Financial Statements of

ONTARIO ASSOCIATION OF OPTOMETRISTS

And Independent Auditor's Report thereon

Year ended October 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Association of Optometrists

Opinion

We have audited the financial statements of Ontario Association of Optometrists (the Entity), which comprise:

- the statement of financial position as at October 31, 2023
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at October 31, 2023, 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.

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 auditor's report.

We are independent of the Entity 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 26, 2024

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Financial Position

October 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 6,033,955	$ 4,881,748
Investments (note 2)	667,290	651,789
Accounts receivable	30,565	100,761
Prepaid expenses and other	83,807	61,113
	6,815,617	5,695,411
Capital assets (note 3)	34,567	45,966
Segregated investments (note 2):		
Survival Fund	1,088,278	1,062,903
Scope of Practice Fund	122,011	119,236
Marvin Langer Fund	7,591	7,462
Contingency Fund	129,035	126,029
	1,346,915	1,315,630
	$ 8,197,099	$ 7,057,007
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	$ 137,848	$ 135,486
Deferred revenue	2,862,722	2,583,695
Current portion of capital lease obligation	–	3,348
	3,000,570	2,722,529
Deferred lease inducement	1,528	5,363
Fund balances	5,195,001	4,329,115
Commitment (note 7)		
	$ 8,197,099	$ 7,057,007

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Operations

Year ended October 31, 2023, with comparative information for 2022

	2023				2022			
	Externally Restricted Funds (Schedule B)	Restricted Paid Media Campaign Assessment Fund (note 4)	Unrestricted Fund	Total	Externally Restricted Funds (Schedule B)	Restricted Paid Media Campaign Assessment Fund (note 4)	Unrestricted Fund	Total
Revenue:								
Membership dues (note 5)	$ –	$ –	$ 4,059,631	$ 4,059,631	$ –	$ –	$ 3,882,610	$ 3,882,610
Add (deduct):								
Paid Media Campaign assessment	–	683,693	(683,693)	–	–	651,003	(651,003)	–
	–	683,693	3,375,938	4,059,631	–	651,003	3,231,607	3,882,610
Annual symposium (note 6)	–	–	482,512	482,512	–	–	432,324	432,324
Net investment income (loss) (note 2)	31,285	–	105,723	137,008	(78,009)	–	(25,993)	(104,002)
Symposium sponsorship	–	–	112,546	112,546	–	–	113,561	113,561
Continuing education and community events income	–	–	56,090	56,090	–	–	18,554	18,554
Insurance commission	–	–	45,347	45,347	–	–	53,120	53,120
Other income	–	–	33,947	33,947	–	–	31,599	31,599
Other sponsorship	–	–	7,600	7,600	–	–	–	–
	31,285	683,693	4,219,703	4,934,681	(78,009)	651,003	3,854,772	4,427,766
Expenses:								
Staff salaries and benefits	–	–	1,193,887	1,193,887	–	–	1,188,133	1,188,133
Working group and task force (Schedule A)	–	–	640,867	640,867	–	–	610,516	610,516
Annual symposium production	–	–	533,203	533,203	–	–	514,532	514,532
Paid Media Campaign assessment	–	400,296	–	400,296	–	67,801	–	67,801
Directors' honorarium and expenses	–	–	303,891	303,891	–	–	229,289	229,289
Office and general	–	–	273,336	273,336	90	–	185,401	185,491
Rent and taxes	–	–	178,499	178,499	–	–	167,860	167,860
Strategic planning	–	–	165,358	165,358	–	–	–	–
Other continuing education and community events	–	–	113,565	113,565	–	–	9,881	9,881
Database research	–	–	71,925	71,925	–	–	–	–
Audit, legal and consulting	–	–	66,670	66,670	–	–	91,486	91,486
Equipment and building maintenance	–	–	42,758	42,758	–	–	37,544	37,544
Travel and meeting	–	–	31,221	31,221	–	–	3,941	3,941
Amortization	–	–	28,187	28,187	–	–	19,250	19,250
Insurance	–	–	25,132	25,132	–	–	22,972	22,972
Insurance marketing	–	–	–	–	–	–	3,136	3,136
	–	400,296	3,668,499	4,068,795	90	67,801	3,083,941	3,151,832
Excess (deficiency) of revenue over expenses	$ 31,285	$ 283,397	$ 551,204	$ 865,886	$ (78,099)	$ 583,202	$ 770,831	$ 1,275,934

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Changes in Fund Balances

Year ended October 31, 2023, with comparative information for 2022

	Invested in capital assets	Externally restricted to Survival Fund	Externally restricted to Scope of Practice Fund	Externally restricted to Marvin Langer Fund	Externally restricted to Contingency Fund	Restricted to Paid Media Campaign Assessment Fund	Unrestricted	2023 Total	2022 Total
Balance, October 31, 2022	$ 42,618	$ 1,062,903	$ 119,236	$ 7,462	$ 126,029	$ 583,202	$ 2,387,665	$ 4,329,115	$ 3,053,181
Excess (deficiency) of revenue over expenses	(24,839)	25,375	2,775	129	3,006	283,397	576,043	865,886	1,275,934
Capital assets acquired	16,788	–	–	–	–	–	(16,788)	–	–
Balance, October 31, 2023	$ 34,567	$ 1,088,278	$ 122,011	$ 7,591	$ 129,035	$ 866,599	$ 2,946,920	$ 5,195,001	$ 4,329,115

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Cash Flows

Year ended October 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 865,886	$ 1,275,934
Items not involving cash:		
Amortization	28,187	19,250
Accrued interest on capital lease obligation	–	582
Capital lease obligation forgiven	(3,348)	–
Unrealized loss on investments	35,320	165,463
Realized loss (gain) on disposition of investments	(13,476)	4,469
Change in non-cash operating working capital:		
Accounts receivable	70,196	(72,047)
Prepaid expenses and other	(22,694)	93,505
Accounts payable and accrued liabilities	2,362	(202,701)
Deferred revenue	279,027	616,588
Deferred lease inducement	(3,835)	(3,835)
	1,237,625	1,897,208
Financing activities:		
Repayment of capital lease obligation	–	(5,973)
Investing activities:		
Purchase of capital assets	(16,788)	(11,057)
Purchase and reinvestment of investments	(472,339)	(471,653)
Proceeds on redemption of investments	403,709	417,943
	(85,418)	(64,767)
Increase in cash	1,152,207	1,826,468
Cash, beginning of year	4,881,748	3,055,280
Cash, end of year	$ 6,033,955	$ 4,881,748

See accompanying notes to financial statements.

Since 1909, the Ontario Association of Optometrists (the "OAO") has proudly served optometrists by helping to advance the profession at the government, regulatory and public levels.

The OAO is the designated representative for optometry and meets with the provincial government on its members' behalf concerning OHIP coverage, optometric billing codes and procedures, and other services. The OAO monitors provincial legislation and works to ensure that the government considers optometric needs and concerns.

For optometrists, the OAO offers a wide range of services, including group insurance plans, an annual symposium, continuing education credits, regional workshops, public information materials and a quarterly newsletter.

The OAO collects membership dues from its members and remits a portion to the Canadian Association of Optometrists ("CAO") for corporate fees.

The OAO is a not-for-profit organization incorporated under the Ontario Corporations Act without share capital. As a not-for-profit organization, the OAO is exempt from income taxes.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations using the restricted fund method of recording contributions.

(a) Fund accounting:

Resources are classified for accounting and reporting purposes into funds that are held in accordance with their specified purposes as follows:

(i) Externally restricted:

The Survival Fund is established to ensure optometry in Ontario maintains or advances its current scope of practice.

The Scope of Practice Fund is to advance to legislative scope of the practice of optometry.

The Marvin Langer Fund is to provide financial assistance to optometry students.

The Contingency Fund is to provide assistance to the OAO in case of financial hardship.

1. Significant accounting policies (continued):

(ii) Unrestricted:

The unrestricted fund reflects the transactions associated with OAO's operating activities.

(iii) Internally restricted:

These funds have been restricted by the Board of Directors to finance certain projects.

(b) Revenue recognition:

Membership dues are set annually by the Board of Directors and are recognized as revenue proportionately over the fiscal year to which they relate. Membership dues received prior to the year end, which represent membership dues for the following fiscal year are recorded as deferred revenue in the statement of financial position.

The OAO recognizes revenue for events at the time the event is presented. The revenue for the portion of events invoiced but not yet presented is recorded as deferred revenue. Revenue for the sale of products is recognized when the product is delivered to the customer.

Sponsorship revenue is recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Insurance commission and net investment income (loss) are recognized as revenue when earned.

Restricted Fund contributions are recognized as revenue in the respective funds when the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions and grants are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

1. Significant accounting policies (continued):

(c) Contributed services:

A number of volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value of these services, contributed services are not recognized in the financial statements.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the OAO determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the OAO expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

1. Significant accounting policies (continued):

(e) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the declining-balance method, except as noted, using the following annual rates:

Computer equipment and asset under capital lease	30%
Furniture and fixtures	20%
Computer software	33%
Leasehold improvements	Straight line over the term of the lease

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the OAO's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets are less than their carrying amounts.

(f) Deferred lease inducement:

Deferred lease inducement represents a leasehold incentive received in connection with the lease of office premises. The amount is amortized over the term of the lease agreement.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Financial statement captions subject to such estimates and assumptions include the valuation of accounts receivable, accrued liabilities, useful lives and carrying value of capital assets. Actual results could differ from those estimates.

2. Investments:

Short-term and long-term segregated investments consist of pooled funds segregated as follows:

	2023		2022	
	Fair value	Cost	Fair value	Cost
Cash	$ 4,997	$ 4,997	$ 4,997	$ 4,997
Private Balanced Fund	1,277,592	1,193,765	1,244,478	1,138,540
Preferred Share Fund	82,001	100,742	80,373	87,707
Universal Bond Fund	232,995	274,793	230,786	265,079
Money Market Fund	378,396	364,182	370,061	361,371
Mortgage Fund	38,224	39,304	36,724	37,983
	$ 2,014,205	$ 1,977,783	$ 1,967,419	$ 1,895,677

Net investment income (loss) consists of the following:

	2023	2022
Interest income	$ 177,233	$ 84,812
Realized gain (loss) on disposition of investments	13,476	(4,469)
Unrealized loss on investments	(35,320)	(165,463)
	155,389	(85,120)
Less investment management fees	18,381	18,882
Net investment income (loss)	$ 137,008	$ (104,002)

3. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	$ 269,464	$ 242,959	$ 26,505	$ 21,314
Capital lease asset	–	–	–	7,863
Furniture and fixtures	28,888	25,036	3,852	4,815
Computer software	190,787	187,009	3,778	5,639
Leasehold improvements	59,033	58,601	432	6,335
	$ 548,172	$ 513,605	$ 34,567	$ 45,966

4. Restricted Paid Media Campaign Assessment Fund:

The Paid Media Campaign assessment is collected with member dues, and at the Board of Directors' discretion, is apportioned as payments to the CAO's advertising campaign or other Ontario advertising programs. Any unspent amounts are to be retained in this internally restricted fund.

5. Membership dues:

Membership dues comprised the following:

	2023	2022
Membership dues collected	$ 4,776,004	$ 4,566,445
Less fees of the CAO	716,373	683,835
OAO membership dues	$ 4,059,631	$ 3,882,610

6. Annual symposium:

Annual symposium income comprised the following:

	2023	2022
Members	$ 246,412	$ 221,224
Exhibitors	236,100	211,100
	$ 482,512	$ 432,324

7. Commitment:

The OAO entered into an operating lease arrangement for its office premises. The future minimum annual commitment is approximately as follows:

2024	$ 26,700

8. Financial risks:

Market risk:

Fluctuations in the market expose the OAO to a risk of loss related to the pooled investment funds. The OAO uses a professional investment manager to advise on investment risks, asset selection and mix to achieve an appropriate balance between risks and returns.

It is of management's opinion that the OAO is not exposed to significant interest, credit and liquidity risks arising from financial instruments.

There has been no change to the above risk exposures from 2022.

9. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

ONTARIO ASSOCIATION OF OPTOMETRISTS

Schedule A - Working Group and Task Force Expenses

Year ended October 31, 2023, with comparative information for 2022

	2023	2022
Advocacy:		
Remuneration Committee	$ 154,885	$ 468,122
Final OHIP Negotiations	108,279	–
Political Action Committee	34,198	848
Stakeholder Outreach	22,205	20,824
Optometric services	19,214	–
Scope Expansion	17,642	3,539
Appropriateness & Modernization Working Group	13,568	17,498
Industry Trends Working Group	2,269	10,433
Provincial Vision Task Force	848	1,763
	373,108	523,027
Member Services:		
Student Outreach	96,302	–
Member Services	27,797	3,887
Continuing Education Committee and Online Program	7,754	1,657
Regional Society	6,084	–
Website Refresh Working Group	3,321	1,898
Practice Resource Working Group	1,998	–
Eye See Eye Learn, OAO contribution	1,974	457
Insurance Working Group	1,900	1,387
	147,130	9,286
Governance:		
Legal	65,774	39,958
Annual General Meeting	37,023	29,830
Board Governance Committee	11,915	5,674
Board Development Committee	3,751	2,141
Finance and Audit Committee	2,166	600
	120,629	78,203
	$ 640,867	$ 610,516

ONTARIO ASSOCIATION OF OPTOMETRISTS

Schedule B - Externally Restricted Funds

Year ended October 31, 2023, with comparative information for 2022

	Survival Fund	Scope of Practice Fund	Marvin Langer Fund	Contingency Fund	Total 2023	Total 2022
Revenue:						
Net investment income (loss)	$ 25,375	$ 2,775	$ 129	$ 3,006	$ 31,285	$ (78,009)
Expenses:						
Bank charges	–	–	–	–	–	90
Excess (deficiency) of revenue over expenses	$ 25,375	$ 2,775	$ 129	$ 3,006	$ 31,285	$ (78,099)