

CANADIAN OPHTHALMOLOGICAL SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2021

DRAFT FOR REVIEW PURPOSES ONLY



INDEPENDENT AUDITORS' REPORT

To the Members of
Canadian Ophthalmological Society

Qualified Opinion

We have audited the financial statements of Canadian Ophthalmological Society (the "Society"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2021, 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 Qualified Opinion

In common with many organizations of this type, the Society derives revenue from royalties, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to royalty revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, and current assets and members' equity as at December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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 qualified opinion.

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INDEPENDENT AUDITORS' REPORT (Cont'd.)

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

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditors' 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 auditors' 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 Society's internal control.

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INDEPENDENT AUDITORS' REPORT (Cont'd.)

- 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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.

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,

CANADIAN OPHTHALMOLOGICAL SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

ASSETS		<u>2021</u>	<u>2020</u>
CURRENT			
Cash	\$	932,177	\$ 411,713
Cash - investments		205,483	42,311
Cash - restricted (note 4)		44,765	44,765
Accounts receivable		84,607	160,898
Prepaid expenses		<u>201,770</u>	<u>151,017</u>
		1,468,802	810,704
INVESTMENTS		3,233,374	3,271,896
CAPITAL ASSETS (note 5)		154,132	215,046
FUNDS HELD IN TRUST (note 8)		<u>288,309</u>	<u>237,324</u>
		<u>\$ 5,144,617</u>	<u>\$ 4,534,970</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	42,180	\$ 33,720
Deferred revenue (note 6)		677,590	276,954
Deferred contributions (note 7)		380,643	386,213
Due to Canadian Ophthalmological Society Foundation (note 10)		<u>863</u>	<u>50,587</u>
		1,101,276	747,474
DEFERRED LEASE INDUCEMENT		2,236	2,236
FUNDS HELD IN TRUST (note 8)		<u>288,309</u>	<u>237,324</u>
		1,391,821	987,034
MEMBERS' EQUITY			
OPERATING		3,553,899	3,288,125
INVESTED IN CAPITAL ASSETS		154,132	215,046
RESTRICTED FUND		<u>44,765</u>	<u>44,765</u>
		<u>3,752,796</u>	<u>3,547,936</u>
		<u>\$ 5,144,617</u>	<u>\$ 4,534,970</u>
Commitment (note 11)			
Impact of COVID-19 (note 13)			

Approved on behalf of the Board:

Director

Director

CANADIAN OPHTHALMOLOGICAL SOCIETY
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Equity Invested in Capital Assets</u>	<u>Restricted Fund (note 4)</u>	<u>Total 2021</u>	<u>Total 2020</u>
BALANCE - BEGINNING OF YEAR	\$ 3,288,125	\$ 215,046	\$ 44,765	\$ 3,547,936	\$ 3,577,975
Excess (deficiency) of revenue over expenses	204,860	-	-	204,860	(30,039)
Amortization	<u>60,914</u>	<u>(60,914)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>265,774</u>	<u>(60,914)</u>	<u>-</u>	<u>204,860</u>	<u>(30,039)</u>
BALANCE - END OF YEAR	<u>\$ 3,553,899</u>	<u>\$ 154,132</u>	<u>\$ 44,765</u>	<u>\$ 3,752,796</u>	<u>\$ 3,547,936</u>

CANADIAN OPHTHALMOLOGICAL SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUES		
Financial resource management (note 9)	\$ 307,214	\$ 136,535
Education	1,267,310	1,143,039
Governance	3,000	-
Membership	493,380	562,500
Advocacy	196,200	212,143
Communication and media relations	40,219	2,590
Government assistance (note 13)	<u>87,404</u>	<u>215,910</u>
	2,394,727	2,272,717
EXPENSES		
Financial resource management	354,604	408,604
Education	826,766	1,101,969
Governance	107,895	18,058
Membership	151,940	184,766
Advocacy	280,134	188,787
Communication and media relations	<u>468,528</u>	<u>400,572</u>
	<u>2,189,867</u>	<u>2,302,756</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 204,860</u>	<u>\$ (30,039)</u>

CANADIAN OPHTHALMOLOGICAL SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
CASH FROM OPERATIONS		
Excess (deficiency) of revenue over expenses		
- Operating Fund	\$ 204,860	\$(30,039)
Item not requiring an outlay of cash:		
- amortization	<u>60,914</u>	<u>30,552</u>
	265,774	513
Changes in non-cash working capital		
- accounts receivable	76,291	(116,804)
- prepaid expenses	(50,753)	43,978
- accounts payable and accrued liabilities	8,460	(137,031)
- deferred revenue	400,636	(493,369)
- deferred contributions	(5,570)	(123,454)
- due to Canadian Ophthalmological Society Foundation	<u>(49,724)</u>	<u>51,692</u>
	645,114	(774,475)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(206,944)
Change in investments	<u>38,522</u>	<u>(139,326)</u>
	<u>38,522</u>	<u>(346,270)</u>
CHANGE IN CASH POSITION DURING THE YEAR	683,636	(1,120,745)
Cash position - beginning of year	<u>498,789</u>	<u>1,619,534</u>
CASH POSITION - END OF YEAR	<u>\$ 1,182,425</u>	<u>\$ 498,789</u>
CASH CONSISTS OF:		
Cash	\$ 932,177	\$ 411,713
Cash - investments	205,483	42,311
Cash - restricted	<u>44,765</u>	<u>44,765</u>
	<u>\$ 1,182,425</u>	<u>\$ 498,789</u>

CANADIAN OPHTHALMOLOGICAL SOCIETY**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021****1. ORGANIZATION**

The Canadian Ophthalmological Society (the "Society") is the principal national voice for ophthalmology in Canada and the recognized authority on eye and vision care. Our mission is to assure the provision of optimal eye care for all Canadians by promoting excellence in ophthalmology and by providing services to support our members in practice. We are an affiliate of the Canadian Medical Association (CMA) and an accredited provider of Continuing Professional Development (CPD), as recognized by the Royal College of Physicians and Surgeons of Canada (RCPSC).

The Society works to improve eye and vision care standards for all Canadians through the work of its Board of Directors, Councils and Committees, and ties with national and international ophthalmological and eye care organizations. Our membership includes over 900 ophthalmologists and 200 ophthalmology residents.

The Society is incorporated under the Canada Corporations Act and during the 2014 fiscal year received certification of continuance under the Canada Not-for-Profit Corporations Act. The Society is exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Society's significant accounting policies are as follows:

(a) Fund Accounting

The Society presents their financial statements using fund accounting.

The Operating Fund accounts for the Society's primary activities.

The Restricted Fund reports on funds received as a bequest for Glaucoma research, which will allow the Society to perform initiatives in this area of ophthalmology.

(b) Revenue Recognition

The Society follows the restricted fund method of accounting for contributions. Restricted contributions, related to a particular fund, are recognized as revenue in the fund corresponding to the purpose for which they were contributed. Restricted contributions for which there is no related restricted fund are deferred and recognized as revenue of the operating fund when the related restrictions have been met. Unrestricted contributions are recognized as revenues in the operating fund when received or receivable, if the amount to be received can be reasonably estimated, and collection is reasonably assured.

Membership dues are set annually by the Board of Directors and are recognized over the fiscal year to which they relate.

Conference and exhibition revenue is recognized in the year that the conferences and exhibitions are presented and is included in Education.

CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(b) Revenue Recognition (Cont'd.)

Royalty income relates to the journals that were produced by the outsourced publisher and is recognized in the period it is earned and is included in Education.

Membership services revenue is recognized when the services are performed.

Investment income includes dividends, interest income and realized and unrealized gains and losses on investments and is included in Financial resource management.

Revenue from governance, advocacy and communication and media relations is recorded when the services are performed.

Revenue from the Canada Emergency Wage Subsidy (CEWS) is recognized per the CEWS legislation which deems the funds to be earned at the end of the CEWS period and is included in Government assistance.

(c) Capital Assets and Amortization

Measurement

Capital assets are recorded at cost on acquisition less accumulated amortization. Amortization is provided on the straight line basis as follows:

Computer equipment	3 Years
Computer software	5 Years
Office equipment	5 Years
Leasehold improvements	Over the term of the lease

Capital assets are measured at amortized cost and are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in excess (deficiency) of revenues over expenses for the year. A previously recognized write-down can be reversed to the extent of the improvement.

CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(d) Reporting of Controlled Organizations

Controlled organizations are not consolidated in the financial statements of the Society. Disclosure of the controlled organization is included in note 10.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to excess (deficiency) of revenue over expenses as appropriate in the year they become known.

(f) Financial Instruments

The Society's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, due to Canadian Ophthalmological Society Foundation and funds held in trust.

Measurement

Financial instruments are recorded at fair value on initial recognition.

The Society subsequently measures its financial instruments as follows:

Cash, accounts receivable, accounts payable and accrued liabilities, due to Canadian Ophthalmological Society Foundation and funds held in trust are subsequently measured at amortized cost.

Investments are subsequently measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in excess (deficiency) of revenue over expenses.

CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's opinion that the Society is not exposed to significant liquidity risk arising from its financial instruments. There has been no change to the risk exposure from the previous year.

Credit Risk

Credit risk arises from the potential that a member may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk through its accounts receivable. The Society performs ongoing credit evaluations of its members' financial condition and limits the amount of credit extended when considered necessary. There has been no change to the risk exposure from the previous year.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Society is exposed to market risk on its investments. The Society has developed investment policies to minimize the risk. There has been no change to the risk exposure from the previous year.

Currency Risk

Currency risk is the exposure of the Society earnings that arises from fluctuations in exchange rates. The Society is exposed to currency risk through its investments. The Society has developed investment policies to minimize the risk. There has been no change to the risk exposure from the previous year.

Interest Rate Risk

Interest rate risk is the exposure of the Society's earnings that arises from fluctuations in interest rates. The Society is exposed to interest rate risk on its investments. The Society has developed investment policies to minimize the risk. There has been no change to the risk exposure from the previous year.

4. CASH SUBJECT TO RESTRICTIONS

The Society received bequests of \$13,842 in 2015, \$10,849 in 2009 and \$110,000 in 2007 for Glaucoma research and related expenses. During the year, the Society incurred related expenses of nil (2020 - nil). Unexpended funds at year end amount to \$44,765 (2020 - \$44,765).

CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. CAPITAL ASSETS

	2021			2020
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 52,795	\$ 46,752	\$ 6,043	\$ 18,657
Computer software	193,159	45,070	148,089	186,720
Office equipment	106,734	106,734	-	6,524
Leasehold improvements	14,149	14,149	-	3,145
	<u>\$ 366,837</u>	<u>\$ 212,705</u>	<u>\$ 154,132</u>	<u>\$ 215,046</u>

During the year, the Society recorded amortization of \$60,914 (2020 - \$30,552) on the above assets which is included in Financial resource management expense.

Cost and accumulated amortization as at December 31, 2020 amounted to \$366,837 and \$151,791, respectively.

6. DEFERRED REVENUE

	2021	2020
Annual membership dues	\$ 147,682	\$ 286,954
Annual meeting and exhibition	<u>529,908</u>	<u>10,000</u>
	<u>\$ 677,590</u>	<u>\$ 276,954</u>

CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. DEFERRED CONTRIBUTIONS

Deferred contributions received are restricted for use in subsequent fiscal periods.

The summary of deferred contributions is as follows:

	<u>Balance, Beginning of year</u>	<u>Less: Revenue Recognized</u>	<u>Plus Amounts Received</u>	<u>Balance, End of year</u>
Advocacy and public awareness	\$ 51,400	\$ 51,400	\$ 48,000	\$ 48,000
Bausch & Lomb	70,000	12,000	-	58,000
Bayer	63,714	20,608	-	43,106
Bayer EDI Grant	-	4,500	40,000	35,500
Bayer - slit lamps	9,911	9,911	-	-
Co-developed accredited symposia	21,937	-	-	21,937
Envision program	39,544	19,751	-	19,793
Insight program	39,175	-	-	39,175
MD FM Education	27,706	27,706	-	-
MD FM Podcast Grant	-	3,264	30,000	26,736
Novartis Gene Therapy	-	23,335	48,905	25,570
Pfizer	52,467	-	-	52,467
Uninsured services	10,359	-	-	10,359
	<u>\$ 386,213</u>	<u>\$ 172,475</u>	<u>\$ 166,905</u>	<u>\$ 380,643</u>

CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. FUNDS HELD IN TRUST

	<u>2021</u>	<u>2020</u>
CAPOS	\$ 4,750	\$ 425
CBS	41,191	43,547
CCEDRSS	11,368	11,368
CGS	3,840	2,220
COS Bayer Award	75,000	-
CRS	17,905	100,395
CSOPS	2,600	3,000
MDFM Physician	-	25,000
Novartis wAMD	71,742	-
Ron Jans Award	2,288	3,288
Sally Letson	<u>57,625</u>	<u>48,081</u>
	<u>\$ 288,309</u>	<u>\$ 237,324</u>

Funds held in trust represent monies received on behalf of organizations to be used to pay honorariums for presentations at conferences and exhibitions.

9. FINANCIAL RESOURCE MANAGEMENT

Financial resource management revenue is comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 49,312	\$ 58,897
Dividend income	35,175	38,621
Realized gains on sale of investments	56,698	12,362
Unrealized gains on investments	153,508	30,424
Foreign exchange gain (loss)	<u>12,521</u>	<u>(3,769)</u>
	<u>\$ 307,214</u>	<u>\$ 136,535</u>

CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

10. CONTROLLED ORGANIZATION

The Canadian Ophthalmological Society Foundation (the "Foundation") is controlled by the Society by virtue of the fact that the Directors of the Society are also Directors of the Foundation.

The Foundation was created with the objective to improve the quality of eye and vision care in Canada by promoting better access to quality eye care for the public, promoting clinical and basic research, increasing public awareness and education to the community, advancing education in ophthalmology and supporting the education of residents and Young Ophthalmologists. It is incorporated without share capital under Part II of the Canada Corporations Act, and is a registered charity and thus exempt from income taxes under the Income Tax Act.

The Society and the Foundation follow the same accounting policies, with the exception of revenue recognition, whereas the Society follows the restricted fund method of accounting for contributions and the Foundation follows the deferral method of accounting for contributions.

The summary financial statements as at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Statement of financial position		
Total assets	\$ <u>258,707</u>	\$ <u>207,841</u>
Net assets	\$ <u>258,707</u>	\$ <u>207,841</u>
Statement of operations		
Total revenue	\$ 50,892	\$ 55,535
Total expenses	<u>26</u>	<u>12</u>
Net revenue for the year	\$ <u>50,866</u>	\$ <u>55,523</u>
Statement of cash flows		
Operating activities	\$ <u>50,892</u>	\$ <u>55,535</u>

11. COMMITMENT

The Society has signed a lease for office space at a base rent for a period of five years and three months expiring September 30, 2022. The approximate future minimum payments for the next year including HST is as follows:

2022	\$	26,530
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CANADIAN OPHTHALMOLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

12. REVENUE AND EXPENSE ALLOCATION

The Society follows a strategic plan to ensure careful alignment of goals and objectives with available resources, which has identified six key strategic directives. The Society allocates revenues and expenses into each key strategic directive to ensure expectations and deliverables within each of the strategic pillars is met and/or exceeded.

13. IMPACT OF COVID-19

The impact of COVID-19 to the public since its outbreak in mid-March 2020 has been extensive. In response to ongoing health concerns, the Society has been adhering to government guidelines as they relate to states of emergency, social distancing measures and mandated closures. The Canadian government has continued to implement financial easing policies to mitigate the financial impact on the economy in which the Society operates, however its effectiveness is yet to be determined. The financial impact on the Society as a result of COVID-19 is unknown as the potential impact on future operations cannot be determined. No amounts have been recognized in the audited financial statements relating to the potential impact of future events on the Society as a result of COVID-19.

In an effort to mitigate the financial burden stemming from the COVID-19 virus pandemic, the Society applied to the Canadian government and was approved to receive a total of \$87,404 (2020 - \$202,160) from the Canada Emergency Wage Subsidy (CEWS), and a total of \$13,750 from the Temporary Wage Subsidy in the 2020 fiscal year. The CEWS amount received covers the Society's eligibility for the full year ended December 31, 2021, and is reflected on the statement of operations.