

Report of the Finance Committee
Presented at the 2020 Annual Meeting of Members on September 25, 2020
By Dr. Nelson Chan, MD, LLB, CCFP, Secretary-Treasurer

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 2019-20, which ended March 31, 2020. The audit was conducted by Deloitte LLP.

The report will cover the following:

- 1. 2019-20 Financial Results**
 - Cumulative Results
 - Financial Operating Results
- 2. Auditor's Report to the Finance Committee**
- 3. Appointment of the Auditor for 2020-21**
- 4. Motions**

1. 2019-20 Financial Results

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

The following table presents the cumulative results in assets, liabilities, and fund balances as of March 31, 2020, and March 31, 2019, and the year-over-year changes.

	2019-2020	2018-2019	Variance \$	Variance %
Current Assets	\$5,670,980	\$6,742,403	\$1,071,423	-16%
Capital Assets	\$372,680	\$439,588	-\$66,908	-15%
Total Assets	\$6,043,660¹	\$7,181,991	\$1,138,331	-16%
Current Liabilities	\$1,463,051	\$2,351,078	-\$888,027	-38%
Deferred Lease Inducements	\$376,336	\$417,020	-\$40,684	-10%
Total Liabilities	\$1,839,387²	\$2,768,098	-\$928,711	-34%
Invested in Capital Assets	\$372,680	\$439,588	-\$66,908	-15%
Unrestricted Operating Fund		\$1,775,891	\$1,775,891	-100%
Internally Restricted Fund	\$3,831,593	\$2,198,414	\$1,633,179	74%
Total Fund Balances	\$4,204,273³	\$4,413,893	-\$209,620	-5%
Total Liabilities and Fund Balances	\$6,043,660	\$7,181,991	\$1,138,331	-16%

The total assets of \$6.04 million¹ for 2019-20 reflects a decrease of \$1,138,331, or 16%, from 2018-19. This change is due to significantly smaller membership fee payments from CFPC in the fourth quarter as a result of the transition to single-date billing, as well as invoicing challenges involving the new membership database. In addition, the payments received from the Ministry of Health were reduced by \$80,000 in each of February and March of 2020 due to a planned underspend in the Collaborative Mentoring Network (CMN) Program.

The total liabilities of \$1.84 million² for 2019-20 reflects a decrease of \$928,711, or 34%, from 2018-19. This change resulted from a decrease in the deferred revenue portion of membership fees. Members paid only up to July 1, 2020 regardless of when they renewed as that was the date set for the beginning of single-date billing. There was also a decrease in outstanding accounts payable at the end of March 2020 vs. the prior year.

The total fund balances of \$4.20 million³ for 2019-20 reflects a decrease of \$209,620, or less than 5% from 2018-19.

Financial Operating Results: Statement of Operations – Revenue and Expenses

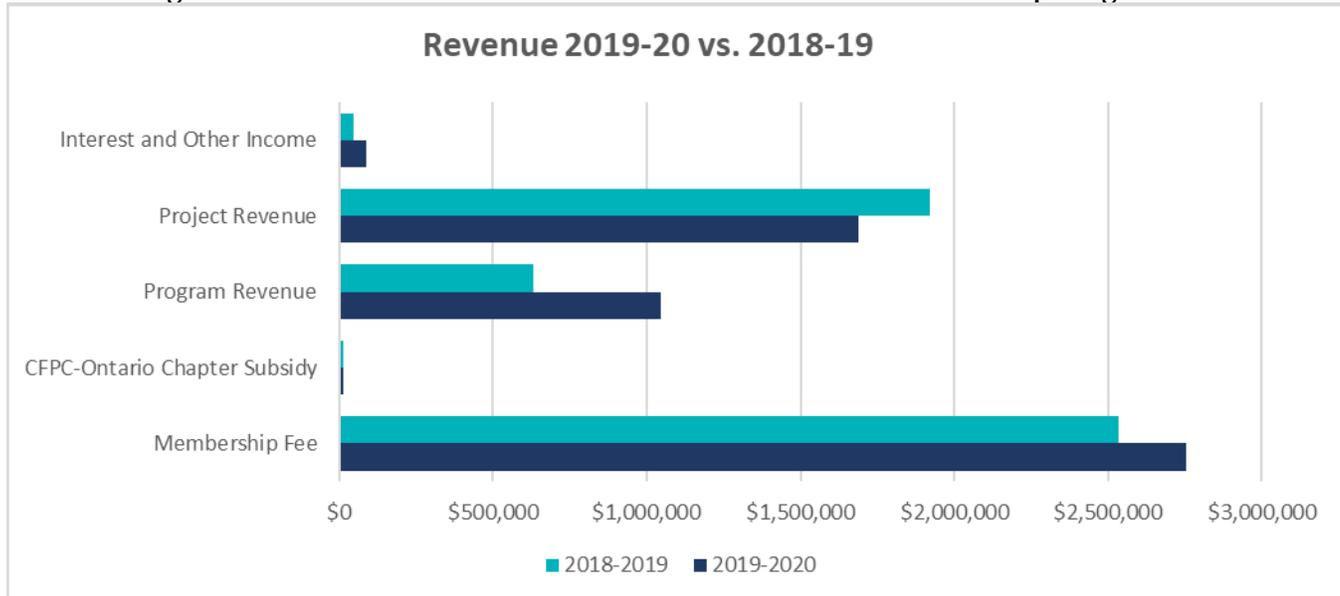
• Overview of Revenue

	2019-2020	2018-2019	Variance \$	Variance %
Membership Fee ¹	\$2,753,759	\$2,532,627	\$221,132	9%
CFPC-Ontario Chapter Subsidy	\$14,677	\$14,332	\$345	2%
Program Revenue ²	\$1,043,924	\$630,548	\$413,376	66%
Project Revenue ³	\$1,690,053	\$1,918,684	-\$228,631	-12%
Interest and Other Income	\$85,619	\$47,952	\$37,667	79%
	\$5,588,032	\$5,144,143	\$443,889	9%

Revenue of \$5.6 million is \$443,889, or 9%, higher than the previous fiscal year. This is due to the following:

- ✓ Membership fees¹ revenue increased by \$221,132.
- ✓ Program Revenue² increased by \$413,376 because the Annual Scientific Assembly (ASA) was held in November 2019 but not in the prior year. Mainpro+ revenue has continued to decline and CPD revenue was consistent with the prior year.
- ✓ Project revenue³ decreased by \$228,631 due to reductions in all external programs including a reduction in the CMN program of 117,324 year over year.

The following revenue chart illustrates the OCFP's main sources of revenue comparing 2019-20 to 2018-19.

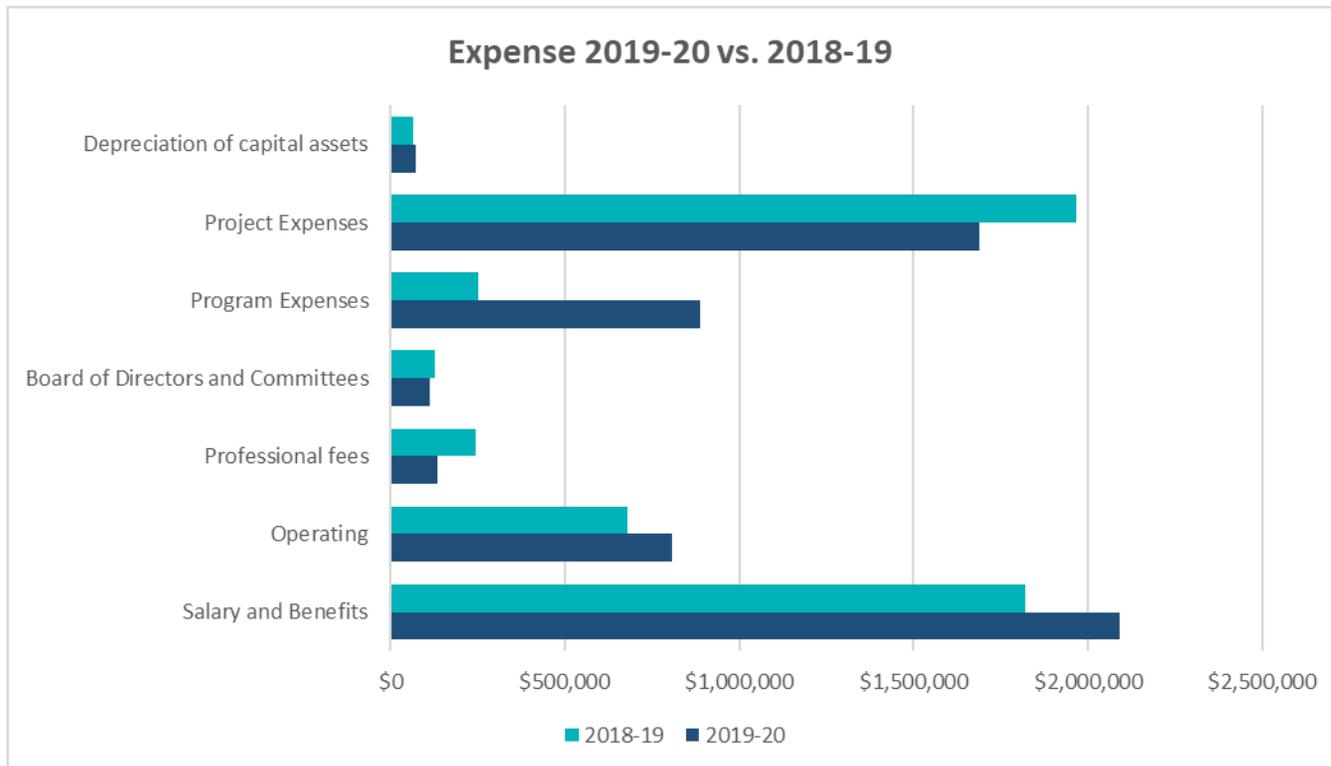


Overview of Expenses

	2019-20	2018-19	Variance \$	Variance %
Salary and Benefits	\$2,088,668 ³	\$1,819,627	\$269,041	15%
Operating	\$806,863	\$680,019	\$126,844	19%
Professional fees	\$135,500	\$245,223	-\$109,723	-45%
Board of Directors and Committees	\$113,318	\$128,631	-\$15,313	-12%
Program Expenses	\$889,661 ²	\$251,496	\$638,165	254%
Project Expenses	\$1,690,053	\$1,964,980	-\$274,927	-14%
Depreciation of capital assets	\$73,589	\$66,405	\$7,184	11%
	\$5,797,652 ¹	\$5,156,381	\$641,271	12%

Expenses of \$5.80 million¹ are \$641,271, or 12%, higher than the previous fiscal year mainly due to increased costs arising from the ASA² which did not take place in the prior year. There was also a planned \$269,041³ increase in the organization's salary and benefit expense.

The following expense chart illustrates the OCFP's main expense categories comparing 2019-20 to 2018-19.



Summary of Financial Operating Results

For the fiscal year 2019-20, the OCFP had a deficit of \$209,620, principally due to the fact that expenditures incurred in delivering programs, including CPD workshops and the ASA, were not offset by sufficient program revenue and therefore needed to be subsidized by the OCFP from reserves. Mainpro+ revenue continued to decline and is unlikely to be a reliable source of revenue in the future. Fortunately, an unexpected year over year increase in membership revenue and managing costs helped to partially offset the losses on programs.

The Business Plan and Budget for 2019-20 were aligned with the existing three-year strategic plan. The Finance Committee reviewed and monitored the actual revenues and expenses of the organization relative to the budget on a regular basis throughout the year. Updated forecasts to budget were also regularly prepared.

The Finance Committee approved a new Reserves Policy to provide the organization with appropriate guidelines regarding the use of existing reserves and contribute to long-term financial stability.

I would like to thank the Finance Committee members, Drs. Jobin Varughese and Jayde Duncombe, as well as Mr. Bruce Squires and Mr. Terry McCarthy, for their diligence and oversight in this regard.

2. Auditor's Report to the Finance Committee

The Auditor issued a clean audit opinion with no material misstatements.

3. Appointment of the Auditor for 2020-21

The OCFP undertook a Request for Proposals process for auditors in Q4 2017/18. Based on a tendering process that was finalized in May 2018, 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, Director of Finance and Administration, and Finance Committee. It is recommended that Deloitte LLP be re-appointed as the auditor for the fiscal year 2020-21.

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 Auditor for the fiscal year 2020-21.

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

Respectfully submitted by,



Dr. Nelson Chan
Secretary-Treasurer, Chair of the Finance Committee