
Financial statements of
The Ontario College of Family
Physicians

March 31, 2020

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7-11

Independent Auditor's Report

To the Members of
The Ontario College of Family Physicians

Opinion

We have audited the financial statements of Ontario College of Family Physicians (the "College"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2020, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the College 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 audit opinion.

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

Those charged with governance are responsible for overseeing the College'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 GAAS 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 GAAS, 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 College'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 College'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 College 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 23, 2020

The Ontario College of Family Physicians

Statement of financial position

As at March 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		3,393,971	4,177,352
Short-term investments	3	2,050,763	2,006,028
Accounts receivable		62,838	55,997
Prepaid expenses		123,519	112,748
Due from College of Family Physicians of Canada ("CFPC")		39,889	390,278
		5,670,980	6,742,403
Capital assets			
	4	372,680	439,588
		6,043,660	7,181,991
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	388,719	574,909
Due to Ministry of Health ("MOH")	6	305,901	187,747
Deferred revenue	7	727,747	1,547,738
Deferred lease inducements		40,684	40,684
		1,463,051	2,351,078
Deferred lease inducements		376,336	417,020
		1,839,387	2,768,098
Commitments			
	8		
Net assets			
Invested in capital assets		372,680	439,588
Operating		—	1,775,891
Internally restricted	11	3,831,593	2,198,414
		4,204,273	4,413,893
		6,043,660	7,181,991

The accompanying notes are an integral part of the financial statements.

On behalf of the Board



_____, Director



_____, Director

The Ontario College of Family Physicians

Statement of operations

Year ended March 31, 2020

	Operating	Invested in capital assets	2020 Total	Operating	Invested in capital assets	2019 Total
	\$	\$	\$	\$	\$	\$
				(Note 13)		
Revenue						
Membership fees	2,753,759	—	2,753,759	2,532,627	—	2,532,627
CFPC - Ontario chapter Subsidy	14,677	—	14,677	14,332	—	14,332
	2,768,436	—	2,768,436	2,546,959	—	2,546,959
Program revenue						
Annual Scientific Assembly ("ASA")/Family Medicine Forum	509,041	—	509,041	59,003	—	59,003
Mainpro	220,100	—	220,100	252,500	—	252,500
Continuing Professional Development	314,783	—	314,783	319,045	—	319,045
	1,043,924	—	1,043,924	630,548	—	630,548
Project revenue						
Collaborative Mentoring Networks ("CMN")	1,463,689	—	1,463,689	1,581,013	—	1,581,013
Osteoporosis	52,904	—	52,904	95,292	—	95,292
Other	173,460	—	173,460	242,379	—	242,379
	1,690,053	—	1,690,053	1,918,684	—	1,918,684
Interest income	85,619	—	85,619	47,950	—	47,950
Other income	—	—	—	2	—	2
	85,619	—	85,619	47,952	—	47,952
	5,588,032	—	5,588,032	5,144,143	—	5,144,143
Expenses						
Salaries and benefits	2,088,668	—	2,088,668	1,819,627	—	1,819,627
Operating	806,863	—	806,863	680,019	—	680,019
Professional fees	135,500	—	135,500	245,223	—	245,223
Board of Directors and Committees	113,318	—	113,318	128,631	—	128,631
Program	889,661	—	889,661	251,496	—	251,496
Externally restricted projects						
CMN	1,463,689	—	1,463,689	1,581,013	—	1,581,013
Osteoporosis	52,904	—	52,904	95,292	—	95,292
Other	173,460	—	173,460	288,675	—	288,675
Amortization of capital assets	—	73,589	73,589	—	66,405	66,405
	5,724,063	73,589	5,797,652	5,089,976	66,405	5,156,381
(Deficiency) excess of revenue over expenses for the year	(136,031)	(73,589)	(209,620)	54,167	(66,405)	(12,238)

The accompanying notes are an integral part of the financial statements.

The Ontario College of Family Physicians

Statement of changes in net assets

Year ended March 31, 2020

	Notes	Operating \$	Invested in capital assets \$	Internally restricted \$ (Note 11)	2020 Total \$	2019 Total \$
Net assets, beginning of year		1,775,891	439,588	2,198,414	4,413,893	4,426,131
(Deficiency) excess of revenue over expenses for the year		(136,031)	(73,589)	—	(209,620)	(12,238)
Inter-fund transfers	11	(1,639,860)	6,681	1,633,179	—	—
Net assets, end of year		—	372,680	3,831,593	4,204,273	4,413,893

The accompanying notes are an integral part of the financial statements.

The Ontario College of Family Physicians

Statement of cash flows

Year ended March 31, 2020

	2020	2019
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(209,620)	(12,238)
Amortization of capital assets	73,589	66,405
Amortization of deferred lease inducements	(40,684)	(40,684)
	(176,715)	13,483
Changes in non-cash operating working capital items		
Prepaid expenses	(10,771)	(57,209)
Accounts receivable	(6,841)	172,219
Due from CFPC	350,389	(141,430)
Accounts payable and accrued liabilities	(186,190)	67,597
Due to MOH	118,154	118,126
Deferred revenue	(819,991)	98,457
	(731,965)	271,243
Investing activities		
Acquisition of capital assets	(6,681)	(41,062)
Purchase of investments, net	(44,735)	(1,640,484)
	(51,416)	(1,681,546)
Net change in cash	(783,381)	(1,410,303)
Cash, beginning of year	4,177,352	5,587,655
Cash, end of year	3,393,971	4,177,352

The accompanying notes are an integral part of the financial statements.

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2020

1. Nature of organization and basis of presentation

The Ontario College of Family Physicians (the "College") is incorporated under the laws of Ontario as a not-for-profit organization without share capital. The objectives of the College are to maintain and improve the health of the citizens of Ontario and to enhance the interests of the members of the medical and other health professions in Ontario.

2. Significant accounting policies

Basis of accounting

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPOs") and include the following significant accounting policies:

Revenue recognition

The College follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are billed on the birthday of the respective member and are recognized evenly over the 12-month period which the membership fees cover.

Annual Scientific Assembly ("ASA") fees and sponsorships are recognized as revenue when the ASA is held.

Investment income earned on restricted resources is recognized as revenue when stipulated in the funding agreement. Other investment income is recognized as revenue when earned. Investment income is recorded on an accrual basis and includes interest income and dividends.

Invested in capital assets fund

The invested in capital assets fund reports the assets, liabilities, revenues and expenses related to the College's capital assets.

Internally restricted fund

The Internally restricted fund reports resources that have been restricted by the Board of Directors for a specific purpose (Note 11). The Internally restricted fund is comprised of:

Emergency reserve fund: this fund allows the College to meet payroll, remittances, rent and other mandatory obligations for a defined period of time in the event of a significant prolonged or permanent disruption to revenue.

Opportunities reserve fund: this fund is for strategic investments in the interest of the long-term growth and viability of the College. Opportunities should connect directly to the Strategic Plan priorities to meet member needs and deliver against the College's mission, vision and values.

Operational reserve fund: this fund is used to absorb any unplanned annual deficits of the College due to unexpected increased costs or decreased revenues during the course of regular operations.

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2020

2. Significant accounting policies (continued)

Capital assets

Capital assets are stated at cost less the estimated salvage value and accumulated amortization. Amortization is recorded over the estimated useful lives of the assets as follows:

Leasehold improvements	16 years
Furniture and fixtures	16 years
Computer hardware	5 years
Computer software	3 years

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value.

Deferred lease inducements

Deferred lease inducements, consisting of a period of free rent and a leasehold improvement allowance, are amortized on the straight-line basis over the term of the lease.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the College becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Use of estimates

The preparation of the financial statements in conformity with ASNPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accounts requiring significant estimates and assumptions include capital assets, accrued liabilities and deferred revenue.

3. Investments

Investments are recorded at amortized cost and consist of the following:

	2020	2019
	\$	\$
Guaranteed investment certificates	2,050,763	2,006,028

The effective yields on the Guaranteed investments certificates are between 2.06% and 2.86% (between 2.40% and 2.86% in 2019) and mature between September 20, 2020 and October 18, 2024 (between September 10, 2019 and October 19, 2020 in 2019).

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2020

4. Capital assets

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Leasehold improvements	344,121	118,322	225,799	247,307
Furnitures and fixtures	171,417	52,972	118,445	127,748
Computer hardware	210,206	182,148	28,058	63,947
Computer software	632	254	378	586
	726,376	353,696	372,680	439,588

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes remittances payable to the government of nil (\$8,509 in 2019) relating to harmonized sales tax.

6. Due to the Ministry of Health

The amount due the Ministry of Health is comprised of the following:

	2020 \$	2019 \$
Collaborative Mentoring Networks Program	294,875	178,817
Osteoporosis Program	11,026	8,930
	305,901	187,747

7. Deferred revenue

Deferred revenue is comprised of the following:

	2020 \$	2019 \$
Membership fees	688,179	1,469,190
Practicing Wisely	30,188	30,072
AMS Phoenix Fellowship	2,871	3,705
ASA	2,825	42,375
Other	3,684	2,396
	727,747	1,547,738

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2020

8. Commitments

The College has entered into an agreement to rent office space until June 2030. The minimum payments, which do not include share of Operating Expenses, Utilities or Property Taxes are as follows:

	\$
2021	221,468
2022	223,661
2023	230,239
2024	232,431
2025	232,431
Thereafter	<u>1,242,193</u>
	<u>2,382,423</u>

9. Allocation of general expenses

Under the specific programs, funders allow the allocation of certain general expenses to the programs which include administration and human resources costs. These expenses are allocated based on the funding requirements and guidelines for each funder.

10. Financial instruments and risk management

Credit risk

Credit risk related to cash and credit exposures on outstanding receivables. Cash is held at major financial institutions, and this minimizes any potential exposure to credit risk. It is management's opinion that the risk related to receivables is minimal, as most of the receivables are from provincial governments and the CFPC which historically have posed no collection issues.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College is exposed to this risk through its investments, as this balance bears interest at varying rates and are subject to change due to, without limitation, such factors as interest rates and general economic conditions.

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting the obligations associated with its financial liabilities. The College is exposed to this risk mainly in respect of its account payables and accrued liabilities.

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2020

11. Internally restricted fund

The existing Internally restricted fund was replaced with three internally restricted reserve funds (the Emergency Reserve Fund, the Operational Reserve Fund and the Opportunities Reserve Fund) as per the revised Internally restricted fund policy described in Note 2. During the year, the funds from the previous Internally restricted fund in addition to \$1,633,179 that was received from the Operating fund, were transferred to the newly created reserve funds as described in the table below (in 2019, \$49,427 was transferred from the Operating fund to the previous Internally restricted fund).

	Internally Restricted Fund	Emergency Reserve Fund	Operational Reserve Fund	Opportunities Reserve Fund	2020 Total	2019 Total
	\$	\$	\$	\$	\$	\$
Internally Restricted Fund, beginning of year	2,198,414	—	—	—	2,198,414	2,148,987
Transfer from Operating Fund	1,633,179	—	—	—	1,633,179	49,427
Inter-fund transfers Internally Restricted Fund, end of year	(3,831,593)	2,242,129	500,000	1,089,464	—	—
	—	2,242,129	500,000	1,089,464	3,831,593	2,198,414

12. Significant event

The World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial position, results of operations and cash flows of the College in future periods.

13. Comparative amounts

The following comparative amounts have been reclassified to conform to the current year's financial statement presentation:

	As amended	2019 As previously presented
	\$	\$
Statement of operations		
Program revenue		
Pre-Canadian Family Physicians Certification	—	150,000
Regional Continuing Medical Education	—	169,045
Continuing Professional Development	319,045	—
	319,045	319,045