

**ALBERTA COLLEGE OF FAMILY PHYSICIANS OF
CANADA - A CHAPTER OF THE COLLEGE OF
FAMILY PHYSICIANS OF CANADA**
Financial Statements
Year Ended December 31, 2022

**ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A
CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA**

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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta College of Family Physicians of Canada - A Chapter of the College of Family Physicians of Canada

Opinion

We have audited the financial statements of Alberta College of Family Physicians of Canada - A Chapter of the College of Family Physicians of Canada (the College), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets 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 respects, the financial position of the College as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the College in accordance with 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.

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.

Auditor's 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 auditor's 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.

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THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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 auditor's 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 auditor's 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.

RSM Canada LLP

Edmonton, Alberta
February 22, 2023

Chartered Professional Accountants

ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA

Statement of Financial Position

December 31, 2022

| | 2022 | 2021 |
|--|--------------|--------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents <i>(Note 3)</i> | \$ 1,732,943 | \$ 1,718,722 |
| Accounts receivable <i>(Note 4)</i> | 501,834 | 649,235 |
| Prepaid expenses | 31,403 | 17,754 |
| | 2,266,180 | 2,385,711 |
| TANGIBLE CAPITAL ASSETS <i>(Note 5)</i> | 17,513 | 22,211 |
| | \$ 2,283,693 | \$ 2,407,922 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 166,640 | \$ 85,198 |
| Goods and services tax payable | 6,904 | 822 |
| Deferred revenue <i>(Note 6)</i> | 705,409 | 702,238 |
| | 878,953 | 788,258 |
| EMPLOYEE FUTURE BENEFITS OBLIGATION <i>(Note 10)</i> | 168,600 | 172,200 |
| | 1,047,553 | 960,458 |
| NET ASSETS | | |
| Unrestricted operating fund | 427,383 | 647,339 |
| Internally restricted fund <i>(Note 3)</i> | 791,244 | 777,914 |
| Invested in tangible capital assets | 17,513 | 22,211 |
| | 1,236,140 | 1,447,464 |
| | \$ 2,283,693 | \$ 2,407,922 |

CONTINGENCY *(Note 8)*

COMMITMENTS *(Note 9)*

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA

Statement of Operations

Year Ended December 31, 2022

| | 2022 | 2021 |
|--|---------------------|-------------------|
| REVENUES | | |
| Membership fees <i>(Note 7)</i> | \$ 1,278,401 | \$ 1,396,897 |
| Substance Use and Addictions Program | 651,070 | 540,410 |
| Family Medicine Summit | 91,737 | 147,444 |
| Continuing medical education | 43,000 | 35,700 |
| Special projects | 33,145 | 10,720 |
| Interest | 23,530 | 1,486 |
| Other grants <i>(Note 7)</i> | 23,235 | 69,839 |
| Evidence Based Programs <i>(Note 7)</i> | 9,120 | 16,986 |
| Evidence Based Medical Conference | - | 230,237 |
| Education Outreach | - | 10,220 |
| Share of FMF Surplus from National | - | 11,365 |
| | 2,153,238 | 2,471,304 |
| EXPENSES | | |
| Substance Use and Addictions program | 651,070 | 540,410 |
| Salaries and wages | 626,817 | 647,399 |
| Family Medicine Summit | 184,137 | 167,295 |
| Evidence Based Programs | 149,068 | 190,384 |
| Professional fees | 127,852 | 47,046 |
| Board expenses | 115,471 | 98,523 |
| Office and telephone | 100,322 | 74,685 |
| Special Projects | 80,867 | 135,412 |
| Rent and occupancy costs | 76,380 | 70,248 |
| Research and Innovation Initiatives | 64,641 | 53,583 |
| Education Outreach | 53,740 | 64,288 |
| Other events | 36,740 | 1,626 |
| Early Career Support | 26,656 | 19,414 |
| Travel | 25,687 | 7,458 |
| Public relations | 18,279 | 46,331 |
| Goods and services tax | 16,308 | 11,696 |
| Amortization | 7,505 | 9,519 |
| Operational Committees | 3,022 | 3,235 |
| Evidence Based Medical Conference | - | 115,583 |
| | 2,364,562 | 2,304,135 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ (211,324) | \$ 167,169 |

See notes to financial statements

**ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A
CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA**

Statement of Changes in Net Assets

Year Ended December 31, 2022

| | Unrestricted Operating Fund | Internally Restricted Fund | Invested in Tangible Capital Assets | 2022 | 2021 |
|---|--------------------------------|----------------------------------|---|---------------------|--------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 647,339 | \$ 777,914 | \$ 22,211 | \$ 1,447,464 | \$ 1,280,295 |
| Excess (deficiency) of revenues over expenses | (217,149) | 13,330 | (7,505) | (211,324) | 167,169 |
| Interfund transfers | (2,807) | - | 2,807 | - | - |
| NET ASSETS - END OF YEAR | \$ 427,383 | \$ 791,244 | \$ 17,513 | \$ 1,236,140 | \$ 1,447,464 |

**ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A
CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA**

Statement of Cash Flows

Year Ended December 31, 2022

| | 2022 | 2021 |
|--|---------------------|---------------------|
| CASH PROVIDED BY (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ (211,324) | \$ 167,169 |
| Items not affecting cash: | | |
| Amortization | 7,505 | 9,519 |
| Employee future benefits obligation (Note 10) | (3,600) | 31,761 |
| | (207,419) | 208,449 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 147,401 | (334,548) |
| Prepaid expenses | (13,649) | 581 |
| Accounts payable and accrued liabilities | 81,442 | (35,121) |
| Goods and services tax payable | 6,082 | (2,785) |
| Deferred revenue | 3,171 | 288,208 |
| | 224,447 | (83,665) |
| | 17,028 | 124,784 |
| INVESTING ACTIVITY | | |
| Purchase of tangible capital assets | (2,807) | (7,858) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 14,221 | 116,926 |
| Cash and cash equivalents - beginning of year | 1,718,722 | 1,601,796 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 1,732,943 | \$ 1,718,722 |

See notes to financial statements

ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA

Notes to Financial Statements

Year Ended December 31, 2022

1. PURPOSE OF THE COLLEGE

The College of Family Physicians of Canada was founded nationally in 1954 and was incorporated in 1960 by a special act of Parliament. In 1968, the College was granted letters patent under the Canadian Corporations Act. The College, along with its provincial chapters, acts to sustain and improve the professional qualifications of members of the medical profession who are engaged in general practice in Canada through education, research and publication of journals. The College and its provincial chapter are non-profit organizations and are exempt from income tax.

On January 9, 1997, Alberta College of Family Physicians of Canada - A Chapter of the College of Family Physicians of Canada was incorporated under the Societies Act of Alberta. On November 27, 2002, the Chapter changed its name to Alberta College of Family Physicians of Canada - A Chapter of the College of Family Physicians of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

Alberta College of Family Physicians of Canada - A Chapter of the College of Family Physicians of Canada (the "College") prepares the financial statements in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada. For financial reporting purposes, the statement of financial position, the statement of operations, and the statement of cash flows combine the funds.

The College's funds are as follows:

1. Unrestricted operating fund:

This fund accounts for the revenue and expenses of the general operations of the College.

2. Internally restricted fund:

This fund was established by resolution of the Board of Directors for future operating contingencies. The fund balance increased by the amount of interest earned on the fund in the year.

3. Invested in tangible capital assets:

This fund accounts for the revenue and expenses related to the purchase and disposal of tangible capital assets.

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ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA

Notes to Financial Statements

Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The College uses the deferral method of accounting for contributions. Restricted contributions are recognized when related expenses are incurred.

Annual memberships are collected at July 1st of each year. Membership revenue is recognized over the twelve month period which the membership fees cover.

Continuing medical education fees, ethical review fees, program fees and other revenue are recognized as revenue when the course, review or event has occurred.

Amounts received and paid relating to the Family Medicine Summit are deferred and recognized as revenue and expenses in the fiscal year in which the Summit is held.

Interest revenue is recorded when earned.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, guaranteed investment certificates and money market funds that readily convert into cash.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

| | | |
|--------------------------------|-----|-------------------|
| Computer hardware | 30% | declining balance |
| Office furniture and equipment | 30% | declining balance |

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of the tangible capital asset is recorded as an expense in the statement of operations. A write-down shall not be reversed.

Employee future benefits obligation

The cost of pension and other post-retirement benefits earned by employees is actuarially determined using a recently completed actuarial valuation prepared for funding purposes (but not one prepared using a solvency, wind-up, or similar valuation basis) for measuring its defined benefit plan obligations. A funding valuation is prepared in accordance with pension legislation and regulation, generally to determine required cash contributions to the plan.

The College recognizes:

1. The defined benefit obligation, net of the fair value of any plan assets, adjusted for any valuation allowance, in the Statement of Financial Position; and
2. The cost of the plan for the year.

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ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA

Notes to Financial Statements

Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Measurement of Financial Instruments

Financial instruments are financial assets or liabilities of the College where, in general, the College has the right to receive cash or another financial asset from another party or the College has the obligation to pay another party cash or other financial assets.

The College initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The College subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates included in the financial statements is employee future benefit obligations. Actual results could differ from these estimates.

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Notes to Financial Statements

Year Ended December 31, 2022

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

| | 2022 | 2021 |
|--|---------------------|--------------|
| <u>Operating funds:</u> | | |
| Operating cash | \$ 656,170 | \$ 660,125 |
| Corporate tiered investment savings account | 280,272 | 275,426 |
| Guaranteed investment certificate - interest rate at 3.35% per annum, redeemable and matures on December 7, 2023 | 5,257 | 5,257 |
| | 941,699 | 940,808 |
| <u>Restricted funds:</u> | | |
| Corporate tiered investment savings account | 202,255 | 577,714 |
| Guaranteed investment certificate- interest rate at 1.67% per annum, matures on Feb 22, 2023 | 202,864 | 200,200 |
| Guaranteed investment certificate- interest rate at 3.54% per annum, matures on June 9, 2023 | 386,125 | - |
| | 791,244 | 777,914 |
| | \$ 1,732,943 | \$ 1,718,722 |

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of:

| | 2022 | 2021 |
|--|-------------------|------------|
| Membership fees from College of Family Physicians of Canada | \$ 289,413 | \$ 445,987 |
| Grant receivable | 166,346 | 192,561 |
| Other receivable | 46,075 | 10,687 |
| | \$ 501,834 | \$ 649,235 |

5. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|--------------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Computer hardware | \$ 72,398 | \$ 57,393 | \$ 15,005 | \$ 18,629 |
| Office furniture and equipment | 58,078 | 55,570 | 2,508 | 3,582 |
| | \$ 130,476 | \$ 112,963 | \$ 17,513 | \$ 22,211 |

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Notes to Financial Statements

Year Ended December 31, 2022

6. DEFERRED REVENUE

Deferred revenue represents amounts received for which the specific expenditures have not been incurred. The amounts will be recognized as revenue when the specific expenditures are incurred.

| | Balance - Beginning of Year | Revenue Recognized During the Year | Contributions Received During the Year | Balance - End of Year |
|--|-----------------------------------|--|--|--------------------------|
| Membership fees | \$ 673,542 | \$ (673,542) | \$ 599,992 | \$ 599,992 |
| Family Medicine Summit | 16,160 | (16,160) | 77,937 | 77,937 |
| College of Family Physicians of Canada transfer payment | 12,536 | (12,536) | 21,400 | 21,400 |
| Evidence Based Programs | - | (9,120) | 15,200 | 6,080 |
| | \$ 702,238 | \$ (711,358) | \$ 714,529 | \$ 705,409 |

7. RELATED PARTY TRANSACTIONS

During the year, the College recorded revenue from its national organization, College of Family Physicians of Canada, for membership fees of \$1,278,401 (2021 - \$1,396,897), other grants of \$23,235 (2021 - \$69,839) and revenues related to the evidence based programs of \$9,120 (2021 - \$nil). Of the membership fees, \$289,413 (2021 - \$445,987) was outstanding at year end and is recorded in accounts receivable.

During the year, the College provided funding to its national organization for the KET Initiative of \$125,000 (2021 – \$125,000).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. CONTINGENCY

The College has a policy to fund short-term sick leave. Employees are eligible for short-term sick leave where employees require more than three days of leave due to illness or injury. Employees accrue sick leave monthly up to a maximum of 75 days for full-time employees and 60 days for 0.8 full-time equivalent employees.

The sick leave banks but does not vest. At December 31, 2022, the College has calculated the potential sick leave liability to be \$159,174 (2021 - \$132,430). The College will record the sick leave expense in the year any employee becomes eligible for payment under the policy.

ALBERTA COLLEGE OF FAMILY PHYSICIANS OF CANADA - A CHAPTER OF THE COLLEGE OF FAMILY PHYSICIANS OF CANADA

Notes to Financial Statements

Year Ended December 31, 2022

9. COMMITMENTS

The College is committed under an operating lease for the office rent, multi-functional telecommunications device and software license.

Future minimum lease payments are as follows:

| | | |
|------------|----|----------------|
| 2023 | \$ | 50,321 |
| 2024 | | 42,300 |
| 2025 | | 42,300 |
| 2026 | | 41,005 |
| 2027 | | 42,522 |
| Thereafter | | <u>38,841</u> |
| | \$ | <u>257,289</u> |

10. COLLEGE OF FAMILY PHYSICIANS PENSION PLAN

Certain retired (or former) employees of the College participate in the College of Family Physicians of Canada pension plan. It is financed by employer and employee contributions and investment earnings of the pension fund.

The Alberta College of Family Physicians of Canada is required to make current service contributions to the plan of 3.5% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings of 5% of the excess.

The total unfunded liability for the pension plan was determined by an actuarial valuation and allocated to the participating employers.

The Alberta College of Family Physicians recorded the following pension liability:

| | 2022 | 2021 |
|----------------------------|-------------------|-------------------|
| Accrued benefit obligation | \$ 307,200 | \$ 310,800 |
| Fair value of assets | (138,600) | (138,600) |
| | <u>\$ 168,600</u> | <u>\$ 172,200</u> |

The pension expense recognized for the year ended December 31, 2022 was \$3,600 (2021 - \$31,761) and was included in salaries and wages on the statement of operations.

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Notes to Financial Statements

Year Ended December 31, 2022

11. FINANCIAL INSTRUMENTS

The College is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the College's risk exposure and concentration as of December 31, 2022.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The College is exposed to credit risk on accounts receivable as approximately 58% (2021 - 69%) is owing from the national organization as indicated in Note 7. However, the credit risk is low due to the credit worthiness of the counterparty. The College is also exposed to credit risk on its cash and cash equivalents, but mitigates this risk by depositing the amounts with major financial institutions.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The College is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, and accounts payable and accrued liabilities.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the College manages exposure through its normal operating and financing activities. The College is exposed to interest rate risk primarily through its guaranteed investment certificates.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.