Financial Statements of

ONTARIO ASSOCIATION OF OPTOMETRISTS

And Independent Auditor's Report thereon

Year ended October 31, 2022

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

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, 2022
- 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, 2022, 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 13, 2023

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Financial Position

October 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 4,881,748	$ 3,055,280
Investments (note 2)	651,789	689,912
Accounts receivable	100,761	28,714
Prepaid expenses and other	61,113	154,618
	5,695,411	3,928,524
Capital assets (note 3)	45,966	54,160
Segregated investments (note 2):		
Survival Fund	1,062,903	1,125,491
Scope of Practice Fund	119,236	126,168
Marvin Langer Fund	7,462	8,575
Contingency Fund	126,029	133,495
	1,315,630	1,393,729
	$ 7,057,007	$ 5,376,413
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	$ 135,486	$ 338,187
Deferred revenue	2,583,695	1,967,107
Current portion of capital lease obligation (note 4)	3,348	5,973
	2,722,529	2,311,267
Capital lease obligation (note 4)	–	2,767
Deferred lease inducement	5,363	9,198
Fund balances	4,329,115	3,053,181
Commitment (note 8)		
	$ 7,057,007	$ 5,376,413

See accompanying notes to financial statements.

On behalf of the Board:

G. Miller Director

Josephine Pope Director

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Operations

Year ended October 31, 2022, with comparative information for 2021

	2022				2021			
	Externally Restricted Funds (Schedule B)	Restricted Paid Media Campaign Assessment Fund (note 5)	Unrestricted Fund	Total	Externally Restricted Funds (Schedule B)	Restricted Paid Media Campaign Assessment Fund (note 5)	Unrestricted Fund	Total
Revenue:								
Membership dues (note 6)	$ –	$ –	$ 3,882,610	$ 3,882,610	$ –	$ –	$ 3,478,721	$ 3,478,721
Add (deduct):								
Paid Media Campaign assessment	–	651,003	(651,003)	–	–	585,238	(585,238)	–
	–	651,003	3,231,607	3,882,610	–	585,238	2,893,483	3,478,721
Annual symposium (note 7)	–	–	432,324	432,324	–	–	2,450	2,450
Insurance commission	–	–	53,120	53,120	–	–	28,818	28,818
Sponsorship	–	–	113,561	113,561	–	–	38,405	38,405
Other	–	–	31,599	31,599	–	–	21,477	21,477
Continuing education and community events income	–	–	18,554	18,554	–	–	22,920	22,920
Net investment income (loss) (note 2)	(78,009)	–	(25,993)	(104,002)	250,449	–	130,258	380,707
	(78,009)	651,003	3,854,772	4,427,766	250,449	585,238	3,137,811	3,973,498
Expenditures:								
Staff salaries and benefits	–	–	1,188,133	1,188,133	–	–	1,136,779	1,136,779
Working group and task force (Schedule A)	–	–	610,516	610,516	–	–	843,999	843,999
Annual symposium production	–	–	514,532	514,532	–	–	60,439	60,439
Directors' honorarium and expenses	–	–	229,289	229,289	–	–	78,438	78,438
Office and general	90	–	185,401	185,491	60	–	146,569	146,629
Rent and taxes	–	–	167,860	167,860	–	–	166,148	166,148
Audit, legal and consulting	–	–	91,486	91,486	–	–	33,157	33,157
Paid media campaign assessment	–	67,801	–	67,801	–	948,067	–	948,067
Equipment and building maintenance	–	–	37,544	37,544	–	–	33,554	33,554
Insurance	–	–	22,972	22,972	–	–	20,497	20,497
Amortization	–	–	19,250	19,250	–	–	20,104	20,104
Other continuing education and community events	–	–	9,881	9,881	–	–	11,302	11,302
Travel and meeting	–	–	3,941	3,941	–	–	881	881
Insurance marketing	–	–	3,136	3,136	–	–	1,865	1,865
	90	67,801	3,083,941	3,151,832	60	948,067	2,553,732	3,501,859
Excess (deficiency) of revenue over expenditures	$ (78,099)	$ 583,202	$ 770,831	$ 1,275,934	$ 250,389	$ (362,829)	$ 584,079	$ 471,639

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Changes in Fund Balances

Year ended October 31, 2022, with comparative information for 2021

	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	Advocacy contributions	Unrestricted	2022 Total	2021 Total
Balance, October 31, 2021	$ 32,090	$ 1,125,491	$ 126,168	$ 8,575	$ 133,495	$ –	$ –	$ 1,627,362	$ 3,053,181	$ 2,581,542
Excess (deficiency) of revenue over expenditures	(19,250)	(62,588)	(6,932)	(1,113)	(7,466)	583,202	–	790,081	1,275,934	471,639
Capital assets acquired	11,057	–	–	–	–	–	–	(11,057)	–	–
Balance, October 31, 2022	$ 23,897	$ 1,062,903	$ 119,236	$ 7,462	$ 126,029	$ 583,202	$ –	$ 2,406,386	$ 4,329,115	$ 3,053,181

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF OPTOMETRISTS

Statement of Cash Flows

Year ended October 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 1,275,934	$ 471,639
Items not involving cash:		
Amortization	19,250	20,104
Accrued interest on capital lease obligation	582	1,078
Unrealized loss (gain) on investments	165,463	(313,443)
Realized loss (gain) on investments	4,469	(5,777)
Change in non-cash operating working capital:		
Accounts receivable	(72,047)	25,974
Prepaid expenses and other	93,505	(95,018)
Accounts payable and accrued liabilities	(202,701)	(472,919)
Deferred revenue	616,588	(121,801)
Deferred lease inducement	(3,835)	(3,835)
	1,897,208	(493,998)
Financing activities:		
Repayment of capital lease obligation	(5,973)	(5,973)
Investing activities:		
Purchase of capital assets	(11,057)	(7,832)
Purchase and reinvestment of investments	(471,653)	(499,785)
Proceeds on redemption of investments	417,943	445,623
	(64,767)	(61,994)
Increase (decrease) in cash	1,826,468	(561,965)
Cash, beginning of year	3,055,280	3,617,245
Cash, end of year	$ 4,881,748	$ 3,055,280

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF OPTOMETRISTS

Notes to Financial Statements

Year ended October 31, 2022

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 expenditures 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:

	2022		2021	
	Fair value	Cost	Fair value	Cost
Short-term	$ 334,850	$ 326,519	$ 331,814	$ 331,533
Balanced	1,244,478	1,138,540	1,327,225	1,101,028
Preferred	80,373	87,707	95,781	83,680
Universal bond	230,786	265,079	274,594	275,967
FGP Money Market	40,208	39,849	34,744	34,713
FGP Mortgage fund	36,724	37,983	19,483	19,516
	$ 1,967,419	$ 1,895,677	$ 2,083,641	$ 1,846,437

Net investment income (loss) consists of the following:

	2022	2021
Interest income	$ 84,812	$ 78,656
Realized gain (loss) on disposition of investments	(4,469)	5,777
Unrealized gain (loss) on investments	(165,463)	313,443
	(85,120)	397,876
Less investment management fees	18,882	17,169
Net investment income (loss)	$ (104,002)	$ 380,707

3. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 252,676	$ 231,362	$ 21,314	$ 18,685
Capital lease asset	23,677	15,814	7,863	9,829
Furniture and fixtures	28,888	24,073	4,815	4,991
Computer software	190,787	185,148	5,639	8,416
Leasehold improvements	59,033	52,698	6,335	12,239
	$ 555,061	$ 509,095	$ 45,966	$ 54,160

4. Capital lease obligation:

Future minimum payments under a capital lease:

2023	$ 3,466
Total minimum lease payments	3,466
Less amount representing lease at 9.90%	118
	3,348
Less current portion	3,348
	$ –

5. 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.

6. Membership dues:

Membership dues comprised the following:

	2022	2021
Membership dues collected	$ 4,566,445	$ 4,091,673
Less fees of the CAO	683,835	612,952
OAO membership dues	$ 3,882,610	$ 3,478,721

7. Annual symposium:

Annual symposium income comprised the following:

	2022	2021
Members	$ 221,224	$ 2,150
Assistants	–	300
Exhibitors	211,100	–
	$ 432,324	$ 2,450

8. Commitment:

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

2023	$ 80,000
2024	26,700
	$ 106,700

9. 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 2021.

10. 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 Expenditures

Year ended October 31, 2022, with comparative information for 2021

	2022	2021
Advocacy:		
Remuneration Committee	$ 468,122	$ 786,908
Appropriateness & Modernization Working Group	17,498	–
Stakeholder Outreach	14,045	–
Industry Trends Working Group	10,433	–
General	6,779	6,780
Scope Expansion	3,539	3,793
Provincial Vision Task Force	1,763	609
Political Action Committee	848	–
Eye Health Council Ontario	–	158
	523,027	798,248
Community:		
Member Services Committee	3,887	3,296
Website Refresh Working Group	1,898	–
Insurance Working Group	1,387	5,269
Survival Strategic Task Force	–	6,563
	7,172	15,128
Education:		
Continuing Education Committee and Online Program	1,657	5,933
Eye See Eye Learn, OAO contribution	457	804
	2,114	6,737
Governance:		
Governance Committee - legal	39,958	–
Annual General Meeting	29,830	13,849
Board Governance Committee	5,674	7,665
Board Development Committee	2,141	2,044
Finance and Audit Committee	600	328
	78,203	23,886
	$ 610,516	$ 843,999

ONTARIO ASSOCIATION OF OPTOMETRISTS

Schedule B - Externally Restricted Funds

Year ended October 31, 2022, with comparative information for 2021

	Survival Fund	Scope of Practice Fund	Marvin Langer Fund	Contingency Fund	Total 2022	Total 2021
Revenue:						
Net investment income (loss)	$ (62,568)	$ (6,897)	$ (1,078)	$ (7,466)	$ (78,009)	$ 250,449
Expenditures:						
Bank charges	20	35	35	–	90	60
Excess (deficiency) of revenue over expenditures	$ (62,588)	$ (6,932)	$ (1,113)	$ (7,466)	$ (78,099)	$ 250,389