



**Report of the Finance Committee
Presented at the 2018 Annual Meeting of Members
By Mr. Terry McCarthy, Secretary-Treasurer
On November 14, 2018**

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 2017-18, which ended March 31, 2018. The audit was conducted by Deloitte LLP.

The report will cover the following:

1. 2017-18 Financial Results
 - Cumulative Results
 - Financial Operating Results
2. Auditors' Report to the Finance Committee
3. Appointment of the Auditor for 2018-19
4. Motions

1. 2017-18 Financial Results

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

The following tables present the cumulative results in assets, liabilities and fund balances as of March 31, 2018, and March 31, 2017, and the year over year changes.

	2017-18	2016-17	Change \$	Change %
Current Assets	\$ 6,485,802	\$ 5,681,569	\$ 804,233	14%
Capital Assets	\$ 464,931	\$ 500,426	-\$ 35,495	-7%
Total assets	\$ 6,950,733	\$ 6,181,995	\$ 768,738	12%
Current Liabilities	\$ 2,013,486	\$ 1,666,803	\$ 346,683	21%
Deferred Lease Inducements	\$ 457,704	\$ 498,388	-\$ 40,684	-8%
Total Liabilities	\$ 2,471,190	\$ 2,165,191	\$ 305,999	14%
Invested in Capital Assets	\$ 464,931	\$ 500,426	-\$ 35,495	-7%
Externally Restricted Fund	\$ 53,412	\$ -	\$ 53,412	100%
Unrestricted Operating Fund	\$ 1,812,213	\$ 1,407,461	\$ 404,752	29%
Internally Restricted Fund	\$ 2,148,987	\$ 2,108,917	\$ 40,070	2%
Total Fund balances	\$ 4,479,543	\$ 4,016,804	\$ 462,739	12%
Total Liabilities and Fund Balances	\$ 6,950,733	\$ 6,181,995	\$ 768,738	12%

The total assets of \$6.95 million for 2017-18 reflect an increase of \$768,738, or 12%, from 2016-17. This change is largely due to the increase in cash resources due to the increased operating surplus.

The total liabilities of \$2.47 million for 2017-18 reflect an increase of \$305,999, or 21%, from 2016-17. This change resulted from an increase in accounts payable and accrued liabilities due to outstanding payments and commitments for CMN deliverables as at March 31. This was caused by the compressed period to deliver all activities from nine months to six months based on the agreement, as a result of late receipt of funding confirmation.

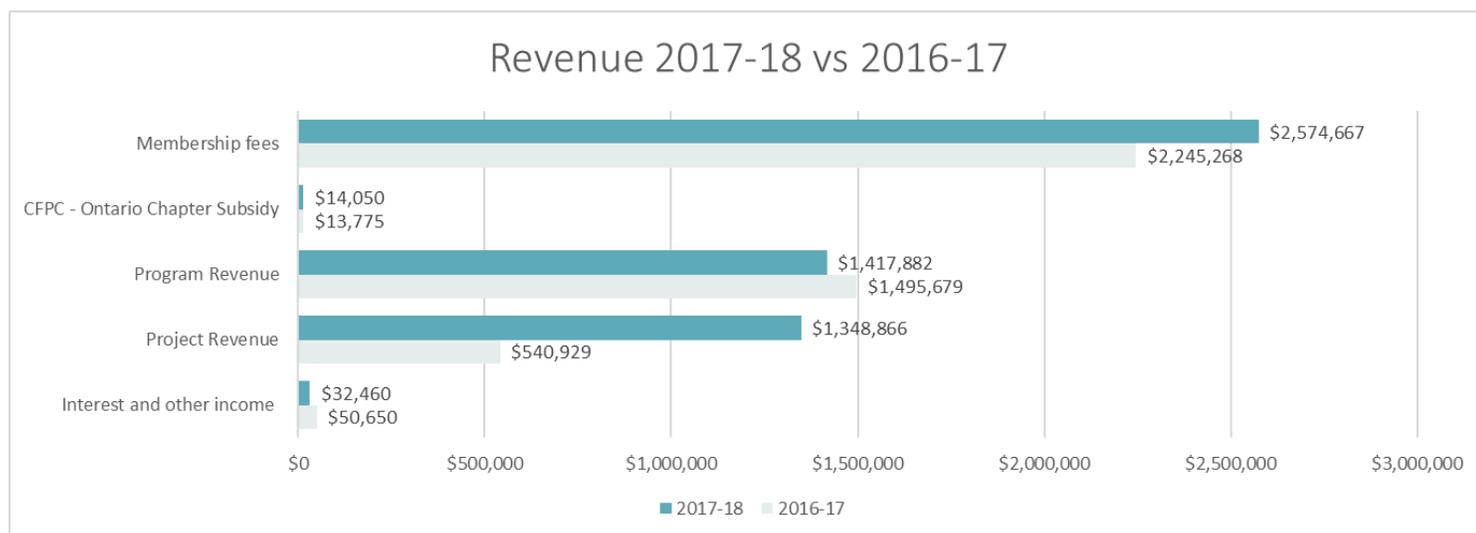
The total fund balances of \$4.48 million for 2017-18 reflect an increase of \$462,739, or 12%, from 2016-17, which is principally the excess of revenue over expenses of the Unrestricted Operating Fund.

Financial Operating Results: Statement of Operations – Revenue and Expenses

- **Overview of Revenue**

Overview of revenue	2017-18	2016-17	Variance \$	Variance %
Membership fees	\$2,574,667	\$2,245,268	\$329,399	15%
CFPC - Ontario Chapter Subsidy	\$14,050	\$13,775	\$275	2%
Program Revenue	\$1,417,882	\$1,495,679	-\$77,797	-5%
Project Revenue	\$1,348,866	\$540,929	\$807,937	149%
Interest and other income	\$32,460	\$50,650	-\$18,190	-36%
	\$5,387,925	\$4,346,301	\$1,041,624	24%

The following revenue chart illustrates the OCFP's main sources of revenue comparing 2017-18 to 2016-17.



Revenue of \$5.4 million is \$1,041,624, or 24%, higher than the previous fiscal year. This is largely due to the following:

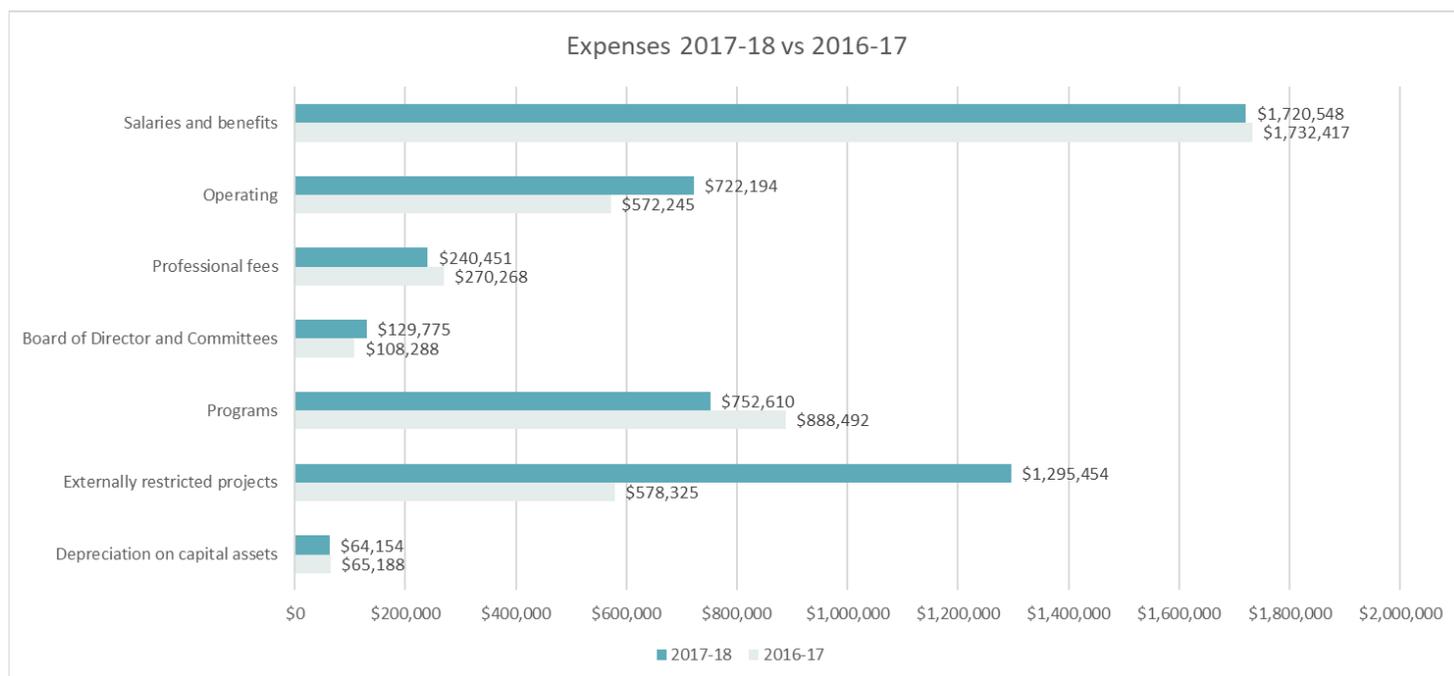
- ✓ Membership fees increased by \$329,399 due to a combination of an increase in the number of members for the current year, the impact of the 1.7% COLA increase, as well as the ongoing improvement of fee collection by the CFPC.

- ✓ Projects revenues increased by \$807,937 due principally to the enhanced funding levels for the Collaborative Networks (CMN) funding, compared to fiscal 2016-17.
- ✓ The above increases were offset in part by a decrease of \$77,797 in Program revenues due principally to the lower registration levels for the Annual Scientific Assembly (ASA) due to the impact of the Family Medicine Forum (FMF) in Montreal. When FMF is in Montreal, there is a direct impact on ASA attendance.

• **Overview of Expenses**

Overview of expenses	2017-18	2016-17	Variance \$	Variance %
Salaries and benefits	\$1,720,548	\$1,732,417	-\$11,869	-1%
Operating	\$722,194	\$572,245	\$149,949	26%
Professional fees	\$240,451	\$270,268	-\$29,817	-11%
Board of Director and Committees	\$129,775	\$108,288	\$21,487	20%
Programs	\$752,610	\$888,492	-\$135,882	-15%
Externally restricted projects	\$1,295,454	\$578,325	\$717,129	124%
Depreciation on capital assets	\$64,154	\$65,188	-\$1,034	-2%
	\$4,925,186	\$4,215,223	\$709,963	17%

The following expense chart illustrates the OCFP’s main expense categories comparing 2017-18 to 2016-17.



Expenses of \$4.92 million are \$709,963, or 17%, higher than the previous fiscal year mainly due to increased level of expenses related to the enhanced funding of the CMN project. Operating expenses also increased by \$149,949 principally due to incurring one-time expenses for former CEO and new CEO recruitment costs as well as consulting support for the development of the OCFP’s new three-year strategic plan.

Summary of Financial Operating Results

For fiscal year 2017-18, the OCFP had a surplus of \$462,739, principally due to increased revenue in membership fees.

The OCFP developed a new three-year strategic plan in 2017/18. The plan confirmed three strategic priorities to guide the focus of the organization's work for 2018/19 to 2020/21. A revised mission, vision and values were also developed, while maintaining alignment to the core areas of Education, Leadership, Advocacy and Research.

As a result of the continued hard work and commitment of the OCFP's Board of Directors, committee members, volunteers, faculty and staff, the OCFP is well positioned to deliver on its plans in 2018-19 and anticipates substantial and tangible progress against the strategic plan ending in March 2021. In particular, I would also like to thank the Finance Committee members, Drs. Peter Hutten-Czapski and Jayde Duncombe, as well as Mr. Bruce Squires for their diligence and oversight.

2. Auditor's Report to the Finance Committee

This report is included in the overview above and there is no additional detail.

3. Appointment of Auditors

The OCFP undertook a Request for Proposals process in Q4 2017/18. Based on a tendering process that was finalized in May, 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, Finance and Business Manager, and Finance Committee. It is recommended that Deloitte LLP be re-appointed as the auditor for the fiscal year 2018-19.

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 Auditors for the fiscal year 2018-19.

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

Respectfully submitted by,



Mr. Terry McCarthy
Secretary-Treasurer
Chair of the Finance Committee