



Ontario Medical Association Report to Finance and Audit Committee on the 2023 audit

To be presented on March 20, 2024

March 8, 2024

To the Members of the Finance and Audit Committee of
Ontario Medical Association
150 Bloor Street West
Suite 900
Toronto ON M5S 3C1

Report on audited annual consolidated financial statements

Dear Finance and Audit Committee Members:

We are pleased to submit this report on the status of our audit of Ontario Medical Association (the “Association” or “OMA”) for the 2023 fiscal year. This report summarizes the scope of our audit, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our master service agreement (“MSA”) dated October 17, 2019, and subsequent confirmation of changes letters dated February 2, 2021, October 19, 2022 and September 21, 2023 respectively, we have performed an audit of the consolidated financial statements of Ontario Medical Association as at and for the year ended December 31, 2023, in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”) and expect to issue our audit report upon approval of the draft consolidated financial statements by the Board of Directors.

Our audit has been conducted in accordance with the audit plan that was presented to the Finance and Audit Committee at the meeting on October 11, 2023.

This report is intended solely for the information and use of Finance and Audit Committee, management and others within the Association and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

Original signed Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Table of contents

Executive summary	1
Significant audit risks, significant events and other audit risks	3
Significant accounting policies, judgments and estimates	6
Appendix 1 – Communication requirements and other reportable matters	7
Appendix 2 – Independence Letter	10
Appendix 3 – Draft management representation letter	12

Executive summary



Audit scope and terms of engagement

We have been asked to perform an audit of the Association’s consolidated financial statements (the “consolidated financial statements”) in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (Part III) as at and for the year ending December 31, 2023. Our audit was conducted in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”).

The terms and conditions of our engagement are described in the master service agreement dated October 17, 2019, and subsequent confirmation of changes letters dated February 2, 2021, October 19, 2022 and September 21, 2023 respectively. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.

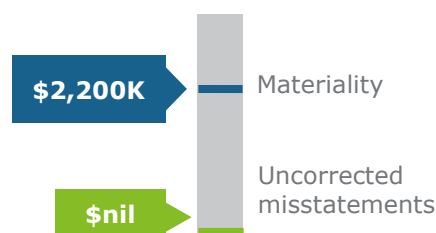


Significant risks

- 1 Presumed risk of fraud relating to revenue recognition
- 2 Management override of controls
- 3 Group insurance program
- 4 Investments
- 5 Accounting treatment resulting from amendments to the existing lease agreement
- 6 Consolidation of entities



Uncorrected misstatements



Materiality levels are determined on the basis of total expenses. Our materiality for the Association for the year ended December 31, 2023, was \$2,200,000 (2022, \$2,150,000). Uncorrected misstatements totalled \$nil.



Outstanding Matters & Next Steps

Completion of our subsequent events procedures

Completion of minor documentation items (including discussion with OMA internal legal, testing of IT controls, reconciliation of investments balance, etc)

Receipt of signed Management’s representation letter



Going Concern

Management has completed its assessment of the ability of the Association to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Association's ability to continue as a going concern. We agree with management's assessment.



Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the consolidated financial statements of the Association for the year ended December 31, 2023, once the outstanding items referred to above are completed satisfactorily and the consolidated financial statements are approved by the Board of Directors.

Significant audit risks, significant events and other audit risks

The significant audit risks identified as part of our risk assessment, together with responses and conclusions, are described below.

Revenue recognition (Ontario Medical Association and OMA Insurance Inc.)

Analysis of risk	Audit Response and Results
<ul style="list-style-type: none">Assurance standards include the presumption of a fraud risk involving improper revenue recognition.For the Association, there is a risk regarding the occurrence and accuracy of material revenue streams, including membership fees, investment income, and group insurance administrative allowance fees.This represents a fraud risk for the 2023 audit.	<ul style="list-style-type: none">We verified our understanding of the accounting treatment of revenue sources and related expenses.We evaluated the design and implementation of controls in these revenue streams and performed substantive analytic procedures and detailed testing in these areas.We assessed the appropriateness of revenue recognition.We reviewed the revenue transactions for any unusual manual journal entries recorded and test to supporting documents to validate business rationale.For membership fees revenue, we performed substantive analytical procedures related to the calculation of membership fees based on membership count by category.For program revenue and revenues from funding contracts or agreements, we viewed the underlying contract to assess whether performance obligations or other restrictions have been fulfilled prior to recognition.For commission revenue on insurance contracts, we performed a combination of third-party confirmations and test of details.We obtained sufficient audit evidence to conclude that there were no material misstatements.

Management override of controls (Ontario Medical Association and OMA Insurance Inc.)

Analysis of risk	Audit Response and Results
<ul style="list-style-type: none"> Under Canadian Auditing Standards, it is the responsibility of the management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process. Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk. 	<ul style="list-style-type: none"> We discussed fraud with management. We asked the Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the OMA and their role in the oversight of management’s antifraud programs. We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period. We evaluated the business rationale for any significant unusual transactions. We determined whether the judgments and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates. We obtained sufficient audit evidence to conclude that there were no material misstatements.

Group insurance program (Ontario Medical Association)

Analysis of risk	Audit Response and Results
<ul style="list-style-type: none"> There is a risk that in-year transactions, such as administrative allowance fees and plan deficit, have not been properly recorded in the consolidated financial statements. Additionally, OMAI changed their insurance providers in 2023 from Sunlife to Manulife. Hence, there is a risk related to the existence and completeness of the insurance liability recognized, and the accounting treatment of transactions related to the change in providers can be complex. 	<ul style="list-style-type: none"> We ensured that the activities reflected in the third-party reports reconcile and have been properly recorded in the consolidated financial statements, including premium payments, commissions earned, refunds, and any reserves held at year end. We reviewed any assumptions and estimates used in setting the claims incurred but not reported at year end. We ensured, on a sample basis, administrative fees paid to the Association are in accordance with the agreements signed by the Association with these third parties. We ensured any funds held by the insurance provider at year end, but which belong to the Association (such as excess reserves), have been properly reflected in the consolidated financial statements. We reviewed the agreement with the new insurance provider to assess whether the insurance liability was the responsibility of OMA or the insurance provider. We consulted with both insurance and accounting specialists with respect to the accounting treatment of transition related transactions between insurance providers. We obtained sufficient audit evidence to conclude that there were no material misstatements.

Investments (Ontario Medical Association and OMA Insurance Inc.)

Analysis of risk	Audit Response and Results
<ul style="list-style-type: none"> Existence and valuation of both short and long-term investments. 	<ul style="list-style-type: none"> We obtained third party confirmations from both the investment manager and the custodian of year end investment balances as well as investment activities during the year. We agreed the recorded market value to investment statements from third parties. We tested a sample of in-year investment activities by comparing to third party confirmations. We tested the fair value of investments by agreeing to an independent source (i.e., audited financial statements of pooled funds) on a sample basis. We ensured that any restricted investments have been appropriately presented on the consolidated financial statements. We assessed the disclosure and presentation of investments in the consolidated financial statements. We obtained sufficient audit evidence to conclude that there were no material misstatements.

Accounting treatment resulting from amendments to the existing lease agreements (Ontario Medical Association and OMA Insurance Inc.)

Analysis of risk	Planned audit response
<ul style="list-style-type: none"> Valuation and completeness of lease commitments as a result of potential amendments to the existing lease agreement for 150 Bloor Street West location. 	<ul style="list-style-type: none"> We reviewed the amended lease agreement and management’s calculation of the lease commitment balances to be disclosed in the notes to the financial statements. We ensured the impact of the amendment to the lease agreement has been appropriately captured and the related future lease commitment balances have been adequately disclosed in the notes to the consolidated financial statements.

Consolidation of related entities (Ontario Medical Association and OMA Insurance Inc.)

Analysis of risk	Planned audit response
<ul style="list-style-type: none"> Given the differing accounting treatment for the various related entities, there is a risk that the balances and activities have not been properly reflected in the Association’s consolidated financial statements. 	<ul style="list-style-type: none"> We reviewed the selected accounting treatment for each entity for the purpose of consolidation (i.e., consolidated, equity method investment, or disclosure only). We ensured that all amounts either included in the consolidated financial statement balances or disclosed agree to the audited financial statements of the separate entities. We obtained sufficient audit evidence to conclude that there were no material misstatements.

Significant accounting policies, judgments and estimates

The accounting policies described below are those that are most important and representative of OMA's financial condition and financial performance.

In the course of our audit of the consolidated financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, and understandability of the information included in the consolidated financial statements.

The significant accounting policies of OMA are disclosed in Note 1 to the consolidated financial statements.

In our judgment, the significant accounting practices and policies, selected and applied by management are, in all material respects, acceptable under ASNPO and are appropriate to the particular circumstances of OMA.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2023, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies.

In our judgment, the significant accounting estimates made by management are, in all material respects, free of possible management bias and of material misstatement. The disclosure in the consolidated financial statements around estimation uncertainty is in accordance with ASNPO and is appropriate to the particular circumstances of OMA.

Appendix 1 – Communication requirements and other reportable matters

Required communication	Reference	Refer to this report or document described below
Audit Service Plan		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the consolidated financial statements	CAS ¹ 260.14	Refer to our master service agreement dated October 17, 2019 and subsequent confirmation of changes letters dated February 2, 2021, October 19, 2022, and September 21, 2023 respectively.
2. An overview of the overall audit strategy, addressing: <ol style="list-style-type: none"> Timing of the audit Significant risks, including fraud risksNames, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit 	CAS 260.15	Refer to our audit service plan dated October 11, 2023.
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
Enquiries of those charged with governance		
4. How those charged with governance exercise oversight over management’s process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21	We asked the Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the OMA and their role in the oversight of management’s antifraud programs.
5. Any known suspected or alleged fraud affecting the Association	CAS 240.22	None noted.
6. Whether the Association is in compliance with laws and regulations	CAS 250.15	No concerns noted.
Year End Communication		
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	We are not aware of any fraudulent events.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.	Refer to page 6 of report.

¹ CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Required communication	Reference	Refer to this report or document described below
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.	None.
10. Matters related to going concern	CAS 570.25	We concluded that there was no substantial doubt about OMA's ability to continue as a going concern.
11. Consultation with other accountants	CAS 260.16(c),(i), A22	None.
12. Management judgments and accounting estimates	CAS 260.16 a.	None noted.
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.	No significant difficulties to report.
15. Material written communications between management and us, including management representation letters	CAS 260.16 c.	See Appendix 3 - Draft management representation letter.
16. Circumstances that affect the form and the content of the auditor's report	CAS 260.16.d.	None.
17. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16e.	No other matters to report.
18. Modifications to our opinion(s)	CAS 260.A21	None.
19. Other significant matters discussed with management	CAS 260.A.22	None.
20. Under our professional standards we are required to communicate, unless we are prohibited by a law or regulation, matters involving non-compliance by the Company with applicable laws and regulations, including illegal or possibly illegal acts that come to our attention	CAS 250.23	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Association, that are not otherwise prohibited to disclosed by law or regulation.
21. Litigation	CAS 260.16(a), A19-20, App. 2	No litigation matters to report.
22. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the consolidated financial statements	CAS 265	No deficiencies to report.
23. Uncorrected misstatements and disclosure items	CAS 450.12-13	In accordance with Canadian GAAS, we request that all misstatements be corrected. No uncorrected misstatements and uncorrected disclosure deficiencies to report.

Required communication	Reference	Refer to this report or document described below
Other reportable matters		
24. Changes to the audit plan	CAS 260.A26	The audit was conducted in accordance with our audit plan, which was communicated to Finance and Audit Committee. We confirm that there have been no significant amendments to the audit scope and approach communicated in the audit plan.
25. Concerns regarding management competence and integrity	CAS 260.11, A38	We have not determined any concerns regarding management competence and integrity.
26. Disagreements with management	CAS 260.16(c)(i), A22	In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
27. Subsequent events	CAS 260.10(a), 260.13(b), 260.14(a), 260.17	None.
28. Reliance on service organizations	CAS 402 A39, CAS 265.9-10	No concerns noted.
29. Limitations when sending confirmations	CAS 505.9	No concerns noted.
30. Other significant matters arising from the audit	CAS 260.16(e), A26-A28	None.

Appendix 2 – Independence Letter

March 8, 2024

The Finance and Audit Committee of the
Ontario Medical Association
150 Bloor Street West
Suite 900
Toronto ON M5S 3C1

Dear Committee Members:

We have been engaged to audit the consolidated financial statements of the Ontario Medical Association (the “OMA”) for the year ended December 31, 2023.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the OMA, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/order and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client.
- b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d) Economic dependence on a client.
- e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the Deloitte Entities and OMA and its affiliates, or persons in financial reporting oversight roles at OMA and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from March 6, 2023 to March 8, 2024.

We are also the external auditors of OMA Insurance Inc.

We hereby confirm that we are independent with respect to OMA in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of March 8, 2024.

This letter is intended solely for the information and use of the Finance and Audit Committee, management, and others within OMA and is not intended to be and should not be used for any other purposes.

Yours truly,

Original signed Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Appendix 3 – Draft management representation letter

[Organization letterhead]

[DATE]

Private and confidential

Deloitte LLP
Trevor Ferguson
8 Adelaide Street West
Suite 200
Toronto ON MGH 0A9

**Subject: Consolidated financial statements of Ontario Medical Association for the year ended
December 31, 2023**

Dear Mr. Ferguson:

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the consolidated financial statements of Ontario Medical Association (the “Association” or “we” or “us”), for the year ended December 31, 2023, the notes to the consolidated financial statements and a summary of significant accounting policies (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Association in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Association and Deloitte dated October 17, 2019 and the confirmation of changes letters dated February 2, 2021, October 19, 2022 and September 21, 2023 respectively for the preparation of the Financial Statements in accordance with ASNPO. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Association as at December 31, 2023 and the results of its operations and cash flows for the year then ended in accordance with ASNPO.

2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with ASNPO, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with ASNPO. The Association has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with ASNPO and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2023 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. All related party relationships and transactions have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of ASNPO.
4. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2023 and up to the date of this letter.
6. The Financial Statements are free of material errors and omissions.

Internal Controls

7. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and error.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

9. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and,
 - d. All minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.

10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the entity.
14. There have been no communications with regulatory agencies concerning actual or potential non-compliance with or deficiencies in financial reporting practices. There are also no known or possible instances of non-compliance with the requirements of regulatory or governmental authorities.
15. We have complied with all applicable provisions of the laws pertaining to foreign corrupt practices.
16. There are no instances of identified or suspected noncompliance with laws and regulations.
17. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with ASNPO.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

18. The Association has not caused Deloitte's independence to be impaired by hiring or promoting a former or current Deloitte partner or professional employee in an accounting role or financial reporting oversight role that would cause a violation of the Canadian independence rules or other applicable independence rules. Prior to the Association having any substantive employment conversations with a former or current Deloitte engagement team member the Association has held discussions with Deloitte and obtained approval from the Finance and Audit Committee.
19. We have ensured that all non-audit services provided to the Association have been pre-approved by the Finance and Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to the Association in accordance with applicable laws, regulations and rules that apply to the Association, including the Finance and Audit Committee approval requirements.
20. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Finance and Audit Committee in accordance with its established approval policies and procedures.

Other matters

21. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
22. We have disclosed to you, and the Association has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions, or other requirements of all outstanding debt.

Except where otherwise stated below, immaterial matters less than \$100,00 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial information.
23. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
24. All events subsequent to the date of the Financial Statements and for which ASNPO requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
25. The Association has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
26. We believe that the costs incurred with respect to the Advantages Retirement Plan have been properly expensed in the financial statements.
27. We believe the transactions related to the transition from SunLife to Manulife have been properly reflected in the financial statements.

Yours truly,
Ontario Medical Association

Lily Chen, Chief Financial & Operating Officer