
Consolidated financial statements of Ontario Medical Association

December 31, 2019

Independent Auditors' 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	7-18

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, 2019, 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, 2019, 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.

Other Matter

The financial statements of Association as at, and for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2019.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 2, 2020

Ontario Medical Association
Consolidated statement of financial position

As at December 31, 2019

(In thousands of dollars)

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		29,932	23,874
Accounts receivable	2	2,438	2,207
Prepaid expenses		955	1,112
		33,325	27,193
Long-term investments	3	48,452	58,029
Capital assets	4	8,055	7,494
Accrued pension asset	5	12,125	2,798
		101,957	95,514
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		8,168	9,931
Due to Canadian Medical Association		—	259
Deferred revenue		14	5,075
Constituency funds	6	3,274	3,440
		11,456	18,705
Deferred rent credits		1,813	2,429
Accrued pension liability	5	3,305	3,004
		16,574	24,138
Commitments	11		
Net assets			
Invested in capital assets	7	5,670	4,511
Internally restricted	8	56,048	54,326
Unrestricted		23,665	12,539
		85,383	71,376
		101,957	95,514

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, 2019
(In thousands of dollars)

	General Fund \$	Insurance Fund \$	2019 Total \$	Actual 2018 \$
Notes				
9				
Revenue				
Membership dues	56,031	—	56,031	54,167
Insurance services	—	13,817	13,817	14,079
Programs	3,390	—	3,390	3,014
Interest and sundry	3,665	687	4,352	4,142
	63,086	14,504	77,590	75,402
Expenses				
Executive offices	1,284	—	1,284	2,048
Legal and governance	8,168	—	8,168	7,719
Negotiations and implementation	3,692	—	3,692	4,412
Economics, policy and research	9,263	—	9,263	8,347
Member relations, advocacy and communications	10,157	—	10,157	9,042
Physician Health Program	3,878	—	3,878	3,544
Insurance services	—	15,190	15,190	14,329
Institute for Quality				
Management in Healthcare	2,083	—	2,083	2,243
Finance and accounting	8,765	—	8,765	9,071
People and culture	3,985	—	3,985	4,376
Technology	5,303	—	5,303	4,593
	56,578	15,190	71,768	69,724
Excess (deficiency) of revenue over expenses before the undernoted	6,508	(686)	5,822	5,678
Gain on sale of investment in real estate	—	—	—	6,462
Excess (deficiency) of revenue over expenses	6,508	(686)	5,822	12,140

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, 2019

(In thousands of dollars)

	Notes	Invested in capital assets \$	Internally restricted \$	Unrestricted		2019 Total \$	2018 Total \$
				General Fund \$	Insurance Fund \$		
		(Note 7)	(Note 8)	(Note 9)			
Net assets, beginning of year		4,511	54,326	9,665	2,874	71,376	70,533
(Deficiency) excess of revenue over expenses		(1,676)	2,122	6,062	(686)	5,822	12,140
Insurance sponsorship		—	—	204	(204)	—	—
Net change in investment in capital assets	7	2,812	—	(1,641)	(1,171)	—	—
Transfer of net assets to Accreditation Canada on divestment of IQMH	13(c)	23	(400)	(489)	—	(866)	—
Remeasurement gains (losses), including curtailment gain on divestment of IQMH	5(a)	—	—	9,051	—	9,051	(11,297)
Net assets, end of year		5,670	56,048	22,852	813	85,383	71,376

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

Ontario Medical Association
Consolidated statement of cash flows

Year ended December 31, 2019

(In thousands of dollars)

	Notes	2019 \$	2018 \$
Operating activities			
Excess of revenue over expenses		5,822	12,140
Transfer of cash to Accreditation Canada on divestment of IQMH	13(c)	(863)	—
Items not involving cash			
Amortization		2,246	2,384
Write-off of capital assets		—	703
Deferred rent credits		(570)	(353)
Gain on sale of investment in real estate		—	(6,462)
Defined benefit pension plan expense		1,929	1,328
Change in non-cash operating working capital		(7,367)	441
Employer pension contributions		(1,904)	(2,112)
		(707)	8,069
Investing activities			
Additions to capital assets		(2,812)	(1,411)
Proceeds of disposal (purchase) of investments, net		9,577	(6,957)
Proceeds from sale of investment in real estate		—	9,283
Distributions from investment in real estate		—	72
		6,765	987
Increase in cash		6,058	9,056
Cash, beginning of year		23,874	14,818
Cash, end of year		29,932	23,874

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

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(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
Institute for Quality Management In Healthcare ("IQMH")	Not-for-profit	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. On October 7, 2019, OMA divested of its interest in IQMH, which is further explained in Note 13(c).

(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 IQMH; 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.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

1. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(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) Investment in real estate

The investment in real estate represented the Association's 9.1155% undivided interest in a building at 525 University Avenue, Toronto. The Association accounted for its interest in the building using the equity method. In 2018, the Association sold its interest in the building.

(g) 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*. Upon divestment of its interest in IQMH, the employees of IQMH ceased to be participating members of the pension plan, resulting in a curtailment gain in the current year as disclosed in Note 5(a).

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, 2017, and the next required valuation will be at December 31, 2020.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

(g) Employee future benefits (continued)

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.

(h) 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.

(i) 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.

(j) 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.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

2. Accounts receivable

	2019	2018
	\$	\$
Trade receivables	144	424
OntarioMD Inc., net of investment	514	501
Receivable from subsidiaries	123	129
Receivable from Ontario Medical Foundation	40	35
Other receivables	1,617	1,118
	2,438	2,207

3. Long-term investments

	2019		2018
	Amortized cost \$	Average effective yield	Amortized cost \$ Average effective yield
Due within 1 year	6,254	1.88%	10,155 2.30%
Due in 1 – 5 years	42,198	2.64%	47,874 2.60%
	48,452		58,029

4. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Furniture and office equipment	4,570	3,430	1,140	1,141
Computer hardware and software	14,253	9,501	4,752	3,962
Leasehold improvements	6,428	4,265	2,163	2,391
	25,251	17,196	8,055	7,494

Included above in computer hardware and software is \$12 (\$248 in 2018) associated with assets not in use.

Insurance services and technology expense includes nil and nil (\$596 and \$107 in 2018), respectively, of write-off of capital assets under development.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019

(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	2019 Total
	\$	\$	\$
Fair value of plan assets	77,934	—	77,934
Accrued pension obligation	65,809	3,305	69,114
Accrued pension asset (liability)	12,125	(3,305)	8,820
	Pension Plan	Supplementary plans	2018 Total
	\$	\$	\$
Fair value of plan assets	67,233	—	67,233
Accrued pension obligation	64,435	3,004	67,439
Accrued pension asset (liability)	2,798	(3,004)	(206)

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

	Pension Plan	Supplementary plans	2019 Total	2018 Total
	\$	\$	\$	\$
Balance, beginning of year	2,798	(3,004)	(206)	10,307
Contributions	1,694	210	1,904	2,112
Expense	(1,716)	(213)	(1,929)	(1,328)
Pension remeasurement and other items	8,007	(298)	7,709	(11,297)
Curtailment gain on divestment of IQMH	1,342	—	1,342	—
Balance, end of year	12,125	(3,305)	8,820	(206)

On October 7, 2019, the Association divested of its interest in IQMH, including the termination of sponsorship of IQMH employees in the Association's pension plans. This resulted in a curtailment gain of \$1,342 as reflected above and in the consolidated statement of changes in net assets. As of December 31, 2019, the Association continues to retain custody over the plan assets held for the employees of IQMH, until directed by IQMH on their plans for asset transfer.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

5. Pension plans (continued)

(a) (continued)

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

	2019	2018
	\$	\$
Accrued benefit obligation		
Discount rate	5.65%	5.65%
Rate of compensation increase	3.50%	3.50%
Benefit costs		
Discount rate	5.65%	5.50%
Rate of compensation increase	3.50%	3.50%
Pension assets		
Equity securities	65.00%	65.00%
Debt securities	35.00%	35.00%
	100.00%	100.00%

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:

	2019	2018
	\$	\$
Excess of actual return on assets less return calculated using discount rate	7,574	(6,298)
Actuarial loss on obligation	1,477	(4,999)
	9,051	(11,297)

(b) Total employer matching contributions paid and expensed by the Association under the DC plan provision for the year amounted to \$703 (\$632 in 2018).

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, 2019 were \$3,274 (\$3,440 in 2018).

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

7. Invested in capital assets

Investment in capital assets is calculated as follows:

	2019	2018
	\$	\$
Capital assets	8,055	7,494
Amounts funded by deferred rent credits		
Current portion, as recorded in accounts payable and accrued liabilities	(572)	(554)
Long-term portion	(1,813)	(2,429)
	5,670	4,511

The change in this balance is calculated as follows:

	2019	2018
	\$	\$
Deficiency of revenue over expenses		
Amortization	(2,246)	(2,384)
Amortization of deferred rent credits	570	353
Write-off of capital assets	—	(703)
	(1,676)	(2,734)
Net change in investment in capital assets		
Additions to capital assets	2,812	1,411
Transfer of capital assets on divestment of IQMH	(5)	—
Transfer of deferred rent credits on divestment of IQMH	28	—

8. Internally restricted net assets

	2019	2018
	\$	\$
Negotiations (a)	2,356	2,356
IQMH stabilization (b)	—	400
Stabilization (c)	30,200	30,200
Insurance (d)	23,492	21,370
	56,048	54,326

- (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) IQMH established an internally restricted fund to support its operations in the event of unanticipated changes. These internally restricted funds are not available for other purposes without the approval of the IQMH Board of Directors.
- (c) 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.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

8. Internally restricted net assets (continued)

(d) 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 \$2,122 (\$16 surplus in 2018).

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 2019, a total of \$22,019 (\$22,214 in 2018) was returned to plan members.

The insurance operations are summarized as follows:

	Actual 2019	Actual 2018
	\$	\$
Revenue	13,817	12,407
Dividend refund from plan members	—	1,672
Interest	687	651
Operating expenses	(15,190)	(14,329)
(Deficiency) excess of revenue over expenses from insurance services	(686)	401

10. Allocation of expenses

Certain expenses are reported in the consolidated statement of operations after allocation of \$2,661 (\$2,777 in 2018) to insurance services and \$91 (\$149 in 2018) to IQMH.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

11. Commitments

The Association leases office premises at 150 Bloor Street West, Toronto, which expires in 2024, and 393 University Avenue, Toronto, which expires in 2021. The minimum aggregate rent for these premises, including termination charges (excluding escalation and operating charges), as well as office equipment, is as follows:

	\$
2020	2,397
2021	2,321
2022	2,235
2023	2,227
2024	371
Thereafter	—
	<u>9,551</u>

12. Program revenue

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

	2019 \$	2018 \$
Seminar sponsorships and registrations	63	22
Ontario Medical Review	240	240
Physician Health Program	173	180
OMA Incorporation Service	105	81
Physician Benefits & Discount Program	186	219
IQMH	2,133	2,252
Net income from Investment in OMD	482	—
Others	7	20
	<u>3,390</u>	<u>3,014</u>

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 the Ministry of Health ("MOH"). In December 2018, OntarioMD Inc. and the MOH signed a 3 month agreement to provide funding of \$6.2 million, including HST, for the 2018-2019 fiscal year. MOH 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.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

13. Investments in wholly owned subsidiaries (continued)

(a) *OntarioMD Inc. (continued)*

As at and for the year ended December 31, 2019, the balances of OntarioMD Inc. were as follows:

	2019	2018
	\$	\$
Assets	5,480	17,832
Liabilities	5,041	17,876
Equity	439	(44)
Revenue	22,546	29,942
Expenses	22,064	29,942
	482	—
Cash flows (used in) from		
Operating activities	(10,627)	(7,652)
Financing activities	(1,569)	653
Investing activities	(12)	(31)

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 \$1,509 (\$2,018 in 2018).

(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) *IQMH*

IQMH was incorporated under the Corporations Act (Ontario) as a not-for-profit entity dedicated to excellence in health care in order to promote patient safety and quality of care. It offers proficiency testing, accreditation services, education and expertise in guideline development.

Ontario Medical Association
Notes to the consolidated financial statements

December 31, 2019
(In thousands of dollars)

13. Investments in wholly owned subsidiaries (continued)

(c) *IQMH (continued)*

On October 7, 2019, the Association divested of its interest in IQMH to Accreditation Canada. As of the date of divestment, the following balances relating to IQMH were transferred from the Association for no consideration, and have been reflected in the consolidated statement of changes in net assets:

	2019
	\$
Assets	
Cash	863
Accounts receivable	616
Prepaid expenses	93
	1,572
Capital assets	5
	1,577
Liabilities	
Accounts payable and accrued liabilities	298
Deferred revenue	385
Deferred rent credits	28
	413
	711
Net assets transferred on divestment	866

(d) *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, 2019, the balances of OPSI were as follows:

	2019	2018
	\$	\$
Assets	4,992	2,139
Liabilities	3,105	3,636
Net assets	1,887	(1,497)
Revenue	25,392	27,003
Expenses	22,008	28,500
	3,384	(1,497)
Cash flows from operating activities	2,854	293

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 2018.

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, the Association incurred set up costs for the ARP totalling \$4,056 (nil in 2018) which include the development and implementation of the program as well as legal and marketing expenses.