597,880</u>
	<u>\$3,688,834</u>	<u>\$3,103,586</u>

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2011</u>	<u>Net 2010</u>
Building	\$ -	\$ -	\$ -	\$ 483,472
Fence	700	700	-	353
Computer hardware	75,742	68,929	6,813	3,239
Furniture and equipment	<u>38,670</u>	<u>27,720</u>	<u>10,950</u>	<u>12,611</u>
	<u>\$ 115,112</u>	<u>\$ 97,349</u>	<u>\$ 17,763</u>	<u>\$ 499,675</u>

5. OCCUPANCY COSTS

The College is required to pay 12.32% of the operating expenses and capital improvements in respect of the 10% equity interest in the property at 6 Crescent Road, Toronto, Ontario.

During the year, the 10% equity interest was sold back to the Royal College of Dental Surgeons pursuant to the co-ownership agreement excised by the Royal College of Dental Surgeons.

6. 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.

2012	\$	10,532
2013		10,532
2014		10,532

(b) Premise Operating Lease

The College has entered into a sixteen month sublease on its premises as of November 1, 2011. During the term of this lease, rents are exclusive of property taxes, maintenance expenses and insurance. The rent has been included in the financial statements, under occupancy costs. And the net rents to be paid each year are as follows:

2012	\$	19,730
2013		3,288

COLLEGE OF OPTOMETRISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

7. FINANCIAL INSTRUMENTS

The carrying values of cash, short-term investments, amounts held by broker, accounts receivable, accounts payable and accrued liabilities, and fees received in advance approximate fair values due to the short term maturity of these financial instruments.

The carrying values of long-term investments are a reasonable estimate of fair values as they approximate their current market values.

8. COMPARATIVE FIGURES

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