

COLLEGE OF OPTICIANS OF BRITISH COLUMBIA

FINANCIAL STATEMENTS

MARCH 31, 2016

| CONTENTS | PAGE |
|---|-------------|
| Auditor's Report | 1 |
| Statement of Financial Position | 2 |
| Statement of Operations and Changes in Net Assets | 3 |
| Statement of Cash Flow | 4 |
| Notes to Financial Statements | 5-8 |

INDEPENDENT AUDITOR'S REPORT

To the Members of the College of Opticians of British Columbia

We have audited the accompanying financial statements of College of Opticians of British Columbia, which comprise the statement of financial position as at March 31, 2016, and the statement of operations and changes in net assets and statement of 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 audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures 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 statements 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, the financial statements present fairly, in all material respects, the financial position of College of Opticians of British Columbia as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

Burnaby, BC

Date of Board Approval

**COLLEGE OF OPTICIANS OF BRITISH COLUMBIA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**

| | 2016 | 2015 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 293,161 | \$ 292,386 |
| Accounts receivable | 29,323 | - |
| Prepaid expenses | 2,056 | 620 |
| Security deposit | 4,129 | - |
| | 328,669 | 293,006 |
| INVESTMENTS (Note 3) | 242,078 | 269,187 |
| SECURITY DEPOSIT | - | 4,129 |
| | \$ 570,747 | \$ 566,322 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 4) | \$ 72,852 | \$ 55,250 |
| Deferred registration fees | 311,325 | 347,843 |
| Deferred contribution | - | 12,500 |
| | 384,177 | 415,593 |
| NET ASSETS | | |
| Unrestricted | 186,570 | 150,729 |
| | 186,570 | 150,729 |
| | \$ 570,747 | \$ 566,322 |

Commitments (Note 5)

APPROVED ON BEHALF OF THE BOARD

Signed, David McGowan

Director

Signed, Polly Lee

Director

The accompanying notes are an integral part of these financial statements

**COLLEGE OF OPTICIANS OF BRITISH COLUMBIA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016**

| | 2016 | 2015 |
|--|-------------------|-------------------|
| REVENUES | | |
| Registration fees | \$ 463,085 | \$ 463,926 |
| BC Ministry of Jobs, Tourism, and Skills Training | 60,000 | - |
| Examination fees | 35,350 | 28,950 |
| Administrative and other fees | 23,303 | 28,397 |
| Interest income | 3,570 | 3,497 |
| | 585,308 | 524,770 |
| EXPENSES | | |
| Accounting and audit | 6,500 | 6,500 |
| Amortization of tangible capital assets | - | 1,779 |
| Bank and credit card charges | 14,372 | 14,878 |
| Board and committee meetings | 27,312 | 34,503 |
| Contractors | 102,528 | 4,457 |
| Dues, licenses and insurance | 16,884 | 17,858 |
| Examinations | 15,036 | 10,424 |
| Hearings | - | 22,845 |
| Legal | 49,545 | 78,481 |
| Office supplies and services | 28,680 | 24,485 |
| Postage | 3,632 | 10,767 |
| Printing | 1,216 | 6,512 |
| Professional development - Directors | 437 | 540 |
| Professional development - Staff | 5,206 | 3,503 |
| Public awareness and promotion | 25,946 | 36,107 |
| Rent | 49,256 | 49,110 |
| Salaries and benefits | 229,171 | 219,970 |
| Travel | 24,685 | 34,900 |
| Expense recoveries | (50,939) | (10,000) |
| | 549,467 | 567,619 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | 35,841 | (42,849) |
| NET ASSETS, beginning of year | 150,729 | 193,578 |
| NET ASSETS, end of year | \$ 186,570 | \$ 150,729 |

The accompanying notes are an integral part of these financial statements

**COLLEGE OF OPTICIANS OF BRITISH COLUMBIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016**

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Operating Activities | | |
| Excess (deficiency) of revenues over expenses | \$ 35,841 | \$ (42,849) |
| Adjust for non-cash item: | | |
| Amortization of tangible capital assets | - | 1,779 |
| | 35,841 | (41,070) |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (29,323) | - |
| Prepaid expenses | (1,436) | 6,810 |
| Accounts payable and accrued liabilities | 17,602 | 14,000 |
| Deferred registration fees | (36,518) | (22,648) |
| Deferred contribution | (12,500) | 12,500 |
| Cash provided by (used for) operating activities | (26,334) | (30,408) |
| Financing Activities | | |
| Cash provided by (used for) financing activities | - | - |
| Investing Activities | | |
| Proceeds from investments | 403,419 | 295,606 |
| Purchase of investments | (376,310) | (268,652) |
| Cash provided by (used for) investing activities | 27,109 | 26,954 |
| Increase (decrease) in cash | 775 | (3,454) |
| Cash, beginning of year | 292,386 | 295,840 |
| Cash, end of year | \$ 293,161 | \$ 292,386 |

The accompanying notes are an integral part of these financial statements

COLLEGE OF OPTICIANS OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

1 GENERAL

The College of Opticians of British Columbia (the "College") was established under the Health Professions Act of B.C. in December 1994. The mandate of the College is to serve and protect the public by regulating the practice of opticianry in British Columbia in Accordance with the Health Professions Act, Opticians Regulation and By-Laws.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The College prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

The College follows the deferral method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from registration fees, administration fees and all other fees are recognized as revenue over the period of licensure, accreditation, or service provided when collection is reasonably assured. Revenue from examination fees is recognized when the examinations are provided and collection is reasonably assured. Investment income is recorded as revenue when the investment income is earned and reasonable assurance exists regarding measurement and collectability. Amounts received that relate to the period following the College's year end are recorded as deferred revenue.

Financial instruments

The College initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The College subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, and guaranteed investment certificate. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 the statement of operations.

The College recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**COLLEGE OF OPTICIANS OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The College's policy is to disclose bank balances and guaranteed investment certificates with a maturity period of three months or less from the date of acquisition as cash and cash equivalents.

Contributed services

Contributed services are recorded in the financial statements only when used in the normal course of the College's operations, would otherwise have been purchased and a fair value can be reasonably estimated.

Use of estimates

The preparation of financial statements in conformance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Actual results could differ from these estimates. Significant estimates include accounts receivable, accrued interest and accrued liabilities. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the period which they become known.

Income taxes

Income taxes are not reflected in these financial statements as the College is a regulatory body established for the health profession of opticianry.

3 INVESTMENTS

| | <u>2016</u> | <u>2015</u> |
|------------------------------------|--------------------------|--------------------------|
| Guaranteed Investment Certificates | \$ 239,990 | \$ 268,652 |
| Accrued interest | 2,088 | 535 |
| | <u>\$ 242,078</u> | <u>\$ 269,187</u> |

4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2016</u> | <u>2015</u> |
|--|-------------------------|-------------------------|
| Accounts payable and accrued liabilities | \$ 45,878 | \$ 32,339 |
| Sales tax payable | 12,218 | 16,718 |
| Vacation payable | 14,756 | 6,193 |
| | <u>\$ 72,852</u> | <u>\$ 55,250</u> |

COLLEGE OF OPTICIANS OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

5 COMMITMENTS

(a) The College's premises are leased under an arrangement expiring on September 30, 2016. The total rent to that date is \$13,938 plus applicable taxes and its proportionate share of operating costs (\$8,459 - estimate). Included in the lease arrangement is an option to renew the lease for an additional five years.

The College has elected not to exercise the option to renew the above-noted lease for an additional five years. The College is in the process of negotiating a new month-to-month lease agreement with a new landlord. The estimated monthly rental will be \$1,550 per month plus applicable taxes.

(b) The College has office equipment leases expiring on May 2017 and January 2020. The minimum lease payments due for the next four fiscal years is as follows:

| | |
|------|-----------------|
| 2017 | \$ 2,159 |
| 2018 | 2,159 |
| 2019 | 1,440 |
| 2020 | <u>1,200</u> |
| | <u>\$ 6,958</u> |

6 LINE OF CREDIT

The College has a loan facility with its bank consisting of:

| | |
|--------------------------|------------------|
| Operating Line of Credit | \$ 50,000 |
| Corporate Visa | <u>10,000</u> |
| | <u>\$ 60,000</u> |

The operating line of credit carries an interest rate of prime plus 1%. As at March 31, 2016 there was no amount outstanding on the operating line of credit.

7 FINANCIAL INSTRUMENTS

The College's financial instruments are cash, cash equivalents, accounts receivable, investments in guaranteed investment certificates, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the College is not exposed to significant financial instruments risks. The fair value of the instruments approximates their carrying values, unless otherwise noted.

**COLLEGE OF OPTICIANS OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

7 FINANCIAL INSTRUMENTS (Continued)

The following analysis provides a measurement of the risks as at March 31, 2016.

Interest rate risk

Interest rate risk is the risk that the value of the College's financial instruments will vary due to fluctuations in interest rates and the degree of volatility of these rates. The College is exposed to interest rate risk on its investment in guaranteed investment certificates. The College does not use derivative instruments to reduce its exposure to fluctuations in market interest rates. There has been no change to this risk exposure from 2015.

Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations when they come due. The College is exposed to credit risk on its cash, cash equivalents, accounts receivable and investments in guaranteed investment certificates. The College does not have significant accounts receivable exposure to any individual organization and cash, cash equivalents and investments are held with well known, reputable Canadian financial institutions. There has been no change to this risk exposure from 2015.

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's objective is to have sufficient liquidity to meet its liabilities when they come due. The College monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2016, the most significant financial liability is accounts payable and accrued liabilities. There has been no change to this risk exposure from 2015.