

2024 OMA AGM

Finance and Audit Committee Report to the OMA AGM

Dr. Sanjay Acharya, Chair, May 02, 2024



Members of the OMA:

1. The Finance and Audit Committee, a Committee of the Board, comprises the following four members of the Board:

Sanjay Acharya, Chair

Cathy Faulds, Chair of the OMA Board

Sue Armstrong, Chair, OMAI Board

Hiroataka Yamashiro, FAC Member

2. Since the last Finance and Audit Committee Report, the Committee met five times on June 7, August 30, October 11, November 8, 2023, and March 20, 2024.
3. As per the Finance and Audit Committee Charter and Terms of Reference, the Committee will assist the Board in monitoring and oversight of the financial affairs of the Association, its subsidiaries, and the OMA Employees' Pension Plans, and ensure compliance with all applicable laws and regulatory requirements relating to financial reporting and disclosures.

a. Financial Planning, Reporting and Internal Control

Review the appropriateness of the OMA's accounting policies when preparing the financial statements. Review the financial statements of OMA and its subsidiaries to gain reasonable assurance that the statements present fairly the financial position in accordance with the generally accepted accounting principles.

b. Operating Plan

Review and recommend approval of the annual budget, operating plan, and capital budgets.

c. External Audit

Recommend for approval the appointment or discharge of the external auditor. Review the terms of engagement of the external auditor, including the scope and timing of the annual audit, independence of the auditor and disclosure of non-audit services.

d. Compliance and Risk Management

Review the risk management framework annually and assess and monitor crisis management and business continuity plans.

e. Internal Audit

Evaluate the scope, risk assessment and nature of the internal audit plan, ensuring it is sufficiently linked to the OMA's overall business objectives. Review and assess the internal audit report, including the adequacy of management's corrective actions.

FINANCIAL POSITION OF THE ASSOCIATION

(In \$000's unless specified otherwise)

4. The Statement of Financial Position presents the Association's financial position at the year-end 2023. Total assets of \$125 million mainly consist of cash and long-term investments and are higher by \$21 million compared to 2022.
5. The OMA consolidated results of operations for the year ended December 31, 2023, were a surplus of \$12.4 million, or 58% higher than in 2022. The increase is largely attributable to the \$8 million transition allowance from Manulife. OMA's net asset position remains strong at \$125 million, an increase of \$21 million from 2022 driven by higher net revenue and pension remeasurement due to investment gains.
6. The revenue for 2023 was \$ 95 million, which includes \$63.1 million in dues. Total expenses for the year were \$82.6 million, compared to \$71.6 million in 2022. Expenses increased as we emerged from COVID restrictions and returned to a new normal versus 2022.
7. The cost of negotiating and implementing an agreement varies from year to year, and to minimize large fluctuations in membership dues and/or special levies, the OMA maintains a negotiations reserve to support negotiations-related costs and ratification of the cyclical master agreements. At year-end 2023, the negotiations reserve was increased to \$3.5 million from \$2.4 million.

OMA INSURANCE INC. (OMAI)

8. OMA Insurance Inc. is an OMA-owned for-profit insurance agency, created to enable licensed personnel to sell individual insurance products. Commission income is earned on insurance sales.
9. OMAI generated a profit for the first time since 2018. Net income for the year was \$1.2 million, compared to a loss of \$6 in 2022. Revenue increased by 12% to \$14 million, compared to \$ 12.5 million in 2022, mainly driven by growth in individual plans. Expenses were \$12.8 million, a modest increase of 2% from 2022.

ONTARIOMD INC. (OMD)

10. 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 EMR Funding Agreement between OntarioMD Inc. and Ontario Health. This investment in the wholly-owned subsidiary is accounted for using the equity method. The financial results are not consolidated in the OMA financial statements but are reported in Note 13(a), page 16 of the audited financial statements.

ONTARIO PHYSICIAN SERVICES INC. (OPSI)

11. OPSI was incorporated provincially on February 2, 2012, and is a wholly-owned subsidiary of the Association with a primary function of administering government-funded programs. Currently, OPSI administers the Physician Health Benefit Program (PHBP), financed primarily from funding negotiated with the MOH. Any funding gap will be covered by insurance reserves. This program offers members a choice among critical illness insurance, extended health coverage and a health spending account. The financial results are not included in the OMA financial statements but are reported in Note 13(c), page 16 of the audited financial statements.

MEMBERSHIP

12. Membership in 2023 totaled 48,507 and a further 96 non-members paid dues. The full-fee membership category increased by 634 members. Membership dues revenue in 2023 is summarized in Appendix C.

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

13. On March 20, 2024, the Committee received the draft report of the Association's external auditors concerning the annual audit (Appendix B) and the 2023 financial statements of the Association (Appendix A). The attached draft auditor's report and financial statements form part of this **Report to the AGM**.

RECOMMENDATIONS

14. The Board, at its meeting on March 27, 2024, approved the draft audited financial statements for the OMA for the year ended December 31, 2023, and the re-appointment of Deloitte LLP as OMA's auditors for 2024.

Respectfully Submitted,

*Sanjay Acharya, Chair
Finance and Audit Committee*

Attachments:

Appendix A – Audited Financial Statements of the OMA – December 31, 2023

Appendix B - Auditor's Report

Appendix C - Membership Revenue