



The College of Family Physicians of Canada, and The College of Family Physicians of Canada – Employees' Pension Plan Year-end communication



**For the year ended December 31, 2013
To be presented to the Finance and Audit Committee
On September 5, 2014**



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August 14, 2014

The Members of the Finance and Audit Committee
The College of Family Physicians of Canada
2630 Skymark Avenue
Mississauga ON L4W 5A4

Dear Finance and Audit Committee Members:

Report on audited annual financial statements

As agreed in our engagement letter dated January 15, 2014, we have performed the audits of the financial statements of The College of Family Physicians of Canada (the “College”) and The College of Family Physicians of Canada – Employees’ Pension Plan (the “Pension Plan”) (collectively referred to as the “Organizations”) as at, and for the year ended, December 31, 2013, in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”).

This report summarizes our findings from the audits. Our audits were conducted in accordance with the Audit Service Plan dated January 15, 2014.

Use of our report

This report is intended solely for the information and use of the Finance and Audit Committee (the “Committee”), management and others within the Organizations and is not intended to, and should not, be used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from the officers and employees of the Organizations with whom we worked to discharge our responsibilities.

We look forward to discussing this report with you and to answering any questions which you may have.

Yours truly,

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

Table of Contents

Audit findings.....	1
Audit risks.....	2
Internal control matters	4
Accounting practices, judgments and estimates.....	5
Audit scope matters	6

Appendices

Appendix 1 – Audit adjustment

Appendix 2 – Management letter comment

Appendix 3 – Independence letter

Appendix 4 – Communication requirements

Appendix 5 – Draft management representation letter – College

Appendix 6 – Draft management representation letter – Pension Plan

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Audit findings

This report summarizes the main findings arising from our audits.

Status of our audits	<p>We expect to be in a position to render our Independent Auditor's Reports on the financial statements of the College and Pension Plan following approval of the financial statements by the Board of Directors (the "Board") and the completion of the following outstanding procedures:</p> <ul style="list-style-type: none">• Receipt of signed management representation letters;• Performance of our subsequent events procedures; and• Completion of the Engagement Quality Control review.
Going Concern	<p>Management has completed its assessment of the ability of the Organizations to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Organizations' ability to continue as a going concern. We agree with management's assessment.</p>
Internal control	<p>Internal control matters are discussed in greater detail on page 4 of this report.</p>
Misstatements	<p>In accordance with Canadian GAAS, we request that all misstatements greater than 5% of materiality be corrected.</p> <p>Uncorrected and corrected misstatements are summarized in Appendix 1.</p>
Unadjusted disclosure deficiencies	<p>In accordance with Canadian GAAS, we request that all disclosure deficiencies be corrected.</p> <p>Please refer to Appendix 1 for a disclosure deficiency noted during the audit.</p>
Other matters	<p>During the year, management realized 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. Please refer to Note 13 to the College's financial statements for further details.</p>
Conclusion	<p>In accordance with Canadian GAAS, our audits were designed to enable us to express an opinion on the fairness of the presentation of the College's financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPOs") and the Pension Plan's financial statements prepared in accordance with Canadian accounting standards for pension plans ("ASPPs").</p> <p>No restrictions have been placed on the scope of our audits. In performing the audits, we were given full and complete access to the accounting records, supporting documentation and other information requested.</p> <p>We intend to issue our Independent Auditor's Reports on the financial statements of the Organizations for the year ended December 31, 2013 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Board.</p>

Audit risks

Our audit plan identified certain areas that we refer to as areas of audit risk. There have been no changes to these risk areas nor have any additional risk areas been identified since our previous communication. The results of our audit work on these risk areas are set out below

Areas of audit risk	Our audit response	Our conclusion
The College of Family Physicians of Canada		
Investments Description: Verify existence, appropriateness of disclosures and recording of restrictions	<ul style="list-style-type: none"> Obtain third party confirmation; Ensure disclosure in the financial statements is consistent with maturity dates of investments and in accordance with ASNPOs; and Ensure recording of restrictions is appropriate. 	Satisfactory.
Accounts payable and accrued liabilities Description: Cut-off and reasonableness of estimates	<ul style="list-style-type: none"> Test disbursements subsequent to year-end to determine the reasonableness of accounts payable and accrued liabilities; Test the supporting assumptions for accruals; and Compare amounts which were subject to estimates last year to the actual amounts and assess the reasonableness of the underlying assumptions. 	Satisfactory.
Employee future benefits and employee future non-pension benefits Description: Valuation and appropriateness of disclosures	<ul style="list-style-type: none"> Agree accrued post-retirement benefits and related expense to the actuary report; Review assumption used in determining the post-retirements benefits amount; Ensure the disclosure in the financial statements is adequate; and Ensure that the actuary is in good standing with the Canadian Institute of Actuaries. 	Satisfactory. Refer to Note 13 to the College's financial statements for restatement.
Deferred revenue*/Membership revenue* Description: Completeness of revenue and cut-off	<ul style="list-style-type: none"> Recalculate amount of membership revenue during the year; and Review membership monies received during the year and determine if the amount should be recorded as revenue or deferred revenue. 	Satisfactory.
Related Party Transactions Description: Appropriateness of disclosures	<ul style="list-style-type: none"> Evaluate the disclosures of related party amounts. 	Satisfactory.

Areas of audit risk	Our audit response	Our conclusion
<p>Management override of controls*</p> <p>Description: Management override of controls is a presumed area of significant risk in a financial statement audit due to managements ability to override controls that otherwise appear to be operating effectively</p>	<ul style="list-style-type: none"> • On a sample basis, test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statement; • Obtain an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the College and its environment; • Review accounting estimates for bias and evaluate whether the circumstance producing the bias, if any, represent a risk of material misstatement; • In addition, experienced Deloitte personnel are assigned to the testing and review of journal entries and areas of estimate; and • Professional skepticism will be maintained throughout the audit. 	Satisfactory.
<p>The College of Family Physicians of Canada – Employees' Pension Plan</p>		
<p>Investments</p> <p>Description: Verify existence and appropriateness of disclosures</p>	<ul style="list-style-type: none"> • Obtain third party confirmation; and • Ensure disclosure in the financial statements in consistent with the maturity dates of investments and in accordance with ASPPs. 	Satisfactory.
<p>Related Party Transactions</p> <p>Description: Appropriateness of disclosures</p>	<ul style="list-style-type: none"> • Evaluate the disclosures of related party amounts. 	Satisfactory.
<p>Management override of controls*</p> <p>Description: Management override of controls is a presumed area of significant risk in a financial</p>	<ul style="list-style-type: none"> • On a sample basis, test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statement; • Obtain an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the Pension Plan and its environment.; • Review accounting estimates for bias and evaluate whether the circumstance producing the bias, if any, represent a risk of material misstatement; • In addition, experienced Deloitte personnel are assigned to the testing and review of journal entries and areas of estimate; • Professional skepticism will be maintained throughout the audit. 	Satisfactory.

*Identified as an area of significant risk.

Internal control matters

As part of our financial statement audits, we are required to consider many components of internal controls, which assist us in determining the risks of material misstatement and the identification of internal controls that will be relevant for our audit. Not all controls are relevant to every audit. For those controls deemed relevant to our audits, we evaluated the design of these controls and determined whether they were implemented.

Canadian GAAS requires us to report to the Committee any significant deficiencies or material weaknesses that have come to our attention. We did not identify any significant deficiencies in the audits that have a material or significant impact on the financial statements. As noted in Appendix 2, we have identified a minor deficiency in internal control that we have discussed with management.

Our audits were not designed to provide a high degree of assurance that significant deficiencies and material weaknesses, if any, would be detected.

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Accounting practices, judgments and estimates

The accounting policies described below are those that are most important to the portrayal of the Organizations' financial positions and financial performances.

During the course of our audits of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

Changes in accounting policies

During the year ended December 31, 2013, there were no significant changes in previously adopted accounting policies, or in their application at the Organizations. The College decreased the threshold for capitalization of movable and fixed equipment from \$3,000 to \$1,000. As a result of this prospective change in estimate, amortization expense was \$3,078 higher than it would have been under the previous threshold.

Significant accounting policies

In our judgment, the significant accounting practices and policies selected and applied by management are, in all material respects, acceptable under ASNPOs and ASPPs and are appropriate to the particular circumstances of the Organizations.

Management judgment and accounting estimates

In our judgment, the significant accounting estimates made by management are, in all material respects, free of possible management bias and of material misstatement. The disclosure in the financial statements with respect to estimation uncertainty is in accordance with ASNPOs and ASPPs and is appropriate to the particular circumstances of the Organizations.

Balances which are subject to some degree of estimation include:

	2013	2012
	\$	\$
Accrued liabilities	488,358	1,220,128
Deferred revenue	11,412,212	9,761,238
Employee future benefits	226,474	892,774
Amortization expense	960,314	702,635

Audit scope matters

Canadian GAAS require that we communicate with the Committee on the following matters:

Audit strategy and scope	Refer to our engagement letter dated January 15, 2014.
Materiality	Materiality levels were determined on the basis of revenue for the College and net assets available for benefits for the Pension Plan.
Significant difficulties encountered in performing the audits	We did not encounter any significant difficulties while performing the audits. There were no significant delays in receiving information from management required for the audits, nor was there an unnecessarily brief timetable in which to complete the audits.
Changes to the audit service plan	We did not make any significant amendments to the audit scope and audit approach that was communicated in the audit service plan.
Related party transactions	We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
Management judgment and accounting estimates	Areas of significant management judgment and accounting estimates in the application of accounting policies are disclosed in Note 2 to the financial statements of the Organizations.
Disagreements with management	During the course of our audits, we did not have any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
Consultation with other accountants	Management has informed us that the Organizations have not consulted with other accountants about any auditing or accounting matters.
Legal and regulatory compliance	Our limited procedures did not identify any areas of material non-compliance with the laws and regulations by the Organizations.
Post-balance sheet events	None noted.
Management representation letter	Draft versions of the management representation letters to be signed by management are included in Appendices 5 and 6.
Independence	We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level. You have requested that we report all relationships and other relevant matters that, in our professional judgment, may reasonably be thought to bear on our independence and have confirmed our independence to the Committee for the year ended December 31, 2013 in the letter included as Appendix 3.
Quality control	Our firm's quality control process embraces each of the elements identified in the Chartered Professional Accountants of Canada ("CPA Canada") Handbook sections covering Canadian standards of quality control for firms that perform audits and reviews of financial statements and other assurance engagements.
Communications	As part of our audit service plan, we committed to communicate certain matters to the Committee on a regular basis, or as specified events occur. A summary of our communications is provided in Appendix 4.

Appendices

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Appendix 1 – Audit adjustment

Corrected adjustments

	Debit	Credit
	\$	\$
Accounts receivable	122,345	
Cash		122,345
To reverse cheques received after year-end but recorded as at December 31, 2013.		

Uncorrected adjustments

There were no uncorrected adjustments.

Disclosure deficiency

The Pension Plan's financial statements are deficient in the context of ASPPs as a sensitivity analysis for each of the risks identified in Note 5 – Risk management, has not been included in the financial statements. Management believes that the current disclosure (instead of the sensitivity analysis) in the financial statements is appropriate.

Appendix 2 – Management letter comment

Additive items in bank reconciliations (carried forward from prior year)

Observation:

During our testing of the College's cash balances, we noted that cheques which have been received after year-end were recorded as deposits in transit resulting in cash being overstated and accounts receivable being understated.

Recommendation:

We recommend that cheques received after year end are not recorded in the financial statements as cash but as an account receivable.

Management response:

This has been rectified and staff has been instructed to properly record such cheques in future.

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Appendix 3 – Independence letter

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August 14, 2014

Members of the Finance and Audit Committee
The College of Family Physicians of Canada
2630 Skymark Avenue
Mississauga ON L4W 5A4

Dear Finance and Audit Committee Members:

We have been engaged to audit the financial statements of The College of Family Physicians of Canada and The College of Family Physicians of Canada – Employees' Pension Plan (collectively referred to as the "Organizations") for the year ended December 31, 2013.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Organizations, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial institute / ordre and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since July 18, 2013, the date of our last letter.

We are not aware of any relationships between the Organizations and our Firm, including any network firms that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from July 18, 2013 to August 14, 2014.

We are also the auditors of The Research and Education Foundation of The College of Family Physicians of Canada.

We did not provide any non-assurance services during the above-noted period.

We hereby confirm that we are independent with respect to the Organizations within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario as of August 14, 2014.

This report is intended solely for the use of the Finance and Audit Committee, the Board of Directors, management, and others within the Organizations and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

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Appendix 4 – Communication requirements

As indicated in our audit service plan, we committed to communicate certain items to the Committee on a regular basis, or as specified events occur. These items are summarized below.

Required communication	Refer to this report or document described below
1. Our responsibilities under Canadian GAAS	See Engagement letter dated January 15, 2014.
2. Matters related to going concern.	None noted.
3. Our audit strategy and scope	Audit service plan dated January 15, 2014 .
4. Management judgment and accounting estimates	Refer to page 5 of this report.
5. Financial statements adjustments	Refer to Appendix 1.
6. Uncorrected misstatements and disclosure deficiencies	Refer to Appendix 1.
7. Significant accounting policies	Refer to page 5 of this report and Note 2 to the financial statements.
8. Critical accounting policies and practices	Refer to page 5.
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	Refer to page 5 of this report.
10. Our views about significant qualitative aspects of the Organizations' accounting practices, including accounting policies, accounting estimates and financial statement disclosures	Refer to page 5 of this report.
11. Our responsibility for other information in documents containing audited financial statements, any procedures performed, and the results	Not applicable.
12. Disagreements with management	None.
13. Our views about significant matters that were the subject of consultation with other accountants	None.
14. Significant difficulties, if any, encountered dealing with management related to the performance of the audits	None.
15. Significant deficiencies in internal control, if any, identified by us during the conduct of the audits of the financial statements	None noted.
16. Material written communications between management and us	Engagement letter dated January 15, 2014, and management representation letters – Appendices 5 and 6 of this report.
17. All relationships between the Organizations and us that, in our professional judgment, may reasonably be thought to bear on independence	Independence letter – Appendix 3.

Required communication	Refer to this report or document described below
18. A statement that, in our judgment, our engagement team and others in our firm as appropriate, our firm itself and, when applicable, network firms have complied with relevant ethical requirements regarding independence	Independence letter – Appendix 3.
19. Illegal or possible illegal acts	None noted.
20. Fraud or possible fraud identified through the audit process	None noted.
21. Significant transactions inconsistent with normal course of business, including related party transactions	None noted.
22. Non-compliance with laws and regulations that come to our attention	None noted.
23. Limitations placed on our scope	None.
24. Written representations we are requesting	Management representation letters – Appendices 5 and 6.

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Appendix 5 – Draft management representation letter – College

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[Date]

Private and confidential

Deloitte LLP
Chartered Professional Accountants, Chartered Accountants
5140 Yonge Street, Suite 1700
Toronto ON M2N 6L7

Subject: Financial statements for the year ended December 31, 2013

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the financial statements of The College of Family Physicians of Canada (the “College” or “we” or “us”) for the year ended December 31, 2013 and a summary of significant accounting policies and other explanatory information (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the College in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPOs”).

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the College and Deloitte dated January 15, 2014 for the preparation of the Financial Statements in accordance with ASNPOs. In particular, the Financial Statements are fairly presented, in all material respects, and present 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 ASNPOs.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with ASNPOs, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with ASNPOs. The College has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with ASNPOs and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the College. No events have occurred subsequent to December 31, 2013 that require adjustment to the estimates and disclosures included in the Financial Statements.

There were no changes in management's method of determining significant estimates in the current year.

Financial statements (continued)

3. All related party relationships and transactions, including associated amounts receivable and payable, have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of ASNPOs.
4. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected, all final adjusting journal entries have been reflected in the Financial Statements and the Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2013 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which ASNPOs requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions..
7. The College has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Information provided

8. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters. All financial statements and other financial information provided to you accurately reflect the activities and expenses of the College and do not reflect any activities or expenses of any other person or entity;
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
 - c. Unrestricted access to persons within the College from whom you determined it necessary to obtain audit evidence.
9. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
10. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
11. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the College and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
12. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the College's Financial Statements and all knowledge of concerns or allegations of potential errors in the selection of accounting policies or the recording of transactions affecting the College that have been communicated by employees, former employees, or others, whether written or oral.
13. We have disclosed to you all communications from regulatory agencies and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.

Information provided (continued)

14. We have disclosed to you the identity of the College's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
15. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
16. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with ASNPOs.
17. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
18. We have disclosed to you, and the College has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements.

Independence matters

For purposes of the following paragraph, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

19. Prior to the College having any substantive employment conversations with a former or current Deloitte engagement team member the College has held discussions with Deloitte and obtained approval from Finance and Audit Committee.

Deficiencies in internal control

20. We have communicated to you all deficiencies in internal control of which we are aware. We have disclosed to you any change in the College's internal control over financial reporting that occurred during the current year that has materially affected, or is reasonably likely to materially affect, the College's internal control over financial reporting.

Various matters

21. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
 - a. Economic dependence on another party;
 - b. Losses arising from purchase commitments;
 - c. Losses arising from onerous contracts;
 - d. Agreements to buy back assets previously sold;
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements.

Accounting policies

22. The accounting policies selected and the application of those policies are appropriate.

Yours truly,

The College of Family Physicians of Canada

Signature

Name

Title

Signature

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Title

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Appendix 6 – Draft management representation letter – Pension Plan

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[Client letterhead]

[Date]

Private and confidential

Deloitte LLP
Chartered Professional Accountants, Chartered Accountants
5140 Yonge Street, Suite 1700
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Subject: Financial statements of The College of Family Physicians of Canada – Employees’ Pension Plan for the year ended December 31, 2013

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the financial statements of The College of Family Physicians of Canada – Employees’ Pension Plan (the “Pension Fund” or “we” or “us”), which comprise the statement of net assets available for benefits as at December 31, 2013 and the statement of changes in net assets available for benefits for the year then ended, and a summary of significant accounting policies and other explanatory information (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the statement of net assets available for benefits and the statement of changes in net assets available for benefits of the Plan based on the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act (Ontario) (“the special purpose framework”).

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Plan and Deloitte dated January 15, 2014 for the preparation of the Financial Statements in accordance with the special purpose framework.

In particular, the Financial Statements are fairly presented, in all material respects, and present the net assets available for benefits of the Pension Fund as at December 31, 2013 and the changes in net assets available for benefits for the year then ended in accordance with the special purpose framework.

2. The Financial Statements have been prepared for the Financial Services Commission of Ontario using the basis of accounting described in Note 2 to the Financial Statements for the purpose of compliance with Section 76 of Regulation 909 of the Pension Benefits Act (Ontario). The Financial Statements are not intended to meet the common information needs of external users and therefore are not general purpose financial statements.
3. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

Financial statements (continued)

In preparing the Financial Statements in accordance with the special purpose framework, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with the special purpose framework. The Pension Fund has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with the special purpose framework and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Pension Fund. No events have occurred subsequent to December 31, 2013 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

4. All related party relationships and transactions, including associated amounts receivable and payable, have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of the special purpose framework.
5. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected, all final adjusting journal entries have been reflected in the Financial Statements and the Financial Statements have been approved in accordance with our process to finalize financial statements.
6. We have completed our review of events after December 31, 2013 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which the special purpose framework requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
7. The Financial Statements are free of material errors and omissions. As a result of our evaluation process, we identified certain disclosures that, although required by the special purpose framework, have been omitted from our Financial Statements. Those omitted disclosures that are more than inconsequential are attached as Appendix A. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the Financial Statements as a whole.
8. The Pension Fund has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Information provided

9. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters. All financial statements and other financial information provided to you accurately reflect the activities and expenses of the Pension Fund and do not reflect any activities or expenses of any other person or entity;
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and

- c. Unrestricted access to persons within the Pension Fund from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Pension Fund and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Pension Fund's Financial Statements and all knowledge of concerns or allegations of potential errors in the selection of accounting policies or the recording of transactions affecting the Pension Fund that have been communicated by employees, former employees, analysts, regulators, or others, whether written or oral.
14. We have disclosed to you all communications from regulatory agencies and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
15. We have disclosed to you the identity of the Pension Fund's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.
16. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
17. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with the special purpose framework.
18. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
19. We have disclosed to you, and the Pension Fund has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance.

Independence matters

For purposes of the following paragraph, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

20. Prior to the Pension Fund having any substantive employment conversations with a former or current Deloitte engagement team member the Pension Fund has held discussions with Deloitte and obtained approval from Financial and Audit Committee.

Investment portfolio

21. The Fund has properly recorded and disclosed all investment assets and investment liabilities at fair value as of December 31, 2013.
22. The Fund has complied with all aspects of its Statement of Investment Policy and Procedures (the "SIPP") and regulatory requirements.

Investments

23. All investments have been properly recorded at fair value and any change in fair value has been accounted for as unrealized gain or loss in the statement of changes in net assets available for benefits.
24. The Fund does not hold any investments in Master Asset Vehicle notes (which replaced third-party non-bank asset-backed commercial paper).

Fair value

25. All investment assets and liabilities have been measured at fair value as of December 31, 2013 in accordance with the guidance on fair value measurement in CPA Canada Handbook Part I – International Financial Reporting Standards (“IFRS” or “Part I”).
26. All financial instruments have been measured at fair value at December 31, 2013. Fair value has been estimated using quoted market prices if the instrument trades in an active market, as set out in Part I. Where the instrument is not traded in an active market, the Fund has used valuation techniques that it believes are most appropriate for valuing such instruments. We believe our valuation techniques make maximum use of inputs observed from markets. We have identified and disclosed in the notes to the Financial Statements all significant assumptions used in determining fair value.
27. The Fund has provided the following information about its investment portfolio:
 - a. for those investments that are financial instruments:
 - i. the disclosures required by IFRS 13, Financial Instruments: Disclosures in Part I of the CPA Canada Handbook; and
 - ii. the fair value disclosures required by the CPA Canada Handbook Section 4600, Pension Plans -Appendix; and
 - b. for all other investments, a description of how fair values have been determined.
28. The Fund has properly disclosed for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. The Fund has classified its fair value measurements in accordance with Accounting Standards for Pension Plans (“ASPP”) using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. All fair value measurements for each class of financial instruments have been properly disclosed in the Financial Statements in accordance with ASPP.

Investment income

29. All investment income has been properly recorded and disclosed in accordance with ASPP.

Disclosures

30. We have adequately disclosed the following in the notes to the Financial Statements:
 - a. the funding policy and any changes in funding policy during the period;
 - b. the amounts and types of investments in the Fund sponsor or in related parties of the Fund sponsor; and
 - c. transactions between the Fund and the Fund sponsor, and any other related party transactions of the Fund.
31. The Financial Statements have been prepared and presented including all required disclosures, in accordance with ASPP (the basis of accounting described in Note 2 to the Financial Statements) as well as the financial reporting provisions of Regulation 909, Section 76 of the Pension Benefits Act (Ontario).
32. The Fund has disclosed sufficient information to enable users to evaluate the Fund’s objectives, policies and processes for managing capital in accordance with the requirements of CPA Canada Handbook Part I.

Accounting policies

- 33. Where accounting policies do not relate to the investment portfolio or pension obligations, we have appropriately and consistently applied accounting standards for private enterprises in Part II of the CPA Canada Handbook, to the extent that those standards do not conflict with the requirements of ASPP.
- 34. The accounting policies selected and application of those policies are appropriate.
- 35. The Fund's accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2012.

Yours truly,
The College of Family Physicians of Canada – Employees' Pension Plan

Signature

Name

Title

Signature

Name

Title

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Appendix A

The College of Family Physicians of Canada – Employees’ Pension Plan

Summary of disclosure items passed
Year ended December 31, 2013

The Pension Plan’s financial statements are deficient in the context of ASPPs as a sensitivity analysis for each of the risks identified in Note 5 – Risk management, has not been included in the financial statements. Management believes that the current disclosure (instead of the sensitivity analysis) in the financial statements is appropriate.

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