
Consolidated financial statements of Ontario Medical Association

December 31, 2022

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Independent Auditors' 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, 2022, 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, 2022, 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 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 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 22, 2023

Ontario Medical Association
Consolidated statement of financial position

As at December 31, 2022
(In thousands of dollars)

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		10,524	8,504
Restricted cash	6	4,954	4,368
Accounts receivable	2	2,007	2,180
Prepaid expenses		1,763	1,565
		19,248	16,617
Long-term investments	3	75,080	68,782
Capital assets	4	6,898	8,292
Accrued pension asset	5	2,365	21,900
		103,591	115,591
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		8,262	7,811
Deferred revenue		631	315
Constituency funds	6	4,954	4,368
		13,847	12,494
Deferred rent credits		95	668
Accrued pension liability	5	2,484	2,880
		16,426	16,042
Commitments	11		
Net assets			
Invested in capital assets	7	6,230	7,051
Internally restricted	8	62,600	61,020
Unrestricted		18,335	31,478
		87,165	99,549
		103,591	115,591

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

On behalf of the Board

_____, Director

_____, Director

Ontario Medical Association
Consolidated statement of operations

Year ended December 31, 2022
(In thousands of dollars)

	Notes	General Fund \$	Insurance Fund \$	2022 Total \$	2021 Total \$
Revenue					
Membership dues		59,981	—	59,981	58,614
Insurance services	9	—	12,453	12,453	11,984
Programs	12	91	—	91	1,318
Interest and sundry		3,368	21	3,389	2,716
		63,440	12,474	75,914	74,632
Expenses					
Executive offices		2,212	—	2,212	1,888
Strategic affairs		14,181	—	14,181	13,635
Economics, policy and research		9,282	—	9,282	9,537
Member relations, advocacy and communications		7,406	—	7,406	8,682
Physician Health Program		3,648	—	3,648	3,565
Insurance services		—	12,480	12,480	12,049
Finance and Technology		17,224	—	17,224	16,622
People and culture		3,190	—	3,190	3,178
		57,143	12,480	69,623	69,156
Excess (deficiency) of revenue over expenses before the undernoted OPIP & Other Insurance Fund Revenue		6,297	(6)	6,291	5,476
OPIP & Other Insurance Fund Expenses		—	3,534	3,534	3,412
OPIP & Other Insurance Fund Expenses		—	(1,955)	(1,955)	(984)
Excess of revenue over expenses		6,297	1,573	7,870	7,904

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, 2022
(In thousands of dollars)

	Notes	Invested in capital assets \$	Internally restricted \$	Unrestricted		2022 Total \$	2021 Total \$
				General Fund \$	Insurance Fund \$		
		(Note 7)	(Note 8)	(Note 9)			
Net assets, beginning of year		7,051	61,020	31,946	(468)	99,549	83,722
Excess (deficiency) of revenue over expenses		(1,948)	1,580	6,665	1,573	7,870	7,904
Insurance sponsorship		—	—	212	(212)	—	—
Net change in investment in capital assets	7	1,127	—	(1,019)	(108)	—	—
Remeasurement gains		—	—	(20,254)	—	(20,254)	7,923
Net assets, end of year		6,230	62,600	17,550	785	87,165	99,549

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

Ontario Medical Association
Consolidated statement of cash flows

Year ended December 31, 2022
(In thousands of dollars)

	2022	2021
	\$	\$
Operating activities		
Excess of revenue over expenses	7,870	7,904
Items not involving cash		
Amortization	2,521	2,314
Deferred rent credits	(573)	(572)
Defined benefit pension plan expense	672	1,059
Change in non-cash operating working capital	1,328	(514)
Employer pension contributions	(1,787)	(1,742)
	10,031	8,449
Investing activities		
Additions to capital assets	(1,127)	(1,920)
Purchase of investments, net	(6,298)	(10,653)
	(7,425)	(12,573)
Financing activity		
Net change in restricted cash	(586)	(734)
Increase (decrease) in cash	2,020	(4,858)
Cash, beginning of year	8,504	13,362
Cash, end of year	10,524	8,504

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

Ontario Medical Association

Notes to the consolidated financial statements

December 31, 2022

(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.

Adoption of the amendments to Section 3856, Financial Instruments, for financial instruments originated or exchanged in a related party transaction

Effective January 1, 2022, the Association has adopted the amendments to Handbook Section 3856, Financial Instruments ("Section 3856") related to the recognition of financial instruments originated or exchanged in a related party transaction, referred to herein as the "related party financial instruments amendments".

These amendments to Section 3856 establish new guidance for determining the measurement of a related party financial instrument. The related party financial instruments amendments require that such a financial instrument be initially measured at cost, which is determined based on whether the instrument has repayment terms. If the instrument has repayment terms, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any reduction for impairment. Otherwise, the cost is determined using the consideration transferred or received by the Association in the transaction. Subsequent measurement is based on how the instrument was initially measured.

The Association has applied the related party financial instruments amendments in accordance with the transition provisions of Section 3856. The amendments should be applied retrospectively. When related party financial instruments exist at the date these amendments are applied for the first time, the cost of an instrument that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment as at the beginning of the earliest comparative period, i.e. January 1, 2021. The cost of an instrument that does not have repayment terms is deemed to be its carrying amount in the Association's consolidated financial statements, less any impairment, as at the same date. The fair value of an instrument that is an investment in shares quoted in an active market is determined as at the same date.

When related party financial instruments do not exist at the date these amendments are applied for the first time, transition relief was provided such that the related party financial instruments do not need to be restated as at the beginning of the earliest comparative period.

The adoption of these amendments had no material impact on the amounts recognized in the Company's consolidated financial statements or disclosures.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022

(In thousands of dollars)

1. Significant accounting policies (continued)

(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, 2022
(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 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.

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.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

1. Significant accounting policies (continued)

(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

	2022	2021
	\$	\$
Trade receivables	142	91
OntarioMD Inc., net of investment	472	832
Receivable from Ontario Medical Foundation	30	11
Other receivables	1,363	1,246
	2,007	2,180

3. Long-term investments

	2022		2021
	Amortized cost \$	Average effective yield	Amortized cost \$
			Average effective yield
Due within 1 year	11,079	2.80%	4,747
Due in 1 - 5 years	64,000	1.98%	64,035
	75,079		68,782

The Association intends to reinvest the investments due within one year as they mature.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

4. Capital assets

	Accumulated Cost	amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Furniture and office equipment	1,930	1,188	742	920
Computer hardware and software	16,387	10,838	5,549	6,244
Leasehold improvements	6,435	5,828	607	1,128
	24,752	17,854	6,898	8,292

Included above in computer hardware and software is \$443 (\$1,055 in 2021) associated with assets under development.

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	2022 Total
	\$	\$	\$
Fair value of plan assets	77,971	—	77,971
Accrued pension obligation	75,606	2,484	78,090
Accrued pension asset (liability)	2,365	(2,484)	(119)

	Pension Plan	Supplementary plans	2021 Total
	\$	\$	\$
Fair value of plan assets	89,711	—	89,711
Accrued pension obligation	67,809	2,880	70,689
Accrued pension asset (liability)	21,900	(2,880)	19,020

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

	Pension Plan	Supplementary plans	2022 Total	2021 Total
	\$	\$	\$	\$
Balance, beginning of year	21,900	(2,880)	19,020	10,414
Contributions	1,510	277	1,787	1,742
Expense	(578)	(94)	(672)	(1,059)
Pension remeasurement and other items	(20,467)	213	(20,254)	7,923
Balance, end of year	2,365	(2,484)	(119)	19,020

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

5. Pension plans (continued)

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

	2022	2021
	\$	\$
Accrued benefit obligation		
Discount rate	4.91%	5.20%
Rate of compensation increase	3.50%	3.50%
Benefit costs		
Discount rate	5.20%	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%

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:

	2022	2021
	\$	\$
(Deficiency) excess of actual return on assets		
less return calculated using discount rate	(14,630)	6,553
Actuarial loss on obligation	(5,624)	1,370
	(20,254)	7,923

- (b) Total employer matching contributions paid and expensed by the Association under the DC plan provision for the year amounted to \$1,191 (\$1,055 in 2021).

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, 2022 were \$4,954 (\$4,368 in 2021).

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

7. Invested in capital assets

Investment in capital assets is calculated as follows:

	2022	2021
	\$	\$
Capital assets	6,898	8,292
Amounts funded by deferred rent credits		
Current portion, as recorded in accounts payable and accrued liabilities	(573)	(573)
Long-term portion	(95)	(668)
	6,230	7,051

The change in this balance is calculated as follows:

	2022	2021
	\$	\$
Deficiency of revenue over expenses		
Amortization	(2,521)	(2,313)
Amortization of deferred rent credits	573	572
	(1,948)	(1,741)
Net change in investment in capital assets		
Additions to capital assets	1,127	1,919

8. Internally restricted net assets

	2022	2021
	\$	\$
Negotiations (a)	2,356	2,356
Stabilization (b)	30,200	30,200
Insurance (c)	30,044	28,464
	62,600	61,020

- (a) 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 includes a surplus of \$1,579 (\$2,427 surplus in 2021).

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

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 2022, a total of \$9,956 (\$10,551 in 2021) was returned to plan members.

The insurance operations are summarized as follows:

	Actual 2022	Actual 2,021
	\$	\$
Revenue	15,317	14,811
Interest	691	591
Operating expenses	(14,435)	(13,034)
Excess of revenue over expenses from insurance services	1,573	2,368

10. Allocation of expenses

Certain expenses are reported in the consolidated statement of operations after allocation of \$4,370(\$4,327 in 2021) 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:

	\$
2023	1,525
2024	1,479
2025	1,553
2026	1,603
Thereafter	<u>12,273</u>
	<u>18,433</u>

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

12. Program revenue

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

	Actual 2022 \$	Actual 2,021 \$
Seminar sponsorships and registrations		124
Ontario Medical Review	145	150
Physician Health Program	126	129
OMA Incorporation Service	119	161
Physician Benefits & Discount Program	79	92
Income from Investment in OMD	(378)	659
Others		3
	91	1,318

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 2021, a twelve-month agreement was made with Ontario Health for 2021-2022 fiscal year for \$27.5 million, inclusive of HST. In April 2022, a twelve-month agreement was made with Ontario Health for 2022-2023 fiscal year for \$28.79 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, 2022, the balances of OntarioMD Inc. were as follows:

	2022 \$	2021 \$
Assets	9,679	9,250
Liabilities	9,501	8,695
Equity	177	555
Revenue	23,138	22,551
Expenses	23,516	21,893
	(378)	659
Cash flows (used in) from		
Operating activities	1,908	2,659
Financing activities	146	284
Investing activities	-	(4)

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 \$1,714 (\$1,664 in 2021). The investment in OntarioMD Inc. is included in the Association's accounts receivable.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

13. Investments in wholly owned subsidiaries (continued)

(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.

As at and for the year ended December 31, 2022, the balances of OPSI were as follows:

	2022	2021
	\$	\$
Assets	667	1,763
Liabilities	1,428	3,842
Net Assets	(761)	(2,079)
Revenue	27,708	25,016
Expenses	26,391	27,532
	1,317	(2,516)
Cash flows from operating activities	1,096	2,127

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 2021.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2022
(In thousands of dollars)

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 \$876 (\$1,053 in 2021) to run the ARP program.