

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Financial Statements**

**December 31, 2023**

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Index to Financial Statements  
Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2023, 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, 2023, 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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Independent Auditor's Report to the Members of Ontario Motor Vehicle Industry Council *(continued)*

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.

Toronto, Ontario  
April 17, 2024

*Hogg, Shain & Scheck PC*

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

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Statement of Financial Position**

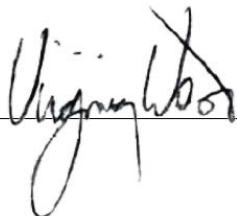
**As at December 31, 2023**

	2023	2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 5,333,176	\$ 5,439,095
Short-term investments (Note 4)	3,085,698	6,300,000
Accounts receivable	91,130	135,234
Prepaid expenses	234,516	221,047
	<b>8,744,520</b>	12,095,376
<b>Investments (Note 5)</b>	<b>6,259,383</b>	8,523,085
<b>Capital assets (Note 6)</b>	<b>4,100,249</b>	3,408,253
	<b>\$ 19,104,152</b>	\$ 24,026,714
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 1,510,554	\$ 1,511,075
Registration fees received in advance	4,037,235	3,862,058
	<b>5,547,789</b>	5,373,133
<b>Deferred contributions - capital assets (Note 7)</b>	<b>105,640</b>	184,867
<b>Deferred lease inducement</b>	<b>77,467</b>	135,567
	<b>5,730,896</b>	5,693,567
<b>NET ASSETS</b>		
Invested in capital assets (Note 8)	3,994,609	3,223,386
Internally restricted reserves (Note 9)	9,100,000	12,179,867
Unrestricted	278,647	2,929,894
	<b>13,373,256</b>	18,333,147
	<b>\$ 19,104,152</b>	\$ 24,026,714

**COMMITMENTS (Note 12)**

**CONTINGENCIES (Note 13)**

**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, 2023**

	Invested in capital assets <i>(Note 8)</i>	Internally restricted operating reserve	Internally restricted IT reserve	Internally restricted contingency reserve	Internally restricted program continuation reserve	Unrestricted	<b>2023</b>	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 3,223,386	\$ 10,000,000	\$ 241,734	\$ 1,438,133	\$ 500,000	\$ 2,929,894	\$ <b>18,333,147</b>	\$ 23,076,040
Deficiency of revenues over expenses	-	-	-	-	-	(4,959,891)	<b>(4,959,891)</b>	(4,742,893)
Amortization of deferred contributions	79,227	-	-	-	-	(79,227)	-	-
Amortization of capital assets	(498,740)	-	-	-	-	498,740	-	-
Purchase of capital assets	1,190,736	-	-	-	-	(1,190,736)	-	-
Interfund transfers <i>(Note 9)</i>	-	(2,000,000)	358,266	(938,133)	(500,000)	3,079,867	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 3,994,609	\$ 8,000,000	\$ 600,000	\$ 500,000	\$ -	\$ 278,647	\$ <b>13,373,256</b>	\$ 18,333,147

*See the accompanying notes to these financial statements*

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Statement of Operations**

**Year Ended December 31, 2023**

	2023	2022
<b>REVENUES</b>		
Transaction fees	\$ 12,019,280	\$ 12,051,540
Registration fees	5,367,480	5,380,803
Investment and other income (loss) (Note 10)	674,098	(1,744,055)
Transfer fees	473,400	479,175
Certification course fees	424,751	320,995
Disciplinary fines	108,550	65,900
Amortization of deferred contributions (Note 7)	79,227	79,227
	<u>19,146,786</u>	<u>16,633,585</u>
<b>EXPENSES</b>		
Salaries and benefits (Note 11)	16,664,032	14,210,956
Public awareness	1,993,787	1,901,973
Professional fees	1,911,239	1,728,553
Occupancy (Note 11)	850,610	833,844
General and administrative (Note 11)	745,689	747,956
Amortization of capital assets	498,740	308,270
Travel	433,257	326,627
Per diem allowances	387,147	599,649
Telecommunications	276,494	236,774
Government oversight fees	271,809	271,809
Industry awareness	73,873	210,067
	<u>24,106,677</u>	<u>21,376,478</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (4,959,891)</u>	<u>\$ (4,742,893)</u>

*See the accompanying notes to these financial statements*

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL****Statement of Cash Flows  
Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (4,959,891)	\$ (4,742,893)
Items not affecting cash:		
Unrealized losses on investments	608,137	2,601,599
Realized capital gains on investments	(861,860)	(664,260)
Amortization of capital assets	498,740	308,270
Amortization of deferred contributions	(79,227)	(79,227)
Amortization of deferred lease inducement	(58,100)	(58,100)
	<u>(4,852,201)</u>	<u>(2,634,611)</u>
Changes in non-cash working capital:		
Accounts receivable	44,104	(117,509)
Prepaid expenses	(13,469)	(37,560)
Accounts payable and accrued liabilities	(521)	20,593
Registration fees received in advance	175,177	(56,828)
	<u>205,291</u>	<u>(191,304)</u>
Cash flows used by operating activities	<u>(4,646,910)</u>	<u>(2,825,915)</u>
<b>INVESTING ACTIVITIES</b>		
Change in investments (net)	2,517,425	6,270,114
Changes in short-term investments	3,214,302	(6,300,000)
Purchase of capital assets	(1,190,736)	(668,990)
Cash flows from (used by) investing activities	<u>4,540,991</u>	<u>(698,876)</u>
<b>DECREASE IN CASH</b>	<b>(105,919)</b>	<b>(3,524,791)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u><b>5,439,095</b></u>	<u>8,963,886</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 5,333,176</b></u>	<u>\$ 5,439,095</u>

See the accompanying notes to these financial statements



# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

## Notes to Financial Statements

Year Ended December 31, 2023

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### 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.

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### 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 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 run 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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# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

## Notes to Financial Statements

Year Ended December 31, 2023

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

#### Financial instruments

The Council's financial instruments consist of cash, short-term investments, 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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# ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

## Notes to Financial Statements

Year Ended December 31, 2023

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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.

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### 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, 2023, 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 any investments that are not publicly traded.

#### 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 short-term investments and fixed-income investments.

#### 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.

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

**4. SHORT-TERM INVESTMENTS**

Short-term investments include Guaranteed Investment Certificates ("GICs") issued by a major Canadian chartered bank. The GICs earn interest between 5.50% and 5.53% (2022 - 2.70% to 4.55%), maturing September 2024 (2023 - August to September 2023).

**5. INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,228,520	\$ 1,840,206
Fixed income		
Canadian	4,855,243	4,786,825
Foreign	175,620	206,601
Alternative asset classes	-	1,689,453
	<u>\$ 6,259,383</u>	<u>\$ 8,523,085</u>

Fixed-income investments yield interest between 0.50% and 7.10% (2022 - 0.50% and 7.10%) and have maturities ranging from September 2025 to March 2050 (2022 - September 2025 to March 2050). Alternative asset classes consist of investments in private placements in long-term health care funds.

**6. CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2023 Net book value</b>	2022 Net book value
Computer software	\$ 3,942,801	\$ 300,751	\$ 3,642,050	\$ 2,776,923
Leasehold improvements	1,602,661	1,368,328	234,333	399,744
Computer hardware	734,868	559,631	175,237	164,975
Furniture and fixtures	259,484	222,201	37,283	49,274
Office equipment	86,487	75,141	11,346	17,337
	<u>\$ 6,626,301</u>	<u>\$ 2,526,052</u>	<u>\$ 4,100,249</u>	<u>\$ 3,408,253</u>

**7. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS**

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 184,867	\$ 264,094
Amortization of deferred contributions	(79,227)	(79,227)
Balance, end of year	<u>\$ 105,640</u>	<u>\$ 184,867</u>

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.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

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**8. INVESTED IN CAPITAL ASSETS**

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

	<u>2023</u>	<u>2022</u>
Capital assets, net	\$ 4,100,249	\$ 3,408,253
Less: unamortized deferred contributions - capital assets	<u>(105,640)</u>	<u>(184,867)</u>
	<u>\$ 3,994,609</u>	<u>\$ 3,223,386</u>

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**9. INTERNALLY RESTRICTED RESERVES**

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

	<u>2023</u>	<u>2022</u>
Operating reserve (a)	\$ 8,000,000	\$ 10,000,000
IT reserve (b)	600,000	241,734
Contingency reserve (c)	500,000	1,438,133
Program continuation reserve (d)	<u>-</u>	<u>500,000</u>
	<u>\$ 9,100,000</u>	<u>\$ 12,179,867</u>

(a) During fiscal 2010, the Council created an operating reserve equivalent to six months of annual operating expenses, excluding amortization of capital assets, for the purposes of maintaining funds in the unforeseen events of winding down operations or experiencing operating shortfalls. During 2023, the Board approved an interfund transfer in the amount of \$2,000,000 from this reserve to unrestricted net assets.

(b) During 2019, the Council established an internally restricted reserve for capital projects, comprised of funds restricted for information technology capital improvements expected to take place within the following three years.

During 2020, the Board approved a change in the name to *IT reserve* to allow for both capital and operating information technology improvements. During 2023, the Board approved an interfund transfer in the amount of \$358,266 from unrestricted net assets to this reserve.

(c) During 2019, the Council established an internally restricted reserve for contingencies or other specific purposes as designated by the Board. During 2023, the Board approved an interfund transfer in the amount of \$938,133 from this reserve to unrestricted net assets.

(d) During 2020, the Board established an internally restricted reserve to allow for the continuation of various Public Awareness, Industry Awareness, and other programs. During 2023, the Board approved an interfund transfer in the amount of \$500,000 from this reserve to unrestricted net assets. The Board also approved the closure of this reserve following the transfer for fiscal 2023.

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

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**10. INVESTMENT AND OTHER INCOME (LOSS)**

	<u>2023</u>	<u>2022</u>
Realized capital gains	\$ 861,860	\$ 664,260
Interest income	398,834	153,377
Other	21,541	39,907
Unrealized losses	<u>(608,137)</u>	<u>(2,601,599)</u>
	<u>\$ 674,098</u>	<u>\$ (1,744,055)</u>

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**11. 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, 2023 are as follows:

	<u>2023</u>	<u>2022</u>
<b>Financial position:</b>		
Assets	\$ 8,781,107	\$ 9,309,709
Liabilities	<u>(126,945)</u>	<u>(198,372)</u>
Unrestricted net assets	<u>\$ 8,654,162</u>	<u>\$ 9,111,337</u>
<b>Results of operations:</b>		
Revenues	\$ 820,364	\$ (282,457)
Expenses	<u>(1,277,539)</u>	<u>(904,490)</u>
Deficiency of revenues over expenses	<u>\$ (457,175)</u>	<u>\$ (1,186,947)</u>
<b>Cash flows:</b>		
Cash flows used by operating activities	\$ (607,818)	\$ (55,775)
Cash flows from investing activities	<u>877,742</u>	<u>85,755</u>
Net increase in cash	<u>\$ 269,924</u>	<u>\$ 29,980</u>

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

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**11. MOTOR VEHICLE DEALERS COMPENSATION FUND (continued)**

There were no significant transactions from November 1 to December 31, 2023.

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. The Council's salaries and benefits of \$16,664,032 on the statement of operations includes \$264,341 (2022 - \$290,194) related to salaries and benefits allocated to the Fund based on an estimate of the Council's staff time to administer the Fund, and \$151,120 (2022 - \$182,347) related to occupancy and general and administrative expenses of the Fund.

The accounts payable and accrued liabilities balance of \$1,510,554 includes \$34,992 (2022 - \$23,652) for amounts collected by the Council on behalf of the Fund related to contributions from first-time vehicle dealer business applications.

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.

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**12. COMMITMENTS**

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

2024	\$	967,630
2025		332,452
2026		<u>3,044</u>
	\$	<u>1,303,126</u>

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**13. 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.

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