

# ANNUAL REPORT 2014



College of Optometrists  
of British Columbia

## MISSION

**“It is the duty of a college at all times to serve and protect the public, and to exercise its powers and discharge its responsibilities under all enactments in the public interest.”**

— *Section 16 of the Health Professions Act*

**The College does not advocate for the profession but works to serve the public.**

## VISION STATEMENT

The College of Optometrists of British Columbia is committed to serving and protecting the public interest by guiding the profession of optometry in British Columbia.

2015  
ANNUAL  
GENERAL  
MEETING

Sunday, October 4

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## BOARD OF DIRECTORS

**Dr. Dale Dergousoff**

*Chair*

*Elected Board Member*

**Mr. David MacPherson**

*Vice Chair*

*Public Board Member*

**Dr. Roger Gafur**

*Elected Board Member*

**Dr. Manbir Randhawa**

*Elected Board Member*

**Dr. Sally Donaldson**

*Elected Board Member*

**Dr. Joan Hansen**

*Elected Board Member*

**Dr. Gerald Komarnicky**

*Elected Board Member*

**Ms. Barbara Buchanan**

*Public Board Member*

**Ms. Tina Dion**

*Public Board Member*

**Elected Board members  
leaving office in 2014:**

**Dr. Mark Bourdeau**

**Dr. Kevin Youck**

## OFFICE STAFF

**Dr. Robin Simpson**

*Registrar*

**Ms. Stanka Jovićević**

*CAO/Assistant to the Registrar*

**Jela Vuksan**

*Administrative Registration Assistant*

**Ikreet Randhawa**

*Administrative Assistant*

**Ronak Samadi**

*Administrative Assistant*

# REPORT OF THE CHAIR AND REGISTRAR

DR. DALE DERGOUSOFF AND DR. ROBIN SIMPSON

**In 2014, the College of Optometrists of British Columbia made steady and sure progress on a number of initiatives that strongly support the College's mandate of protecting members of the public who receive optometric services and ensuring they receive safe, effective, and ethical treatment.**

The College continued to focus on developing and implementing best practices that strengthen our core functions – establishing and maintaining standards, registration, practitioner support, and complaint investigation – and are consistent with practices of BC health regulators.

This work is particularly critical given that the number of registrants continues to grow. As of December 31, 2014, there were 681 practising registrants – including 71 new registrants – and 37 non-practising registrants.

In the area of practitioner support, an important development during the year was hiring a Quality Assurance Program Coordinator to facilitate delivery of the College's quality assurance (QA) programs. This enabled program delivery to be more efficient and effective and reduced use of administrative resources. Also in the QA area, the College conducted annual random audits of continuing education (CE) credits that registrants self-recorded and self-reported. The audits in 2014 overwhelmingly confirmed that our registrants participate in CE at a level above the minimum required. The audit results indicate that in general, BC optometrists are constantly advancing their skills and knowledge and are committed to providing the best eye care possible to the people of BC.

To further support optometrists' efforts to advance their knowledge and skills, in 2014 the College Board approved additional resources

to train facilitators for our popular and highly acclaimed peer circle program. The program, overseen by the QA Committee, provides registrants with a safe environment where they can discuss practice issues in the context of evolving professional standards. The Board also approved a budget to develop a web-based, professional boundaries and ethics learning module.

A key indicator of the effectiveness of our QA programs is the number of complaints made against registrants, and in particular, the number that proceed to a discipline hearing. The Inquiry Committee had one case in 2014 in which an investigation resulted in the Committee directing the Registrar to issue a citation for a discipline hearing by the Discipline Committee. The case has involved significant effort and resources from both committees and staff. See the Discipline Committee report for details of the case. Another key indicator is the number of applications to the Health Professions Review Board (HPRB) for an independent review of complaint dispositions and discipline decisions. Last year no such requests were made to the HPRB. The College continues to refine our complaints investigation and adjudication processes to ensure that they are fair, objective, unbiased, and transparent, and to ensure that dispositions are reached in a timely manner.

In 2014, British Columbia's 26 regulated health professions, governed by 22 colleges under the

## REPORT OF THE CHAIR AND REGISTRAR

*Health Professions Act*, and one under the Social Workers Act, incorporated under the Society Act to become the Health Profession Regulators of BC Society. The Society's members collaborated to develop and jointly approve a framework for BC health regulators to use in reporting complaints and discipline. As a result, there is a common standard for reporting cases to the public. With initiatives like the development of the reporting framework, the College has continued to build collaborative relationships with stakeholders in the optometry and health regulation communities. At the national level, the College contributed to the establishment of the Federation of Optometric Regulatory Authorities of Canada (FORAC) in 2014. The College is a member of the Federation, and Registrar Dr. Robin Simpson is a Director on the FORAC Board. FORAC will work on issues such as national standardization of CE requirements.

Effective regulation requires that the College's Bylaws and policies are accessible and understandable to stakeholders. A review of the Bylaws was completed in 2013 to correct perceived inconsistencies and make the Bylaws more accessible to our registrants and other stakeholders. In June 2013, the revised Bylaws were approved by the College's Board and sent to the Ministry for review, which is ongoing.

In the area of infrastructure to support the College's work, in 2014, new technology and processes were implemented as a first step towards our goal of effective, appropriate, and impactful communications. In 2015, the College will develop a communications plan targeted to the public, optometrists, and other stakeholders. A key step in moving that plan forward will be the launch of our new website.

Thank you to the College staff for your work throughout the year and rising to the challenge of designing, renovating, and moving into a new office at the start of 2014. This was a huge task, superbly executed by Chief Administrative Officer and Assistant to the Registrar Stanka Jovičević and staff, which has paid off in a vastly improved work environment and a lower occupancy cost going forward.

Thank you to the Board, committee members, and other volunteers for giving so generously of your time to make immeasurable contributions. Our appreciation goes to public Board members appointed by the Ministry of Health and public representatives appointed by the Board for recognizing and contributing the public perspective. Thank you also to members of the profession elected to the Board by registrants. Your dedication, as Board and committee members, to the responsibilities inherent with the privilege of self-regulation ensures that the College can continue to effectively regulate optometry in the public interest.



**Dr. Dale Dergousoff**  
CHAIR



**Dr. Robin Simpson**  
REGISTRAR



# REGISTRATION COMMITTEE

DR. GERRY KOMARNICKY

## CHAIR:

Dr. Gerry Komarnicky

## COMMITTEE MEMBERS:

Ms. Gurprit Bains  
Public Representative

Dr. Tanya Flood

Mr. David MacPherson  
Public Board Member

Dr. Mitra Mehin

Dr. Priya Vohora

The Registration Committee has a mandate – specified in section 20 of the *Health Professions Act (HPA)* – to oversee responsibility for granting registration, including reinstatement of registration.

An applicant may apply to the Health Professions Review Board (HPRB) for an independent review of a registration decision. To date, no applicant to the College has sought review of a Registration Committee decision.

The Committee, which is also guided by Part 4 of the College Bylaws, acts in the public interest while being transparent, objective, unbiased, and fair in all of its deliberations.

The Registration Committee met in 2014 by conference call to discuss a matter pertaining to

a registrant, who made a declaration regarding continuing education requirements mandatory for registration renewal, which could not be corroborated by the registrant's records.

As of December 31, 2014, our College consists of 681 practising registrants, including 71 new registrants. Another 37 registrants are registered in the "non-practising" category. In 2014, more than 98% of registrants renewed their registration online, which represents a significant conservation of resources when compared to previous years.

## CHANGE IN REGISTRATION STATUS

AS OF DECEMBER 31, 2014

INITIAL REGISTRATION STATUS	CHANGED STATUS TO:					
	FULL A	FULL B	NON- PRACTISING	ACADEMIC	LIMITED	INACTIVE
Unregistered <sup>1</sup>	46	0	1	0	0	5
Registered AIT <sup>2</sup>	6	0	0	0	0	0
Registered Other	17	0	1	0	0	3
Full A	0	0	0	0	0	22
Full B	0	0	0	0	0	1
Non-practising	7	0	0	0	0	34
Inactive	3	0	0	0	0	0

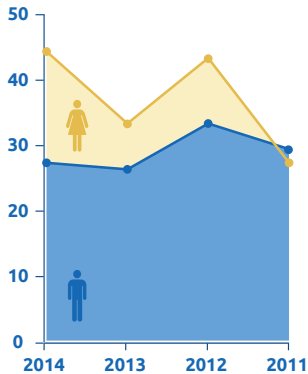
<sup>1</sup> No previous registration in any jurisdiction

<sup>2</sup> Registered in a Canadian jurisdiction at the time of application

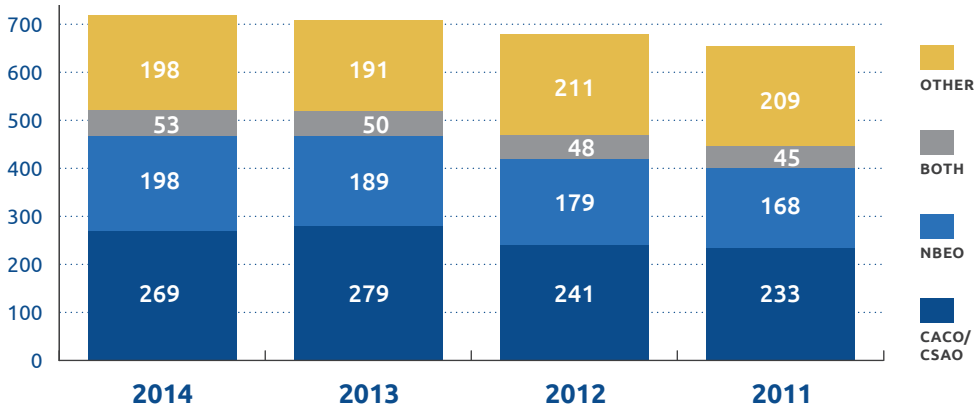
TOTAL REGISTRATION BY GENDER



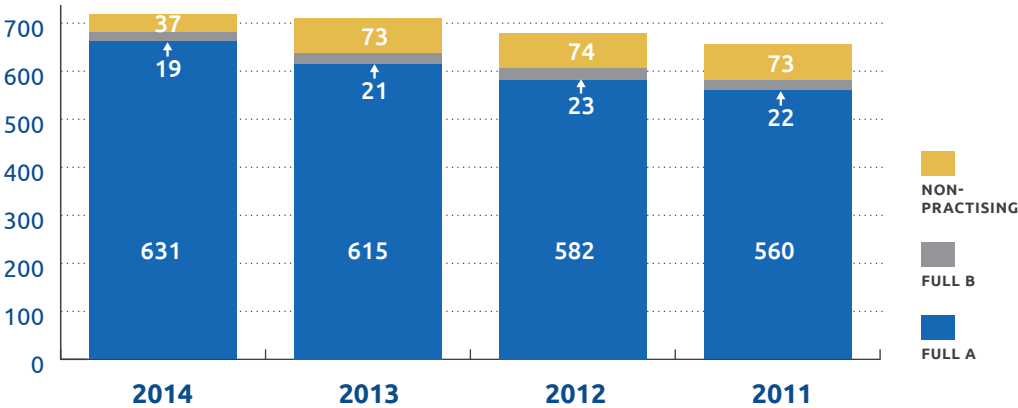
NEW BC REGISTRANTS



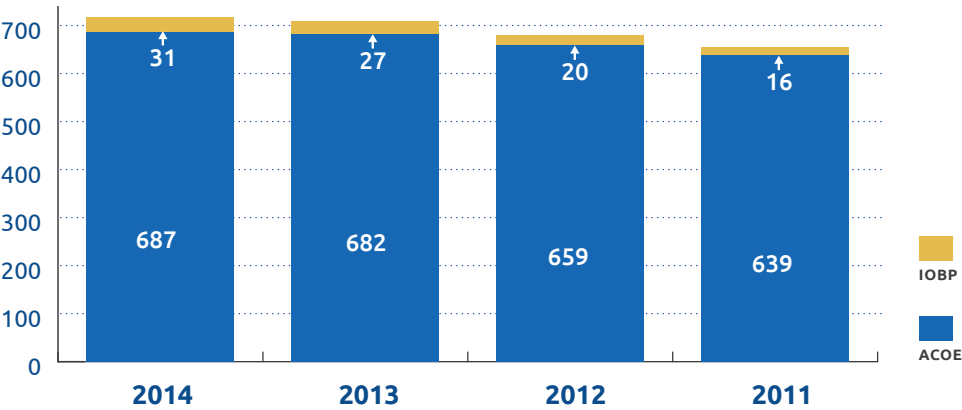
TOTAL REGISTRATION BY QUALIFYING EXAM



TOTAL REGISTRATION BY CLASS



TOTAL REGISTRATION BY EDUCATION



# QUALITY ASSURANCE COMMITTEE

DR. TANYA FLOOD



## CHAIR:

Dr. Tanya Flood

## COMMITTEE MEMBERS:

Ms. Vikki Bell

*Public Representative*

Ms. Barbara Buchanan,

*Public Board Member*

Dr. Victor Chin

Dr. Joan Hansen

Dr. Brad MacDougall

Dr. Katherine McKay

The Quality Assurance Committee is responsible for two core functions of the College, specified in Section 16 (2) of the *Health Professions Act*:

- To establish, monitor, and enforce standards of practice to enhance the quality of practice and reduce incompetent, impaired, or unethical practice amongst registrants.
- To establish and maintain a continuing competency program to promote high practice standards amongst registrants.

The Committee's primary goal is to ensure that our registrants maintain professional competence and provide safe, effective, and ethical care. To meet that goal, the Quality Assurance Committee directs the maintenance of a quality assurance program that includes the following components:

### Continuing Education

As a condition of annual registration renewal, all registrants are required to participate in approved continuing education programs for professional development, as specified in the Bylaws. Registrants' participation in continuing education programs is verified by the Registrar's annual audit of a sample of registrants. A sample of 86 registrants was audited in 2014.

### Practitioner Assessment and Peer-Based Support Programs

Another step in ensuring that all patients in BC receive safe, effective, and ethical treatment. Practitioner assessments are carried out by registrants who have participated in intensive training in assessment methodologies and aid registrants to identify areas for improvement which are addressed as part of the process.

### Peer Circles

In Peer Circles, registrants address quality-assurance issues relevant to clinical practice,

within a small-group, interactive learning environment. This context gives registrants an opportunity to enhance best practices by analyzing, identifying, and resolving problems related to clinical care, through safe discussions and dialogue with colleagues. The fall Peer Circle event held in October 2014 was attended by 70 registrants.

### Quality Assurance Program Coordinator

Early in 2014 the Board recognized the need for a Quality Assurance Program Coordinator to facilitate delivery of the College's quality assurance programs. The Board approved this position and the hiring process that followed resulted in the hiring of Dr. Lawrence MacAulay in May 2014. Dr. MacAulay has already demonstrated his excellent organizational, communication, and management skills, through the 2014 round of Practitioner Assessments, the Fall Peer Circle event, and the 2014 Continuing Education audits. Hiring a Coordinator has enabled program delivery to be more efficient and effective and reduced use of administrative resources.

The Committee wishes to extend a huge thank you to the College office team. A special thank you goes to Dr. Robin Simpson and Ms. Stanka Jovičević for their significant support of the Quality Assurance program.





# INQUIRY COMMITTEE

DR. SALLY DONALDSON

## CHAIR:

Dr. Sally Donaldson

## COMMITTEE MEMBERS:

**Ms. Barbara Buchanan**  
*Public Board Member*

**Dr. Russell Ebata**

**Dr. Roger Gafur**

**Dr. Eva Kalicinsky**

**Dr. Dorlee Kneifel**  
*Public Representative*

**The *Health Professions Act* (HPA) requires that the College establish and employ inquiry procedures that are transparent, objective, impartial, and fair.**

The Inquiry Committee investigates complaints from the public against registrants. The Committee also initiates investigations of registrants. After completing investigations, complaints are resolved and disposition is provided to all parties, in accordance with section 33 of the HPA. Serious matters are forwarded to the Discipline Committee. Complainants may apply to the Health Professions Review Board (HPRB) for an independent review of decisions.

Communication issues, including misunderstandings between optometrists and their patients or other members of the public, represent the greatest number of issues that come to the College. These issues are often resolved before a formal complaint is filed. In many cases, an open discussion between the registrant and the complainant acknowledging the complainant's concerns, leads to a satisfactory resolution for both parties. This mediation process continues to be a useful tool in resolving complaints.

Clinical management issues include failure to comply with standards of practice. Practice management issues include failure to comply with the Bylaws regarding advertising and marketing, failure to comply with standards of practice, and failure to provide notice to the College of place of practice. Other issues include professional misconduct and issues related to protection of privacy.

At the start of 2014, six cases from the previous year were still under investigation. Over the course of the year, 29 new investigations were initiated, 19 of which related to complaints from the public, and 22 were resolved.

The Inquiry Committee had one case in 2014 in which an investigation resulted in the Committee directing the Registrar to issue a citation for a discipline hearing by the Discipline Committee. See the Discipline Committee report for details of the case.

Five complaints were resolved by consent orders, under section 33(6)(c) of the HPA. A consent order is an agreement between a registrant and the College in which a registrant agrees to the facts of the matter and agrees not to repeat the conduct.

In 14 cases, the Inquiry Committee concluded that no further action was required, as the conduct or competence of the registrant was satisfactory, in accordance with section 33(6)(a) of the HPA. In 2014, no complainant requested a review by the HPRB of an Inquiry Committee decision.

Thank you to our two public members for their input and guidance. They keep us in touch with the public perspective and our mandate to protect the public. Thank you to our registrant members, whose commitment to our profession and valued opinions are so appreciated. We are also very grateful to legal counsel Angela Westmacott for her clarity and intelligence, as she continues to guide and support the Committee's efforts to attain best practices.

A huge thank you to the College staff. Stanka Jovičević, Chief Administrative Officer and Assistant to the Registrar, maintains a work ethic and commitment to our profession at the highest standard, and is so appreciated by the Committee.

# PATIENT RELATIONS COMMITTEE

MS. BARBARA BUCHANAN

## CHAIR:

**Ms. Barbara Buchanan**  
*Public Board Member*

## COMMITTEE MEMBERS:

**Mr. Jack Corbett**  
*Public Representative*

**Ms. Tina Dion**  
*Public Board Member*

**Dr. Nina Gill**

**Dr. Joan Hansen**

**Dr. Mitra Mehin**

**The Patient Relations Committee has a mandate, in accordance with Section 16 (f) of the *Health Professions Act*, to establish a patient relations program that seeks to prevent sexual misconduct.**

The College broadens that mandate by developing tools for registrants to understand their overall obligations with respect to professional boundaries and ethics. The Patient Relations Committee's work complements the College's quality assurance work on standards of practice.

In 2014, the Patient Relations Committee created and submitted to the Board terms of reference for the Committee. The Board approved the terms of reference and also approved a budget to develop a best practices learning module that will be consistent with the College's belief that

patient relations issues are best addressed in the overall context of boundaries and ethics. In 2015, as part of development of the learning module, the Committee will determine what documents on boundaries and ethics the College already has and what needs to be created. The module, to be completed in 2015, will be delivered as a web-based tutorial.





# DISCIPLINE COMMITTEE

DR. PARDEEP DHILLON

## CHAIR:

Dr. Pardeep Dhillon

## COMMITTEE MEMBERS:

Ms. Vikki Bell

*Public Representative*

Dr. Mark Bourdeau

Mr. David MacPherson

*Public Board Member*

Dr. Anisa Nurani

Dr. Katherine Pratt

**The Discipline Committee has a mandate to hear and determine matters in discipline hearings following investigation by the Inquiry Committee and issuance of citations by the Registrar under section 37 of the *Health Professions Act*.**

The Chair of the Discipline Committee may appoint a panel that consists of three members of the Committee, at least one of which must be a public representative, to preside at hearings.

In 2013, the Inquiry Committee directed the Registrar to issue a citation for a discipline hearing in relation to Dr. Jerry MacKenzie, who practises in Vancouver. Following a discipline hearing regarding Dr. MacKenzie's conduct, a Discipline Committee panel released a decision finding that he had engaged in professional misconduct. On April 28, 2014, the panel released a penalty decision, issuing a reprimand to Dr. MacKenzie and, among other things, suspending his registration for a period of three years. Dr. MacKenzie cannot, by law, practise optometry until April 27, 2017, and may not apply to return to practice following the expiration of the suspension period until he has completed a significant number of steps. This order of the Discipline Committee was made under sections 39(2) and (8)(b) of the *Health Professions Act*.

When the College became aware that Dr. MacKenzie was continuing to practise optometry in contravention of the suspension,

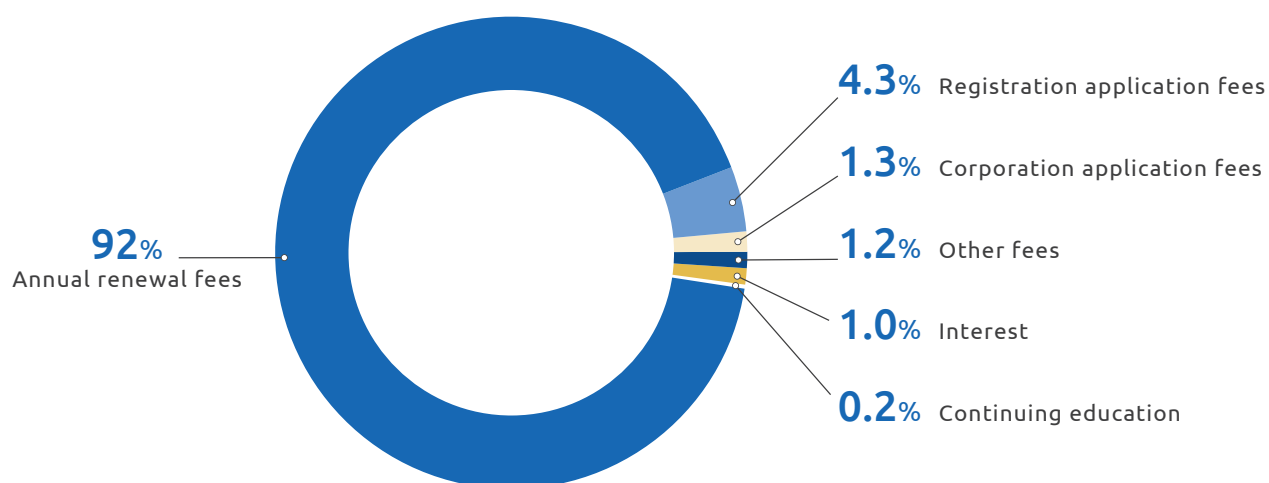
it filed an application for an injunction in Supreme Court in May 2014. Dr. MacKenzie consented to the injunction order. However, when it subsequently became clear that Dr. MacKenzie was not complying with the terms of the injunction order, the Inquiry Committee directed the Registrar to issue a citation for a second discipline hearing on January 28, 2015. In addition, the College filed an application in Supreme Court for an order that Dr. MacKenzie was in contempt of the injunction. The contempt proceeding is ongoing but the Court held on December 19, 2014 that Dr. MacKenzie's activities were in contravention of the injunction.

This case has involved significant effort and resources from both the Inquiry and Discipline Committees and the College.

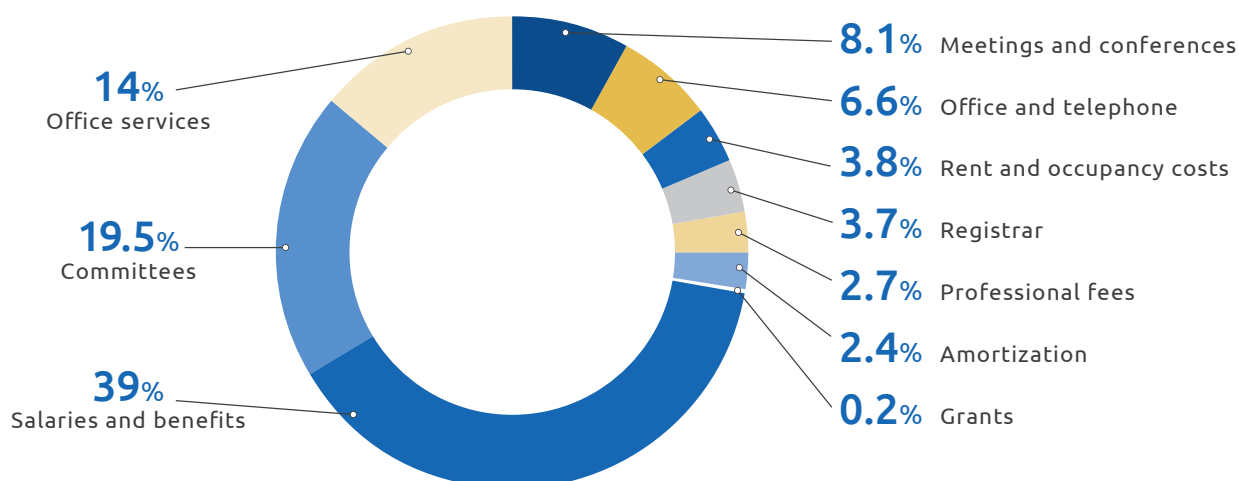
# INCOME AND EXPENDITURE

FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

## INCOME



## EXPENDITURE







# 2014 AUDITED FINANCIAL STATEMENTS



**College of Optometrists  
of British Columbia**



**THE COLLEGE OF OPTOMETRISTS  
OF BRITISH COLUMBIA**

**Financial Statements  
December 31, 2014**

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**INDEPENDENT AUDITORS' REPORT**

**TO THE BOARD MEMBERS OF THE COLLEGE OF OPTOMETRISTS OF  
BRITISH COLUMBIA**

We have audited the accompanying financial statements of The College of Optometrists of British Columbia, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and changes in net assets and 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.

*Auditors' 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 auditors' 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 The College of Optometrists of British Columbia as at December 31, 2014, 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.

*Smythe Ratcliffe LLP*

Chartered Accountants

Vancouver, British Columbia  
March 23, 2015

# THE COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA

## Statement of Financial Position

December 31

	2014	2013
<b>Assets</b> (note 8)		
<b>Current</b>		
Cash	\$ 1,343,759	\$ 1,493,359
Accounts receivable	5,563	1,171
Current portion of note receivable (note 5)	19,875	19,875
Prepaid expenses	14,078	31,930
	1,383,275	1,546,335
<b>Deposits</b>	0	53,900
<b>Note Receivable</b> (note 5)	7,625	34,125
<b>Website Development</b> (note 6)	70,759	47,864
<b>Property and Equipment</b> (note 4)	1,122,600	947,161
	\$ 2,584,259	\$ 2,629,385
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 101,537	\$ 67,994
Deferred revenue	995,821	881,595
Current portion of long-term debt (note 8)	17,507	16,906
	1,114,865	966,495
<b>Long-Term Debt</b> (note 8)	296,573	412,506
	1,411,438	1,379,001
<b>Net Assets</b>		
<b>Unrestricted</b>	1,172,821	1,250,384
	\$ 2,584,259	\$ 2,629,385

Commitment (note 9)

Approved by:



College Registrar



Chair, Board of College

**THE COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31**

	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
Annual renewal fees	\$ 1,023,142	\$ 972,558
Registration application fees	47,835	36,645
Corporation application fees	14,175	16,275
Other fees	13,322	15,986
Interest	12,017	11,291
Continuing education	2,430	8,370
Rental	0	35,076
	<b>1,112,921</b>	<b>1,096,201</b>
<b>Expenditures</b>		
Salaries and benefits	462,664	438,466
Committees	232,030	229,680
Office services	166,031	82,567
Meetings and conferences	97,148	119,126
Office and telephone	79,100	64,600
Rent and occupancy costs	45,685	127,031
Registrar	43,800	38,866
Professional fees	32,516	46,465
Grants	2,340	27,340
Amortization	29,170	27,783
	<b>1,190,484</b>	<b>1,201,924</b>
<b>Deficiency of Revenues over Expenditures for Year</b>	<b>(77,563)</b>	<b>(105,723)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,250,384</b>	<b>1,356,107</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,172,821</b>	<b>\$ 1,250,384</b>

**THE COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA**  
**Statement of Cash Flows**  
**Year Ended December 31**

	<b>2014</b>	<b>2013</b>
<b>Operating Activities</b>		
Deficiency of revenues over expenditures	\$ (77,563)	\$ (105,723)
Item not involving cash		
Amortization	29,170	27,783
	(48,393)	(77,940)
Changes in non-cash working capital		
Accounts receivable	(4,392)	589
Prepaid expenses	17,852	(17,987)
Deposits	0	(39,900)
Note receivable	26,500	0
Accounts payable and accrued liabilities	33,543	21,718
Deferred revenue	114,226	27,912
	187,729	(7,668)
<b>Cash Provided by (Used in) Operating Activities</b>	<b>139,336</b>	<b>(85,608)</b>
<b>Investing Activities</b>		
Website development costs incurred	(22,895)	(47,864)
Additions to property and equipment	(150,709)	(9,864)
<b>Cash Used in Investing Activities</b>	<b>(173,604)</b>	<b>(57,728)</b>
<b>Financing Activities</b>		
Repayment of long-term debt	(115,332)	(16,325)
<b>Outflow of Cash</b>	<b>(149,600)</b>	<b>(159,661)</b>
<b>Cash, Beginning of Year</b>	<b>1,493,359</b>	<b>1,653,020</b>
<b>Cash, End of Year</b>	<b>\$ 1,343,759</b>	<b>\$ 1,493,359</b>
<b>Supplemental Cash Flow Information</b>		
Non-cash investing activity:		
Deposits for additions to property and equipment	\$ 53,900	\$ 0



# THE COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA

## Notes to Financial Statements

Year Ended December 31, 2014

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### 1. OPERATIONS

The College of Optometrists of British Columbia (the "College") is a not-for-profit organization with the objective to serve and protect the public in relation to the practice of optometry in British Columbia.

The College's bylaws are regulated under the *Health Professions Act* of British Columbia (the "HPA"). The College establishes qualifications of members and ensures the standards set out in the HPA regulations and bylaws are maintained by the members.

The College is exempt from income tax under the provisions of the *Income Tax Act*.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

#### (a) Revenue recognition

Annual renewal fees are recognized as revenue in the fiscal year to which they relate. These fees received in advance have been recorded as deferred revenue.

Registration fees, corporation fees, other fees and continuing education are recognized as revenue when the member is invoiced.

Rental income from a property lease is recognized as due on a monthly basis. Rental operations ceased during 2013.

Interest income is recognized as it is earned.

#### (b) Amortization

Property and equipment are recorded at cost less accumulated amortization and amortized using the following methods and annual rates:

Building	- 4%	declining-balance
Furniture	- 4 years	straight-line
Computer equipment	- 3 years	straight-line
Online computer software	- 4 years	straight-line
Office equipment	- 4 years	straight-line

Additions during the year are amortized at one-half the annual rates.

#### (c) Website development

Website development is recorded at cost. Amortization is not taken on website development until the asset is in use.

# THE COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA

## Notes to Financial Statements

Year Ended December 31, 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(e) 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 financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

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. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in the statement of operations provided it is not greater than the original amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into income on a straight-line basis over the term of the instrument. All other transaction costs are recognized in the statement of operations in the period incurred.

(f) Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include the collectibility of the note receivable and rates of amortization. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

### 3. FINANCIAL INSTRUMENTS

(a) Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with financial liabilities.

The College is exposed to this risk mainly in respect of its accounts payable and long-term debt. Cash flow from operations provides satisfactory resources to meet the College's cash requirements. The College's borrowing arrangements are concentrated with a single Canadian financial institution.

# THE COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA

## Notes to Financial Statements

Year Ended December 31, 2014

### 3. FINANCIAL INSTRUMENTS (Continued)

#### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The College is exposed to credit risk with respect to its cash. The College has mitigated this risk by holding cash with a major Canadian financial institution and credit union. Additionally, the College is exposed to credit risk on its note receivable. This risk has been assessed as minimal.

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The College is exposed to interest rate price risk on its fixed interest rate long-term debt.

### 4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2014	2013
Land	\$ 769,273	\$ 0	\$ 769,273	\$ 769,273
Building	318,028	17,413	300,615	150,029
Furniture	43,754	5,469	38,285	0
Computer equipment	37,545	30,663	6,882	18,085
Online computer software	86,749	81,767	4,982	8,667
Office equipment	7,495	4,932	2,563	1,107
	\$ 1,262,844	\$ 140,244	\$ 1,122,600	\$ 947,161

### 5. NOTE RECEIVABLE

The note receivable is interest-free and due from a former registrant as a result of various fines and restitution for legal expenses.

The College has placed a lien on the former registrant's principal residence as security against the note receivable. This registrant was reinstated in 2014, and under the terms of reinstatement, is required to repay the outstanding balance over a two-year period ending in 2016.

In addition, during the year, the College issued a penalty of \$10,000 and restitution for legal expenses of \$13,006 (excluding interest) to be paid by a former registrant.

### 6. WEBSITE DEVELOPMENT

Website development relates to the redevelopment of the College's website and communications platform that was not ready for use as at December 31, 2014. Amortization of this asset will commence when it is put into use.

## THE COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA

### Notes to Financial Statements

Year Ended December 31, 2014

#### 7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances of \$nil (2013 - \$14,098).

#### 8. LONG-TERM DEBT

	2014	2013
Bank of Montreal, fixed interest rate loan at 3.5% per annum, repayable in monthly instalments of \$2,639 including interest, due May 30, 2032	\$ 314,080	\$ 429,412
Less: Current portion	17,507	16,906
	<u>\$ 296,573</u>	<u>\$ 412,506</u>

Long-term debt principal repayments to be made during the next five years and subsequent years are as follows:

2015	\$ 17,507
2016	21,830
2017	22,607
2018	23,411
2019	24,244
Subsequent years	204,481
	<u>\$ 314,080</u>

The lender has a general security agreement providing a first and fixed charge over all assets and a floating charge over the real property of the borrower. In addition, a first charge has been secured on the land and buildings at 906 - 938 Howe Street, Vancouver, British Columbia.

The College is required to maintain a debt service ratio greater than 1.5:1 as covenant on its loan. As at December 31, 2014, the College did not meet the debt service ratio covenant. The bank has waived in writing its right to demand repayment of the loan within the next fiscal year. Accordingly, the loan has been classified as a long-term liability in these financial statements.

#### 9. COMMITMENT

The College is committed to an equipment lease payment totaling \$5,219 over the remaining term expiring September 1, 2015.

## COLLEGE OF OPTOMETRISTS OF BRITISH COLUMBIA

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College of Optometrists  
of British Columbia