ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Financial Statements

December 31, 2024

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
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Year Ended December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Motor Vehicle Industry Council

Opinion

We have audited the financial statements of Ontario Motor Vehicle Industry Council (the "Council"), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2024, 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. 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 Council 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 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 generally accepted auditing standards 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.

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As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Council'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 Council'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 Council 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.

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.

Hogg, Shain & Scheck PC

Toronto, Ontario
April 16, 2025

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
Statement of Financial Position
As at December 31, 2024

	2024	2023
ASSETS		
Current		
Cash	**$ 4,352,813**	$ 5,333,176
Short-term investments	**-**	3,085,698
Accounts receivable	**26,575**	91,130
Prepaid expenses	**402,952**	234,516
	4,782,340	8,744,520
Investments *(Note 4)*	**6,434,593**	6,259,383
Capital assets *(Note 5)*	**4,855,602**	4,100,249
	$ 16,072,535	$ 19,104,152
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(Note 10)*	**$ 1,438,013**	$ 1,510,554
Registration fees received in advance	**5,264,491**	4,037,235
	6,702,504	5,547,789
Deferred contributions - capital assets *(Note 6)*	**26,413**	105,640
Deferred lease inducement	**19,367**	77,467
	6,748,284	5,730,896
NET ASSETS		
Invested in capital assets *(Note 7)*	**4,829,189**	3,994,609
Internally restricted reserves *(Note 8)*	**4,100,000**	9,100,000
Unrestricted	**395,062**	278,647
	9,324,251	13,373,256
	$ 16,072,535	$ 19,104,152

COMMITMENTS *(Note 11)*

CONTINGENCIES *(Note 12)*

APPROVED ON BEHALF OF THE BOARD

_______________ *Director* _______________ *Director*

See the accompanying notes to these financial statements

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year Ended December 31, 2024

	Invested in capital assets *(Note 8)*	Internally restricted operating reserve	Internally restricted IT reserve	Internally restricted contingency reserve	Unrestricted	**2024**	2023
NET ASSETS - BEGINNING OF YEAR	$ 3,994,609	$ 8,000,000	$ 600,000	$ 500,000	$ 278,647	**$ 13,373,256**	$ 18,333,147
Deficiency of revenues over expenses	-	-	-	-	(4,049,005)	**(4,049,005)**	(4,959,891)
Amortization of deferred contributions	79,227	-	-	-	(79,227)	-	-
Amortization of capital assets	(706,004)	-	-	-	706,004	-	-
Purchase of capital assets	1,461,357	-	-	-	(1,461,357)	-	-
Interfund transfers (net) *(Note 8)*	-	(5,000,000)	400,000	(400,000)	5,000,000	-	-
NET ASSETS - END OF YEAR	$ 4,829,189	$ 3,000,000	$ 1,000,000	$ 100,000	$ 395,062	**$ 9,324,251**	$ 13,373,256

See the accompanying notes to these financial statements

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year Ended December 31, 2024

	2024	2023
REVENUES		
Transaction fees	**$ 13,778,085**	$ 12,019,280
Registration fees	**6,201,183**	5,367,480
Transfer fees	**824,205**	473,400
Certification course fees	**482,800**	424,751
Investment and other income *(Note 9)*	**445,402**	674,098
Disciplinary fines	**187,650**	108,550
Amortization of deferred contributions *(Note 6)*	**79,227**	79,227
	21,998,552	19,146,786
EXPENSES		
Salaries and benefits *(Note 10)*	**18,276,320**	16,664,032
Public awareness	**2,121,156**	1,993,787
Professional fees	**1,861,428**	1,911,239
General and administrative *(Note 10)*	**878,462**	745,689
Occupancy *(Note 10)*	**860,265**	850,610
Amortization of capital assets	**706,004**	498,740
Travel	**476,582**	433,257
Board and Committee remuneration	**333,073**	387,147
Government oversight fees	**280,290**	271,809
Telecommunications	**227,602**	276,494
Industry awareness	**26,375**	73,873
	26,047,557	24,106,677
DEFICIENCY OF REVENUES OVER EXPENSES	**$ (4,049,005)**	$ (4,959,891)

See the accompanying notes to these financial statements

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	**$ (4,049,005)**	$ (4,959,891)
Items not affecting cash:		
Unrealized (gains) losses on investments	**(160,605)**	608,137
Realized (gains) losses on sale of investments	**31,707**	(861,860)
Amortization of capital assets	**706,004**	498,740
Amortization of deferred contributions	**(79,227)**	(79,227)
Amortization of deferred lease inducement	**(58,100)**	(58,100)
	(3,609,226)	(4,852,201)
Changes in non-cash working capital:		
Accounts receivable	**64,555**	44,104
Prepaid expenses	**(168,436)**	(13,469)
Accounts payable and accrued liabilities	**(72,541)**	(521)
Registration fees received in advance	**1,227,256**	175,177
	1,050,834	205,291
Cash flows used by operating activities	**(2,558,392)**	(4,646,910)
INVESTING ACTIVITIES		
Changes in short-term investments (net)	**3,085,698**	3,214,302
Change in investments (net)	**(46,312)**	2,517,425
Purchase of capital assets	**(1,461,357)**	(1,190,736)
Cash flows from investing activities	**1,578,029**	4,540,991
DECREASE IN CASH	**(980,363)**	(105,919)
CASH - BEGINNING OF YEAR	**5,333,176**	5,439,095
CASH - END OF YEAR	**$ 4,352,813**	$ 5,333,176

See the accompanying notes to these financial statements

1. NATURE AND PURPOSE OF THE ORGANIZATION

Ontario Motor Vehicle Industry Council (the "Council") is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act ("SCSAA"), with the mandate to administer the Ontario Motor Vehicle Dealers Act (the "MVDA"). This authority was delegated to the Council by the Minister of Consumer and Commercial Relations (the "Minister") on January 7, 1997 through an Administrative Agreement (the "Agreement") with the Minister. The Council is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario by letters patent dated October 8, 1996 and continued under the Ontario Not-for-Profit Corporations Act effective August 1, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), as referenced in Part III of the CPA Canada Handbook, and include the following accounting policies.

Revenue recognition

Transaction fees

Dealers are required to remit $10 or $12.50 (starting April 1, 2024) for every sale (excluding wholesale transactions), lease, fleet, or "as is" transactions for the prior twelve month period as a component of their registration renewal fee. Dealers are responsible for reporting sales accurately to the Council and to remit the amount due when renewing their registration.

Registration fees

Fees charged for registration as a salesperson are for a two-year period and are recognized on a monthly basis as received. Unearned fees are recorded as registration fees received in advance.

Fees charged for registration as a dealer are paid annually and are recognized on a monthly basis as received.

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 the Council receives payment.

Certification course fees

New applicants for registration must pass a certification course conducted by the Automotive Business School of Canada on behalf of the Council through Georgian College. Certification course fees are recognized when a new applicant registers for the course.

Disciplinary fines

Disciplinary fines are imposed on registrants through an internal Council disciplinary process. These fines are recognized as revenue when the Council receives payment.

Investment and other income

Investment and other income, which is recorded on an accrual basis, includes interest income, dividends, net realized gains (losses) on sale of investments, and net unrealized gains (losses).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Council's financial instruments consist of cash, accounts receivable, investments, and accounts payable.

Financial instruments are initially measured at fair value, and subsequently, at amortized cost, except for investments that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Impairment of financial instruments

Financial assets, measured at cost or amortized cost, are tested for impairment if there are indications of possible impairment. The impairment loss is measured as the difference between the carrying value and the expected recoverable amount. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in deficiency of revenues over expenses for the year.

Investments

Investments in publicly-traded securities are valued based on the latest bid prices, and pooled funds are valued based on unit values reported by the investment managers. Transactions are recorded on a trade date basis and transaction costs, including investment management fees, are expensed as incurred.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer software	3 -10 years
Leasehold improvements	Term of lease
Computer hardware	3-4 years
Furniture and fixtures	5 years
Office equipment	5 years

Impairment of long-lived assets

Long-lived assets, comprising of capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the replacement value. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its replacement value. Any impairment results in a write-down of the asset and a charge to the deficiency of revenues over expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

Deferred lease inducement

The Council moved into a new office in 2014 and the lease agreement included a free rent period from May 1, 2014 to April 30, 2015. The benefit of this rent inducement is recognized on a straight-line basis over the term of the lease. Total rent expense is based on the entire cash cost over the term of the lease amortized evenly over the term of the lease.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates include the useful lives of capital assets in calculating amortization, and year-end accrued liabilities. Such estimates are periodically reviewed and any adjustments necessary are reported in the deficiency of revenues over expenses in the year in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Council is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate, and manage these risks. The following analysis provides information about the Council's risk exposure and concentration as of December 31, 2024, which is consistent with the prior year.

Credit risk

Credit risk arises from the potential that a counter-party will fail to perform its obligations. The Council is exposed to credit risk on its investments in fixed income.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Council is subject to market risk on its investments.

The Council manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by the Board. The Council is not involved in any derivative financial instruments for trading purposes.

Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency risk

Currency risk is the risk to the Council that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Council is exposed to foreign currency exchange risk on its investments in foreign fixed income.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. The Council is exposed to interest rate risk on its investments in fixed income.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency and interest rate risks), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Council is exposed to other price risk on its investments in fixed income.

It is management’s opinion that the Council is not exposed to significant liquidity risk.

4. INVESTMENTS

	2024	2023
Cash and cash equivalents	**$ 1,681,283**	$ 1,228,520
Fixed income		
Canadian	**4,624,674**	4,855,243
Foreign	**128,636**	175,620
	$ 6,434,593	$ 6,259,383

Fixed-income investments yield interest between 0.50% and 7.10% (2023 - 0.50% and 7.10%) and have maturities ranging from September 2025 to March 2050 (2023 - September 2025 to March 2050).

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer software	$ 5,079,870	$ 735,471	**$ 4,344,399**	$ 3,642,050
Leasehold improvements	1,782,709	1,533,739	**248,970**	234,333
Computer hardware	820,010	642,691	**177,319**	175,237
Furniture and fixtures	318,582	239,601	**78,981**	37,283
Office equipment	86,487	80,554	**5,933**	11,346
	$ 8,087,658	$ 3,232,056	**$ 4,855,602**	$ 4,100,249

During fiscal 2024, the Council extended the premises lease agreement *(Note 11)* and incurred costs to conduct renovation design, plan and obtain building permits which were capitalized. The project is not completed at the end of fiscal 2024. The capitalized cost of $180,048 is recorded under leasehold improvements, as assets not in use, which is not being amortized at year-end.

6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2024	2023
Balance, beginning of year	**$ 105,640**	$ 184,867
Amortization of deferred contributions	**(79,227)**	(79,227)
Balance, end of year	**$ 26,413**	$ 105,640

In 2014, the Council received contributions under the terms of the lease of its new premises to pay for leasehold improvements. The contributions are amortized into revenues on the same basis as the related leasehold improvements, which is the term of the lease.

7. INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets, which represents internally financed capital assets, are calculated as follows:

	2024	2023
Capital assets, net	**$ 4,855,602**	$ 4,100,249
Less: unamortized deferred contributions - capital assets	**(26,413)**	(105,640)
	$ 4,829,189	$ 3,994,609

8. INTERNALLY RESTRICTED RESERVES

Internally restricted reserves have been established by the Council's Board of Directors (the "Board") for specific purposes, as follows:

	2024	2023
Operating reserve (a)	**$ 3,000,000**	$ 8,000,000
IT reserve (b)	**1,000,000**	600,000
Contingency reserve (c)	**100,000**	500,000
	$ 4,100,000	$ 9,100,000

(a) The Council has an operating reserve for the purposes of maintaining funds in the unforeseen events of winding down operations or experiencing operating shortfalls. During 2024, the Board approved interfund transfers from this reserve to unrestricted net assets and internally restricted for IT reserve, leaving a balance of $3,000,000 at year-end.

(b) The Council has an IT reserve to allow for both capital and operating information technology improvements. During 2024, the Board approved a reallocation of funds from this reserve to unrestricted net assets, leaving a balance of $1,000,000 at year-end.

(c) The Council has an internally restricted reserve for contingencies or other specific purposes as designated by the Board. During 2024, the Board approved a reallocation of funds to unrestricted net assets, leaving a balance of $100,000 at year-end.

9. INVESTMENT AND OTHER INCOME

	2024	2023
Interest income	**$ 295,486**	$ 398,834
Unrealized gains (losses)	**160,605**	(608,137)
Other	**21,018**	21,541
Realized gains (losses) on sale of investments	**(31,707)**	861,860
	$ 445,402	$ 674,098

10. MOTOR VEHICLE DEALERS COMPENSATION FUND

The Motor Vehicle Dealers Compensation Fund (the "Fund") was established on July 1, 1986 under the MVDA, to stand in place of registered motor vehicle dealers (the "Participants") where a Participant has refused, failed, or been unable to pay a claim registered against that Participant. Claims are submitted by consumers and approved by the Board of Trustees. The Fund pays claims to consumers up to a maximum of $45,000 per claim. In accordance with the MVDA, it is compulsory for motor vehicle dealers to pay an initial payment to the Fund in order to obtain registration in Ontario.

The Council has the ability to appoint six of the nine seats on the Board of Trustees of the Fund, and the Council provides office space and administrative services to the Fund. The financial statements of the Fund have not been consolidated in these financial statements.

Summary financial information for the Fund's fiscal year ended October 31, 2024 are as follows:

	2024	2023
Financial position:		
Assets	**$ 10,169,257**	$ 8,781,107
Liabilities	**(21,968)**	(126,945)
Unrestricted net assets	**$ 10,147,289**	$ 8,654,162
Results of operations:		
Revenues	**$ 2,148,450**	$ 820,364
Expenses	**(655,323)**	(1,277,539)
Excess (Deficiency) of revenues over expenses	**$ 1,493,127**	$ (457,175)
Cash flows:		
Cash flows used by operating activities	**$ (25,835)**	$ (607,818)
Cash flows from investing activities	**257,422**	877,742
Net increase in cash	**$ 231,587**	$ 269,924

There were no significant transactions from November 1 to December 31, 2024.

As of September 2019, the Council committed to pay all operating expenses of the Fund until August 31, 2024, with the exception of claims and trustee fees which the Fund continues to pay as per Sections 71 and 72 of the MVDA. Starting in September 2024, the Council continues to cover certain non-cash expenditures for the Fund such as salaries and benefits, occupancy costs and some general and administrative expenses. The Council's salaries and benefits of $18,276,320 on the statement of operations includes $280,186 (2023 - $264,341) related to salaries and benefits allocated to the Fund based on an estimate of the Council's staff time to administer the Fund, and $136,275 (2023 - $151,120) related to occupancy and general and administrative expenses of the Fund.

The accounts payable and accrued liabilities balance of $1,438,013 includes $21,631 (2023 - $34,992) for amounts collected by the Council on behalf of the Fund related to contributions from first-time vehicle dealer business applications less any amounts paid by the Council on behalf of the Fund payable at year end.

Transactions with the Fund are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to between the parties.

11. COMMITMENTS

The Council is committed under equipment lease agreements until June 2026 and premise and storage lease agreements until September 2035. Upcoming future minimum lease payments are as follows:

2025	$ 517,027
2026	732,915
2027	742,605
2028	755,722
2029	769,232
Thereafter	4,933,177
	$ 8,450,678

12. CONTINGENCIES

Claims have been made against the Council in the normal course of operations. The Council believes these claims are without merit. The outcome of these actions is not presently determinable and, accordingly, no provision for these claims has been made in these financial statements. Any settlement will be reflected in the financial statements in the year received or incurred.