

The Manitoba College of Family Physicians Inc.
Financial Statements
October 31, 2019

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Independent Auditors' Report

To the Members of
The Manitoba College of Family Physicians Inc.

Opinion

We have audited the accompanying financial statements of The Manitoba College of Family Physicians Inc. (the "College"), which comprise the statement of financial position as at October 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the College as at October 31, 2019, and its results of 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. Our responsibilities under those standards are further described in the *Auditors' 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 opinion.

Other Information

Management is responsible for the other information which comprises the College's annual report.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of the auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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.

Independent Auditors' Report - continued

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 auditors' 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 auditors' 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.



Winnipeg, Canada
January 20, 2020

Chartered Professional Accountants

The Manitoba College of Family Physicians Inc.
Statement of Operations

Year ended October 31

2019

2018
(Note 3)

Revenue

Membership fees	\$ 220,129	\$ 205,419
Continuing Professional Development (Page 11)	184,302	184,413
College maintenance grant	88,158	59,989
Ethical review fees	6,800	10,200
Interest	9,921	7,169
Family medicine interest group	-	4,000
President's banquet	1,375	2,660
AGM meals	-	332

	<u>510,685</u>	<u>474,182</u>
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Expenses

Continuing Professional Development (Page 11)	186,198	171,789
Administrative expenses (Page 12)	300,933	291,476

	<u>487,131</u>	<u>463,265</u>
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Excess of revenue over expenses	<u>\$ 23,554</u>	<u>\$ 10,917</u>
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See accompanying notes to the financial statements.

The Manitoba College of Family Physicians Inc.
Statement of Changes in Fund Balances
Year ended October 31, 2019

	Unrestricted Fund	Internally Restricted Fund	Total 2019	Total 2018
Fund balances, beginning of year, as previously stated	\$ 49,227	\$ 399,000	\$ 448,227	425,413
Prior period adjustment (Note 3)	<u>(11,897)</u>	<u>-</u>	<u>(11,897)</u>	<u>-</u>
Fund balances, beginning of year, as restated	37,330	399,000	436,330	425,413
Excess of revenue over expenses	<u>23,554</u>	<u>-</u>	<u>23,554</u>	<u>10,917</u>
Fund balances, end of year	<u>\$ 60,884</u>	<u>\$ 399,000</u>	<u>\$ 459,884</u>	<u>\$ 436,330</u>

See accompanying notes to the financial statements.

The Manitoba College of Family Physicians Inc.**Statement of Financial Position**

October 31

2019

2018

(Note 3)

Assets**Current**

Cash	\$ 119,640	\$ 79,069
Receivables (Note 4)	37,166	29,201
Short-term investments (Note 5)	446,487	285,473
Prepaid expenses	<u>12,371</u>	<u>12,357</u>
	615,664	406,100

Long-term investments (Note 5)

- 153,156

Capital assets (Note 6)

197 3,890\$ 615,861 \$ 563,146**Liabilities****Current**

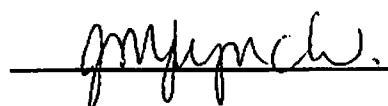
Payables and accruals	\$ 41,069	\$ 23,186
Government remittances payable	<u>4,170</u>	<u>5,770</u>
	45,239	28,956
Deferred membership fees	110,738	97,377
Unearned session income	<u>-</u>	<u>483</u>
	155,977	126,816

Fund Balances

Unrestricted	60,884	37,330
Internally restricted (Note 5)	<u>399,000</u>	<u>399,000</u>
	459,884	436,330
	<u>\$ 615,861</u>	<u>\$ 563,146</u>

Commitment (Note 7)

Approved by the Board

 Director Director

See accompanying notes to the financial statements.

The Manitoba College of Family Physicians Inc.
Statement of Cash Flows

Year ended October 31

2019

2018
 (Note 3)

Cash derived from (applied to):

Operations

Excess of revenue over expenses	\$ 23,554	\$ 10,917
Amortization of capital assets	<u>3,693</u>	<u>7,029</u>
	27,247	17,946

Change in non-cash operating working capital

Receivables	(7,965)	7,965
Prepaid expenses	(14)	(110)
Payables and accruals	17,883	7,343
Government remittances payable	(1,600)	(1,549)
Deferred membership fees	13,361	(6,822)
Unearned session income	<u>(483)</u>	<u>(892)</u>
	48,429	23,881

Investing

Purchase of investments	(293,331)	(438,629)
Proceeds from disposal of investments	<u>285,473</u>	<u>427,469</u>
	(7,858)	(11,160)

Net increase in cash **40,571** 12,721

Cash

Beginning of year	<u>79,069</u>	<u>66,348</u>
End of year	\$ 119,640	\$ 79,069

See accompanying notes to the financial statements.

The Manitoba College of Family Physicians Inc.
Notes to the Financial Statements
October 31, 2019

1. Nature of operations

The Manitoba College of Family Physicians Inc. (the "College") is incorporated under the laws of Manitoba as a company without share capital, and its activities consist of the following:

- (a) to sustain and improve the professional qualifications of members of the medical profession who are engaged in the practice of family medicine in Manitoba;
- (b) to enlighten and direct public opinion in Manitoba in relation to the practice of family medicine;
- (c) to encourage and assist in the provision of a high standard of teaching and training for undergraduate medical students who may become engaged in the practice of family medicine; and
- (d) to publish and encourage the publication of journals, reports and treatises on matters relating to the practice of family medicine.

As a not-for-profit entity, the College is exempt from income tax under the *Income Tax Act*.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are as follows:

a) Fund accounting

Revenues and expenses relating to general operations as well as the Continuing Professional Development are reported in the unrestricted fund. Net assets set aside to fund future utilization goals are reported in the internally restricted fund.

b) Revenue recognition

The College follows the deferral method of accounting for contributions.

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees revenues are recognized over the term of the membership.

Continuing Professional Development revenue is recognized when the event is held.

CPD administration fees and ethical review fees revenues are recognized at the time the service is performed.

Interest income is recognized as it is accrued on the individual investments.

The Manitoba College of Family Physicians Inc.
Notes to the Financial Statements
October 31, 2019

2. Significant accounting policies - continued

c) Investments

Investments are comprised of fixed income securities. Fixed income securities are initially recognized at fair value and subsequently measured at amortized cost. Purchases and sales of investments are recognized using settlement date accounting.

The College's primary investment objective is capital preservation. Portfolio allocations have therefore been heavily weighted in fixed income securities to meet the stated objective. The expected rate of return from the investment portfolio is dependent on current interest rates offered in the open market. The investment portfolio's allocations and returns are reviewed on an annual basis by the College's Executive Committee.

d) Capital assets

Purchased capital assets are recorded at cost. Amortization is provided on a straight-line basis at rates designed to write off the assets over their estimated useful lives as follows:

Office and computer equipment	5 years
Furniture	5 years
Leasehold improvements	3 years

In the year of acquisition, one-half of the annual amortization rate is applied.

e) Accounting estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

f) Financial instruments

The College recognizes its financial instruments when the College becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at fair value with subsequent reporting at amortized cost.

It is management's opinion that the College is not exposed to significant credit, currency, interest rate, liquidity, market or price risks arising from its financial instruments.

g) Allocation of expenses

The College classifies its expenditures between administrative and Continuing Professional Development and allocates management contract, professional fees, telephone and facsimile, rent and office supplies from administration to Continuing Professional Development.

Management contract is allocated based on the proportionate amount of time spent on activities of Continuing Professional Development. The remaining expenses are allocated based on the percentage of use for Continuing Professional Development.

The Manitoba College of Family Physicians Inc.
Notes to the Financial Statements
October 31, 2019

3. Prior period adjustment

These financial statements include a prior period adjustment to reverse duplicate revenue recorded in the 2018 fiscal year, which resulted in both an overstatement of revenue and an overstatement of undeposited funds included in the prior year's cash balance. The revenue accounts restated included the 2018 Continuing Professional Development revenue (Registration fees - \$4,729, MainProC - \$5,118 and Exhibitors' fees - \$2,050) for a total of \$11,897. The 2018 cash balance was restated by \$11,897.

4. Receivables

	<u>2019</u>	<u>2018</u>
Membership fees	\$ 26,890	\$ 15,511
Accrued interest	6,639	5,054
Other	<u>3,637</u>	<u>8,636</u>
	<u>\$ 37,166</u>	<u>\$ 29,201</u>

5. Investments

	<u>2019</u>	<u>2018</u>
Fixed income securities	\$ 446,487	\$ 438,629
Less amounts maturing within one year	<u>446,487</u>	<u>285,473</u>
Long term investments	<u>\$ -</u>	<u>\$ 153,156</u>

\$399,000 of the above investments has been internally restricted by the Board of Directors for the purpose of funding future utilization goals and to ensure the College is able to respond to opportunities and threats as they arise. The balance available to the Unrestricted Fund is \$47,487 (2018 - \$39,629).

6. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Office and computer equipment	\$ 15,089	\$ 14,892	\$ 197	\$ 2,218
Furniture	20,058	20,058	-	1,672
Leasehold improvements	<u>20,326</u>	<u>20,326</u>	<u>-</u>	<u>-</u>
	<u>\$ 55,473</u>	<u>\$ 55,276</u>	<u>\$ 197</u>	<u>\$ 3,890</u>

The Manitoba College of Family Physicians Inc.
Notes to the Financial Statements
October 31, 2019

7. Commitment

The College leases its office premises under a five year lease which expires on April 30, 2022, with the option of a renewal for another 5 year term. The lease payments are \$3,133 per month plus applicable taxes.

The Manitoba College of Family Physicians Inc.
Schedule of Revenue and Expenses - Continuing Professional Development

Year ended October 31

2019

2018
(Note 3)

Revenue

Registration fees	\$ 99,098	\$ 90,480
MainProC	36,900	41,223
Exhibitors' fees	22,300	35,150
Boardroom sessions	20,004	7,360
CPD administration fees	<u>6,000</u>	<u>10,200</u>
	184,302	184,413

Expenses

Audio/visual	6,616	5,828
Committee	11,425	12,025
Continuing professional development	33,757	39,453
Exhibits	9,185	12,197
MainProC	28,856	20,914
Meeting space and meals	32,656	21,836
Office insurance	157	154
Office supplies	896	788
Photographer	355	406
Professional fees	3,150	2,035
Promotion	2,199	3,339
Registration	5,801	7,387
Rent (Note 7)	9,398	9,398
Speakers	4,977	4,517
Sundry	131	435
Telephone and facsimile	781	704
Wages and benefits	<u>35,858</u>	<u>30,373</u>
	186,198	171,789

(Deficiency) excess of revenue over expenses	<u>\$ (1,896)</u>	<u>\$ 12,624</u>
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See accompanying notes to the financial statements.

The Manitoba College of Family Physicians Inc.
Schedule of Expenses - Administrative Expenses

Year ended October 31 2019 2018

Amortization	\$ 3,693	\$ 7,029
Annual general meeting	11,041	8,443
Annual report	509	438
Bad debts	4,485	-
Bank charges	1,107	894
Board	22,251	16,735
Claude Murphy CPD Award	3,000	1,500
College awards	5,340	5,492
Courier expenses	161	126
Equipment repairs	806	506
Family medicine interest group	26,642	17,638
First five years in practice	1,605	3,054
Insurance	470	463
Management contract	88,156	102,113
Membership fees	1,053	550
National meetings - expenses, travel, etc.	133	1,347
Office supplies	5,666	4,580
Past presidents	325	213
Postage	400	-
President's banquet	5,893	6,130
Presidents expense	11,000	12,400
Professional fees	5,551	3,403
Rent (Note 7)	19,735	19,735
Residents	3,616	3,712
Specialist projects	-	215
Stakeholder meetings	1,210	1,889
Telephone and facsimile	2,374	2,083
Wages and benefits	74,711	70,788
	<u>\$ 300,933</u>	<u>\$ 291,476</u>

See accompanying notes to the financial statements.