



2021 OMIA Annual General Meeting Draft Agenda

8:30	Sign-In
8:40	Welcome
8:45	Keynote Speaker – Drew Dudley
9:30	Fire Mutuals Guarantee Fund Annual General Meeting & Trustee Election
	Break (timing to be determined)
10:30*	<p>OMIA Annual General Meeting*</p> <ul style="list-style-type: none"> • Chair’s Welcome & Call to Order • Approval of 2020 AGM Minutes • Chair’s Address • President’s Report • Treasurer’s Report • Resolutions <ul style="list-style-type: none"> - Approval of 2020 Financial Statements - Appointment of Auditor - Director at Large • Introduction of Incoming Chair & 2021 Theme • Adjourn
<p><i>*Please note the OMIA AGM will commence shortly after the conclusion of the FMGF Meeting and timing is approximate.</i></p>	

MINUTES OF THE ANNUAL GENERAL MEETING OF THE ONTARIO MUTUAL INSURANCE ASSOCIATION HELD ON THURSDAY, APRIL 29TH, 2020 AT 10:00 A.M. BY WEBEX

1. CALL TO ORDER

Chair Bob Burley called the meeting to order. The Chair read the Rules of Procedure to the meeting. Stephen Grant was appointed as Parliamentarian. John Taylor confirmed a quorum present for the meeting.

Susan Baker provided meeting participants with instructions on how to use the meeting platform including discussion and voting functionality.

2. OPENING REMARKS

The Chair welcomed everyone to the 138th annual meeting.

3. APPROVAL OF THE MINUTES OF THE 2019 OMIA ANNUAL GENERAL MEETING

The following motion was brought forward:

THAT, the Minutes of the Annual General Meeting of the Ontario Mutual Insurance Association as held March 21, 2019 be approved.

Moved by: Frank Rider (South Easthope Mutual)

Seconded by: Scott Rounq (Dumfries Mutual)

Carried.

4. CHAIR'S ADDRESS

Chair Bob Burley provided his thoughts on his year as chair and his theme of "Three P's in a Pod – Policyholders, People, Profit".

Bob noted it has been a pleasure and honour to serve as Chair. Bob thanked the HTM board, HTM staff and the Group E companies for their support. Bob noted that his full Chairs report could be found in the April 2020 OMIA News.

Bob commented that we are making history today by holding the first electronic meeting for the Ontario Mutual Insurance Association in 138 years. Bob ended his report by encouraging everyone to "stay safe and healthy".

5. PRESIDENT'S ADDRESS

John Taylor provided a narrative report on significant projects and trends with comments that touched on today's unique pandemic environment.

John spoke about Bob Burley's theme "Three P's in a Pod – Policyholders, People, Profit". John noted no matter what the issues are the policyholders should be at the core of any decision a company makes. Mutuals should be proud of the people they have in leadership and their employees. He reviewed the successful 2019 year-end results. While 2020 remains uncertain, companies were encouraged to support policyholders and operate profitably and prudently.

John provided a brief update on what the association has been working on over the past year and thanked Bob for his leadership over the past year.

6. TREASURER'S REPORT

OMIA Treasurer Sharon Dittmer provided a report to delegates including detailed financial statements.

7. RESOLUTIONS

The following motions were brought forward:

1. Financial & Auditors Report

THAT, the Financial Report and Auditors Report for the Ontario Mutual Insurance Association for the year ended December 31, 2019 be adopted as presented.

Moved by: Cameron Ross (Algoma Mutual)

Seconded by: Mike Salmon (L&A Mutual)

Carried.

2. Appointment of Auditors

THAT, Clarke, Starke and Diegel be appointed auditors for the Ontario Mutual Insurance Association for the year 2020.

Moved by: Jeff Whiting (Ayr Farmers Mutual)

Seconded by: John Scriver (Dufferin Mutual)

Carried.

3. Election of Directors at Large

Bob Burley reviewed the OMIA By-law provision on nomination and election of Directors At Large. He noted the work of the Nominating Committee and confirmed that the sole candidates meeting all qualification provisions was John Stirk of Dufferin Mutual.

THAT, John Stirk be elected by acclamation.

Moved by: Jacquie Bishop (Howick Mutual)

Seconded by: Jodi Rich (Howard Mutual)

Carried.

Bob thanked the Nominating Committee for all their efforts.

8. DIRECTOR AT LARGE REMARKS

John Stirk briefly addressed delegates and looked forward to continuing his work on the OMIA Board.

9. BYLAW Amendment

Chair Bob Burley reviewed the amendment to the general bylaws and reviewed the categories of membership in OMIA. He provided the rationale for this change in the bylaw to allow mutuals to continue to invest in new enterprises.

THAT an amendment to OMIA's General By-laws, deleting Article IV section 2 (b) and replaces it with the following be ratified:

Membership in the Association as a Subsidiary Associate Member may be granted by the board, upon receipt of a written application, to any company, at least 50% of the voting shares of which are owned by:

- (i) Voting or Associate Members;
- (ii) a company, at least 50% of the voting shares of which are owned by one or more, or any combination of:

- (A) Voting or Associate Members; or
- (B) Companies that would otherwise be qualified for membership in the Association as a Subsidiary Associate Member;

At the direction of the board, Subsidiary Associate Members may attend the meetings of the members and may participate in the discussion but shall not have any voting rights.

Moved by: Jeff Howell (Bay of Quinte Mutual)

Seconded by: Ross Lincoln (Grenville Mutual)

Carried.

10. CHAIR ELECT

Chair Elect Terry Knight of North Blenheim Mutual Insurance Company revealed his theme for 2020:

“2020 Vision – Setting Our Sights on Future Success”

Terry noted that his year is starting off on a much different foot than could have been expected and noted that everyone has had to adjust and work much differently through this pandemic. Terry thanked for North Blenheim for supporting him on his journey to Chair of OMIA.

Terry commented that his theme incorporates a compass for three reasons. Firstly, north on the compass is a nod to North Blenheim Mutual. Secondly, 2020 is one of our COMPASS meeting years. Thirdly, a compass represents a guide, helping us along our journey. Terry commented that his full report can be found in the OMIA News.

11. ADJOURNMENT

The business of the meeting having been completed; Chair Terry Knight adjourned the meeting.

Ontario Mutual Insurance Association
Financial Statements
Year Ended December 31, 2020

ONTARIO MUTUAL INSURANCE ASSOCIATION
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December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Ontario Mutual Insurance Association

Opinion

We have audited the financial statements of Ontario Mutual Insurance Association (the Association), which comprise the statement of financial position as at December 31, 2020, and the changes of members' surplus, 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 Association as at December 31, 2020, 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 Association 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 those 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Continues

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. 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 Association'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 Association'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 Association 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.



Waterloo, Ontario
February 10, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

ONTARIO MUTUAL INSURANCE ASSOCIATION
Statement of Financial Position and Changes in Members' Surplus
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 3,026,990	\$ 1,925,579
Accounts receivable - Members	2,853,757	1,784,858
- Other	22,035	34,494
Inventory	36,432	30,207
Prepaid expenses	<u>235,395</u>	<u>248,327</u>
	<u>6,174,609</u>	<u>4,023,465</u>
CAPITAL (Note 4)	<u>98,109</u>	<u>137,093</u>
	<u>\$ 6,272,718</u>	<u>\$ 4,160,558</u>
LIABILITIES AND MEMBERS' SURPLUS		
CURRENT		
Accounts payable	\$ 357,444	\$ 343,453
Government remittances	130,095	122,118
ASO claim reserve (Note 5)	819,999	214,836
Building reserve fund (Note 6)	18,954	23,692
Pension contributions payable	2,052,536	1,022,313
Deferred revenue	<u>-</u>	<u>929</u>
	<u>3,379,028</u>	<u>1,727,341</u>
MEMBERS' SURPLUS		
Opening Surplus	2,433,217	2,146,598
Current Year Surplus	<u>460,473</u>	<u>286,619</u>
Year End Surplus	<u>2,893,690</u>	<u>2,433,217</u>
	<u>\$ 6,272,718</u>	<u>\$ 4,160,558</u>

The accompanying notes form an integral part of these financial statements

ONTARIO MUTUAL INSURANCE ASSOCIATION

Statement of Operations

December 31, 2020

	2020	2019
REVENUES		
Association Fees	\$ 2,012,955	\$ 1,953,572
Interest	26,104	39,939
Sundry	2,102	1,700
Group Benefits		
Employee Benefit Receipts	\$ 7,535,544	\$ 7,055,970
Employee Benefit Fees & Direct Expenses	(5,566)	(18,265)
Employee Benefit Premiums	<u>(6,922,717)</u>	<u>(6,483,370)</u>
	<u>607,261</u>	<u>554,335</u>
Company Benefit Receipts	2,001,979	1,864,288
Company Benefit Premiums	<u>(1,928,713)</u>	<u>(1,793,826)</u>
	<u>73,266</u>	<u>70,462</u>
Trusteed Pension Receipts	14,531,527	13,451,527
Trusteed Pension Remittances	<u>(14,531,527)</u>	<u>(13,451,527)</u>
	<u>-</u>	<u>-</u>
	680,527	624,797
Conventions		
Revenue	13,350	522,007
Direct Expenses	<u>(5,493)</u>	<u>(417,861)</u>
	7,857	104,146
Education		
Revenue	343,115	520,917
Direct Expenses	<u>(96,909)</u>	<u>(165,331)</u>
	246,206	355,586
Forms & Marketing		
Sales	154,253	217,602
Cost of Sales	<u>(135,082)</u>	<u>(188,432)</u>
	19,171	29,170
Statistics		
Revenue	1,811,199	1,829,175
Direct Expenses	<u>(590,729)</u>	<u>(553,525)</u>
	<u>1,220,470</u>	<u>1,275,650</u>
	<u>4,215,392</u>	<u>4,384,560</u>
EXPENDITURES		
Salaries, Benefits and Pension Costs (Note 8)	2,704,216	2,601,169
Occupancy Costs	192,948	190,515
Promotional Activities	168,203	426,350
Industry Subscriber Fees	102,859	86,695
Committees	90,431	122,021
Programming & Software	86,339	95,869
Professional Fees	73,123	21,907
Office Insurance	62,541	55,941
Amortization (Note 7)	56,113	85,698
General Office	50,738	80,469
Non-Recoverable G.S.T./H.S.T.	44,472	62,262
Board Per Diems	43,420	48,955
Communication Costs	23,754	26,287
Workshops and Training	22,641	50,347
Travel & Mileage	19,140	53,601
Board Travel	13,722	53,988
Loss on Disposal of Capital Assets	259	169
Conference Attendance	-	35,698
	<u>3,754,919</u>	<u>4,097,941</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 460,473</u>	<u>\$ 286,619</u>

The accompanying notes form an integral part of these financial statements

ONTARIO MUTUAL INSURANCE ASSOCIATION

Statement of Cash Flows

December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 460,473	\$ 286,619
Items not effecting cash:		
Amortization	60,851	91,621
Loss on disposal of capital assets	<u>259</u>	<u>169</u>
	<u>521,583</u>	<u>378,409</u>
Changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable	(1,056,440)	107,784
Decrease (increase) in inventory	(6,225)	(4,421)
Decrease (increase) in prepaid expenses	12,932	(94,741)
Increase (decrease) in accounts payable and government remittances	21,968	19,795
Increase (decrease) in pension contributions payable	1,030,223	49,718
Increase (decrease) in ASO claim reserve	605,163	12,090
Increase (decrease) in Building Reserve Fund	(4,738)	(5,923)
Increase (decrease) in Deferred Revenues	<u>(929)</u>	<u>(871)</u>
	<u>1,123,537</u>	<u>461,840</u>
INVESTING ACTIVITY		
Purchase of capital assets	(22,126)	(96,757)
Proceeds on sale of capital assets	<u>-</u>	<u>4,500</u>
	<u>(22,126)</u>	<u>(92,257)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,101,411	369,583
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,925,579</u>	<u>1,555,996</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,026,990</u>	<u>\$ 1,925,579</u>

The accompanying notes form an integral part of these financial statements

Ontario Mutual Insurance Association
Notes to Financial Statements
December 31, 2020

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

2. DESCRIPTION OF OPERATIONS

Ontario Mutual Insurance Association is a not-for-profit trade association that provides support services to its membership of farm mutual insurers across Canada. The Association is incorporated without share capital under the laws of the Province of Ontario. As a not-for-profit organization, the Association is exempt from income taxes under Section 149 of the Income Tax Act.

The continued operation of the Association is dependent upon the continued support of its membership.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Association follows the deferral method of accounting for its contributions.

Accordingly, externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted funds are deferred and recognized as revenue in the year in which the related expenses are incurred.

Revenue is recognized on the accrual basis. Membership revenue is recognized in the period the service is provided.

Inventory

Inventory of forms and promotional material is valued at the lower of cost and net realizable value with the cost being determined on an average cost basis.

Employee future benefits

The Association has a defined benefit plan for its employees which is accounted for using the immediate recognition approach. Under this method, the accrued benefit obligation is based on an actuarial valuation completed in accordance with paragraph 3463.07 at least every three years for purposes of funding the plan. The accrued benefit obligation is reported net of fair value of plan assets. Actuarial gains and losses and all costs of the plan are expensed in the year incurred.

Ontario Mutual Insurance Association
Notes to Financial Statements
December 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	20% declining balance method
Computer equipment	33% straightline method

Cash and cash equivalents

The Association considers cash and cash equivalents to be cash deposited in financial institutions and guaranteed investment certificates which have a maturity date of less than 12 months.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Association's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the allowance for inventory obsolescence;
- certain actuarial and economic assumptions used in determining the defined benefit pension costs, accrued pension obligations and pension plan assets.

4. CAPITAL

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Furniture and equipment	440,427	382,642	57,785	71,475
Computer	<u>809,166</u>	<u>768,842</u>	<u>40,324</u>	<u>65,618</u>
	<u>1,249,593</u>	<u>1,151,484</u>	<u>98,109</u>	<u>137,093</u>

Ontario Mutual Insurance Association
Notes to Financial Statements
December 31, 2020

5. ASO CLAIM RESERVE

On January 1, 2004, the company entered into an "Administrative Service Only" self-insured agreement with Sun Life to fund the Health and Dental Benefits of participating member company employees. These amounts represent a reserve for future benefit payments. At yearend, the following amounts are being held in trust for this plan:

	<u>2020</u>	<u>2019</u>
Ontario Mutual Insurance Association	819,999	214,836
Sunlife Assurance Company	(42,614)	(7,018)
Bank of Montreal Nesbitt Burns	324,144	322,219
Bank of Montreal	<u>194,571</u>	<u>193,003</u>
	<u>1,296,100</u>	<u>723,040</u>

As at December 31, 2020, \$819,999 is payable to the plan.

6. BUILDING RESERVE FUND

In fiscal 2006, a Building Reserve fund was initiated to help fund the move to a future location. The Association expensed \$100,000 in fiscal 2006, 2007 and 2008. In November 2009, the Association moved to its new location. The building reserve fund is being recognized into income on the same basis as the amortization expense of the assets acquired during the move.

The following amounts have been charged to the building reserve fund during the year:

	<u>2020</u>	<u>2019</u>
Opening balance	23,692	29,615
Recognized in operations	<u>(4,738)</u>	<u>(5,923)</u>
	<u>18,954</u>	<u>23,692</u>

The amount recognized into operations during the year is the reduction of amortization expense of \$4,738.

7. AMORTIZATION

	<u>2020</u>	<u>2019</u>
Amortization for the year	60,851	91,621
Building Reserve Fund recognized in operations (Note 6)	<u>(4,738)</u>	<u>(5,923)</u>
	<u>56,113</u>	<u>85,698</u>

Ontario Mutual Insurance Association
Notes to Financial Statements
December 31, 2020

8. PENSION PLAN COSTS

The Association is a member of a multi-employer defined benefit group pension plan which it sponsors on behalf of its members. The plan covers a majority of Association employees and pension benefits are based on length of service and final average earnings. As of January 1, 2017 all new hires are enrolled in the defined contribution pension plan provision which the Association also sponsors on behalf of its members.

An Actuarial Valuation of the plan as of January 1, 2020 revealed the plan was in a Going Concern surplus position. The Solvency Position was above the required 85% at that time, therefore no special payments were required as a result of the valuation. During 2020 the OMIA transfer ratio fell more than 10%, triggering the Financial Services Regulatory Authority (FSRA) to limit members lumpsum transfer value from the plan resulting in holdbacks. Late in 2020, the OMIA Board of Directors elected to make a funding call on members of the plan to pay the amount held back from the 2020 lumpsum transfers. That resulted in a funding call amount of \$35,257. In addition, the Association contributed an additional \$233,329 to the Plan during 2020 for normal pension benefit contributions.

The next valuation is scheduled to take place January 1, 2023 however the Association's Board of Directors will continue to monitor the position of the plan and may elect to call a valuation prior to that date.

9. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash and cash equivalents, accounts receivable from members and others, accounts payable and accrued liabilities, ASO claim reserve and pension contributions payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant currency or credit risks arising from these financial instruments.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Association is not exposed to any significant interest rate risk from its financial instruments.

The extent of the Association's exposure to the above risks did not change significantly during the year.

10. UNCERTAINTY REGARDING COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

During the fiscal period the Organization has experienced the following financial implications:

- Uncertainty regarding future revenues including conventions, education, and forms and marketing;
- A decrease in committees, general office, board travel, promotional activities and travel & mileage related expenses due to decrease in use.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.