



Submission to:

Audit Committee, Board of Directors

Meeting date:	Agenda item	Lead	For:
June 03, 2024 (Audit) June 19, 2023 (Board)	4	Nancy Chisholm	Information
Subject: Finance and Variance Report			

This report provides a summary of the variances between the AOM’s budgeted and actual revenue and expenses for the period from January to April and expected projected variances from May to December. As outlined in the policy “Executive Limitations – Financial Conditions”, staff report variations in budget lines where the variance is greater than 15% or more than \$20,000.

Variances that don’t meet the threshold in the policy but are unusual or may impact the AOM’s financial position are also included in this report.

Revenue Variances

Special Levy

The special levy collected up to April was 48% (\$236,000) less than the amount projected in the budget. This is typical and due to timing – in other years the special levy amounts were less than expected early in the year and balanced out later in the year.

Investment Income

Investment income is 54% (\$14,000) higher than expected, due to interest rates being higher than anticipated in the budget.

The change to a global Professional Liability Insurance (PLI) is expected to result in higher interest earnings in May 2024. The AOM is the policy holder with HIROC for PLI for midwives. The AOM and MOH have a new “global” insurance agreement this year, which includes the MOH providing the total funding for PLI premiums directly to the AOM. The AOM received the funds (33.9M) in early May and paid HIROC in late May. In the interim the AOM earned interest from these funds. This will contribute to additional higher-than-expected interest earnings in 2024.

Rent Income

Rent income from the AOMBT is 11% (\$27,000) less than expected as the AOMBT inadvertently paid more than the agreed upon amount of rent to the AOM in 2023. The AOM has reduced the rent charged in 2024 to offset the 2023 overpayment.

MOH Grants

Except for the PLI premium grant, the MOH funding for the 2024-25 grant year, running from April 1, 2024 to March 31, 2025, has not been received yet.

The terms of the funding agreement were ratified by the AOM membership, but the MOH has not yet signed the agreement. The MOH will not send funds until they sign the agreement.

The MOH has requested changes to a few of the workplans for the grants. We are in the process of providing the MOH with updated workplans and expect them to provide the signed agreement soon after they receive the workplans. Delays in receiving the MOH grant funding have occurred in previous years and result in the AOM “fronting” the funds to cover the cost of the grant programs (locum costs, etc.). Alexa is following up regularly with the MOH, the finance department is monitoring cash flow, and we are in the process of developing contingency plans if the agreement is not signed in June.

AOM Conference Fees and Sponsorship Fees

Registration fees for the conference are currently less than anticipated in the budget, but the total hasn't been finalized yet. Preliminary reports indicate that sponsorship fees are slightly higher than expected, which will help to offset a shortfall in conference fee revenue. Please see comments in the expense variances section below.

Revenue Summary

Overall, revenues are expected to be close to the budgeted amounts in 2024. The main areas of concern for the next few months are maintaining cash flow if there's a continued delay in the MOH grant funds and assessing the cost of the conference.

Expense Variances

Accounting Fees

These costs be about 30% (\$22,000) higher than expected in 2024. The auditors charged additional fees for the 2023 audit for extra work due to:

- the changes in the accounting software (we switched from a desktop version of QuickBooks to an online version)
- the updated chart of accounts
- reviewing an issue related to travel expenses

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The updated chart of accounts is simpler and will make the AOM's accounting, reporting and auditing easier in the future, but this type of change in the accounts results in significantly more auditing and reporting work in the year the change occurs because the auditing and reporting needs to track or map all the old accounts to the new accounts.

AOM Conference Expenses

The 2024 budget anticipated that AOM conference would "break even" – that revenue from registration fees would equal the conference expenses. We have not received all the invoices for the conference costs yet, but preliminary reports indicate that conference expenses may exceed the revenue by between \$10,000 and \$20,000.

Non-Grant Special Projects

These costs include expenses for the midwifery sustainability project, HEQHR projects and a staff compensation review. These expenses are currently 95% (\$100,000) less than budgeted. Work on these projects has been delayed due to the annual meeting and conference which have taken a lot of staff time. Work on these projects will resume in the coming months. It's likely that project costs will continue to be underbudget at the end of 2024 and these projects will continue in 2025.

Expenses Summary

Overall total expenditures are within 1% of the 2024 budget.