



**Ontario Motor
Vehicle Industry
Council**

2000 Annual Report

Committed To A Fair Marketplace

May 28, 2001

The Honourable Norm Sterling
Minister of Consumer and Business Services
250 Yonge Street
Toronto, ON M5B 2N5

Dear Minister,

It is my pleasure to submit to you the fourth Annual Report of the Ontario Motor Vehicle Industry Council. You will note that we have made many proud accomplishments. Some highlights from our Annual Report include:

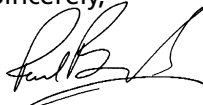
- OMVIC investigators laid over 1,400 charges during 2000, and over 300 convictions were registered;
- Over 4,000 dealer inspections and 2,500 site visits were completed;
- On average, approximately 9,000 telephone inquiries were handled by OMVIC staff each month during 2000;
- Some 5,300 individuals registered for OMVIC's Certification Program - the first of its kind in Canada;
- Staff mediated approximately 2,400 consumer and dealer complaints;
- In December of 2000, OMVIC's Code of Ethics was adopted as a bylaw to be enforced by a dealer-administered Disciplinary Process. The Code is illustrated by detailed Standards of Business Practice which was circulated to all dealers;
- Almost 1,000 administrative actions were taken including registration refusals, revocations or imposition of strict terms and conditions;
- OMVIC increased the range of services to consumers and dealers offered through its website.

With these achievements, OMVIC has demonstrated that Ontario's motor vehicle dealer sector is a mature industry, taking responsibility for consumer protection and advancing dealer professionalism. We have raised the standards of our industry by dedicating resources to compliance and enforcement programs, providing consumers and dealers with access to no-charge mediation services, raising the registration standards for dealers and salespersons, and by raising awareness of the high ethical business standards that dealers impose on themselves and expect of each other.

I wish to express our appreciation for the productive relationship that we have enjoyed with the staff of your ministry. They continue to provide the highest possible levels of co-operation and demonstrate great professionalism at every turn.

We look forward to another successful year with a renewed sense of enthusiasm and commitment to a fair marketplace.

Sincerely,



Paul Burroughs
Chair, Board of Directors

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1.0 EXECUTIVE SUMMARY

OMVIC is Ontario's first administrative authority created pursuant to the Safety & Consumer Statutes Administration Act. The Honourable David Tsubouchi, Minister of Consumer & Commercial Relations, delegated responsibility for the day-to-day administration of the Motor Vehicle Dealers Act to OMVIC on January 7, 1997.

This document sets out our performance against the commitments contained in OMVIC's 2000 Business Plan. The following pages provide an overview of OMVIC, list our services and detail our accomplishments during our third year.

2.0 OVERVIEW

2.1 VISION & MISSION

OMVIC's vision is simple: A Fair Marketplace.

We will promote a fair marketplace through innovation, enforcement and excellence in service.

2.2 VALUES

OMVIC has a series of values or operating principles, which guide it in its day-to-day decision-making. These values were identified by staff as important to them and necessary in their view for the effective delivery of the OMVIC mandate. In no particular order, these principles are:

- We will be innovative in providing the best solutions for our clients.
- We will respect our clients, our colleagues and ourselves.
- We will exercise fairness in all the things we do.
- Integrity will be our hallmark.
- We will at all times be knowledgeable about our programs and the industry and communicate with clients.
- Without assigning blame, we will be accountable for everything we do as individuals, as a team, and as an organization.
- We will be committed to the service of our clients and to our vision, mission and mandate.
- We will maintain a work environment that fosters job satisfaction and enjoyment.

2.3 PRIORITIES

- Consumer Protection
- Dealer Professionalism
- Customer Service

2.4 OBJECTIVES

- Increased consumer confidence through compliance and mediation activities
- Increased accountability through implementation of a Code of Ethics, Standards of Business Practice and an open Disciplinary Process
- Consumer protection by pursuit of those who would prey on an unwary public, with emphasis on curbsiders.
- Consumer awareness through dissemination of information concerning consumer rights via publications, articles & media interviews
- Dealer professionalism through certification programs for dealers and salespersons

3.0 ORGANIZATION

OMVIC is a non-profit professional association of Ontario's 9,000 motor vehicle dealers. OMVIC was established for the purposes of administering the Ontario Motor Vehicle Dealers Act, a consumer protection statute. OMVIC performs its responsibilities pursuant to an Administrative Agreement with the Ministry of Consumer and Commercial Relations. The Council is government sanctioned, serves the public interest and membership is mandatory for Ontario's registered dealers.

3.1 GOVERNANCE

A Board of Directors provides guidance and direction to OMVIC. The board is made up of nine motor vehicle dealers drawn from all segments of the industry: large and small, used and new, urban and rural. These industry representatives are joined by three consumer/government representatives appointed by the Minister of Consumer and Business Services. The responsibilities of Director under the Motor Vehicle Dealers Act are provided by a member of the Board of Directors appointed by the Minister.

Board members are elected by dealers across the province.

An Executive Director is responsible for the day-to-day affairs of OMVIC and also performs the responsibilities of Registrar under the Motor Vehicle Dealers Act.

BOARD OF DIRECTORS

Paul Burroughs, President

President, City Chevrolet Oldsmobile Ltd., Hamilton

Jim McAlpine, Vice President

President, McAlpine Ford Lincoln Sales Ltd., Aurora

Gerry Barg, Secretary Treasurer

President, Barg Automotive, Kitchener

Kevin Bavelaar

President, Auto Showplace, Toronto

Sue Corke

Assistant Deputy Minister, Policy and Consumer Protection Services Division,
Ministry of Consumer and Business Services, Toronto

Richard Lang

President, Lang Motorcar Corporation

Roger Lockhart

President, Lockhart Motors Ltd., Collingwood

Pauline Mitchell (until May 2000)

Director, Public & Government Relations,
Canadian Automobile Association,
South Central Ontario, Hamilton

Jim Pears

President, Metro Chrysler Jeep, Ottawa

Whipple Steinkrauss

Assistant Deputy Minister (retired),
Business Practices Division, Ministry of
Consumer & Commercial Relations, Toronto

Robert Stephen, Past President

President, Agincourt Infiniti Nissan, Scarborough

Richard Tassé

President, Tassé Automobiles, Sudbury

Michael Turk (from July 2000),

Lawyer and Consumer Advocate

3.2 ROLE OF THE BOARD

The Board's role is to:

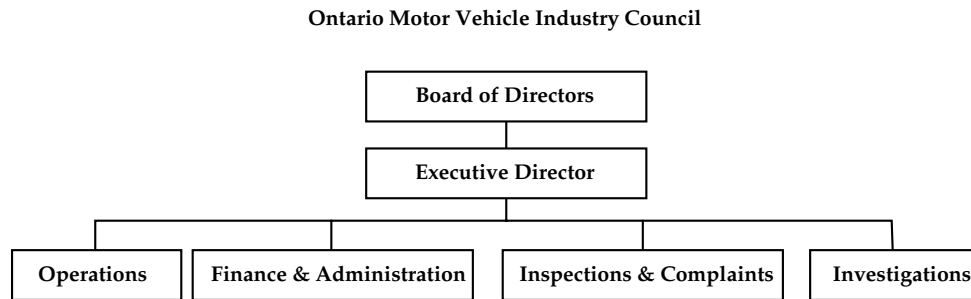
1. Work with the Executive Director in providing overall business direction through strategic planning, determining priorities and setting policy guidelines.
2. Ensure financial and functional viability of OMVIC by exercising fiscal oversight and fee-setting policies.
3. Ensure that OMVIC's operational and financial controls are operating properly.
4. Work with the Executive Director to ensure that OMVIC has the necessary resources, competence, tools and organization to effectively fulfil its mandate.
5. Communicate and market the benefits OMVIC offers to consumers, registrants, members and government.

3.3 COMMITTEES

There are several active committees of the Board.

- Appeals, Chair, Michael Turk (see also Appeals Committee section, 4.4)
- Communications Strategy, Chair, Roger Lockhart
- Compensation Fund Liaison, Whipple Steinkrauss
- Education, Chair, Whipple Steinkrauss
- Ethics & Discipline, Chair, Kevin Bavelaar
- Executive Committee, Chair, Paul Burroughs
- Legislative Review, Chair, Richard Tassé
- Nominations Committee, Chair, Paul Burroughs

3.4 ORGANIZATIONAL STRUCTURE



3.5 ORIGINS & HISTORY

OMVIC was incorporated under the laws of Ontario, and received its Letters Patent in October of 1996. Its founding board was in place the following month, and the Minister of Consumer & Commercial Relations delegated responsibility to OMVIC for administering the Motor Vehicle Dealers Act on January 7, 1997.

OMVIC's creation is a result of the shared commitment by both dealers and government to improving consumer protection through higher industry standards and professionalism.

3.6 LOCATIONS AND FACILITIES

OMVIC's headquarters are located at:

36 York Mills Road, Suite 110
Toronto, ON
M2P 2E9

OMVIC staff can be reached at:

416-226-4500 or 1-800-943-6002
Fax: 416-226-3208
<http://www.omvic.on.ca>

Several field staff work from home offices in major communities across the province. These staff conduct inspections or investigations and also mediate disputes between consumers and dealers and between dealers.

4.0 PRODUCTS AND SERVICES

OMVIC activities include:

- Registration
- Inspection
- Investigation and prosecution
- Enquiry and complaint handling
- Dealer professionalism
- Consumer awareness

These support our priorities: consumer protection, dealer professionalism and customer service.

4.1 PRODUCT AND SERVICE DESCRIPTION

Registration:

By exercising the duties of the Registrar under the Motor Vehicle Dealers Act, OMVIC determines whether applicants qualify for registration and whether existing registrants continue to be qualified for registration. The Registrar has a responsibility to propose refusal or revocation of registration or to propose terms and conditions of registration. OMVIC maintains a register of dealers and salespersons in Ontario that have qualified for registration under the MVDA.

There are an estimated 9,000 dealers and 20,000 salespersons registered under the MVDA in Ontario. Each registration is for two years, renewable on the anniversary of registration. OMVIC processes applications for registration as well as renewals, information changes and records transfers of salespersons from dealer to dealer.

When the Registrar proposes to refuse or revoke registration, the affected applicant or registrant may request a hearing before the Licence Appeal Tribunal (LAT), an independent quasi-judicial agency of the Ministry of Consumer & Business Services. In such cases, the Registrar presents the case for refusal or revocation before a panel of the Tribunal. The panel may direct the Registrar to carry out the proposal, modify the proposal or set aside the proposal and replace it with its own order.

Inspection:

OMVIC's inspection staff conduct inspections of registered dealers and as such have right of access to business books and records. Inspections are conducted in order to ensure ongoing compliance with the MVDA.

The MVDA requires dealer registrants to conduct business from premises approved by the Registrar and sets out the requirement to have a lot, sign and a separate office for the conduct of business. The MVDA also sets out requirements for the maintenance of books and records. Dealers may only use the services of registered salespersons whose registrations indicate that they are providing services to that dealer.

Under the MVDA, appropriately appointed inspectors have the right to inspect a dealer's premises, to view and photocopy books and records and to make inquiries regarding any complaint received about the dealer's conduct. A record is kept of all completed inspections and, as necessary, follow-up action is taken. Inspectors also prepare proposal files and present evidence at LAT.

Investigation & Prosecution:

OMVIC's investigations staff are appointed under the MVDA and the Provincial Offences Act. They are empowered to conduct investigations under several relevant statutes. As a result of those investigations, investigators may lay charges under a number of provincial statutes including the Motor Vehicle Dealers Act, and the Business Practices Act.

OMVIC prosecutes offenders using the services of local prosecutors or by providing its own counsel. Investigators also collect evidence, interview witnesses, prepare court briefs, present evidence and in some cases conduct prosecutions.

Enquiries & Complaints:

OMVIC staff handle enquiries from consumers, dealers, salespersons, applicants for registration, government and other stakeholders. Staff also offer a mediation service for complaints between consumers and dealers and between dealers themselves.

Consumers dissatisfied by a transaction with a registered dealer are advised as to their rights. They are encouraged to attempt to settle the disagreement by contacting the dealer directly. If further assistance is required, OMVIC's staff will attempt to mediate the complaint. Often, dealers themselves will request OMVIC's assistance in resolving a dispute with either a consumer or with another dealer.

Dealer Professionalism:

By completing the OMVIC Certification program, registrants can increase their level of professionalism. The program, which is mandatory for new dealers and salespersons, focuses on law and ethics and is a community college credit course.

Consumer Awareness:

OMVIC encourages consumer awareness with the use of an information campaign, which includes a poster, brochures and participation in media interviews and events.

4.2 TECHNOLOGY

Initially, OMVIC depended upon systems developed by the Ministry of Consumer and Business Services in the mid- to late-eighties. These systems were designed to accommodate the needs of several different business sectors regulated by the ministry. As a result, some features required by OMVIC were lacking.

On March 31, 1999, OMVIC implemented its own information system, integrating registration, enforcement and compensation fund information. In

addition, throughout 2000, OMVIC worked to increase the services available over the Internet. The public can now conduct real-time searches of our database to check the registration status of dealers and salespeople as well as to submit complaints on-line. OMVIC also worked closely in 2000 with the Ministry of Consumer and Business Services' Ontario Business Connects projects to be in a position to offer routine registration services to the public in the near future.

OMVIC's telephone system experienced significant pressure as a result of the high volume of inquiries received. Our system was designed to handle the 2,000 to 3,000 calls per month traditionally handled by the Ministry of Consumer and Commercial Relations. Actual volumes of calls handled by OMVIC during 2000, however, were in excess of 9,000 calls per month (per Bell Telephone traffic studies), resulting in an unacceptable deterioration in service levels. Accordingly, OMVIC installed a new phone system in the fall of 2000 which provides more efficient service as well as a number of information services to handle routine inquiries.

4.3 FRENCH LANGUAGE SERVICES

OMVIC makes an effort to be responsive to all enquiries received in the French language. An equivalent level of service will be provided in both languages whenever and wherever demand and customer service warrant. Bilingual staff will be sought for key positions in order to ensure that French language enquiries, whether from dealers or consumers, can be dealt with quickly, courteously and effectively. As well, all correspondence received in French will receive a response in French.

4.4 APPEALS COMMITTEE

If a consumer feels that a complaint has not been handled properly by OMVIC, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member appointed by the Minister of Consumer and Business Services. During 2000, one complaint was referred to the Appeals Committee, which determined that the complaint was unfounded.

5.0 REGISTRATION STATISTICS

There are currently approximately 9,000 registered dealers and 20,000 registered salespersons in Ontario. This population has remained reasonably stable for a number of years now.

During 2000, approximately 800 applications for new dealer registration were processed as well as 2,900 new salesperson applications. As a result of the significant scrutiny and background checks conducted on new applications pursuant to the Motor Vehicle Dealers Act, salesperson applicants are advised that final approval may take up to three weeks and dealer applicants are advised that final approval may take up to six weeks.

In response to concerns raised by individuals seeking access to employment opportunities in the dealer sector, the processing for salesperson applications was modified in order to remove unnecessary barriers to employment. As a result, 80% of salesperson applicants receive conditional approval within 48 hours of receipt of their applications by OMVIC personnel.

In addition to the above, 13,800 renewal applications, 1,800 information changes, 4,600 employee transfers and 8,500 registration terminations were processed during 2000. Processing of these transactions is normally completed in less than two weeks.

6.0 MOTOR VEHICLE DEALERS COMPENSATION FUND

The Motor Vehicle Dealers Compensation Fund was established in 1986 as a “court of last resort” for consumers who have lost money in certain types of transactions involving dealers who are registered under Ontario’s Motor Vehicle Dealers Act.

To be eligible for consideration by the Fund’s Board of Trustees, a written claim must be submitted within two years of a registered dealer refusing or failing to pay compensation, and must be based on one of the situations described below.

- A customer has won a judgement in an Ontario court against a registered dealer who has then failed or refused to pay.
- A customer has entered into a transaction with a registered dealer and the dealer has subsequently been convicted of fraud, theft or false pretences in connection with that transaction.
- A customer has entered into a transaction with a registered dealer who is unable to fulfil his or her obligation because the dealer has gone out of business.
- A customer has made a down payment or a deposit on a vehicle and the dealer has delivered neither the vehicle nor an acceptable alternative and has not refunded the money. (It should be noted that a claim to the Fund cannot be based on the cost, value or quality of a vehicle that has been delivered.)
- A customer has purchased an extended warranty or service plan that is not underwritten by an insurance company and the claim is for a non-earned premium or for a repair under the warranty.

The Fund is considered the final safety net for consumers since they should have exhausted other avenues of compensation available to them before applying to the Fund. The maximum amount that can be paid for any one claim is \$15,000.

All claims must be accompanied by full and proper documentation, such as the bill of sale or purchase order, a judgement order or proof of conviction, or other supporting evidence.

When the Fund pays a claim, the consumer signs over to the Fund all rights and remedies related to the claim to which he or she is entitled. The Fund may then

pursue its own legal action to recover the amount of the claim from the dealer or the dealer's representative.

The Fund cannot compensate consumers for a loss resulting from a private sale or a transaction involving a company that is not registered under the Motor Vehicle Dealers Act. Nor can the Fund compensate a commercial client or creditor of a dealer, even if the dealer is registered under the Act and a court judgement is received. These restrictions reflect the Fund's mandate - registered automobile dealers standing behind other registered dealers in their consumer transactions to ensure a fair marketplace.

The Motor Vehicle Dealers Compensation Fund was created and is supported through a fee that dealers must pay when they apply for registration to the Ontario Motor Vehicle Industry Council.

During the 1999/2000 fiscal year, the Board of Trustees met on 12 occasions, and approved \$224,043 in payments to consumers from the Fund. (Note - the Fund's fiscal year runs from November to October). For further information about the Compensation Fund contact:

Motor Vehicle Dealers Compensation Fund
36 York Mills Road
Toronto, Ontario
M2P 2E9
Telephone: 416-226-3661 or 800-943-6002 ext. 135
Fax: 416-226-9406
Email: compfund@omvic.on.ca.

7.0 PERFORMANCE REVIEW

The following charts demonstrate our operational performance during 2000 as compared to previous years for inspections, mediations, enquiries handled, investigations and Registrar's actions.

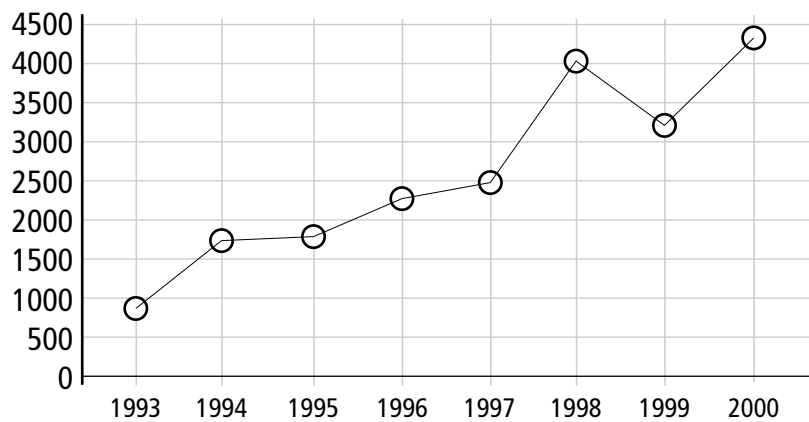


Fig.1 - COMPLETED INSPECTIONS. OMVIC inspectors completed 4,249 dealer inspections during 2000 as well as 2,595 site visits (not shown).

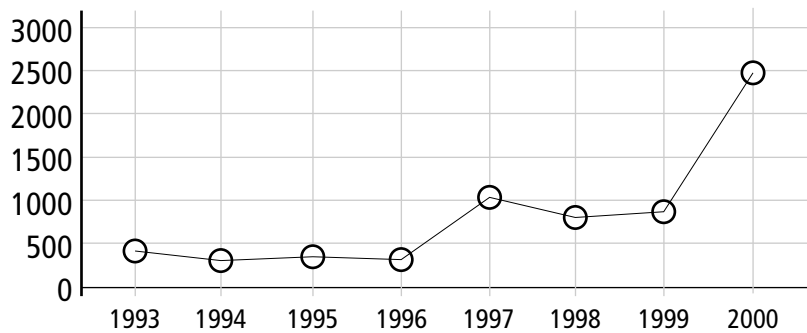


Fig.2 - COMPLAINT MEDIATIONS. OMVIC staff mediate disputes between consumers and dealers and between dealers themselves. Staff were actively involved in mediating approximately 2,477 disputes in 2000.

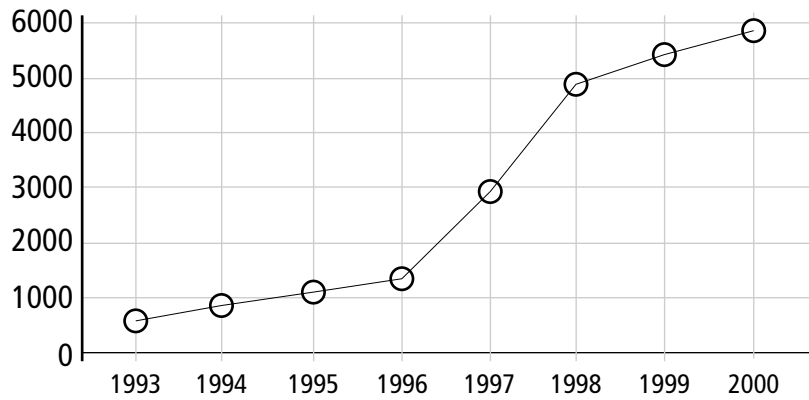


Fig.3 - CLIENT ENQUIRIES (1-800 line only). In excess of 4,000 client enquiries are handled monthly on OMVIC's toll free service. (In 2000, incoming local calls were not counted but are assumed to match toll-free calls. This chart does NOT include local calls)

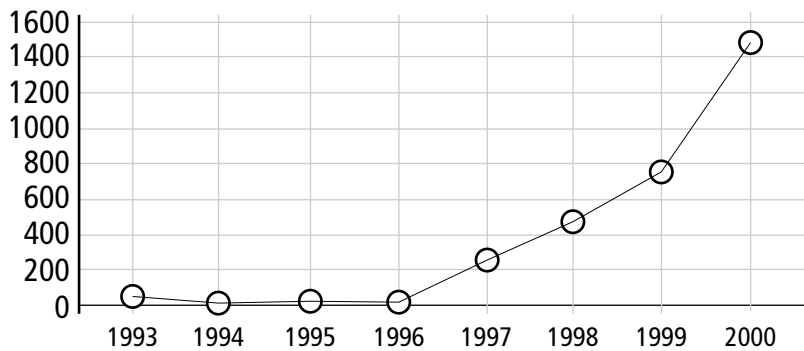


Fig.4 - INVESTIGATIONS: Investigative activity rose sharply again in 2000, with the number of charges increasing dramatically over previous years.

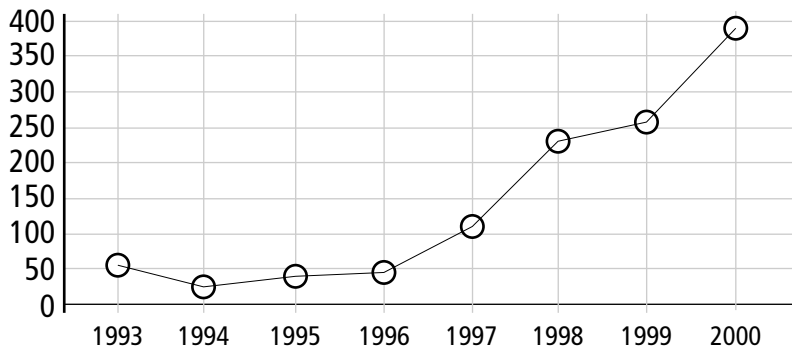


Fig.5 - CONVICTIONS. Convictions relate to registered and unregistered activity.

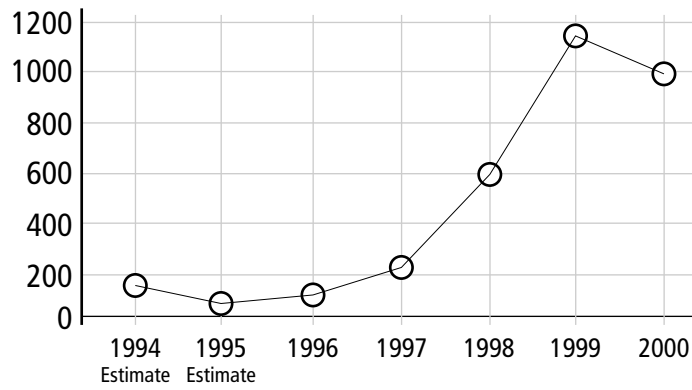


Fig.6 - REGISTRAR'S ACTIONS: These include issuance of proposals to refuse or revoke registration, and terms & conditions settlements. (970)

8.0 MAJOR MILESTONES

Our 1999 Business Plan proposed a number of milestones for the 1999 to 2001 planning period. Our progress towards completion of these milestones is shown below:

PRIORITY	COMMITMENT/ACTIVITY	RESULT	BENEFITS
Consumer Protection, Dealer Professionalism	Develop Disciplinary Process for enforcement of Code and Standards of Business Practice	Bylaw passed in December 2000.	To be an effective tool, the Standards of Business Practice are accompanied by a mechanism for enforcement which provides assurance to dealers of a level playing field, and assurance to consumers that justifiable complaints will be handled fairly.
Dealer Professionalism	Develop communications to heighten awareness of OMVIC's responsibilities and achievements at an industry and consumer level.	Three issues of new quarterly newsletter, <i>The Dealer Standard</i> , distributed	<i>The Dealer Standard</i> newsletter provides a means of communicating important issues to the entire registrant community. It assists in informing dealers about the Standards and the law.
Dealer Professionalism	Dealer Handbook	Dealer Handbook material available online.	The OMVIC website provides a comprehensive online reference source for dealers. Dealers can access registration information, forms, legislation, newsletters, bulletins etc.
Consumer Protection, Dealer Professionalism, Customer Service	Increase internet service	Set up the technical infrastructure necessary to provide database access for field staff and information and services to the public.	Consumers can access current dealer and salesperson registration lists, consumer FAQs, and file complaints online. Dealers and salespersons can also access current registration lists, download registration forms, review FAQs, legislation, OMVIC publications and contact staff.
Consumer Protection, Dealer Professionalism	Regulatory and Legislative reform	Recommendations provided to government in spring 2000.	OMVIC's recommendations for MVDA and other consumer protection legislation reform include many measures designed to increase consumer protection through increased accountability, greater disclosure, and more effective enforcement.
Consumer Protection, Dealer Professionalism, Customer Service	Complaint handling	OMVIC mediated 2,477 complaints during 2000.	OMVIC's mediation services provide a no-cost alternative to the court system. The service is more effective and efficient, saving money for dealers and consumers. The volume of complaints mediated by OMVIC in 2000 has increased from the 870 mediations handled in 1999.

8.0 MAJOR MILESTONES CONTINUED

PRIORITY	COMMITMENT/ACTIVITY	RESULT	BENEFITS
Consumer Protection, Dealer Professionalism	Inspections	OMVIC completed 4,249 dealer inspections during 2000.	<p>Inspections increase the level of compliance with the MVDA and other relevant statutes by ensuring that dealers receive the information necessary to remain in compliance with the law. Inspections are also one of the key instruments for ensuring that unacceptable practices are uncovered and addressed.</p> <p>The volume of completed inspections exceeded the target of 3700 set for for 2000.</p>
Consumer Protection, Dealer Professionalism	Investigations	OMVIC laid 1,456 charges in 2000.	Investigative activity ensures accountability and compliance with the law.
Consumer Protection, Dealer Professionalism	Registrar's Actions	OMVIC completed 970 Registrar's Actions in 2000.	Registrar's Actions are administrative actions related to registration under the MVDA and ensure that those registered, or applying for registration, operate with honesty, integrity, financial responsibility and in accordance with law.
Customer Service	Expedited registration process for salesperson applicants	80% of new applicants receive a conditional certificate within 48 hours.	<p>Although the requirements for registration are more onerous as a result of the background checks which are conducted and the OMVIC Certification Course requirements, the conditional registration process permits dealers to more quickly access necessary resources and permits applicants to commence on the job training more quickly. Applicants are still subject to significant background checks, so there is no deterioration of consumer professionalism with the new process.</p>



APPENDIX A:

AUDITED FINANCIAL STATEMENTS OF ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Year ended December 31, 2000



KPMG LLP
Chartered Accountants

Yonge Corporate Centre
4120 Yonge Street Suite 500
North York ON M2P 2B8
Canada

Telephone (416) 228-7000
Telefax (416) 228-7123
www.kpmg.ca

AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the statement of financial position of Ontario Motor Vehicle Industry Council as at December 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Toronto, Canada

February 13, 2001



KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2000, with comparative figures for 1999

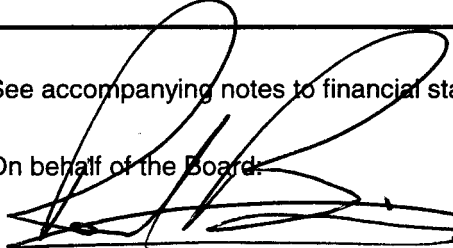
	2000	1999
Assets		
Current assets:		
Cash	\$ 168,957	\$ -
Short-term investments	906,308	857,253
Accounts receivable	46,924	107,723
Deferred government oversight fee (note 2)	406,215	483,597
Prepaid expenses	35,770	47,718
	<u>1,564,174</u>	<u>1,496,291</u>
Capital assets (note 3)	680,785	474,025
	<u>\$ 2,244,959</u>	<u>\$ 1,970,316</u>

Liabilities and Net Assets

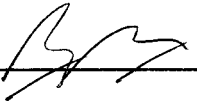
Current liabilities:		
Bank indebtedness due to outstanding cheques	\$ -	\$ 149,532
Accounts payable and accrued charges	404,314	345,835
Deferred revenue	1,964,775	1,905,975
	<u>2,369,089</u>	<u>2,401,342</u>
Deferred capital contributions (note 5)	89,250	127,500
Net assets:		
Invested in capital assets	591,535	346,525
Unrestricted	(804,915)	(905,051)
	<u>(213,380)</u>	<u>(558,526)</u>
Commitments (note 6)		
	<u>\$ 2,244,959</u>	<u>\$ 1,970,316</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2000, with comparative figures for 1999

	2000	1999
Revenue:		
Registration fees	\$ 3,930,700	\$ 3,524,958
Certification course fees	234,275	18,650
Transfer fees	224,175	21,900
Interest and other revenue	89,241	49,292
Amortization of deferred contributions (note 5)	38,250	22,500
Contributions	—	150,000
	<u>4,516,641</u>	<u>3,787,300</u>
Expenses:		
Salaries and benefits, net of recoveries (note 4)	1,912,006	1,477,619
Government oversight fee (note 2)	889,812	901,152
Communications	302,976	229,498
Professional services	275,993	211,988
Travel	256,402	157,681
General and administrative, net of recoveries (note 4)	207,656	171,404
Amortization of capital assets	188,220	121,711
Occupancy	96,805	96,024
Per diem allowances	41,625	33,860
CCR service contract	—	31,234
Special projects	—	150,386
	<u>4,171,495</u>	<u>3,582,557</u>
Excess of revenue over expenses	<u>\$ 345,146</u>	<u>\$ 204,743</u>

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2000, with comparative figures for 1999

			2000	1999
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 346,525	\$ (905,051)	\$ (558,526)	\$ (763,269)
Excess (deficiency) of revenue over expenses	(149,970)	495,116	345,146	204,743
Investment in capital assets	394,980	(394,980)	-	-
Balance, end of year	\$ 591,535	\$ (804,915)	\$ (213,380)	\$ (558,526)

See accompanying notes to financial statements.



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 345,146	\$ 204,743
Items not involving cash:		
Amortization of capital assets	188,220	121,711
Amortization of deferred contributions	(38,250)	(22,500)
Change in non-cash working capital:		
Accounts receivable	60,799	(86,658)
Deferred government oversight fee	77,382	(66,042)
Prepaid expenses	11,948	(5,352)
Accounts payable and accrued charges	58,479	(7,376)
Deferred revenue	58,800	332,937
	<u>762,524</u>	<u>471,463</u>
Investing activities:		
Purchase of capital assets	(394,980)	(335,108)
Deferred contributions received	—	150,000
Net purchases of short-term investments	—	(205,000)
Interest distributions reinvested into short-term investments	(49,055)	(32,803)
	<u>(444,035)</u>	<u>(422,911)</u>
Increase in cash	318,489	48,552
Bank indebtedness, beginning of year	(149,532)	(198,084)
Cash (bank indebtedness), end of year	<u>\$ 168,957</u>	<u>\$ (149,532)</u>
Supplemental cash flow information:		
Interest received	\$ 57,626	\$ 24,340

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2000

Ontario Motor Vehicle Industry Council (the "Council") is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act. The Council is a not-for-profit organization with the mandate to administer the Ontario Motor Vehicle Dealers Act. This authority was delegated to the Council by the Minister of Consumer and Commercial Relations on January 7, 1997 through an Administrative Agreement (the "Agreement") with the Ministry of Consumer and Commercial Relations (the "Ministry").

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosure in the notes thereto. Actual results could differ from those estimates.

(b) Short-term investments:

The Council invests excess funds into low risk mutual fund units which are convertible into cash upon demand, recorded at the lower of cost and market.

(c) Revenue recognition:

(i) Registration fees:

The fee charged for registration as a motor vehicle dealer or salesperson is for a two-year period and is recognized evenly over two years. Unearned fees are recorded as deferred revenue.

(ii) Certification course fees:

New applicants for registration must pass a certification course run by the Canadian Automotive Institute at Georgian College, on behalf of the council. Certification course fees are recognized when a salesperson registers for the course.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2000

1. Significant accounting policies (continued):

(iii) Transfer fees:

A transfer fee is charged when a registered salesperson moves from one dealership to another. Transfer fees are recognized upon written notice and when payment is received by the Council.

(d) Capital assets:

Capital assets are recorded at cost. Amortization is recorded over the assets' estimated useful lives, at the following annual rates:

Asset	Basis	Rate
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Leasehold improvements	Straight line	Term of lease

2. Government oversight fee:

In accordance with the Agreement with the Ministry, a fee of \$54 is paid to the Ministry for each registration application processed during the five years immediately following execution of the Agreement. Since registration is for a two-year period, this fee is expensed evenly over the two-year period. Amounts related to future years are recorded as a deferred government oversight fee.

3. Capital assets:

			2000	1999
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 396,335	\$ 170,931	\$ 225,404	\$ 149,866
Computer software	476,956	186,860	290,096	268,455
Furniture and fixtures	88,624	33,898	54,726	35,874
Office equipment	110,894	25,681	85,213	19,830
Leasehold improvements	27,036	1,690	25,346	–
	\$ 1,099,845	\$ 419,060	\$ 680,785	\$ 474,025

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2000

4. Related party transactions:

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Council's expenses are recoveries from the Fund of \$89,920 relating to salaries and benefits and \$5,710 relating to general and administrative expenses. At December 31, 2000, \$30,008 was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

5. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of restricted contributions received for, and expended on, the purchase of capital assets. These contributions are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Changes in the deferred contributions balance are as follows:

	2000	1999
Balance, beginning of year	\$ 127,500	\$ -
Contributions received	-	150,000
Amount recognized as revenue	(38,250)	(22,500)
Balance, end of year	\$ 89,250	\$ 127,500

6. Commitments:

The Council has commitments for its leased premises and equipment. The future minimum annual lease payments are as follows:

2001	\$ 109,849
2002	36,018
2003	1,171
	\$ 147,038



ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2000

7. Comparative figures:

Certain 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.