

Report of the Finance Committee
Presented at the 2021 Annual Meeting of Members on September 24, 2021
By Dr. Nelson Chan, MD, LLB, CCFP, Secretary-Treasurer

The Finance Committee of the Ontario College of Family Physicians (OCFP) is pleased to provide members with this financial report based on the OCFP's audited financial statements for the fiscal year 2020-21, which ended March 31, 2021. The audit was conducted by Deloitte LLP.

The report will cover the following:

- 1. 2020-21 Financial Results**
 - Cumulative Results
 - Financial Operating Results
- 2. Auditor's Report to the Finance Committee**
- 3. Appointment of the Auditor for 2021-22**
- 4. Motions**

1. 2020-21 Financial Results

Cumulative Results: Summary of the Statement of Financial Position – Assets, Liabilities and Fund Balances

The following table presents the cumulative results in assets, liabilities, and fund balances as of March 31, 2021 and March 31, 2020, and the year-over-year changes.

	2020-2021	2019-2020	Variance \$	Variance %
Current Assets	\$5,089,666	\$4,620,217	\$469,449	9%
Long-term Investments	\$1,706,522	1,050,763	\$656,759	63%
Capital Assets	\$322,157	\$372,680	-\$50,523	-14%
Total Assets	\$7,118,345¹	\$6,043,660	\$1,074,685	18%
Current Liabilities	\$1,537,348	\$1,463,051	\$74,297	5%
Deferred Lease Inducements	\$335,652	\$376,336	-\$40,684	-11%
Total Liabilities	\$1,873,000²	\$1,839,387	\$33,613	2%
Invested in Capital Assets	\$322,157	\$372,680	-\$50,523	-14%
Unrestricted Operating Fund				
Internally Restricted Fund	\$4,923,188	\$3,831,593	\$1,091,595	28%
Total Fund Balances	\$5,245,345³	\$4,204,273	\$1,041,072	25%
Total Liabilities and Fund Balances	\$7,118,345	\$6,043,660	1,074,685	18%

The total assets of \$7.12 million¹ for 2020-21 reflect an increase of \$1.07 million or 18%, from 2019-20. This change is due to increased membership fee collection following the transition to fixed annual billing, which began after July 1, 2020. In addition, as a result of work-from-home and the required move to virtual delivery of all education programs during COVID19, there were significant reductions in cash expenditures. On March 31, the OCFP received new funding from the Ministry of Health indicating that they would be transferring approximately \$800k for COVID19 communications work during the fiscal year, and implementation of a modernized mentoring initiative, both of which had already been expensed during the year. This resulted in a large accounts receivable amount on the balance sheet at year end.

The total liabilities balance of \$1.87 million² for 2020-21 is in line with the previous year's balance of \$1.84 reflecting an increase of only 2%. In other words, the 18% increase in assets did not result in an increase in liabilities but instead increased the reserves of the organization, specifically the internally restricted reserve fund.

The total fund balances of \$5.20 million³ for 2020-21 reflects an increase of \$1.04 million, or 25% from 2019-20.

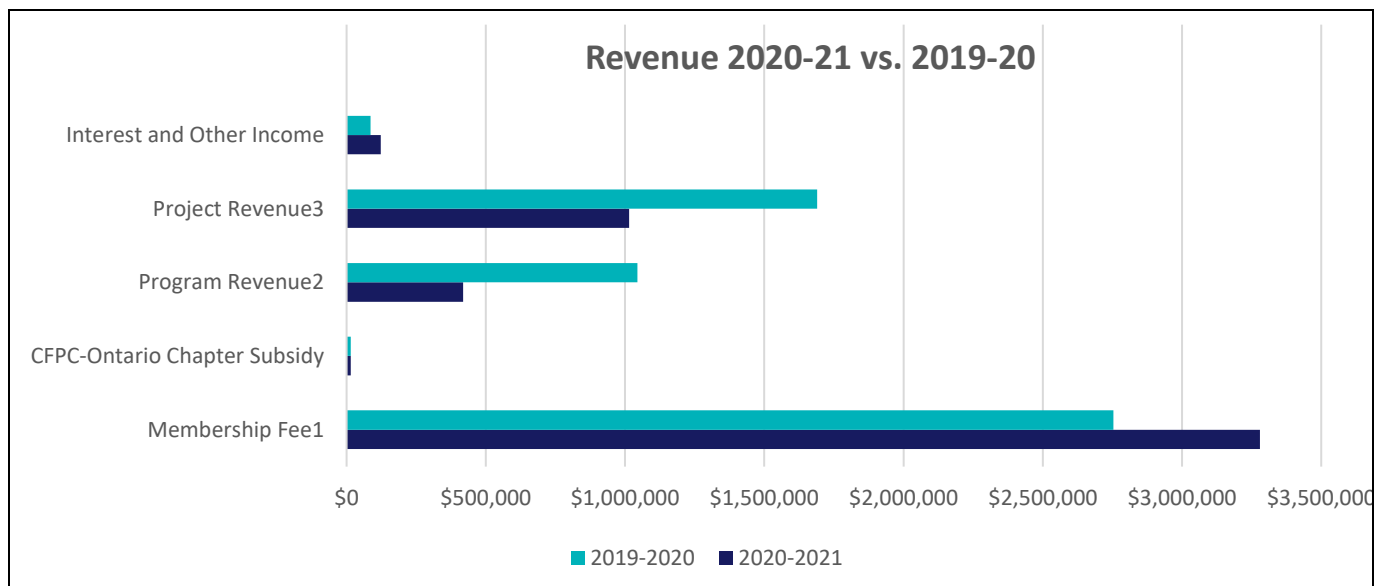
Financial Operating Results: Statement of Operations – Revenue and Expenses

- **Overview of Revenue**

	2020-2021	2019-2020	Variance \$	Variance %
Membership Fee ¹	\$3,279,732	\$2,753,759	\$525,973	19%
CFPC-Ontario Chapter Subsidy	\$14,736	\$14,677	\$59	
Program Revenue ²	\$418,266	\$1,043,924	-\$625,658	-60%
Project Revenue ³	\$1,014,300	\$1,690,053	-\$675,753	-40%
Interest and Other Income	\$123,092	\$85,619	\$37,473	44%
	\$4,850,126	\$5,588,032	-\$737,906	-13%

Revenue of \$4.85 million is \$737,906, or 13%, lower than the previous fiscal year. This is due to the following:

1. Following the transition to fixed annual billing and increased collection efforts by the National College, membership fee revenue increased by \$525,973 or 19%.
2. Program Revenue decreased by \$625,658 due to the movement to virtual program delivery because of the pandemic. All in-person workshops were cancelled, and the annual conference (FMS) moved to a 100% virtual format.
3. Project Revenue from externally funded programs was reduced by \$675,753. Total funding for the former OCFP Mentoring Program was reduced significantly from prior year despite the additional funding agreement received March 31. Delivery of other externally funded programs was also impacted by the pandemic and revenue was reduced from the prior year.



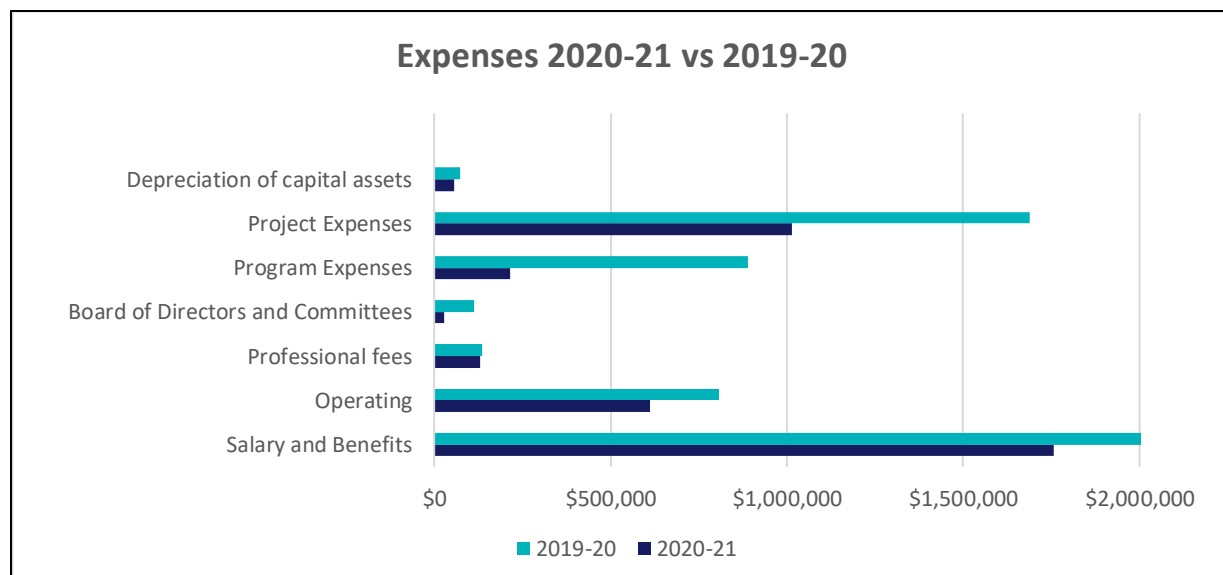
Overview of Expenses

	2020-2021	2019-2020	Variance \$	Variance %
Salary and Benefits	\$1,757,859	\$2,088,668	-\$330,809	-16%
Operating	\$611,387	\$806,863	-\$195,476	-24%
Professional fees	\$129,737	\$135,500	-\$5,763	-4%
Board of Directors and Committees	\$26,322	\$113,318	-\$86,996	-77%
Program Expenses	\$214,072	\$889,661	-\$675,589	-76%
Project Expenses	\$1,014,300	\$1,690,053	-\$675,753	-40%
Depreciation of capital assets	\$55,377	\$73,589	-\$18,212	-25%
	\$3,809,054 ¹	\$5,797,652	-\$1,988,598	-34%

Expenses of \$3.80 million¹ are \$1,988,598 or 34%, lower than the previous fiscal.

The new mentoring program is funded at a significantly reduced level than the previous CMN program, even including the new one-time funding and therefore spending is considerably lower. The reduction in the Mentoring funding was expected as our three -year agreement had ended March 31, 2020.

In addition, there were significant savings to the organization as a result of the lack of travel, accommodations, food and venue costs that are normally associated with in-person meetings, Continuing Professional Development (CPD) workshops and a traditional in-person conference. Office related costs were reduced during this work-from-home period.



Summary of Financial Operating Results

For the fiscal year 2020-21, the OCFP ended the year with a sizeable surplus of \$1,041,072. The OCFP took a conservative approach to spending given the many uncertainties in the environment. These uncertainties were brought on not only by COVID19 but also the disruption to member billing due to the changeover to fixed annual billing and extended terms for payment. In addition, there were significant savings to expenditures as a result of remote work and the lack of in-person workshops and conferences. By the end of the year, remote work continued but membership fee revenue significantly exceeded conservative estimates as invoicing issues were resolved and collection efforts were enhanced. On March 31, a Transfer Payment Agreement from the Ministry significantly added to the year end surplus. Costs which had already been incurred and funded by member fees could now be expensed against this new agreement. External funding, under normal circumstances, does not lead to a surplus because an equal or larger expenditure must take place.

Due to the large year end surplus, the OCFP was in a position to add significant funds to the internally restricted reserve. This included updating the reserve policy to increase the Emergency Fund from 9 months to 12 months of the operational budget in the event of an unexpected disruption to revenue.

The Business Plan and Budget for 2020-21 were aligned with the existing three-year strategic plan. The Finance Committee reviewed and monitored the actual revenues and expenses of the organization relative to the budget on a regular basis throughout the year. Updated forecasts to budget were also presented to the Committee each quarter.

During the year, the Board developed a new three-year strategic plan. Future Business Plans will be developed to align with the strategic directions of this new plan.

I would like to thank the Finance Committee members, Drs. Jobin Varughese and Doug Gruner, as well as Mr. Abhi Mukherjee, for their diligence and oversight in this regard.

2. Auditor's Report to the Finance Committee

The Auditor issued a clean audit opinion with no material misstatements.

3. Appointment of the Auditor for 2021-22

The OCFP undertook a Request for Proposals process for auditors in fiscal 2017/18. Based on a tendering process that was finalized in May 2018, Deloitte LLP was the successful firm. The audit tender was for an annual audit, with the option to renew each year for a five-year period, based upon satisfactory performance and cost. An annual review of the auditor's performance is conducted by the CEO, Director of Finance and Administration, and Finance Committee. It is recommended that Deloitte LLP be re-appointed as the auditor for the fiscal year 2021-22.

4. Motions

Be it resolved THAT the Financial Statements be accepted as presented.

Be it resolved THAT Deloitte LLP be re-appointed as the OCFP Auditor for the fiscal year 2021-22.

Be it resolved THAT the report of the Secretary-Treasurer be accepted.

Respectfully submitted by,

A handwritten signature in black ink, appearing to be 'N. Chan', written in a cursive style.

Dr. Nelson Chan
Secretary-Treasurer, Chair of the Finance Committee