

Financial statements of

**The College of Family  
Physicians of Canada**

December 31, 2013

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# The College of Family Physicians of Canada

December 31, 2013

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## Independent Auditor's Report

To the Members of  
The College of Family Physicians of Canada

We have audited the accompanying financial statements of The College of Family Physicians of Canada (the "College"), which comprise the statement of financial position as at December 31, 2013, the statements of revenue and expenses, changes in members' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the College as at December 31, 2013, 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.

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
\_\_\_\_\_, 2014

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# The College of Family Physicians of Canada

## Statement of financial position as at December 31, 2013

	2013	2012
	\$	\$ (Note 13)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,142,133	858,913
Restricted cash (Note 2)	121,565	116,568
Short-term investments	4,200,000	4,500,000
Accounts receivable	2,025,665	2,141,245
Accrued interest receivable	59,887	53,415
Prepaid expenses and other current assets	159,542	254,042
	<b>9,708,792</b>	<b>7,924,183</b>
Long-term investments (Note 3)	19,773,749	18,489,703
Restricted long-term investments (Note 3)	-	81,063
Capital assets (Note 4)	3,769,485	3,781,950
	<b>33,252,026</b>	<b>30,276,899</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	3,818,320	3,571,976
Funds held in trust for the Alberta Chapter	-	2,219
Funds held in trust for the Manitoba Chapter	-	18,986
Funds held in trust for the Nova Scotia Chapter	-	3,927
Funds held in trust for the New Brunswick Chapter	-	55,931
Funds held for external projects (Note 2)	121,565	116,568
Deferred revenue (Note 5)	11,412,212	9,761,238
	<b>15,352,097</b>	<b>13,530,845</b>
Employee future benefits and employee future non-pension benefits (Notes 6 and 13)	226,474	892,774
	<b>15,578,571</b>	<b>14,423,619</b>
Lease commitments (Note 7)		
<b>Members' equity</b>		
Invested in capital assets	3,769,485	3,781,950
Unrestricted (Note 13)	(3,418,267)	(3,430,732)
Reserve fund (Note 8)	17,322,237	15,502,062
	<b>17,673,455</b>	<b>15,853,280</b>
	<b>33,252,026</b>	<b>30,276,899</b>

Approved by the Board

\_\_\_\_\_  
Director

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Director

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

# The College of Family Physicians of Canada

## Statement of revenue and expenses year ended December 31, 2013

	2013	2012
	\$	\$
		(Note 14)
<b>Revenue</b>		
Membership and professional affairs	15,062,229	13,815,818
Examinations	8,131,880	4,529,869
Continuing medical education/Continuing professional development	4,257,885	3,671,497
Meetings division - Annual Scientific Assembly ("ASA")	3,026,415	3,523,370
Canadian Primary Care Sentinel Surveillance Network ("CPCSSN")	2,326,660	2,302,822
Canadian Family Physician ("CFP") and other publications	1,398,991	1,697,057
Other departments	784,210	680,151
Investment income - long term investments	788,107	1,028,897
Canadian Primary Care Sentinel Surveillance Network - Neurological Conditions ("CPCSSN - NC")	42,832	119,725
Investment income - short term investments	65,129	105,264
Change in unrealized gains on investments	414,874	398,688
Miscellaneous recovery	25,133	-
	<b>36,324,345</b>	<b>31,873,158</b>
<b>Expenses</b>		
Examinations	6,949,550	3,577,656
Meetings division - ASA	3,038,407	3,280,751
Corporate affairs	4,029,732	3,089,720
Continuing medical education/Continuing professional development	2,762,277	2,733,230
Executive	2,048,579	2,674,318
CPCSSN	2,321,739	2,336,731
CFP and other publications	1,970,442	1,981,538
Membership and professional affairs	1,458,192	1,734,740
Finance	775,696	1,212,400
Information technology and website communications	1,993,345	1,773,128
Undergraduate and postgraduate education	1,695,388	1,587,950
Research	974,927	1,286,275
Health policy and government relations	861,278	811,748
Communications	1,105,299	745,008
Certification and evaluation	725,277	596,091
Patient care including Family Physicians with special interests or focused practices	551,645	499,021
Research and Education Foundation of The College of Family Physicians of Canada ("REF")	389,054	400,354
Honours and awards	145,610	143,327
Alternative route to certification	221,294	216,895
CPCSSN - NC	42,832	119,725
CPCSSN - Health System Usage ("CPCSSN - HSU")	156,256	39,039
Meetings division - Other meetings	148,613	179,973
	<b>34,365,432</b>	<b>31,019,618</b>
<b>Excess of revenue over expenses</b>	<b>1,958,913</b>	<b>853,540</b>

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

# The College of Family Physicians of Canada

## Statement of changes in members' equity year ended December 31, 2013

	2013			2012	
	Invested in capital assets	Unrestricted	Reserve fund	Total	Total
	\$	\$	\$	\$	\$
					(Note 13)
<b>Members' equity, beginning of year</b>					
As previously reported	3,781,950	(3,640,632)	15,502,062	15,643,380	14,789,840
Prior period adjustment (Note 13)	-	209,900	-	209,900	209,900
As restated	3,781,950	(3,430,732)	15,502,062	15,853,280	14,999,740
(Deficiency) excess of revenue over expenses	(960,314)	2,919,227	-	1,958,913	853,540
Transfer to REF - Patient Education Program (Note 8)	-	-	(138,738)	(138,738)	-
Capital asset additions	947,849	(947,849)	-	-	-
Transfers (Note 8)	-	(1,958,913)	1,958,913	-	-
<b>Members' equity, end of year</b>	<b>3,769,485</b>	<b>(3,418,267)</b>	<b>17,322,237</b>	<b>17,673,455</b>	<b>15,853,280</b>

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

# The College of Family Physicians of Canada

## Statement of cash flows year ended December 31, 2013

	2013	2012
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	1,958,913	853,540
Amortization	960,314	702,635
Change in non-cash operating working capital (Note 9)	2,024,860	1,267,155
Transfer to REF - Patient Education Program	(138,738)	-
Employee future benefits and employee future non-pension benefits	(666,300)	(526,026)
Change in unrealized gains on investments	(414,874)	(398,688)
	<b>3,724,175</b>	<b>1,898,616</b>
<b>Financing activities</b>		
Increase in long-term investments	(788,109)	(2,630,209)
Sale of short-term investments	300,000	3,500,000
	<b>(488,109)</b>	<b>869,791</b>
<b>Investing activity</b>		
Purchase of capital assets	(947,849)	(3,323,669)
Increase (decrease) in cash and cash equivalents	2,288,217	(555,262)
Cash and cash equivalents, beginning of year	975,481	1,530,743
<b>Cash and cash equivalents, end of year</b>	<b>3,263,698</b>	<b>975,481</b>
<b>Represented by</b>		
Cash and cash equivalents	3,142,133	858,913
Restricted cash	121,565	116,568
	<b>3,263,698</b>	<b>975,481</b>
<b>Cash and cash equivalents are comprised of the following:</b>		
Cash	3,263,698	975,481
Cash equivalents	-	-
	<b>3,263,698</b>	<b>975,481</b>
<b>Supplemental cash flow information</b>		
Interest received	422,437	467,413

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



# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

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The College of Family Physicians of Canada (the "College"), founded in 1954, was incorporated in 1960 by Special Act of Parliament and in 1968, was granted letters patent under the Canada Corporations Act. The College was established to sustain and improve the professional qualifications of members of the medical profession who are engaged in family practice in Canada through education, research and the publication of journals.

The College is a not-for-profit organization and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

### 1. Significant accounting policies

#### (a) Basis of presentation

These financial statements do not include the results of operations and assets and liabilities of each of the provincial chapters of the College (the "Chapters").

#### (b) Cash and cash equivalents

The College considers deposits in banks less outstanding cheques, certificates of deposit and short-term investments with original maturities of ninety days or less as cash and cash equivalents.

#### (c) Deferred membership fees

Deferred membership fees represent unearned funds received as membership fees. 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.

#### (d) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis as follows:

Furniture and fixtures	15 years
Office equipment	5 years
Computer equipment	3 years
Software	3-5 years
Intangibles	3 years
Leasehold improvements	Over term of lease

For the purposes of financial reporting, the accounting treatment for capital and intangible assets is as follows: all movable and fixed equipment having a useful life in excess of one year and a unit or grand total cost in excess of \$1,000; all leasehold improvements having a useful life in excess of one year and a total cost in excess of \$20,000; software development having a useful life in excess of one year and a cost in excess of \$7,500 per project; and intangibles such as registered trademark and copyrights, having a useful life in excess of one year and a cost in excess of \$10,000, will be capitalized. Net capital additions within each category in the year are capitalized using the half-year rule.

During the year, management decreased the threshold for capitalization of all movable and fixed equipment from \$3,000 to \$1,000 (see above). As a result of this prospective change in estimate, amortization expense was \$3,078 higher than if the previous threshold had been used.

#### (e) Employee future benefits

The cost of pension and other post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and health care costs. Plan obligations are discounted using current market interest rates and plan assets are presented at fair value.

Transitional obligations are being amortized over the average remaining service period of active officers expected to receive benefits under the benefit plan.

# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

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### 1. Significant accounting policies (continued)

#### (f) *Financial instruments*

The College's financial assets are comprised of cash, restricted cash, short-term and long-term investments, accounts receivable, accrued interest receivable and restricted long-term investments. Financial liabilities are comprised of accounts payable and accrued liabilities, funds held in trust and funds held for external projects.

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, except for equities quoted in active markets, which are carried at fair value. The College has elected to use the fair value option to measure all of its investments. Any subsequent changes in fair value are recorded in the Statement of revenue and expenses.

Fair value of investments is determined as follows: fixed income and equity securities are valued at year-end quoted bid prices where available. Where quoted bid prices are not available estimated fair values are calculated using comparable securities. Transaction costs are expensed as incurred.

#### (g) *Use of estimates*

The preparation of financial statements 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 year. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include allowance for doubtful accounts, accrued liabilities, deferred revenue, employee future benefits and employee future non-pension benefits, and amortization expense.

#### (h) *Expense categorization*

The expenses in the Schedule attached to the financial statements are categorized by cost centre and by program/activity and type of expense.

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# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

### 2. Restricted cash

Restricted cash includes amounts held in bank accounts and are restricted for eligible expenditures on external projects.

Amounts being held for external projects are as follows:

	2013	2012
	\$	\$
Air Quality Health Index	481	12,668
Continuing Medical Education research	48,938	48,937
Initiatives in HIV care	39,879	39,879
Janus - Integrated Survey	31,053	10,959
National Association of Canadian Chairs in Family Medicine	-	4,125
National Research System - Vaccine Effectiveness Study	1,214	-
	<b>121,565</b>	<b>116,568</b>

### 3. Long-term investments

Long-term Investments consist of the following:

	2013		2012	
	Market value	Cost	Market value	Cost
	\$	\$	\$	\$
Fixed income	13,392,923	13,063,758	13,216,568	12,557,421
Equity portfolio	6,380,826	4,747,685	5,354,198	4,465,913
	<b>19,773,749</b>	<b>17,811,443</b>	18,570,766	17,023,334
Less: amounts restricted for				
New Brunswick Chapter	-	-	55,931	55,931
Manitoba Chapter	-	-	18,986	18,986
Nova Scotia Chapter	-	-	3,927	3,927
Alberta Chapter	-	-	2,219	2,219
	-	-	81,063	81,063
	<b>19,773,749</b>	<b>17,811,443</b>	18,489,703	16,942,271

The College has investments in bonds and other government secured certificates with varying dates of maturity, as well as investments in equity instruments. These investments yield interest at rates ranging from 1.08% to 6.84% (2012 - 1.3% to 5.73%) per annum.

The College holds securities which are subject to market risk, interest rate risk and cash flow risk. These risks will also impact future cash flow streams, including dividends, gains and losses and interest income.

The value of equities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within specific governments and corporations which issue the security.

The value of fixed income securities will generally increase if interest rates decrease and decrease if interest rates increase. Changes in interest rates may also affect the value of equity securities. The College does not enter into any derivative instrument arrangements for hedging or for speculative purposes.

# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

### 3. Long-term investments (continued)

Further information on the fixed income securities is as set out below:

Term to maturity	2013		2012	
	Market value	Annual yield	Market value	Annual yield
	\$	%	\$	%
One to three years	4,044,109	1.73	3,175,697	1.87
Greater than three years	9,348,814	3.94	10,040,871	3.81
	<b>13,392,923</b>		<b>13,216,568</b>	

### 4. Capital assets

	2013		2012	
	Accumulated Cost	amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and fixtures	94,085	17,346	76,739	3,706
Computer equipment and software	2,934,913	1,907,021	1,027,892	1,108,221
Office equipment	201,859	170,290	31,569	30,620
Leasehold improvements	3,582,281	948,996	2,633,285	2,639,403
	<b>6,813,138</b>	<b>3,043,653</b>	<b>3,769,485</b>	<b>3,781,950</b>

### 5. Deferred revenue

The College defers revenue in certain cases, as these amounts have been paid in advance of the completion of the particular program, examination or service to be provided. These amounts will be recorded as revenue when earned. Deferred revenue is comprised of the following:

	\$	\$
Self learning program	887,670	742,895
Examination fees	2,087,520	2,077,970
Pearls certification eligibility	68,979	126,215
Membership fees	7,454,700	6,344,912
Family Medicine Forum ("FMF")	24,136	19,245
Maintenance of proficiency ("MainPro") non-member	744,559	442,667
Canadian Family Physician ("CFP")	27,708	8,397
Leasehold Improvement allowance - 2014 Renovation	116,940	-
CPCSSN - HSU	-	(1,063)
	<b>11,412,212</b>	<b>9,761,238</b>

# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

### 6. Employee future benefits and employee future non-pension benefits

The College maintains a pension plan for certain employees which provides benefits, the greater of a defined benefit or defined contribution plan. The College also offers certain employees other supplemental benefits in a non-funded plan. The following significant actuarial assumptions were employed to determine the periodic pension expense and the accrued benefit obligation:

	Registered pension plan	Supplemental benefits	2013 Future non-pension benefits
Expected long-term rate on plan assets	5.25%	5.25%	-
Discount rate, beginning of year	4.00%	4.00%	4.00%
Discount rate, end of year	5.00%	5.00%	5.00%
Assumed rate of compensation increase	3.00%	3.00%	3.00%
Remaining service life (in years)	10	9	16

	Registered pension plan	Supplemental benefits	2012 Future non-pension benefits
Expected long-term rate on plan assets	5.75%	5.75%	-
Discount rate, beginning of year	4.50%	4.50%	4.50%
Discount rate, end of year	4.00%	4.00%	4.00%
Assumed rate of compensation increase	3.00%	3.00%	3.00%
Remaining service life (in years)	11	10	16

	Registered pension plan	Supplemental benefits	2013 Future non-pension benefits	
	\$	\$	\$	\$
Accrued benefit obligation, January 1	7,470,600	480,400	4,716,700	12,667,700
Service cost	730,100	47,100	341,000	1,118,200
Past service costs	(943,000)	-	-	(943,000)
Interest cost	278,000	21,000	201,400	500,400
Benefits paid	(614,700)	(4,000)	(43,200)	(661,900)
Transfer from defined contribution plan	659,100	-	-	659,100
Actuarial loss	(881,900)	133,000	(408,300)	(1,157,200)
Accrued benefit obligation, December 31	6,698,200	677,500	4,807,600	12,183,300
Fair value of assets, end of year	7,594,500	-	-	7,594,500
Plan surplus (deficit)	896,300	(677,500)	(4,807,600)	(4,588,800)
Balance of unamortized amounts				
Past service cost	49,100	-	1,433,200	1,482,300
Net actuarial loss/gain	1,785,600	129,026	965,400	2,880,026
Employee future benefits liability, December 31	2,731,000	(548,474)	(2,409,000)	(226,474)

# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

### 6. Employee future benefits and employee future non-pension benefits (continued)

	2012			
	Registered pension plan	Supplemental benefits	Future non-pension benefits	\$
	\$	\$	\$	\$
				(Note 13)
Accrued benefit obligation, January 1	4,933,400	2,859,700	3,886,800	11,679,900
Service cost	218,600	178,700	291,400	688,700
Past service costs	1,097,400	-	-	1,097,400
Interest cost	278,400	101,400	187,400	567,200
Benefits paid	(127,600)	(1,731,226)	(29,200)	(1,888,026)
Transfer from defined contribution plan	95,300	-	-	95,300
Actuarial loss	975,100	(144,274)	380,300	1,211,126
Accrued benefit obligation, December 31	7,470,600	1,264,300	4,716,700	13,451,600
Fair value of assets, end of year	4,459,600	-	-	4,459,600
Plan deficit	(3,011,000)	(1,264,300)	(4,716,700)	(8,992,000)
Balance of unamortized amounts				
Past service cost	997,600	783,900	1,612,400	3,393,900
Net actuarial loss/gain	3,275,500	(3,974)	1,433,800	4,705,326
Employee future benefits liability, December 31	1,262,100	(484,374)	(1,670,500)	(892,774)

The expense recognized in the Statement of revenue and expenses for the year ended December 31, 2013 for the defined benefit pension plan was \$405,210 (2012 - \$306,248) for the defined contribution plan was \$126,263 (2012 - \$282,407) and for the supplemental benefits was \$4,000 (2012 - \$1,731,226).

### 7. Lease commitments

Future minimum rental payments, including taxes and maintenance charges on office premises and office equipment required under operating leases that have terms in excess of one year, are approximately as follows:

	Office equipment	Office rent, including taxes and maintenance	Total
	\$	\$	\$
2014	47,609	1,717,370	1,764,979
2015	47,609	1,810,105	1,857,714
2016	47,609	1,870,623	1,918,232
2017	23,805	1,969,077	1,992,882
2018	-	2,028,287	2,028,287
Thereafter	-	4,421,652	4,421,652
	166,632	13,817,114	13,983,746

# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

### 8. Reserve fund

The reserve fund has been established to provide for unanticipated decreases in revenue or increases in administrative and operating costs of the College and to provide transfer payments to the Chapters.

This fund is administered by the College through the Executive Committee under policies established and approved by the Board of Directors. A portion of the interest earned on the total of the reserve fund, as determined by the Executive Committee, is provided to the Chapters as transfer payments.

	<del>2013</del>	2012
	\$	\$
Balance, January 1	<b>15,502,062</b>	14,648,522
Transfer from		
Unrestricted fund		
Excess of revenues over expenses before reserve transfers	<b>2,064,470</b>	885,098
Exam reserve	<b>347,261</b>	160,500
Wonca reserve	-	2,900
IHCC Program	<b>55,661</b>	-
Interest income	<b>201,308</b>	420,416
Unrealized gain on investments	<b>414,874</b>	398,688
	<b>3,083,574</b>	1,867,602
Transfer to		
Unrestricted fund		
Exam reserve	<b>(242,824)</b>	(122,576)
Strategic Planning	<b>(30,000)</b>	(25,186)
Strategic Priorities	<b>(16,810)</b>	(20,160)
Healthcare Industry Task Force	<b>(15,351)</b>	(5,595)
Patient Education Program		(23,439)
President's Special Project	-	(3,166)
Governance Review Committee	-	(5,624)
CFP Funding for SpaceMaster (amortization)	-	(1,971)
Corp Affairs - Renovation amortization	<b>(251,642)</b>	(114,521)
Corporate Affairs - 7 th floor rent amortization	<b>(120,704)</b>	-
Program Director's retreat	<b>(69,750)</b>	-
IHCC - PMH Course	<b>(66,098)</b>	-
AFM recruitment	<b>(44,155)</b>	-
Succession Planning	<b>(34,427)</b>	(471,424)
Wonca	<b>(8,100)</b>	-
Disbursement to Chapters	<b>(224,800)</b>	(220,400)
	<b>(1,124,661)</b>	(1,014,062)
Net transfer from reserve fund before the undernoted	<b>1,958,913</b>	853,540
Transfer to REF - Patient education program	<b>(138,738)</b>	-
Net transfer from reserve fund	<b>1,820,175</b>	853,540
Balance, December 31	<b>17,322,237</b>	15,502,062

# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

### 9. Change in non-cash operating working capital

	2013	2012
	\$	\$
Accounts receivable	115,580	(987,335)
Accrued interest receivable	(6,472)	13,883
Prepaid expenses and other current assets	94,500	102,680
Accounts payable and accrued liabilities	246,347	1,291,199
Funds held in trust for Alberta Chapter	(2,219)	101
Funds held in trust for Manitoba Chapter	(18,986)	867
Funds held in trust for Nova Scotia Chapter	(3,927)	179
Funds held in trust for the New Brunswick Chapter	(55,931)	2,557
Funds held for external projects	4,997	21,793
Deferred revenue	1,650,974	821,231
	<u>2,024,863</u>	<u>1,267,155</u>

### 10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil (2012 - \$25,854) with respect to government remittances.

### 11. Contingencies and guarantees

The College is exposed through various programs to possible litigations matters. Although the College is not currently involved in any new litigation, adequate provision has been made for these matters and, accordingly, their ultimate disposition is not expected to have a material effect on its operations or financial position.

- The College has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, the College agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- Indemnity has been provided to all directors and/or officers, employees, volunteers or members of any duly constituted committee of the College for various items including, but not limited to, all costs to settle suits or actions due to association with the College, subject to certain restrictions. The College has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director, officer, employee, volunteer or member of any committee of the College. The maximum amount of any potential future payment cannot be reasonably determined.
- In the normal course of business, the College has entered into agreements that include indemnities in favor of third parties, marketing agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the College to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the College from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.



# The College of Family Physicians of Canada

## Notes to the financial statements

December 31, 2013

### 11. Contingencies and guarantees (continued)

Historically, the College has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

### 12. Related party transactions

The College has significant influence over the operations of the Research and Education Foundation of the College of Family Physicians of Canada ("REF"), as both entities share common board members. The REF was established to raise and maintain funds to support and promote the activities/awards programs of both the College and the REF. The REF is a not-for-profit organization and is a registered charity under the Income Tax Act.

The REF has representation on the College's Board of Directors and has an economic interest in the College, as the College provides funds to support the operational activities of the REF.

During the year the College contributed \$Nil (2012 – \$57,447) towards the Awards program costs and paid for the REF's operating expenses in the amount of \$389,954 (2012 - \$400,354).

### 13. Prior year adjustment

During the year, management determined that the employee future benefits and employee future non-pension benefits liability disclosed in the Statement of financial position excluded the amounts related to the College's chapters. As a result, the 2012 comparative amounts have been restated as follows:

	December 31, 2012	
	As restated	As previously stated
	\$	\$
Statement of financial position		
Employee future benefits and employee future non-pension benefits	<b>892,774</b>	1,102,674
Members' equity - unrestricted	<b>(3,430,732)</b>	(3,640,632)
Note 6 - Employee future benefits and employee future non-pension benefits		
Accrued benefit obligation, January 1	<b>11,679,900</b>	11,877,300
Service cost	<b>688,700</b>	701,100
Interest and cost	<b>567,200</b>	577,000
Actuarial loss	<b>1,211,126</b>	1,223,626
Accrued benefit obligation, December 31	<b>13,451,600</b>	13,693,700
Fair value of assets, end of year	<b>4,459,600</b>	4,477,700
Plan deficit	<b>(8,992,000)</b>	(9,216,000)
Net actuarial loss/gain	<b>4,705,326</b>	4,719,426
Employee future liability, December 31	<b>(892,774)</b>	(1,102,674)

# The College of Family Physicians of Canada

Notes to the financial statements

December 31, 2013

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## 14. Comparative amounts

The following amounts have been reclassified in order to conform to the current year's financial statement presentation:

	December 31, 2012	
	As amended	As previously stated
	\$	\$
Statement of revenue and expenses		
Expenses		
Membership and professional affairs	1,734,740	1,878,067
Honours and awards	143,327	-
	<b>1,878,067</b>	<b>1,878,067</b>

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# The College of Family Physicians of Canada

## Schedule of expenses

year ended December 31, 2013

	Salaries and benefits	Operating	Committee	2013 Total	2012 Total
	\$	\$	\$	\$	\$
					(Note 14)
Examinations	881,690	5,884,113	183,747	6,949,550	3,577,656
Meetings division - ASA	630,222	2,377,303	30,882	3,038,407	3,280,751
Corporate Affairs	2,726,619	1,303,113	-	4,029,732	3,089,720
Continuing medical education/Continuing professional development	1,522,955	1,112,479	126,843	2,762,277	2,733,230
Executive	1,042,653	502,682	503,244	2,048,579	2,674,318
Research - CPCSSN	275,732	1,950,361	95,646	2,321,739	2,336,731
CFP and other publications	969,694	978,333	22,415	1,970,442	1,981,538
Membership and professional affairs	253,862	1,063,117	141,213	1,458,192	1,734,740
Finance	567,071	204,889	3,736	775,696	1,212,400
Information technology and website communications	1,011,380	981,965	-	1,993,345	1,773,128
Undergraduate and postgraduate education	739,642	636,381	319,365	1,695,388	1,587,950
Research	580,565	342,706	51,656	974,927	1,286,275
Health policy and government relations	605,906	172,614	82,758	861,278	811,748
Communications	803,826	301,473	-	1,105,299	745,008
Certification and evaluation	389,467	270,825	64,985	725,277	596,091
Special interest focused practice ("SIFP")	231,650	77,116	242,879	551,645	499,021
REF	280,547	85,795	22,712	389,054	400,354
Honours and awards	100,029	42,473	3,108	145,610	143,327
Alternative route to certification	78,288	142,995	11	221,294	216,895
Research - CPCSSN - NC	1,676	41,156	-	42,832	119,725
Research - CPCSSN - HSU	13,933	136,127	6,196	156,256	39,039
Meetings division - Other meetings	107,958	40,655	-	148,613	179,973
	<b>13,815,365</b>	<b>18,648,671</b>	<b>1,901,396</b>	<b>34,365,432</b>	<b>31,019,618</b>

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