
Consolidated financial statements of Ontario Medical Association

December 31, 2023

Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of changes in net assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-17



Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5E 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Members of
Ontario Medical Association

Opinion

We have audited the consolidated financial statements of Ontario Medical Association (the "Association"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including 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 Association as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association'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 Association'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 Association 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
March 27, 2024

Ontario Medical Association
Consolidated statement of financial position

As at December 31, 2023

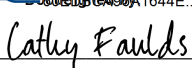
(In thousands of dollars)

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash		23,223	10,524
Restricted cash	6	5,233	4,954
Accounts receivable	2	10,448	2,007
Prepaid expenses		2,018	1,763
		40,922	19,248
Long-term investments	3	69,982	75,080
Capital assets	4	5,636	6,898
Accrued pension asset	5	8,278	2,365
		124,818	103,591
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		10,116	8,262
Deferred revenue		722	631
Constituency funds	6	5,233	4,954
		16,071	13,847
Deferred rent credits		877	95
Accrued pension liability	5	2,601	2,484
		19,549	16,426
Commitments	11		
Net assets			
Invested in capital assets	7	4,664	6,230
Internally restricted	8	73,069	62,600
Unrestricted		27,536	18,335
		105,269	87,165
		124,818	103,591

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

On behalf of the Board Signed by:

 _____, Director
DocuSign Envelope ID: 1644E...

 _____, Director
82AC5BF0F297420...

Ontario Medical Association

Consolidated statement of operations

Year ended December 31, 2023

(In thousands of dollars)

	Notes	General Fund \$	Insurance Fund \$	2023 Total \$	2022 Total \$
Revenue					
Membership dues		63,126	—	63,126	59,981
Insurance services	9	—	13,894	13,894	12,453
Programs	12	964	—	964	91
Interest and sundry		4,567	59	4,626	3,389
		68,657	13,953	82,610	75,914
Expenses					
Executive offices		4,011	—	4,011	2,212
Strategic affairs		15,692	—	15,692	13,627
Economics, policy and research		11,225	—	11,225	9,382
Advocacy, Communications and Marketing		8,264	—	8,264	7,406
Insurance services		—	12,781	12,781	12,480
Finance and Technology		19,222	—	19,222	17,678
People and culture		8,305	—	8,305	6,838
		66,719	12,781	79,500	69,623
Excess of revenue over expenses before the undernoted		1,938	1,172	3,110	6,291
OPIP & Other Insurance Fund Revenue		—	12,420	12,420	3,534
OPIP & Other Insurance Fund Expenses		—	(3,096)	(3,096)	(1,955)
Excess of revenue over expenses		1,938	10,496	12,434	7,870

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

Ontario Medical Association
Consolidated statement of changes in net assets

Year ended December 31, 2023

(In thousands of dollars)

	Notes	Invested	Internally restricted	Unrestricted		2023 Total	2022 Total
		in capital assets		General Fund	Insurance Fund		
		\$	\$	\$	\$	\$	\$
		(Note 7)	(Note 8)	(Note 9)			
Net assets, beginning of year		6,230	62,600	17,550	785	87,165	99,549
Excess of revenue over expenses		(3,449)	—	5,387	10,496	12,434	7,870
Insurance sponsorship		—	—	215	(215)	—	—
Internally imposed restrictions	8	—	10,469	(1,145)	(9,324)	—	—
Net change in investment in capital assets	7	1,883	—	(1,883)	—	—	—
Remeasurement gains		—	—	5,670	—	5,670	(20,254)
Net assets, end of year		4,664	73,069	25,794	1,742	105,269	87,165

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

Ontario Medical Association
Consolidated statement of cash flows

Year ended December 31, 2023

(In thousands of dollars)

	2023	2022
	\$	\$
Operating activities		
Excess of revenue over expenses	12,434	7,870
Items not involving cash		
Amortization	2,689	2,521
Write-off of capital assets	455	
Deferred rent credits	782	(573)
Defined benefit pension plan expense	1,574	672
Change in non-cash operating working capital	(6,471)	1,328
Employer pension contributions	(1,700)	(1,787)
	9,763	10,031
Investing activities		
Additions to capital assets	(1,883)	(1,127)
Sales (Purchase) of investments, net	5,098	(6,298)
	3,215	(7,425)
Financing activity		
Net change in restricted cash	(279)	(586)
Increase in cash	12,699	2,020
Cash, beginning of year	10,524	8,504
Cash, end of year	23,223	10,524

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

Ontario Medical Association

Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

Ontario Medical Association (the "Association" or "OMA") is a not-for-profit organization, incorporated under the *Corporations Act* (Ontario), established to advance the science and practice of medicine and public health and to provide services to its membership, comprising physicians and student physicians of the Province of Ontario. As a non-profit organization, it is exempt from income taxes under Section 149(1) of the *Income Tax Act* (Canada).

1. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Consolidation

The Association's wholly owned subsidiaries are accounted for as follows:

Subsidiary	Type	Accounting
OntarioMD Inc.	Profit-oriented	Equity basis
OMA Insurance Inc. ("OMAI")	Profit-oriented	Consolidation
Ontario Physician Services Inc. ("OPSI")	Not-for-profit	Disclosure

For the consolidated subsidiaries, all intercompany balances and transactions have been eliminated on consolidation and the accounting policies of the wholly owned subsidiaries adjusted to conform to those of the Association for purposes of consolidation.

(b) Fund accounting

The Association uses fund accounting and utilizes the following funds:

- (i) General Fund is used to record the operating revenue and expenses of OMA; and
- (ii) Insurance Fund reflects the revenue and expenses of the insurance operations, including OMAI.

(c) Revenue recognition

The Association follows the deferral method of accounting. Membership dues are recognized in the year to which billings relate. Deferred revenue comprises the Association's portion of membership dues received on account of the following year. Externally restricted grants are recognized as revenue when the expenses are incurred or when the prescribed milestones are met. Interest income and revenue from insurance programs are recognized in the year earned.

(d) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. Management has elected to carry all other financial instruments at cost or amortized cost.

With respect to financial assets measured at cost or amortized cost, the Company recognizes an impairment loss, if any, in net earnings when there are indicators of impairment, and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

1. Significant accounting policies (continued)

(e) Capital assets

Purchased capital assets are recorded at cost. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Furniture and office equipment	10 years
Computer hardware and software (laptops – 3 years)	5 years
Leasehold improvements	Lease term

(f) Employee future benefits

The Association offers a pension plan with a defined benefit ("DB") provision and a defined contribution ("DC") provision, which between them covers the majority of employees of the Association. Effective January 1, 2013, the Association closed the DB provision to new entrants. The Association offered the DC provision to new employees effective July 1, 2013.

The Defined Contribution Supplemental Employee Retirement Plan ("DC SERP") has been established effective January 1, 2019, for eligible employees enrolled in the DC Pension Plan, as funded arrangements, to provide benefits in excess of the DC Pension Plan where such benefits are limited under the *Income Tax Act*.

The Association measures its defined benefit obligation using an actuarial valuation prepared for funding purposes. The most recent actuarial valuation of the DB plan for funding purposes was as at December 31, 2021, and the next required valuation will be at December 31, 2024.

The Association accrues its obligations under the DB plan as the employees render the services necessary to earn the pension benefits. The benefits are based on years of service and the highest average salary. The actuarial determination of the accrued benefit obligations for pensions uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the plan assets and accrued benefit obligation coincides with the Association's fiscal year.

Actuarial gains (losses) on plan assets arising from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period are immediately recognized as pension remeasurements in the consolidated statement of changes in net assets. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. These differences between actual results and actuarial assumptions are immediately recognized as pension remeasurements in the consolidated statement of changes in net assets.

Past service costs arising from plan amendments are immediately recognized as pension remeasurements in the consolidated statement of changes in net assets.

The cost of the DC provision is based on a percentage of the employee's pensionable earnings.

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

1. Significant accounting policies (continued)

(f) Employee future benefits (continued)

The Association also sponsors supplementary non-registered plans ("Supplementary plans") for certain executives providing benefits above the maximums prescribed under the *Income Tax Act* (Canada). The cost of the Supplementary plans is actuarially determined using an accounting valuation which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. The Supplementary plans are not funded.

(g) Deferred rent credits

Deferred rent credits are amortized on a straight-line basis over the 15-year (main lease) and 14-year (subsequent lease) term of the lease as a reduction of rent expense.

(h) Allocation of facility and general administration expenses

The Association classifies expenses on the consolidated statement of operations by function. Building and facility expenses have been allocated to functions based on the area used and certain administrative support expenses are allocated to member services based on either task-based service, estimated effort expended or headcount of the program.

(i) Use of estimates

The preparation of consolidated 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include assets and obligations related to employee future benefits, allocation of expenses, amortization of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

2. Accounts receivable

	2023	2022
	\$	\$
Trade receivables	316	142
Ontario MD Inc., net of investment	579	472
Receivable from Securian	8,000	—
Receivable from Ontario Medical Foundation	26	30
Other receivables	1,527	1,363
	10,448	2,007

Ontario Medical Association

Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

2. Accounts receivable (continued)

On September 1, 2023, the insurance administration of the group plan was transferred from Securian to Manulife. OMA received a transition allowance of \$8 million to support the overall transition of the administrative services to Manulife. This includes the legal services, IT support, Actuarial reviews, and communication to members. The Financial Agreement between OMA and Manulife requires the Claim Fluctuation Reserves (CFR) to be funded to its target level estimated at \$21 million by December 31, 2023. The CFR fund was established to cover adverse claim fluctuations or plan deficits. Although Securian held approximately \$20.4 million under the CFR as at December 31, 2023, it cannot release these funds pending the completion of terminal accounting of the insurance program. Due to timing differences, OMA decided to use the transition allowance to fund the CFR. Once the terminal accounting is completed, Securian will release the funds to reimburse OMA.

3. Long-term investments

	Accumulated cost \$	2023 Average effective yield %	Accumulated cost \$	2022 Average effective yield %
Due within 1 year	1,301	1.29%	11,079	2.8%
Due in 1-5 years	68,681	3.11%	64,000	1.98%
	69,982		75,079	

The investments consist primarily of guaranteed investment certificates and corporate bonds with a fair value of \$69,723 (\$73,201 in 2022). The Association intends to reinvest the investments due within one year as they mature.

4. Capital assets

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Furniture and office equipment	358	142	216	742
Computer hardware and software	17,052	12,746	4,306	5,549
Leasehold improvements	7,546	6,432	1,114	607
	24,956	19,320	5,636	6,898

Included above in computer hardware and software is \$418 (\$443 in 2022) associated with assets under development. Included in the leasehold improvement is \$1,111 (nil in 2022) associated with the renovation of the 8th and 9th Floor of OMA's head office.

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

5. Pension plans

- (a) The Association has four defined benefit retirement plans. Information about the Association's defined benefit plans is as follows:

	Pension plan	Supplementary plans	2023 Total
	\$	\$	\$
Fair value of plan assets	86,517	—	86,517
Accrued pension obligation	78,239	2,601	80,840
Accrued pension assets (liability)	8,278	(2,601)	5,677
	Pension plan	Supplementary plans	2022 Total
	\$	\$	\$
Fair value of plan assets	77,971	—	77,971
Accrued pension obligation	75,606	2,484	78,090
Accrued pension assets (liability)	2,365	(2,484)	(119)

Continuity of the net accrued asset (liability) is as follows:

	Pension plan	Supplementary plans	2023 Total	2022 value
	\$	\$	\$	\$
Balance, beginning of year	2,365	(2,484)	(119)	19,021
Contributions	1,423	277	1,700	1,787
Expense	(11,445)	(129)	(1,574)	(671)
Pension rereasurement and other items	5,935	(265)	5,670	(20,256)
Balance, end of year	8,278	(2,601)	5,677	(119)

The significant actuarial assumptions adopted in measuring the Association's accrued pension obligations are as follows (weighted average assumption as at December 31):

	2023	2022
	\$	\$
Accrued benefit obligation		
Discount rate	4.89%	4.91%
Rate of compensation increase	3.50%	3.50%
Benefit costs		
Discount rate	4.91%	5.20%
Rate of compensation increase	3.50%	3.50%
Pension assets		
Equity securities	63.00%	63.00%
Debt securities	37.00%	37.00%
	100.00%	100.00%

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

5. Pension plans (continued)

(a) (continued)

Pension remeasurements and other items arising from differences between actual results and actuarial assumptions reported items in the consolidated statement of changes in net assets consist of:

	2023	2022
	\$	\$
Excess (deficiency) of actual return on assets		
less return calculated using discount	5,564	(14,630)
Actuarial gain or loss on obligation	106	(5,624)
	5,670	(20,254)

(b) Total employer matching contributions paid and expensed by the Association under the DC plan provision for the year amounted to \$1,346 (\$1,191 in 2022).

6. Constituency funds

The Association collects and holds funds on behalf of certain districts, branch societies and sections which raise funds to support their work on behalf of their members. Funds are disbursed as instructed by the constituency group for whom the funds were received. The related activities have not been consolidated or disclosed in these consolidated financial statements as the constituencies are not controlled by the Association. Funds held at December 31, 2023 were \$5,233 (\$4,954 in 2022).

7. Invested in capital assets

Investment in capital assets is calculated as follows:

	2023	2022
	\$	\$
Capital assets	5,636	6,898
Amounts funded by deferred rent credits		
Current portion, as recorded in accounts payable and accrued liabilities	(95)	(573)
Long-term portion	(877)	(95)
	4,664	6,230

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

7. Invested in capital assets (continued)

The change in this balance is calculated as follows:

	2023	2022
	\$	\$
Deficiency of revenue over expenses		
Amortization	(2,690)	(2,521)
Amortization of deferred rent credit	573	573
Increase in Deferred Rent Credit	(877)	—
Write off capital assets	(455)	—
	(3,449)	(1,948)
Net change in investment in capital assets		
Additions to capital	1,883	1,127

8. Internally restricted net assets

	2023	2022
	\$	\$
Negotiations (a)	3,500	2,356
Stabilization (b)	30,200	30,200
Insurance (c)	39,368	30,044
	73,068	62,600

- (a) The cost of negotiating and implementing agreements vary significantly from year to year and negotiations reserves are maintained to minimize fluctuations in membership dues. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.
- (b) The Board of Directors also established an internally restricted fund to support its operations in the event of unanticipated changes. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.
- (c) Insurance reserves and related investment earnings are held for the sole purpose of enhancing the insurance benefits available to OMA members and to stabilize insurance premiums for OMA insurance program participants. OMA insurance reserves include a surplus of \$9,324 (\$1,579 surplus in 2022).

9. Insurance services

The Association, through its subsidiary, OMAI, offers Group Insurance plans and individual insurance products for the benefit of members and their families. Group Insurance plans include Group life, Disability, AD&D, EHC/Dental, Critical Illness, Travel and POE coverage.

Group life, disability income and professional office expense programs operate on a retained basis; that is, premiums not required to pay claims, reserve contributions and expenses are returned to the plan members annually. In December 2023, a total of \$ 10,555 (\$9,956 in 2022) was returned to plan members.

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

9. Insurance services (continued)

The insurance operations are summarized as follows:

	Actual 2023 \$	Actual 2022 \$
Revenue	24,809	15,317
Interest	1,564	691
Operating expenses	(16,067)	(14,435)
Excess of revenue over expenses from insurance services	10,306	1,573

10. Allocation of expenses

Certain expenses are reported in the consolidated statement of operations after allocation of \$4,226(\$4,370 in 2022) to insurance services.

11. Commitments

The Association leases office premises at 150 Bloor Street West, Toronto, which expires in 2034. The minimum aggregate rent for these premises, including termination charges (excluding escalation and operating charges), as well as office equipment, is as follows:

	\$
2024	1,488
2025	1,564
2026	1,613
2027	1,623
Thereafter	10,663
	<u>16,951</u>

12. Program revenue

The following programs generate program-specific revenue. Related expenses are reported in the appropriate cost centres.

	Actual 2023 \$	Actual 2022 \$
Seminar sponsorships and registration	279	—
Ontario Medical Review	146	145
Physician Health Program	204	126
OMA Incorporation Service	78	119
Physician Benefits and Discount Program	153	79
Income from Investments in OMD	104	(378)
	964	91

Ontario Medical Association

Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

13. Investments in wholly owned subsidiaries

(a) OntarioMD Inc.

OntarioMD Inc. was incorporated under the Ontario Business Corporations Act as a for-profit entity. The mandate of OntarioMD Inc. is to achieve the goals set out in the delivery collaborative between OntarioMD Inc. and Ontario Health. In April 2022, a twelve-month agreement was made with Ontario Health for 2022-2023 fiscal year for \$28.79 million, inclusive of HST. In April 2023, a twelve-month agreement was made with Ontario Health for 2023-2024 fiscal year for \$28.59 million, inclusive of HST. Ontario Health has provided OntarioMD Inc. with monthly funding to support the enhanced use and functional improvement of Electronic Medical Records (EMRs) across the province. OntarioMD Inc.'s primary goal is to support the automation of physician family practices.

As at and for the year ended December 31, 2023, the balances of OntarioMD Inc. were as follows:

	2023	2022
	\$	\$
Assets	4,774	9,679
Liabilities	4,493	9,501
Equity	281	177
Revenue	27,390	23,138
Expenses	27,286	23,516
	104	(378)
Cash flows (used in) from		
Operating activities	(5,280)	1,908
Financing activities	388	146
Investing activities	22	—

The Association provides administrative, support services and facilities to OntarioMD Inc. in return for a fee. Amounts charged to OntarioMD Inc. by the Association during the year amounted to \$1,735 (\$1,714 in 2022). The investment in OntarioMD Inc. is included in the Association's accounts receivable.

(b) OMAI

OMAI was incorporated under the Canada Business Corporations Act as a for-profit entity and was subsequently licensed as an insurance agency offering members (and their families) additional life, disability, critical illness, home and auto and legal expense insurance.

(c) OPSI

OPSI was incorporated provincially under the Corporations Act (Ontario) as a not-for-profit corporation with a primary function of administering government-funded programs. OPSI administers the physician health benefit program primarily financed with funding negotiated with MOH. This program offers members a choice among critical illness insurance, extended health coverage and a health spending account.

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023

(In thousands of dollars)

13. Investments in wholly owned subsidiaries (continued)

(c) *OPSI (continued)*

As at and for the year ended December 31, 2023, the balances of OPSI were as follows:

	2023	2022
	\$	\$
Assets	6,324	667
Liabilities	3,619	1,428
Net assets	2,705	(761)
Revenue	30,572	27,708
Expenses	27,106	26,391
	3,466	1,317
Cash flows (used in) from	5,657	1,096

Any program funding shortfalls are supported by OMA.

14. Financial risks

(a) *Interest rate risk*

The Association is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about fixed rate investments are included in Note 3.

(b) *Market risk*

Market risk arises as a result of trading in fixed income securities. Fluctuations in interest rates and market prices expose the Association to a risk of loss. The Association mitigates this risk through controls to monitor and limit concentration levels.

The Association believes that it is not exposed to significant currency risk or credit risk arising from its financial instruments. There has been no change to the risk profile from 2022.

15. Advantages Retirement Plan

The Advantages Retirement Plan ("ARP") is a group retirement plan established exclusively for OMA members and their spouses/common-law partners. ARP is designed to help physicians build a foundational level of retirement income which will enable them to be financially prepared for retirement. It offers low investment management fees, flexible contribution options, and a guaranteed lifetime income option that are all available through an easy-to-use online platform.

During the year, OMA incurred \$880 (\$876 in 2022) to run the ARP program.

16. New Insurance Administrator for the Group Insurance Plan

On September 1, 2023, the insurance administration of the group plan was transferred from Securian to Manulife. OMA received a transition allowance of \$7 million and an interest offset payment of \$1 million from Manulife subject to the completion of the five-year term of the Program Administration Agreement.

Ontario Medical Association
Notes to the Consolidated financial statements

December 31, 2023
(In thousands of dollars)

17. Subsequent event

Securian has finalized the terminal accounting of the specific insurance program after year-end and will release reserves of approximately \$20.4 million which will be used for claims fluctuations reserve requirements at Manulife.