
Financial statements of
The Ontario College of Family
Physicians

March 31, 2019

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	7-10

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, 2019, 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, 2019, 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.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized, cursive font followed by "LLP" in a simpler, sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
June 21, 2019

The Ontario College of Family Physicians

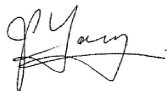
Statement of financial position

As at March 31, 2019

	Notes	2019 \$	2018 \$ (Note 11)
Assets			
Current assets			
Cash		4,177,352	5,587,655
Short-term investments	3	2,006,028	365,544
Accounts receivable		55,997	228,216
Prepaid expenses		112,748	55,539
Due from College of Family Physicians of Canada ("CFPC")		390,278	248,848
		6,742,403	6,485,802
Capital assets	4	439,588	464,931
		7,181,991	6,950,733
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	574,909	507,312
Due to Ministry of Health and Long-Term Care ("MOHLTC")	6	187,747	69,621
Deferred revenue	7	1,547,738	1,449,281
Deferred lease inducements		40,684	40,684
		2,351,078	2,066,898
Deferred lease inducements		417,020	457,704
		2,768,098	2,524,602
Commitments	8		
Net assets			
Invested in capital assets		439,588	464,931
Operating		1,775,891	1,812,213
Internally restricted		2,198,414	2,148,987
		4,413,893	4,426,131
		7,181,991	6,950,733

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, 2019

	Operating	Invested in capital assets	Internally restricted	2019 Total	Operating	Invested in capital assets	Internally restricted	2018 Total
	\$	\$	\$	\$	\$	\$	\$	\$
					(Note 11)			(Note 11)
Revenue								
Membership fees	2,532,627	—	—	2,532,627	2,574,667	—	—	2,574,667
CFPC - Ontario chapter Subsidy	14,332	—	—	14,332	14,050	—	—	14,050
	2,546,959	—	—	2,546,959	2,588,717	—	—	2,588,717
Program revenue								
Annual Scientific Assembly ("ASA")/Family Medicine Forum	59,003	—	—	59,003	666,642	—	—	666,642
Mainpro	252,500	—	—	252,500	379,200	—	—	379,200
Pre-Canadian Family Physicians Certification	150,000	—	—	150,000	112,500	—	—	112,500
Regional Continuing Medical Education ("CME")	169,045	—	—	169,045	259,540	—	—	259,540
	630,548	—	—	630,548	1,417,882	—	—	1,417,882
Project revenue								
Collaborative Mentoring Networks ("CMN")	1,581,013	—	—	1,581,013	1,071,694	—	—	1,071,694
Osteoporosis	95,292	—	—	95,292	104,207	—	—	104,207
Other	242,379	—	—	242,379	119,553	—	—	119,553
	1,918,684	—	—	1,918,684	1,295,454	—	—	1,295,454
Interest income	47,950	—	—	47,950	32,438	—	—	32,438
Other income	2	—	—	2	22	—	—	22
	47,952	—	—	47,952	32,460	—	—	32,460
	5,144,143	—	—	5,144,143	5,334,513	—	—	5,334,513
Expenses								
Salaries and benefits	1,819,627	—	—	1,819,627	1,720,548	—	—	1,720,548
Operating	680,019	—	—	680,019	722,194	—	—	722,194
Professional fees	245,223	—	—	245,223	240,451	—	—	240,451
Board of Directors and Committees	128,631	—	—	128,631	129,775	—	—	129,775
Program	251,496	—	—	251,496	752,610	—	—	752,610
Externally restricted projects								
CMN	1,581,013	—	—	1,581,013	1,071,694	—	—	1,071,694
Osteoporosis	95,292	—	—	95,292	104,207	—	—	104,207
Other	288,675	—	—	288,675	119,553	—	—	119,553
Amortization of capital assets	—	66,405	—	66,405	—	64,154	—	64,154
	5,089,976	66,405	—	5,156,381	4,861,032	64,154	—	4,925,186
Excess (deficiency) of revenue over expenses for the year	54,167	(66,405)	—	(12,238)	473,481	(64,154)	—	409,327

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, 2019

		Operating	Invested in capital assets	Externally restricted	Internally restricted	2019 Total	Operating	Invested in capital assets	Externally restricted	Internally restricted	2018 Total
	Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
							(Note 11)		(Note 11)		
Fund balances, beginning of year											
As previously reported		1,812,213	464,931	53,412	2,148,987	4,479,543	1,407,461	500,426	—	2,108,917	4,016,804
Change in accounting policy	11	—	—	(53,412)	—	(53,412)	—	—	—	—	—
As restated		1,812,213	464,931	—	2,148,987	4,426,131	1,407,461	500,426	—	2,108,917	4,016,804
Excess (deficiency) of revenue over expenses for the year		54,167	(66,405)	—	—	(12,238)	473,481	(64,154)	—	—	409,327
Inter-fund transfers	2	(90,489)	41,062	—	49,427	—	(68,729)	28,659	—	40,070	—
Fund balances, end of year		1,775,891	439,588	—	2,198,414	4,413,893	1,812,213	464,931	—	2,148,987	4,426,131

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, 2019

	2019	2018
	\$	\$
		(Note 11)
Operating activities		
(Deficiency) excess of revenue over expenses	(12,238)	409,327
Amortization of capital assets	66,405	64,154
Amortization of deferred lease inducements	(40,684)	(40,684)
	13,483	432,797
Changes in non-cash operating working capital items		
Prepaid expenses	(57,209)	(29,529)
Accounts receivable	172,219	(142,433)
Due from CFPC	(141,430)	16,653
Accounts payable and accrued liabilities	67,597	244,446
Due to MOHLTC	118,126	68,311
Deferred revenue	98,457	87,338
	271,243	677,583
Investing activities		
Acquisition of capital assets	(41,062)	(28,659)
(Purchase) sale of investments, net	(1,640,484)	96,108
	(1,681,546)	67,449
Net change in cash	(1,410,303)	745,032
Cash, beginning of year	5,587,655	4,842,623
Cash, end of year	4,177,352	5,587,655

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

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2019

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 (Note 11).

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. During the year, the Board of Directors approved the transfer of \$49,427 (2018 - \$40,070) from the Operating fund to the Internally restricted fund.

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.

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2019

2. Significant accounting policies (continued)

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:

	2019	2018
	\$	\$
Guaranteed investment certificates	2,006,028	365,544

4. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Leasehold improvements	344,121	96,814	247,307	268,815
Furnitures and fixtures	170,049	42,301	127,748	132,475
Computer hardware	204,894	140,947	63,947	63,641
Computer software	632	46	586	—
	719,696	280,108	439,588	464,931

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes remittances payable to the government of \$8,509 (2018 - \$6,455) relating to harmonized sales tax.

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:

	2019	2018
	\$	\$
Collaborative Mentoring Networks Program	178,817	69,583
Osteoporosis Program	8,930	38
	187,747	69,621

7. Deferred revenue

Deferred revenue is comprised of the following:

	2019	2018
	\$	\$
		(Note 11)
Membership fees	1,469,190	1,313,481
Practicing Wisely	30,072	28,412
AMS Phoenix Fellowship	3,705	25,000
ASA	42,375	21,018
Other	2,396	61,370
	1,547,738	1,449,281

8. 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:

	\$
2020	220,624
2021	221,468
2022	223,661
2023	230,239
2024	232,431
Thereafter	1,474,624
	2,603,047

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.

The Ontario College of Family Physicians

Notes to the financial statements

March 31, 2019

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.

11. Change in accounting policy

Effective April 1, 2017, the College changed its revenue recognition policy from the restricted fund method to the deferral method. As a result, all Externally restricted fund balances have been transferred to deferred revenue.

This change in accounting policy did not have any impact as at April 1, 2017.

The impact of the change on the Statement of financial position as at March 31, 2018 is as follows:

	Balances previously reported	Adjustments	2018 Balances as restated
	\$	\$	\$
Deferred revenue	1,395,869	53,412	1,449,281
Externally restricted funds	53,412	(53,412)	—

The impact of the change on the Statement of revenue and expenses for the year ended March 31, 2018 is as follows:

	Amounts previously reported	Adjustments	2018 Amounts as restated
	\$	\$	\$
Revenue	5,387,925	(53,412)	5,334,513
Excess of revenue over expenses for the year	462,739	(53,412)	409,327