
Financial statements of
The College of Family
Physicians of Canada

February 28, 2023

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Independent Auditor's Report

To the Members of
The College of Family Physicians of Canada

Opinion

We have audited the financial statements of The College of Family Physicians of Canada (the "College"), which comprise the statement of financial position as at February 28, 2023 and the statement of revenue and expenses, changes in members' equity and cash flows for the 9 months then ended, and a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at February 28, 2023, and the results of its operations and its cash flows for the 9 months then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
October 5, 2023

The College of Family Physicians of Canada

Statement of financial position

As at February 28, 2023

	Notes	As at February 28, 2023 \$	As at May 31, 2022 \$
Assets			
Current assets			
Cash		11,675,079	7,984,419
Restricted cash	2	102,619	98,227
Short-term investments		7,000,000	2,500,000
Accounts receivable	12	961,358	805,492
Prepaid expenses and other current assets		964,769	1,795,640
		20,703,825	13,183,778
Long-term investments	3	30,595,796	30,293,390
Capital assets	4	6,383,947	5,497,195
		57,683,568	48,974,363
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	4,089,728	4,537,340
Funds held for external projects	2	102,619	98,227
Deferred revenue	5	19,719,083	4,745,743
		23,911,430	9,381,310
Employee future benefits and employee future non-pension benefits	6	2,913,900	3,104,000
		26,825,330	12,485,310
Members' equity			
Reserve fund	8	30,858,238	36,489,053
		57,683,568	48,974,363

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

The College of Family Physicians of Canada

Statement of revenue and expenses

Year ended February 28, 2023

	9 months ended February 28, 2023			Year ended May 31, 2022		
	Revenue	Expenses	Net	Revenue	Expenses	Net
	\$	\$	\$	\$	\$	\$
Membership revenue	19,276,168	—	19,276,168	25,386,287	—	25,386,287
Programs NOT supported through member fees						
Family Medicine Forum	3,036,332	4,326,891	(1,290,559)	1,644,852	2,366,019	(721,167)
Non Member Mainpro+ Participants	1,557,974	1,763,697	(205,723)	2,253,268	2,502,844	(249,576)
Self Learning	1,816,437	1,065,638	750,799	2,515,619	1,443,883	1,071,736
Investment income	449,838	—	449,838	1,067,161	—	1,067,161
	6,860,581	7,156,226	(295,645)	7,480,900	6,312,746	1,168,154
Certification and Assessment						
Family Medicine Exam	1,078,017	4,022,855	(2,944,838)	6,180,246	7,889,650	(1,709,404)
Certificate of Added Competence Plus Emergency Medicine Exam	855,780	2,326,347	(1,470,567)	901,733	2,039,084	(1,137,351)
Alternate Pathways plus Pearls CE	727,359	447,845	279,514	989,815	613,790	376,025
	2,661,156	6,797,047	(4,135,891)	8,071,794	10,542,524	(2,470,730)
Core member programs supported through member fees						
Continuing Professional Development	283,534	5,226,372	(4,942,838)	486,453	6,105,296	(5,618,843)
Canadian Family Physician Journal	623,270	2,828,010	(2,204,740)	890,208	3,988,901	(3,098,693)
Health Policy & Government Relations	—	1,359,812	(1,359,812)	25,278	1,895,930	(1,870,652)
Education	—	3,241,239	(3,241,239)	—	3,744,935	(3,744,935)
Accreditation	—	1,507,827	(1,507,827)	—	1,750,661	(1,750,661)
Research	81,373	1,940,946	(1,859,573)	9,025	2,394,360	(2,385,335)
Programs and Practice Support	506,441	4,095,615	(3,589,174)	625,851	5,965,624	(5,339,773)
Besroux Centre	129,496	992,536	(863,040)	27,477	1,203,880	(1,176,403)
Foundation for Advancing Family Medicine	35,285	1,259,420	(1,224,135)	94,972	1,530,470	(1,435,498)
Federal Wage Subsidy	—	—	—	1,298,727	—	1,298,727
	1,659,399	22,451,777	(20,792,378)	3,457,991	28,580,057	(25,122,066)
Team Primary Care Project (Funded from FAFM)	2,881,700	2,510,069	371,631	—	—	—
	33,339,004	38,915,119	(5,576,115)	44,396,972	45,435,327	(1,038,355)

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

The College of Family Physicians of Canada
Statement of changes in members' equity
Year ended February 28, 2023

	Invested in capital assets	Unrestricted	Reserve fund	9 months ended February 28, 2023 Total	Year ended May 31, 2022 Total
Notes	\$	\$	\$	\$	\$
Members' equity, beginning of period	5,497,194	(5,497,194)	36,489,053	36,489,053	38,321,308
Deficiency of revenue over expenses	(1,817,625)	(3,758,490)	—	(5,576,115)	(1,038,355)
Remeasurements and other items	—	—	(54,700)	(54,700)	(793,900)
Capital asset additions	2,704,377	(2,704,377)	—	—	—
Transfers	—	5,576,115	(5,576,115)	—	—
Members' equity, end of period	6,383,946	(6,383,946)	30,858,238	30,858,238	36,489,053

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

The College of Family Physicians of Canada

Statement of cash flows

Year ended February 28, 2023

	Notes	9 months ended February 28, 2023	Year ended May 31, 2022
		\$	\$
Operating activities			
Deficiency of revenue over expenses		(5,576,115)	(1,038,355)
Amortization		1,817,625	2,444,667
Employee future benefits and employee future non-pension benefits (net of remeasurements and other items (\$54,700) (\$793,900 in 2022))		(244,800)	505,300
Change in unrealized loss (gain) on investments		4,907,842	(173,437)
		904,552	1,738,175
Change in non-cash operating working capital	9	15,205,125	1,333,513
		16,109,677	3,071,688
Investing activities			
Purchase of capital assets		(2,704,377)	(2,018,058)
Increase in long-term investments		(5,210,248)	(823,961)
Purchase of short-term investments		(4,500,000)	(1,500,000)
		(12,414,625)	(4,342,019)
Increase (decrease) increase in cash		3,695,052	(1,270,331)
Cash, beginning of period		8,082,646	9,352,977
Cash, end of period		11,777,698	8,082,646
Represented by			
Cash and cash equivalents		11,675,079	7,984,419
Restricted cash		102,619	98,227
		11,777,698	8,082,646
Supplemental cash flow information			
Interest received		356,968	294,288

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

The College of Family Physicians of Canada

Notes to the financial statements

February 28, 2023

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 and was continued under the *Canada Not-for-Profit Corporations Act* on June 1, 2014. 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. The current fiscal year is for a period of nine months from June 1, 2022, to February 28, 2023. This is a transition year as the College has changed its fiscal year from May 31 to February 28/29.

1. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations published by the Chartered Professional Accountants of Canada, using the deferral method of accounting for restricted contributions.

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) Revenue

Membership fees are billed annually to members with the effective date of July 1st as the renewal date. Any new members joining during the year are billed at a pro-rata fee from the date they joined to the next June 30th. A similar approach is followed for Non-Member MainPro+ Participants (NMMPs). Deferred membership fees represent unearned funds received as membership fees. Revenue for Examinations, professional development, Family Medicine Forum and other are recognized as revenue in the period in which the related expenses are incurred.

(c) 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	3-8 years
Leasehold improvements	Over term of lease

For the purposes of financial reporting, the accounting treatment for capital 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 and software development having a useful life in excess of one year and a cost in excess of \$5,000 per project will be capitalized. Equipment costing less than \$1,000 is amortized at 100% in the year of acquisition. Capital assets not ready for use are not amortized.

1. Significant accounting policies (continued)

(d) Employee future benefits

The cost of pension benefits earned by employees is actuarially determined using the most 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 regulations, generally to determine required cash contributions to the plan.

The College recognizes:

- 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
- the costs of the plans for the period.

(e) Financial instruments

The College's financial assets are comprised of cash, restricted cash, short-term and long-term investments, accounts receivable, and accrued interest receivable. Financial liabilities are comprised of accounts payable and accrued liabilities 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 period-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.

(f) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. 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.

The College of Family Physicians of Canada

Notes to the financial statements

February 28, 2023

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:

	February 28, 2023	May 31, 2022
	\$	\$
Coalition for Physician Learning & Practice Improvement ("CPLPI")	76,782	67,311
Association of Canadian Chairs in Family Medicine ("ACCFM")	14,842	23,521
Family Medicine National Education Administrators ("FMNEA")	10,995	7,395
	102,619	98,227

3. Long-term investments

Long-term investments consist of the following:

	February 28, 2023		May 31, 2022	
	Market value	Cost	Market value	Cost
	\$	\$	\$	\$
Fixed income	15,525,583	16,966,404	15,677,398	16,637,334
Equity portfolio	15,070,213	13,048,134	14,615,992	8,166,956
	30,595,796	30,014,538	30,293,390	24,804,290

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 returns at rates ranging from 0.3% to 6.1% (0.9% to 9.3% in May 31, 2022 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.

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

	February 28, 2023		May 31, 2022	
	Market value	Annual yield	Market value	Annual yield
	\$	%	\$	%
Term to maturity				
One to three years	6,375,411	2.76	4,960,209	2.18
Greater than three years	9,150,172	4.09	10,717,189	3.42
	15,525,583		15,677,398	

4. Capital assets

	February 28, 2023			May 31, 2022
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment and software	14,403,351	12,553,904	1,849,447	3,371,688
Work in Progress	4,295,686	—	4,295,686	1,836,137
Leasehold improvements	2,995,762	2,877,248	118,514	136,680
Office equipment	714,890	677,119	37,771	62,059
Furniture and fixtures	174,009	91,480	82,529	90,631
	22,583,698	16,199,751	6,383,947	5,497,195

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:

	February 28, 2023	May 31, 2022
	\$	\$
Membership fees	8,662,248	2,184,971
Examination fees	5,448,180	1,215,305
Team Primary Care Project ("TPC")	3,516,285	—
Self learning program	1,344,763	836,221
Family Medicine Forum ("FMF")	4,635	218,424
Maintenance of proficiency ("MainPro+") non-member	664,222	182,337
Pearls certification eligibility	72,570	100,860
Canadian Family Physician ("CFP")	6,180	7,625
	19,719,083	4,745,743

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 defined benefit members approved a transfer of the registered pension plan to the College of Applied Arts and Technology ("CAAT") pension plan. As such, a curtailment has been accounted for, as disclosed below. The following significant actuarial assumptions were employed to determine the periodic pension expense and the accrued benefit obligation:

	Registered pension plan	Supplemental benefits	2023 Future non-pension benefits
Discount rate, beginning of period	5.05%	4.95%	4.95%
Discount rate, end of period	5.05%	5.05%	5.00%
Assumed rate of compensation increase	3.25%	3.25%	—

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

	Registered pension plan	Supplemental benefits	2022 Future non-pension benefits
Discount rate, beginning of year	4.95%	4.95%	0.00%
Discount rate, end of year	5.05%	4.95%	4.95%
Assumed rate of compensation increase	3.25%	3.25%	0.00%

	Registered pension plan	Supplemental benefits	non-pension benefits	February 28, 2023 Total
	\$	\$	\$	\$
Accrued benefit obligation, beginning of period	10,705,200	2,056,000	1,048,000	13,809,200
Service cost	72,700	48,700	60,634	182,034
Remeasurement, change in discount rate	—	(205,900)	—	(205,900)
Interest cost	399,700	69,400	—	469,100
Benefits paid	(449,100)	(57,700)	(94,634)	(601,434)
Transfer from defined contribution plan	—	—	—	—
Actuarial loss (gain)	11,600	(10,600)	—	1,000
Accrued benefit obligation, end of period	10,740,100	1,899,900	1,014,000	13,654,000
Fair value of assets, end of period	12,215,100	—	—	12,215,100
Valuation Allowance	1,475,000	—	—	1,475,000
Employee future benefits liability, end of period	—	(1,899,900)	(1,014,000)	(2,913,900)

	Registered pension plan	Supplemental benefits	Future non-pension benefits	May 31, 2022 Total
	\$	\$	\$	\$
Accrued benefit obligation, beginning of year	10,663,400	2,188,700	1,878,000	14,730,100
Service cost	480,500	121,000	(710,807)	(109,307)
Past service cost (including curtailment)	(425,800)	—	—	(425,800)
Interest cost	536,700	113,800	—	650,500
Benefits paid	(928,700)	(21,400)	(119,193)	(1,069,293)
Transfer from defined contribution plan	325,200	—	—	325,200
Actuarial gain	53,900	(346,100)	—	(292,200)
Accrued benefit obligation, end of year	10,705,200	2,056,000	1,048,000	13,809,200
Fair value of assets, end of year	12,360,700	—	—	12,360,700
Valuation Allowance	1,655,500	—	—	1,655,500
Employee future benefits liability, end of year	—	(2,056,000)	(1,048,000)	(3,104,000)

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

The amount recognized in the statement of revenue and expenses for the period ended February 28, 2023 for the defined benefit pension plan was an adjustment of \$(14,166) (adjustment of \$(31,763) for the year ended May 31, 2022), for the defined contribution plan was an expense of \$123,000 (expense of \$696,029 for the year ended May 31, 2022), and for the supplemental benefits was an expense of \$118,147 (expense of \$234,760 for the year ended May 31, 2022).

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 as follows:

	Office equipment \$	Office rent, including taxes and maintenance \$	Total \$
2024	32,258	1,980,285	2,012,543
2025	30,655	2,032,083	2,062,738
2026	29,052	2,168,443	2,197,495
2027	16,947	2,277,045	2,293,992
2028	—	2,340,527	2,340,527
Thereafter	—	7,217,034	7,217,034
	<u>108,912</u>	<u>18,015,417</u>	<u>18,124,329</u>

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. These funds are administered by the College through the Executive Committee under policies established and approved by the Board of Directors.

	9 months ended February 28, 2023 \$	Year ended May 31, 2022 \$
Balance, beginning of period/year	36,489,053	38,321,308
Transfer from Unrestricted fund Deficiency of revenue over expenses before reserve transfers	(5,576,115)	(1,038,355)
Net transfer from reserve fund before the undernoted	(5,576,115)	(1,038,355)
Remeasurements and other items	(54,700)	(793,900)
Net transfer to reserve fund	(5,630,815)	(1,832,255)
Balance, end of period/year	30,858,238	36,489,053

9. Change in non-cash operating working capital

	9 months ended February 28, 2023	Year ended May 31, 2022
	\$	\$
Accounts payable and accrued liabilities	(447,612)	1,635,247
Funds held for external projects	4,392	17,529
Prepaid expenses and other current assets	830,871	(5,155)
Deferred revenue	14,973,340	(73,547)
Accounts receivable	(155,866)	(240,561)
	15,205,125	1,333,513

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities is \$nil (\$675 in 2022) 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.

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 supports the financial requirements for the salaries and operating costs of The Foundation for Advancing Family Medicine ("FAFM"). The College has a separate and distinct Board of Directors, which makes requests to the FAFM for fundraising for the College's priorities; the FAFM reviews such requests for feasibility before approving and proceeding. The College has an economic interest in the FAFM, as the FAFM raises/solicits funds for various projects undertaken by the College.

The FAFM was established in 1994 and granted letters of patent under the *Canada Corporations Act* and it was continued under the *Canada Not-for-profit Corporations Act* on June 1, 2014. The FAFM mandate is to actively seek sources of funding in order to stimulate and support, at a high level, the science, art, and practice of family medicine. The FAFM is a registered charity organization and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act* are met.

During the period ended February 28, 2023, the College contributed \$11,500 (\$123,000 for the year ended May 31, 2022) towards the Foundation's Awards program costs. In addition, the College incurred a net expense of \$1,224,135 (\$1,435,498 for the year ended May 31, 2022) for operational, administrative and shared expenses on behalf of the Foundation. Related party transactions are measured at the exchange amount. At February 28, 2023 the College has a receivable balance of \$376,045 from FAFM (\$302,411 at May 31, 2022).

13. Full cost accounting

Allocation of centralized and shared expenses and revenues

The College allocates its centralized and shared expenses and revenues on a functional basis to individual programs offered by the College to its members and others. The method is described in the Budget Principles that are reviewed by the Board of Directors on an annual basis. These allocations are done as a series of steps as follows:

Step 1:

Design and development expenses and revenues related to Certification and Assessment are allocated to the following programs, using the ratio of individual direct program expenses and revenues to the total direct program expenses:

- Family Medicine Certification Examination
- Certificates of Added Competence (includes Emergency Medicine Examination)
- Alternative Pathways plus Pearls CE

Step 2:

Continuing Professional Development expenses and revenues are allocated to the following programs, using the ratio of the number of Non-Member Mainpro+ Participants (NMMPs) as compared to the number of Members that must meet Mainpro+ requirements per licensing bodies and the requirements to maintain membership in the College:

- NMMPs
- Members' Continuing Professional Development expenses

13. Full cost accounting (continued)

Allocation of centralized and shared expenses and revenues (continued)

Step 3:

Centralized and shared expenses are allocated between NMMPs and Members based upon the ratio of NMMPs to Members.

Step 4:

Centralized and shared expenses and revenues allocated in Step 3 to Members are further distributed to the following programs, using the ratio of individual direct program expenses and revenues to the total direct program expenses and revenues:

- Family Medicine Exam
- Certificate of Added Competence plus Emergency Medicine Exam
- Alternate Pathways plus Pearls CE
- FMF - Family Medicine Forum
- Non-Member Mainpro+ Participants
- Self-Learning
- Continuing Professional Development
- Canadian Family Physician Journal
- Health Policy & Government Relations
- Education
- Accreditation
- Research
- Programs and Practice Support
- Besrour Centre
- Foundation for Advancing Family Medicine

Centralized and shared expenses and revenues include:

- Governance and Strategy which combines:
 - Office of the CEO
 - Other Meetings and Events (exclusive of FMF)
- Membership Services which combines:
 - Marketing & Membership Services
 - Communications
- Corporate Services which combines:
 - Human Resources
 - Finance & Asset Management
- Information Technology - Infrastructure and Business Solutions Combined

13. Full cost accounting (continued)

Allocation of centralized and shared expenses and revenues (continued)

The centralized and shared expenses have been allocated as follows:

	Certificate and Assessment	Programs not supported through Member Fees	Core Member Programs	9 months ended February 28, 2023 Total
	\$	\$	\$	\$
Membership services	948,321	1,313,310	3,123,751	5,385,382
Governance and strategy	320,138	443,353	1,054,528	1,818,019
Corporate services	543,412	752,560	1,789,990	3,085,962
Information technology	650,212	900,465	2,141,788	3,692,465
Total	2,462,083	3,409,688	8,110,057	13,981,828

	Certificate and Assessment	Programs not supported through Member Fees	Core Member Programs	Year ended May 31, 2022 Total
	\$	\$	\$	\$
Membership services	1,427,817	1,227,975	3,868,632	6,524,424
Governance and strategy	466,920	401,569	1,265,108	2,133,597
Corporate services	1,261,668	1,085,082	3,418,457	5,765,207
Information technology	1,014,330	872,362	2,748,302	4,634,994
Total	4,170,735	3,586,988	11,300,499	19,058,222

The centralized and shared revenues have been allocated as follows:

	Certificate and Assessment	Programs not supported through Member Fees	Core Member Programs	9 months ended February 28, 2023 Total
	\$	\$	\$	\$
Membership services	61,950	159,709	38,631	260,290
Governance and strategy	28,560	73,630	17,809	119,999
Corporate services	12,512	32,257	7,802	52,571
Total	103,022	265,596	64,242	432,860

	Certificate and Assessment	Programs not supported through Member Fees	Core Member Programs	Year ended May 31, 2022 Total
	\$	\$	\$	\$
Membership services	112,504	104,268	30,096	246,868
Governance and strategy	54,687	50,684	14,629	120,000
Corporate services	148,199	137,350	39,644	325,193
Total	315,390	292,302	84,369	692,061