

COLLEGE OF OPTICIANS OF ONTARIO

Financial Statements

December 31, 2024

Draft for discussion only

COLLEGE OF OPTICIANS OF ONTARIO

Financial Statements

December 31, 2024

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 - 15
Additional Information	16

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, 2024, 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, 2024, 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.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2024, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2023. Our opinion is not modified in respect of this matter.

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, 2024

	2024	2023 (Restated) (Note 9)
Assets		
Current assets		
Cash	\$ 2,368,503	\$ 3,349,098
Short-term investments (Note 3)	5,988,911	4,671,071
Interest receivable (Note 3)	69,439	82,481
Prepaid expenses	49,316	19,264
	8,476,169	8,121,914
Capital assets (Note 4)	157,997	201,679
	\$ 8,634,166	\$ 8,323,593
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 346,881	\$ 353,203
Deferred registration fees (Note 9)	2,357,675	2,503,881
	2,704,556	2,857,084
Net assets (Note 7)		
Unrestricted funds	5,675,253	5,168,470
Invested in capital assets	157,997	201,679
Internally restricted funds	96,360	96,360
	5,929,610	5,466,509
	\$ 8,634,166	\$ 8,323,593

The accompanying notes are an integral part of these financial statements.

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, 2024

	2024	2023 (Restated) (Note 9)
Revenue		
Opticians registration fees (Note 9)	\$ 3,591,297	\$ 3,224,141
Interest income	267,962	229,415
Intern and student registration fees	50,147	26,400
Miscellaneous income	52,978	13,359
Examination fees	-	146,101
	3,962,384	3,639,416
Expenses		
Salaries and benefits	1,846,146	1,511,695
Office and general	282,736	330,925
Data development	260,076	259,490
Occupancy	247,825	254,912
Council and committee (Schedule A)	147,440	105,972
Investigator	115,799	62,389
Consulting	103,518	158,603
Professional fees	98,535	59,014
Computer maintenance	75,160	87,639
Education and development	67,458	37,905
Communications	67,265	46,637
External relations	61,549	82,477
Amortization of capital assets	61,346	39,910
Printing and postage	25,966	29,490
Advertising and promotion	12,375	13,302
Insurance	9,366	6,143
Equipment rental and maintenance	7,000	5,250
Quality assurance portfolio	5,625	3,300
Telecommunications	4,098	9,217
External personnel	-	90,576
	3,499,283	3,194,846
Excess of revenues over expenses	\$ 463,101	\$ 444,570

The accompanying notes are an integral part of these financial statements.

COLLEGE OF OPTICIANS OF ONTARIO

Changes in Net Assets
Year Ended December 31, 2024

				2024	2023
	Internally restricted funds	Invested in capital assets	Unrestricted funds (Note 9)	Total	Total (Restated) (Note 9)
Balance, beginning of year	\$ 96,360	\$ 201,679	\$ 5,168,470	\$ 5,466,509	\$ 5,021,939
Excess of revenues over expenses	-	(61,346)	524,447	463,101	444,570
Invested in capital assets	-	17,664	(17,664)	-	-
Balance, end of year	\$ 96,360	\$ 157,997	\$ 5,675,253	\$ 5,929,610	\$ 5,466,509

The accompanying notes are an integral part of these financial statements.

COLLEGE OF OPTICIANS OF ONTARIO

Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023 (Restated)
Operating activities		
Excess of revenues over expenses	\$ 463,101	\$ 444,570
Non-cash item:		
Amortization of capital assets	61,346	39,910
	524,447	484,480
Net change in non-cash items related to operating activities:		
Interest receivable	13,042	(41,257)
Prepaid expenses	(30,052)	-
Accounts payable and accrued liabilities	(6,322)	(57,378)
Deferred registration fees	(146,206)	(151,920)
	(169,538)	(250,555)
	354,909	233,925
Investing activities		
Purchase of short-term investments, net	(1,317,840)	(182,773)
Acquisition of capital assets	(17,664)	(5,851)
	(1,335,504)	(188,624)
Increase (decrease) in cash	(980,595)	45,301
Cash, beginning of year	3,349,098	3,303,797
Cash, end of year	\$ 2,368,503	\$ 3,349,098

The accompanying notes are an integral part of these financial statements.

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2024

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, 2024

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

Initial measurement

The College initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the College is in the capacity of management, are initially measured at cost.

Subsequent measurement

The College subsequently measures all its financial assets and liabilities at cost or amortized cost.

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement (continued)

Financial assets measured at amortized cost using the straight-line method include cash, short-term investments, and interest receivable.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the College determines whether there are indications of possible impairment. When there are, and the College determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 income.

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2024

3. Short-term investments

	2024	2023
Guaranteed investment certificates ("GICs")	\$ 4,918,377	\$ 4,666,108
High interest savings	1,070,534	4,963
	<u>\$ 5,988,911</u>	<u>\$ 4,671,071</u>

The GICs have an effective interest rate of 3.89% to 5.01% (2023- 4.85% to 5.61%) and mature between June 2024 and October 2025 (2023- June 2024 and October 2024). The financial statements include all accrued interest earned to December 31, 2024.

4. Capital assets

	2024			2023	
	Cost	Accumulated amortization	Net book value	Net book value	
Furniture and fixtures	\$ 449,704	\$ 400,664	\$ 49,040	\$ 56,392	
Computer hardware	278,461	252,987	25,474	26,271	
Leasehold improvements	408,172	324,689	83,483	119,016	
	\$ 1,136,337	\$ 978,340	\$ 157,997	\$ 201,679	

5. Accounts payable and accrued liabilities

	2024	2023
Accounts payable and accrued liabilities	\$ 112,185	\$ 106,400
Government remittances	234,696	246,803
	<u>\$ 346,881</u>	<u>\$ 353,203</u>

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2024

6. 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, 2024 and 2023, no funds were drawn on the credit facility. Subsequent to year end, the College cancelled the line of credit.

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:

	2024	2023
Internally restricted funds		
Reserve for funding of therapy or counselling (a)	\$ 96,360	\$ 96,360
Unrestricted funds		
Invested in capital assets (b)	157,997	201,679
Operating contingency (c)	3,200,000	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)	1,125,253	861,119
	\$ 5,929,610	\$ 5,209,158

- 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 four (4) 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.
- c) Operating contingency: Represents twelve (12) months of operating expenses, which shall be re-calculated annually based on the previous twelve months operating expenses.

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2024

7. Net assets (continued)

- 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 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 \$300,000. The instalments over the next three years are the following:

2025	\$	120,000
2026		120,000
2027		60,000
		<hr/>
		\$ 300,000

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2024

9. Comparative information - restatement

The deferred registration fees as at December 31, 2023 were overstated by \$257,351 due to a timing difference resulting in understatement of optician's registration fees by \$257,351. Consequently, the comparatives have been restated as follows:

Effect on statement of financial position as at December 31, 2023

Deferred registration fees as previously stated	\$ 2,761,232
Overstatement of deferred revenue	(257,351)
Restated deferred registration fees	\$ 2,503,881

Effect on statement of net assets as at January 1, 2024

Unrestricted funds as previously stated	\$ 4,911,119
Prior period adjustment	257,351
Restated unrestricted funds	\$ 5,168,470

Effect on statement of revenues and expenses for the year ended December 31, 2023

Opticians registration fees as previously stated	\$ 2,966,790
Understatement of opticians registration fees	257,351
Restated opticians registration fees	\$ 3,224,141

10. 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.

COLLEGE OF OPTICIANS OF ONTARIO

Notes to Financial Statements
December 31, 2024

10. Financial instruments (continued)

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, 2024

Schedule A - Council and committee

	2024		2023	
	Honoraria	Expenses	Honoraria	Expenses
Statutory/By-law Committees				
Ad-Hoc Committees -				
miscellaneous	\$ 4,924	\$ -	\$ 1,381	\$ 2,402
Council	60,980	12,466	40,696	5,907
Discipline	18,107	-	15,225	-
Executive	7,550	-	3,700	-
Governance	6,050	-	1,938	-
Inquiries, Complaints, and				
Reports Committee	9,350	-	10,819	-
Patient relations	2,075	-	-	-
Quality assurance	21,713	-	16,575	-
Registration	4,225	-	7,329	-
	\$ 134,974	\$ 12,466	\$ 97,663	\$ 8,309