

**Report of the Finance Committee  
Presented at the 2019 Annual Meeting of Members  
By Mr. Terry McCarthy, Secretary-Treasurer  
On September 27, 2019**

---

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 2018-19, which ended March 31, 2019. The audit was conducted by Deloitte LLP.

The report will cover the following:

- 1. 2018-19 Financial Results**
  - Cumulative Results
  - Financial Operating Results
- 2. Auditors' Report to the Finance Committee**
- 3. Appointment of the Auditor for 2019-20**
- 4. Motions**

## 1. 2018-19 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, 2019, and March 31, 2018, and the year-over-year changes.

	2018-19	2017-18	Change \$	Change %
Current Assets \$	6,742,403	\$ 6,485,802	\$ 256,601.00	4%
Capital Assets \$	439,588	\$ 464,931	-\$ 25,343.00	-5%
<b>Total Assets \$</b>	<b>7,181,991</b>	<b>\$ 6,950,733</b>	<b>\$ 231,258.00</b>	<b>3%</b>
Current Liabilities \$	2,351,078	\$ 2,066,898	\$ 284,180.00	14%
Deferred Lease Inducements \$	417,020	\$ 457,704	-\$ 40,684.00	-9%
<b>Total Liabilities \$</b>	<b>2,768,098</b>	<b>\$ 2,524,602</b>	<b>\$ 243,496.00</b>	<b>10%</b>
Invested in Capital Assets \$	439,588	\$ 464,931	-\$ 25,343.00	-5%
Unrestricted Operating Fund \$	1,775,891	\$ 1,812,213	-\$ 36,322.00	-2%
Internally Restricted Fund \$	2,198,414	\$ 2,148,987	\$ 49,427.00	2%
<b>Total fund Balances \$</b>	<b>4,413,893</b>	<b>\$ 4,426,131</b>	<b>-\$ 12,238.00</b>	<b>0%</b>
<b>Total Liabilities and Fund Balances \$</b>	<b>7,181,991</b>	<b>\$ 6,950,733</b>	<b>\$ 231,258.00</b>	<b>3%</b>

The total assets of \$7.18<sup>①</sup> million for 2018-19 reflect an increase of \$231,258, or 3%, from 2017-18. This change is largely due to funding that was received but not spent and therefore reported as deferred revenue at year end. This includes an additional \$109,234 of funding from the Ministry of Health and Long-Term Care for the Collaborative Mentoring Network (CMN) that was received but not spent in 2018-19. Of this, \$23,474 reflects an underspend by the Nurse Practitioners' Association of Ontario (NPAO). There is also a \$155,709 increase in unearned membership fees.

The total liabilities of \$2.77<sup>②</sup> million for 2018-19 reflect an increase of \$243,496, or 10%, from 2017-18. This change resulted from a variety of factors, including an increase in deferred revenue due to funding received but not yet spent by March 31, an increase in membership fees received that pertain to the next fiscal, as well as an increase in accounts payable and accrued liabilities.

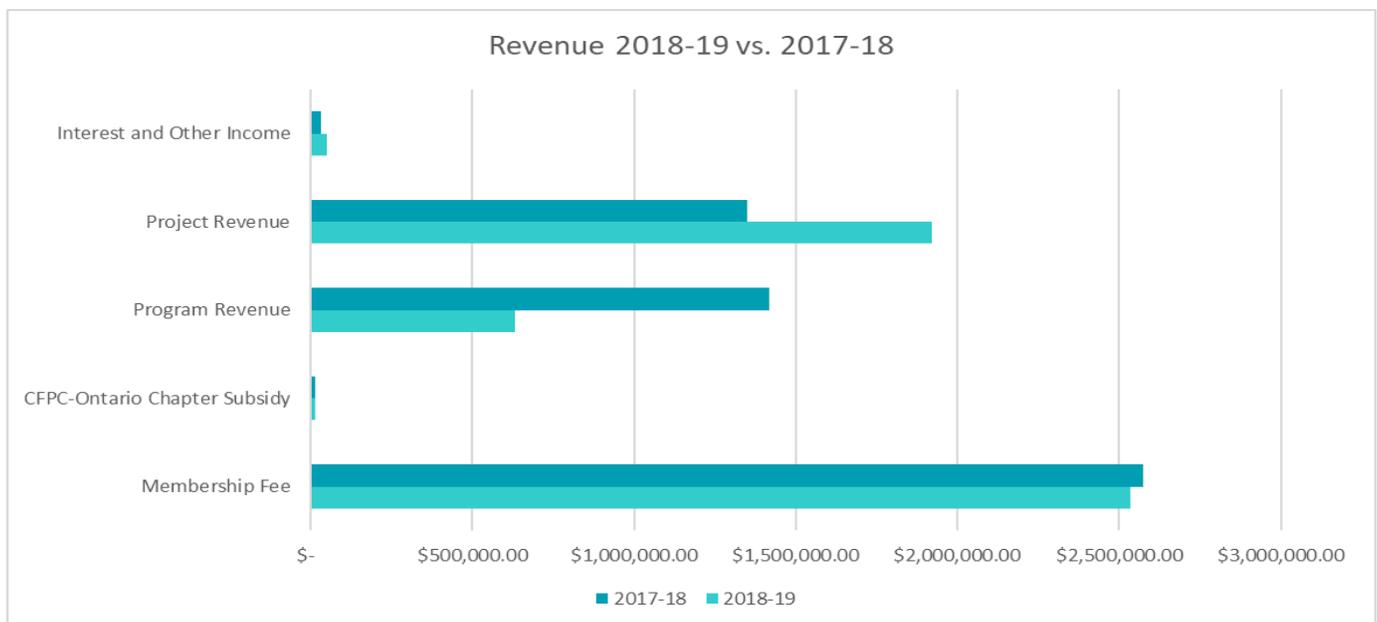
The total fund balances of \$4.41<sup>③</sup> million for 2018-19 reflects a decrease of \$12,238, or less than 1% from 2017-18.

## Financial Operating Results: Statement of Operations – Revenue and Expenses

### • Overview of Revenue

Overview of Revenue	2018-19	2017-18	Variance \$	Variance %
Membership Fee \$	2,532,627	\$ 2,574,667	-\$ 42,040	-2%
CFPC-Ontario Chapter Subsidy \$	14,332	\$ 14,050	\$ 282	2%
Program Revenue \$	630,548	\$ 1,417,882	-\$ 787,334	-56%
Project Revenue \$	1,918,684	\$ 1,295,454	\$ 623,230	48%
Interest and Other Income \$	47,952	\$ 32,460	\$ 15,492	48%
	\$ 5,144,143	\$ 5,334,513	-\$ 190,370	-4%

The following revenue chart illustrates the OCFP’s main sources of revenue comparing 2018-19 to 2017-18.



Revenue of \$5.1 million is \$190,370, or 4%, lower than the previous fiscal year. This is largely due to the following:

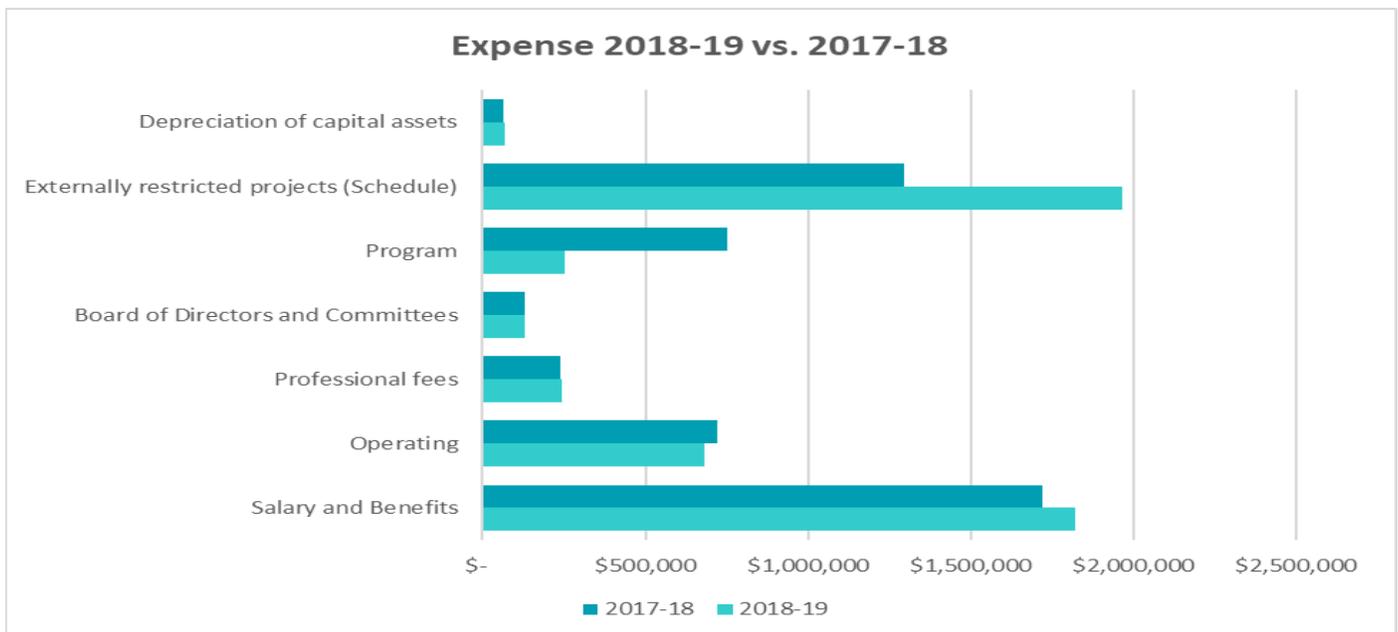
- ✓ Membership fees decreased by \$42,040. Invoicing and collection practices often result in unpredictable member fees for the OCFP.
- ✓ Program Revenue decreased by \$787,344 because the Annual Scientific Assembly (ASA) was not held this past year since Family Medicine Forum was held in Toronto in 2018. The OCFP held an inaugural one-day conference, “Sharing Tools for Excellence in Practice” (STEP) which did not achieve its revenue goal. In addition, Mainpro+ revenue from program applications and ethical reviews has substantially declined due to the new National Standards implemented in January 2018.

- ✓ Project revenues increased by \$623,230 due principally to 2018-19 being the first year of full funding from the Ministry of Health and Long-Term Care for the expanded Collaborative Mentoring Networks (CMN) Initiative, compared to fiscal 2017-18. This funding is offset by expenses and represents no revenue surplus to the OCFP.

• **Overview of Expenses**

Overview of Expense	2018-19	2017-18	Variance \$	Variance %
Salary and Benefits	\$ 1,819,627	\$ 1,720,548	\$ 99,079	6%
Operating	\$ 680,019	\$ 722,194	-\$ 42,175	-6%
Professional fees	\$ 245,223	\$ 240,451	\$ 4,772	2%
Board of Directors and Committees	\$ 128,631	\$ 129,775	-\$ 1,144	-1%
Program	\$ 251,496	\$ 752,610	-\$ 501,114	-67%
Project Expenses	\$ 1,964,980	\$ 1,295,454	\$ 669,526	52%
Depreciation of capital assets	\$ 66,405	\$ 64,154	\$ 2,251	4%
	\$ 5,156,381	\$ 4,925,186	\$ 231,195	5%

The following expense chart illustrates the OCFP’s main expense categories comparing 2018-19 to 2017-18.



Expenses of \$5.16 million are \$231,195, or 5%, higher than the previous fiscal year mainly due to an increased level of expenses related to the enhanced funding of the CMN project as well as additional, externally restricted programs. As noted above, these externally restricted revenue and expenses create no net surplus. Salaries also increased as a result of hiring staff to support the expanded CMN program.

This was offset by a decrease in program related expenses because there was not an ASA conference, as noted above.

### **Summary of Financial Operating Results**

For fiscal year 2018-19, the OCFP had a deficit of \$12,238, principally due to a decrease in membership fees, and a decrease in Mainpro+ net revenue. It should be noted that due to several factors, including not accepting any grants or sponsorships from the pharmaceutical industry, the CPD programs offered by the OCFP generally do not earn a profit and the objective is to break even.

The Business Plan and Budget for 2018-19 were aligned with the three-year strategic plan that was developed the previous year. The Finance Committee reviewed and monitored the actual revenue and expenses of the organization relative to the budget on a regular basis throughout the year. I would like to thank the Finance Committee members, Drs. Nelson Chan and Jayde Duncombe, as well as Mr. Bruce Squires for their diligence and oversight in this regard.

The Finance Committee also reviews a re-forecast of the year's budget based on actual year-to-date revenues and expenses several times throughout the year.

### **2. Auditor's Report to the Finance Committee**

The Auditors issued a clean audit opinion with no corrected or uncorrected misstatements.

### **3. Appointment of Auditors**

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 2019-20.

### **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 2019-20.*

*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