
Financial statements of
The Ontario College of Family
Physicians

March 31, 2023

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 the Ontario College of Family Physicians (the "College"), which comprise the statement of financial position as at March 31, 2023, 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, 2023, 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 27, 2023

The Ontario College of Family Physicians

Statement of financial position

As at March 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash		5,333,848	5,045,628
Short-term investments	3	453,314	418,000
Accounts receivable		21,301	32,708
Prepaid expenses		47,992	77,917
Due from College of Family Physicians of Canada ("CFPC")		50,960	106,673
		5,907,415	5,680,926
Investments	3	1,725,473	1,724,086
Capital assets	4	287,979	300,729
		7,920,867	7,705,741
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	549,730	603,758
Due to Ministry of Health ("MOH")	6	198,789	172,854
Deferred revenue	7	835,209	804,629
Deferred lease inducements		40,684	40,684
		1,624,412	1,621,925
Deferred lease inducements		254,284	294,968
		1,878,696	1,916,893
Commitments	8		
Net assets			
Invested in capital assets		287,979	300,729
Operating		—	—
Internally restricted	11	5,754,192	5,488,119
		6,042,171	5,788,848
		7,920,867	7,705,741

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, 2023

	Operating \$	Invested in capital assets \$	2023 Total \$	Operating \$	Invested in capital assets \$	2022 Total \$
Revenue						
Membership fees	3,240,334	—	3,240,334	3,043,974	—	3,043,974
CFPC - Ontario chapter Subsidy	15,875	—	15,875	16,209	—	16,209
	3,256,209	—	3,256,209	3,060,183	—	3,060,183
Program revenue						
Family Medicine Summit	126,791	—	126,791	184,630	—	184,630
Mainpro	170,200	—	170,200	189,600	—	189,600
Continuing Professional Development	62,696	—	62,696	17,985	—	17,985
	359,687	—	359,687	392,215	—	392,215
Project revenue						
Practising Well Program	1,309,717	—	1,309,717	1,323,517	—	1,323,517
Osteoporosis	43,692	—	43,692	55,261	—	55,261
Other	32,285	—	32,285	48,937	—	48,937
	1,385,694	—	1,385,694	1,427,715	—	1,427,715
Interest income	112,021	—	112,021	42,123	—	42,123
Other income	25,009	—	25,009	—	—	—
	137,030	—	137,030	42,123	—	42,123
	5,138,620	—	5,138,620	4,922,236	—	4,922,236
Expenses						
Salaries and benefits	1,658,001	—	1,658,001	1,494,555	—	1,494,555
Operating	829,545	—	829,545	567,703	—	567,703
Professional fees	521,871	—	521,871	525,021	—	525,021
Board of Directors and Committees	111,597	—	111,597	31,637	—	31,637
Program	341,432	—	341,432	296,356	—	296,356
Externally restricted projects						
Practising Well Program	1,309,717	—	1,309,717	1,323,517	—	1,323,517
Osteoporosis	43,692	—	43,692	55,261	—	55,261
Other	32,285	—	32,285	48,935	—	48,935
Amortization of capital assets	—	37,157	37,157	—	35,748	35,748
	4,848,140	37,157	4,885,297	4,342,985	35,748	4,378,733
Excess (deficiency) of revenue over expenses for the year	290,480	(37,157)	253,323	579,251	(35,748)	543,503

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, 2023

	Operating	Invested in capital assets	Internally restricted	2023 Total	2022 Total
	\$	\$	\$	\$	\$
Notes			(Note 11)		
Net assets, beginning of year	—	300,729	5,488,119	5,788,848	5,245,345
Excess (deficiency) of revenue over expenses for the year	290,480	(37,157)	—	253,323	543,503
Inter-fund transfers	(290,480)	24,407	266,073	—	—
Net assets, end of year	—	287,979	5,754,192	6,042,171	5,788,848

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, 2023

	2023	2022
	\$	\$
Operating activities		
Excess of revenue over expenses	253,323	543,503
Amortization of capital assets	37,157	35,748
Amortization of deferred lease inducements	(40,684)	(40,684)
	249,796	538,567
Changes in non-cash operating working capital items		
Prepaid expenses	29,925	(24,014)
Accounts receivable	11,407	751,431
Due from CFPC	55,713	11,214
Accounts payable and accrued liabilities	(54,028)	259,591
Due to MOH	25,935	(200,078)
Deferred revenue	30,580	25,064
	349,328	1,361,775
Investing activities		
Acquisition of capital assets	(24,407)	(14,320)
Purchase of investments, net	(36,701)	(23,439)
	(61,108)	(37,759)
Net change in cash	288,220	1,324,016
Cash, beginning of year	5,045,628	3,721,612
Cash, end of year	5,333,848	5,045,628

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

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2023

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 a fixed annual date, July 1, for all members and are recognized evenly over the 12-month period which the membership fees cover. Fees applicable to the following year are recorded as deferred revenue.

Family Medicine Summit fees and sponsorships are recognized as revenue when the event 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, 2023

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:

	2023	2022
	\$	\$
Guaranteed investment certificates	2,178,787	2,142,086
Less: short-term	453,314	418,000
	1,725,473	1,724,086

The effective yields on the Guaranteed investments certificates are between 0.75% and 2.3% (between 0.6% and 2.3% in 2022) and mature between October 18, 2023 and November 2, 2026 (between October 18, 2022 and November 2, 2026).

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2023

4. Capital assets

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Leasehold improvements	344,121	182,845	161,276	182,784
Furnitures and fixtures	179,432	85,246	94,186	97,017
Computer hardware	245,773	213,256	32,517	20,928
	769,326	481,347	287,979	300,729

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes remittances payable to the government of nil (nil in 2022) relating to harmonized sales tax.

6. Due to the Ministry of Health

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

	2023 \$	2022 \$
Practising well program	178,755	164,128
Osteoporosis program	20,034	8,726
	198,789	172,854

7. Deferred revenue

Deferred revenue is comprised of the following:

	2023 \$	2022 \$
Membership fees	816,563	760,110
Practicing Wisely	3,986	36,271
Other	14,660	8,248
	835,209	804,629

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2023

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:

	<u>\$</u>
2024	232,431
2025	232,431
2026	235,721
2027	236,817
2028	236,817
Thereafter	<u>532,838</u>
	<u>1,707,055</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, 2023

11. Internally restricted fund

	Emergency Reserve Fund	Operational Reserve Fund	Opportunities Reserve Fund	2023 Total	2022 Total
	\$	\$	\$	\$	\$
Internally Restricted Fund, beginning of year	3,590,605	500,000	1,397,514	5,488,119	4,923,188
Transfer from Operating Fund	—	266,073	—	266,073	564,931
Inter-fund transfers	190,395	(266,073)	75,678	—	—
Internally Restricted Fund, end of year	3,781,000	500,000	1,473,192	5,754,192	5,488,119