



**Report of the Finance Committee
Presented at the 2017 Annual Meeting of Members
By Mr. Terry McCarthy, Secretary-Treasurer
On November 23, 2017**

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 2016-17, which ended March 31, 2017. The audit was conducted by Deloitte LLP.

The report will cover the following:

1. 2016-17 Financial Results
 - Cumulative Results
 - Financial Operating Results
2. Auditors' Report to Finance Committee
3. Appointment of the Auditor for 2017-18
4. Motions

1. 2016-17 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 at March 31, 2017, and March 31, 2016, and the variances year over year.

	2016-17	2015-16	Variance \$	Variance %
Current assets	\$5,681,569	\$5,246,063	\$435,506	8%
Capital assets	\$500,426	\$562,810	(\$62,384)	(11%)
Total Assets	\$6,181,995	\$5,808,873	\$373,122	6%
Current liabilities	\$1,666,804	\$1,384,076	\$282,728	20%
Deferred lease inducements	\$498,387	\$539,071	(\$40,684)	(8%)
Total Liabilities	\$2,165,191	\$1,923,147	\$242,044	13%
Invested in capital assets	\$500,426	\$562,810	(\$62,384)	(11%)
Unrestricted operating fund	\$1,407,461	\$1,261,414	\$146,047	12%
Internally restricted fund	\$2,108,917	\$2,061,502	\$47,415	2%
Total fund balances	\$4,016,804	\$3,885,726	\$131,078	3%
Total Liabilities and Fund Balances	\$6,181,995	\$5,808,873	\$373,122	6%

The total assets of \$6.18 million for 2016-17 reflect an increase of \$373,122, or 6%, from 2015-16. This change is largely due to the increase of liabilities and current-year surplus.

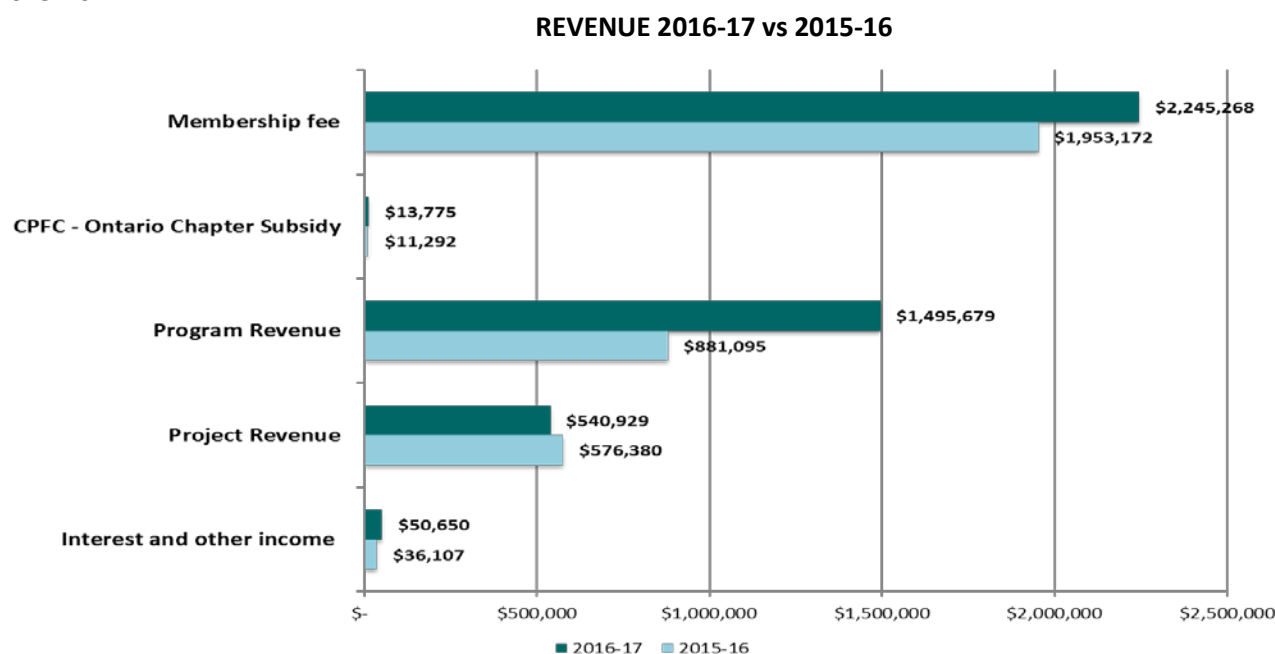
- The total liabilities of \$2.16 million for 2016-17 reflect an increase of \$242,044, or 13%, from 2015-16. This change resulted from an increase of unearned revenue due to the improved collection of membership fees by CFPC in this fiscal year-end compared to the prior year.
- The total fund balances of \$4.0 million for 2016-17 are an increase of \$131,078, or 3%, from 2015-16, which is the excess of revenue over expenses. Included in the total fund balances is the Board-approved internally restricted fund balance of \$2.1 million. The purpose of this restricted balance is to ensure the stability of the OCFP's future operations. It provides an internal source of funds for unexpected situations, such as an increase in unbudgeted expenses, revenue losses or uninsured losses.

Financial Operating Results: Statement of Operations – Revenue and Expenses

- **Overview of Revenue**

Overview of revenue	2016-17	2015-16	Variance \$	Variance %
Membership fees	\$2,245,268	\$1,953,172	\$292,096	15%
CPFC - Ontario Chapter Subsidy	\$13,775	\$11,292	\$2,483	22%
Program Revenue	\$1,495,679	\$881,095	\$614,584	70%
Project Revenue	\$540,929	\$576,380	(\$35,451)	(6%)
Interest and other income	\$50,650	\$36,107	\$14,543	40%
	\$4,346,301	\$3,458,046	\$888,255	26%

The following revenue chart illustrates the OCFP's main sources of revenue comparing 2016-17 to 2015-16.



Revenue of \$4.35 million is \$888,255, or 26%, higher than the previous fiscal year. This is largely due to the following:

- ✓ Membership fees increased by \$292,096 due to a \$20 membership fee increase in June 2016 (first increase in 6 years), an increase in the number of members for the current year, and improvement of fee collection by the CFPC in 2016-17 compared to 2015-16.

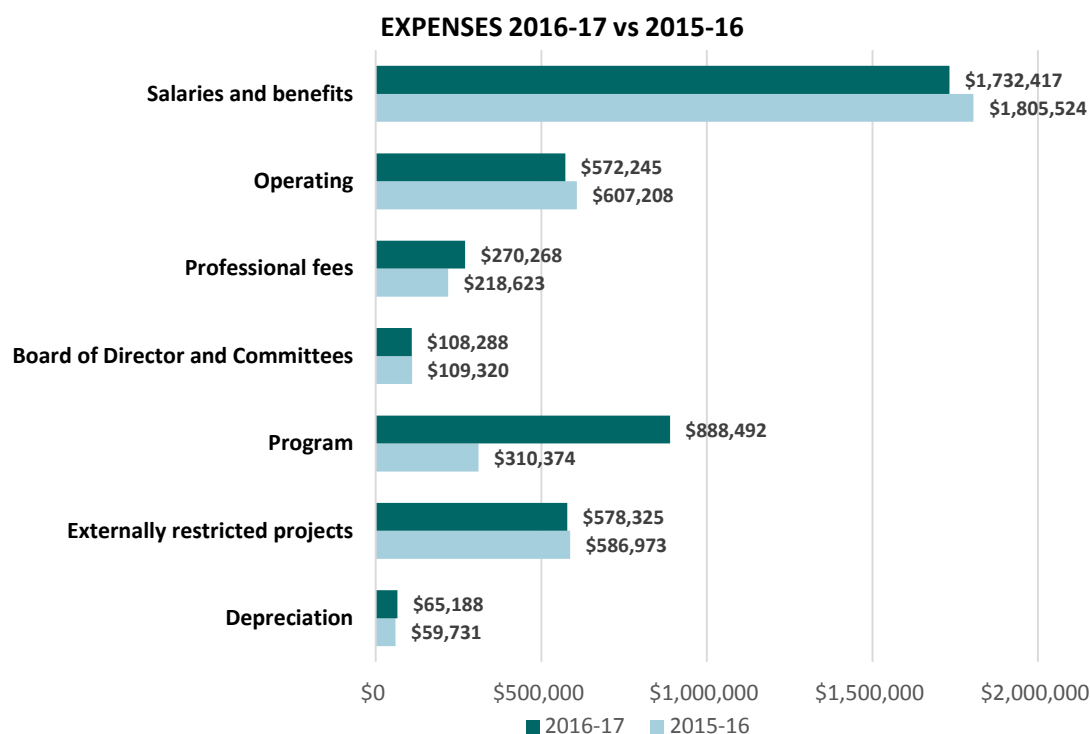
- ✓ A \$614,584 increase in program revenue from the Annual Scientific Assembly held in 2016-17. The ASA was not held in 2015-16. This is an expected revenue impact since the ASA is not held in years when the CFPC Family Medicine Forum takes place in Toronto.

- **Overview of Expenses**

The following two expense charts illustrate how revenue was allocated.

Expenses of \$4.22 million are \$517,470, or 14%, higher than the previous fiscal year mainly due to the program expenditures for ASA in 2016-17. As noted above, ASA was not held in 2015-16. The increases in expenses were partially offset by decreases in salaries and benefits, and also through effective management of operating costs.

Overview of expenses	2016-17	2015-16	Variance \$	Variance %
Salaries and benefits	\$1,732,417	\$1,805,524	(\$73,107)	(4%)
Operating	\$572,245	\$607,208	(\$34,963)	(6%)
Professional fees	\$270,268	\$218,623	\$51,645	24%
Board of Director and Committees	\$108,288	\$109,320	(\$1,032)	(1%)
Programs	\$888,492	\$310,374	\$578,118	186%
Externally restricted projects	\$578,325	\$586,973	(\$8,648)	(1%)
Depreciation on capital assets	\$65,188	\$59,731	\$5,457	9%
	\$4,215,223	\$3,697,753	\$517,470	14%



Summary of Financial Operating Results

For fiscal year 2016-17, the OCFP had a surplus of \$131,078, as a result of increased revenue in membership fees, a small surplus from the ASA held in 2016-17, and reduction of costs, in particular the decrease in salaries and benefits and more effective management of operating costs. The organization remains in a positive financial position and is developing a plan to draw down the unrestricted operating reserve by investing in further initiatives that support members based on the OCFP's strategic plan.

To continue to deliver valued services and to offset inflationary increases to operating costs, the OCFP implemented a cost of living adjustment and increased its membership fee by 2% effective April 1, 2017.

This fiscal year, 2017-18, is the last year for OCFP's current strategic plan. The overall theme of this year's Business Plan is "*listening to and reflecting the clinical and practice priorities of family physicians*". All annual operating plans are aligned to the OCFP's mission, the Strategic Plan, and the four pillars 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 2017-18 and anticipates substantial and tangible progress against the strategic plan ending in March 2018. In particular, I would also like to thank the Finance Committee members, Drs. Sundeep Banwatt, Peter Hutten-Czapski, and Ahmed Jakda 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

Deloitte LLP was the successful firm in an audit tender process that closed in September 2013. 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 and Finance Committee. It is recommended that Deloitte LLP be reappointed as the auditor for the fiscal year 2017-18.

4. Motions

Be it resolved THAT the Financial Statements be accepted as presented.

Be it resolved THAT Deloitte LLP be reappointed as the OCFP Auditors for the fiscal year 2017-18.

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