

Financial statements of

**The Ontario College of
Family Physicians**

March 31, 2017

The Ontario College of Family Physicians

March 31, 2017

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Independent Auditor's Report

To the Members of
The Ontario College of Family Physicians

We have audited the accompanying financial statements of The Ontario College of Family Physicians (the "College"), which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in fund balances 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.

Auditor's 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 auditor's 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 as at March 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The word "Deloitte" is written in a cursive script, while "LLP" is written in a simpler, blocky font.

Chartered Professional Accountants
Licensed Public Accountants
June 23, 2017

The Ontario College of Family Physicians

Statement of financial position as at March 31, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash	4,842,623	4,283,422
Short-term investments (Note 3)	461,652	558,743
Accounts receivable	85,783	131,692
Prepaid expenses	26,010	36,597
Due from College of Family Physicians of Canada ("CFPC")	265,501	235,609
	5,681,569	5,246,063
Capital assets (Note 4)	500,426	562,810
	6,181,995	5,808,873
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	262,866	281,453
Due to Ministry of Health and Long-Term Care ("MOHLTC") (Note 6)	1,310	9,875
Unearned revenue	1,361,943	1,052,063
Deferred lease inducements	40,684	40,684
	1,666,803	1,384,075
Deferred lease inducements	498,388	539,072
	2,165,191	1,923,147
Commitments (Note 7)		
Fund balances		
Invested in capital assets	500,426	562,810
Externally restricted (Schedule)	-	-
Operating	1,407,461	1,261,414
Internally restricted	2,108,917	2,061,502
	4,016,804	3,885,726
	6,181,995	5,808,873

On behalf of the Board

_____ Director

_____ Director

The Ontario College of Family Physicians

Statement of operations and changes in fund balances

year ended March 31, 2017

	2017					2016				
	Operating	Invested in capital assets	Externally restricted	Internally restricted	Total	Operating	Invested in capital assets	Externally restricted	Internally restricted	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Membership fees	2,245,268	-	-	-	2,245,268	1,953,172	-	-	-	1,953,172
CFPC - Ontario Chapter Subsidy	13,775	-	-	-	13,775	11,292	-	-	-	11,292
	2,259,043	-	-	-	2,259,043	1,964,464	-	-	-	1,964,464
Program revenue										
Annual Scientific Assembly ("ASA")										
Family Medicine Forum	738,281	-	-	-	738,281	67,750	-	-	-	67,750
MainPro	382,800	-	-	-	382,800	394,100	-	-	-	394,100
Pre-Canadian Family Physicians Certification	84,375	-	-	-	84,375	50,500	-	-	-	50,500
Regional Continuing Medical Education ("CME")	290,223	-	-	-	290,223	368,745	-	-	-	368,745
	1,495,679	-	-	-	1,495,679	881,095	-	-	-	881,095
Project revenue (Schedule)										
Collaborative Mental Health Network ("CMHN") /Medical Mentoring for Addiction and Pain ("MMAP")	-	-	283,046	-	283,046	-	-	283,047	-	283,047
Osteoporosis	-	-	104,010	-	104,010	-	-	102,483	-	102,483
Other	-	-	153,873	-	153,873	-	-	190,850	-	190,850
	-	-	540,929	-	540,929	-	-	576,380	-	576,380
Interest income	31,045	-	-	-	31,045	35,607	-	-	-	35,607
Other income	19,605	-	-	-	19,605	500	-	-	-	500
	50,650	-	-	-	50,650	36,107	-	-	-	36,107
	3,805,372	-	540,929	-	4,346,301	2,881,666	-	576,380	-	3,458,046
Expenses										
Salaries and benefits	1,732,417	-	-	-	1,732,417	1,805,524	-	-	-	1,805,524
Operating	572,245	-	-	-	572,245	607,208	-	-	-	607,208
Professional fees	270,268	-	-	-	270,268	218,623	-	-	-	218,623
Board of Directors and Committees	108,288	-	-	-	108,288	109,320	-	-	-	109,320
Program	888,492	-	-	-	888,492	310,374	-	-	-	310,374
Externally restricted projects (Schedule)	-	-	578,325	-	578,325	-	-	586,973	-	586,973
Amortization of capital assets	-	65,188	-	-	65,188	-	59,731	-	-	59,731
	3,571,710	65,188	578,325	-	4,215,223	3,051,049	59,731	586,973	-	3,697,753
Excess (deficiency) of revenue over expenses for the year	233,662	(65,188)	(37,396)	-	131,078	(169,383)	(59,731)	(10,593)	-	(239,707)
Inter-fund transfers	(87,615)	2,804	37,396	47,415	-	(112,328)	61,313	10,593	40,422	-
Fund balances, beginning of year	1,261,414	562,810	-	2,061,502	3,885,726	1,543,125	561,228	-	2,021,080	4,125,433
Fund balances, end of year	1,407,461	500,426	-	2,108,917	4,016,804	1,261,414	562,810	-	2,061,502	3,885,726

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

The Ontario College of Family Physicians

Statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	131,078	(239,707)
Amortization	65,188	59,731
Amortization of deferred lease inducements	(40,684)	(40,684)
	155,582	(220,660)
Changes in non-cash operating working capital items		
Prepaid expenses	10,587	60,872
Accounts receivable	45,909	11,850
Due from CFPC	(29,892)	(3,314)
Accounts payable and accrued liabilities	(18,587)	(356,671)
Due to MOHLTC	(8,565)	(96,835)
Unearned revenue	309,880	(45,758)
Deferred lease inducements	-	155,250
	464,914	(495,266)
Investing activities		
Acquisition of capital assets	(2,804)	(61,313)
Sale of investments, net	97,091	89,909
	94,287	28,596
Net change in cash	559,201	(466,670)
Cash, beginning of year	4,283,422	4,750,092
Cash, end of year	4,842,623	4,283,422

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

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2017

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:

Fund accounting

The College follows the restricted fund method of accounting for contributions.

The Operating fund accounts for the College's program delivery and administrative activities.

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

Externally restricted funds report restricted resources that are to be used for specific programs and projects.

Internally restricted funds report resources that have been restricted by the Board of Directors for a specific purpose.

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.

Revenue recognition

Restricted contributions related to general operations for which no corresponding restricted fund is available, are recognized as revenue of the Operating fund in the period in which the related expenses are incurred (deferred method). All other restricted contributions are recognized as revenue of the appropriate restricted fund as received or receivable.

Unrestricted contributions are recognized as revenue in the Operating fund 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 of the Operating fund when the ASA is held.

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2017

2. Significant accounting policies (continued)

Revenue recognition (continued)

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

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 unearned membership fee revenue.

3. Investments

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

	2017	2016
	\$	\$
Guaranteed investment certificates	461,652	558,743

4. Capital assets

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold improvements	344,121	53,630	290,491	312,168
Furnitures and fixtures	145,529	22,584	122,945	132,184
Computer hardware	160,326	75,758	84,568	111,193
Computer software	14,534	12,112	2,422	7,265
	664,510	164,084	500,426	562,810

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes remittances payable to the government of \$8,789 (2016 - \$75,539) relating to harmonized sales tax.

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2017

6. Due to the Ministry of Health and Long-Term Care

The amount due the Ministry of Health and Long-Term Care is comprised of the following:

	2017	2016
	\$	\$
Collaborative Mental Health Network Project	-	9,875
Osteoporosis Project	1,310	-
	1,310	9,875

7. Commitments

The College has entered into agreements to lease office equipment for various periods until June 2019 and office space until June 2030. Minimum payments are as follows:

	\$
2018	235,633
2019	237,826
2020	220,624
2021	221,468
2022	223,661
Thereafter	1,937,295
	3,076,507

8. General expense allocation to restricted funds

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. A total of \$249,975 (2016 - \$257,110) has been allocated from the Operating fund to the Externally restricted fund.

9. 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

Externally restricted funds

Schedule of operations and changes in fund balances

year ended March 31, 2017

	CMHN/ MMAP	Osteoporosis	Centre for Effective Practice	Early Literacy	Total 2017
	\$	\$	\$	\$	\$
Revenue					
Contributions - MOH	283,046	-	-	-	283,046
Contributions - other	-	105,320	150,000	3,873	259,193
	283,046	105,320	150,000	3,873	542,239
Amount repayable	-	1,310	-	-	1,310
	283,046	104,010	150,000	3,873	540,929
Expenses					
Salaries and benefits	65,000	21,750	147,500	-	234,250
Operating	255,442	82,260	2,500	3,873	344,075
	320,442	104,010	150,000	3,873	578,325
Deficiency of revenue over expenses	(37,396)	-	-	-	(37,396)
Fund balances, beginning of year	-	-	-	-	-
Transfer from operating fund	37,396	-	-	-	37,396
Fund balances, end of year	-	-	-	-	-

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

The Ontario College of Family Physicians

Externally restricted funds

Schedule of operations and changes in fund balances

year ended March 31, 2016

	CMHN/ MMAP	Osteoporosis	Centre for Effective Practice	Health Nexus	Total 2016
	\$	\$	\$	\$	\$
Revenue					
Contributions - MOH	283,047	-	-	-	283,047
Contributions - other	-	106,420	150,000	40,850	297,270
	283,047	106,420	150,000	40,850	580,317
Amount repayable	-	3,937	-	-	3,937
	283,047	102,483	150,000	40,850	576,380
Expenses					
Salaries and benefits	54,000	20,855	145,375	19,365	239,595
Operating	235,531	85,737	4,625	21,485	347,378
	289,531	106,592	150,000	40,850	586,973
Deficiency of revenue over expenses	(6,484)	(4,109)	-	-	(10,593)
Fund balances, beginning of year	-	-	-	-	-
Transfer from operating fund	6,484	4,109	-	-	10,593
Fund balances, end of year	-	-	-	-	-

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