Canadian Medical Association

Non-consolidated Financial Statements

December 31, 2023

Independent auditor's report

To the Board of Directors of
Canadian Medical Association

Opinion

We have audited the non-consolidated financial statements of the **Canadian Medical Association** and its subsidiaries [the "Group"], which comprise the non-consolidated statement of financial position as at December 31, 2023, and the non-consolidated statement of operations, non-consolidated statement of changes in net assets, and non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Group as at December 31, 2023, and its non-consolidated results of operations and its non-consolidated 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 non-consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 Group'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 Group'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 non-consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada,
March 12, 2024

Non-consolidated Statement of Financial Position

As at December 31

[in thousands of dollars]

	Notes	2023	2022
Assets			
Current assets			
Cash		$ 4,174	$ 1,738
Prepaids and other receivables	6, 12	1,538	1,890
Promissory note due from related party	8	60,000	60,000
		65,712	63,628
Non-current assets			
Collections		36	36
Investment in subsidiary	5	476,396	206,466
Promissory note due from related party	8	2,420,920	2,475,920
Employee future benefits	10	3,341	3,927
		2,900,693	2,686,349
Total assets		**$ 2,966,405**	**$ 2,749,977**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 2,333	$ 1,619
Deferred revenue		226	561
Due to related party	9	4,558	6,340
		7,117	8,520
Non-current liabilities			
Employee future benefits	10	1,064	1,006
Total liabilities		8,181	9,526
Net assets			
Unrestricted		2,481,828	2,533,985
Invested in subsidiary	5	476,396	206,466
Total net assets		2,958,224	2,740,451
Total liabilities and net assets		**$ 2,966,405**	**$ 2,749,977**
Commitments and contingencies	11, 12		

Director

Chief Executive Officer

The accompanying notes are an integral part of these non-consolidated financial statements.

Non-consolidated Statement of Operations

For the years ended December 31

[in thousands of dollars]

	Notes		2023		2022
Revenue					
Membership fees		$	4,781	$	6,064
Shared services	9		1,316		1,514
Affinity program			870		1,170
Interest income			222		107
Other			400		26
			7,589		8,881
Expenses					
Salaries and benefits		$	21,794	$	19,757
Shared services	9		21,299		21,919
Professional fees			6,256		7,677
Marketing and communications			2,433		1,423
Sponsorships and partnerships			1,476		968
Information technology			1,092		1,233
Travel and meetings			3,318		1,910
Occupancy costs			124		59
General and administrative			850		1,062
			58,642		56,008
Deficiency of revenue over expenses before the undernoted items		**$**	**(51,053)**	**$**	**(47,127)**
Other income (loss)					
Net income (loss) attributable to interest in subsidiary	5		269,930		(402,434)
Excess (deficiency) of revenue over expenses		**$**	**218,877**	**$**	**(449,561)**

The accompanying notes are an integral part of these non-consolidated financial statements

Non-consolidated Statement of Changes in Net Assets

For the years ended December 31

[in thousands of dollars]

	Notes	Balance January 1, 2023	Excess (deficiency) of revenue over expenses	Remeasurements on defined benefit plan	Balance December 31, 2023
Unrestricted		$ 2,533,985	$ (51,053)	$ (1,104)	$ 2,481,828
Investment in subsidiary	5	206,466	269,930	—	476,396
		$ 2,740,451	**$ 218,877**	**$ (1,104)**	**$ 2,958,224**

	Notes	Balance January 1, 2022	Deficiency of revenue over expenses	Remeasurements on defined benefit plan	Balance December 31, 2022
Unrestricted		$ 2,578,222	$ (47,127)	$ 2,890	$ 2,533,985
Investment in subsidiary	5	608,900	(402,434)	—	206,466
		$ 3,187,122	**$ (449,561)**	**$ 2,890**	**$ 2,740,451**

The accompanying notes are an integral part of these non-consolidated financial statements

Non-consolidated Statement of Cash Flows

For the years ended December 31

[in thousands of dollars]

	Notes	2023	2022
Cash provided by (used in)			
Operating activities			
Excess (deficiency) of revenue over expenses		$ 218,877	$ (449,561)
Other non-cash items:			
Post-retirement benefits		(460)	(453)
Net loss (income) attributable to interest in subsidiary	5	(269,930)	402,434
Net change in non-cash working capital items related to operations			
Prepaids and other receivables		352	547
Accounts payable and accrued liabilities		714	(837)
Due to related party	9	(1,782)	3,985
Deferred revenue		(335)	(43)
		(52,564)	(43,928)
Investing activities			
Proceeds from promissory note due from related party	8	55,000	42,000
		55,000	42,000
Net increase (decrease) in cash position		**$ 2,436**	**$ (1,928)**
Cash – beginning of year		1,738	3,666
Cash – end of year		**$ 4,174**	**$ 1,738**

The accompanying notes are an integral part of these non-consolidated financial statements

1. Nature of operations

The Canadian Medical Association [the "CMA" or the "Association"] was incorporated, in 1909, by a Special Act of Parliament. The CMA was originally formed in Quebec City on October 9, 1867. The CMA unites physicians to take action on health issues that matter — to its members and Canadians — building quality care for patients and a vibrant medical profession.

On January 1, 2022, the Association's wholly-owned subsidiary, CMAH 2018 Inc. ["CMAH2018"] completed a vertical short-form amalgamation pursuant to the *Canada Business Corporations Act* with its wholly-owned operating subsidiary CMA Joule Inc. ["CMA Joule"]. As a result of the amalgamation, the name CMAH 2018 Inc. was changed to CMA Impact Inc. ["CMA Impact"]. Subsequent to the amalgamation, all assets and liabilities of CMA Investco Inc. ["CMA Investco"], a wholly-owned operating subsidiary, were transferred to CMA Impact. On June 16, 2022 Investco was dissolved. These transactions were undertaken to simplify the corporate structure of the Association and to reduce administrative costs and effort. No securities of CMA Impact were issued in connection with the transactions and the share capital remained unchanged.

The Association is a not-for-profit organization, as defined in subsection 149(1) (l) of the *Income Tax Act* (Canada), and, as such, is exempt from income taxes.

2. Basis of preparation

These non-consolidated financial statements have been prepared by management in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations" ["ASNPO"], which sets out accounting principles for not-for-profit organizations in Canada.

A summary of the significant ASNPO accounting policies used in the preparation of these non-consolidated financial statements is set out below. The accounting policies have been applied consistently to all years presented.

3. Summary of significant accounting policies

Investment in subsidiaries

CMA Impact Inc.

The Association uses the equity method to account for its investment in CMA Impact. Under this method, the Association initially recorded its investment in CMA Impact at cost. The carrying value is adjusted thereafter to include the Association's pro-rata share of earnings as well as any capital transactions. Distributions from CMA Impact are recorded as a reduction of the investment balance. A summary of the financial position, results of operations and cash flows of CMA Impact are included in note 5.

The Association's wholly owned subsidiary, CMA Impact is responsible for the following:

- Overseeing the management of the business and affairs of CMA Impact; and
- Overseeing the stewardship of the assets and investment portfolio held in CMA Impact in compliance with the CMA strategy, policies and investment restrictions as set by the CMA Board of Directors.

3. Summary of significant accounting policies [Continued]

Investment in subsidiaries [continued]

CMA Foundation

The CMA Foundation [“the Foundation”] was continued under the *Canada Not-for-Profit Corporations Act*, as a not-for-profit corporation, without share capital. The Foundation has been designated as a Private Foundation, as defined under the *Income Tax Act (Canada)*, and as such is exempt from income taxes.

The primary objective of the Foundation is to support medical education, physical wellness, and outreach through grants to qualified donees that further excellence in health care. As the sole member of the Foundation, the CMA has the legal right to elect its Board of Directors, therefore making the Foundation a controlled not-for-profit organization. The Foundation has not been consolidated in the Association’s financial statements. A summary of the financial position, results of operations and cash flows of the Foundation are included in note 9.

Revenue recognition

Revenue is measured at the amount agreed upon by the parties to the transaction and includes only the gross inflows of economic benefits received and receivable by the Association on its own account. The Association recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, significant risks and rewards of ownership have been transferred to the customer, the fee is fixed or determinable and collection is reasonably assured. The Association’s revenue comprises the following:

Membership fees
Membership fees are recognized as revenue in the year to which they relate.

Affinity program and other
Affinity program and other revenue is recognized in the year in which the related activities take place.

Shared services
Revenue associated with the delivery of services is recognized at a point in time or over time, based on the nature of the contract, as the performance obligations are satisfied.

Interest income
Interest is recognized when the associated economic benefits from the investment are earned.

Deferred revenue
Deferred revenue consists of membership fees for which the criteria for revenue recognition have not yet been met. Deferred revenue is recognized as revenue once the criteria have been met.

Financial instruments

The Association initially records a financial instrument at its fair value, except for a related party transaction, which is initially recorded at cost. The cost is determined using undiscounted cash flows excluding interest and dividends when the related party financial instrument has repayment terms, while the cost of related party financial instruments with no repayment terms is determined using the consideration transferred or received by the Association. All related party financial instruments are subsequently measured using the cost method.

3. Summary of significant accounting policies [Continued]

Financial instruments [continued]

The Association measures financial instruments as follows:

[a] Related party financial instruments, including promissory note due from related party and due to related party, using the cost less any reduction for impairment;
[b] All other financial assets, including cash and other receivables, at amortized cost; and
[c] Other financial liabilities, including accounts payable and accrued liabilities, at amortized cost.

Financial assets measured at cost or amortized cost are assessed for indicators of impairment on an annual basis. If there is an indicator of impairment, the Association determines if there is a significant adverse change that has occurred during the period in the expected timing or amount of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of:

[i] For an arm’s length financial asset, the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to the asset, and for a related party debt instrument, the undiscounted cash flows expected to be generated by holding the asset, excluding interest and dividends;
[ii] The amount that could be realized by selling the asset, or group of assets, as at the non-consolidated statement of financial position date; and
[iii] The amount the Association expects to realize by exercising its rights to any collateral held to secure repayment of the asset, or group of assets, net of all costs necessary to exercise those rights.

The carrying amount of the asset will be reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the non-consolidated statement of operations.

If events and circumstances reverse in a future period, the impairment loss will be reversed to the extent of the improvement directly or by adjusting the allowance account, not exceeding the initial carrying value. The amount of the reversal is recognized in the non-consolidated statement of operations in the period the reversal occurs.

Employee future benefits

The Association is the Plan Sponsor of the CMA Pension Plan. Employees of the Association are members of the CMA Pension Plan [the “Plan”], a registered combination plan consisting of defined benefit [“DB”] and defined contribution [“DC”] plan types. The Board of Directors of the Association administers the Plan and its investments.

The Association accounts for the DB component of the Plan, which meets the definition of a multi-employer plan, using standards for DC plans as the Association is not able to identify its share of the underlying assets and liabilities on a non-consolidated basis. Therefore, all contributions to the Plan are expensed as incurred.

The Association also provides a Supplemental Executive Retirement Plan [“SERP”]. The SERP is a non-qualified retirement plan that provides benefits above and beyond those covered in other plans.

3. Summary of significant accounting policies [Continued]

Employee future benefits [continued]

Former employees of the Association older than 55 years of age with more than 10 years of continuous service are eligible to participate in the CMA Post-Retirement Benefit Plan ["PRB"]. The PRB provides its retired members with a health care spending account, which may be used to pay for health and dental expenses, as well as health care insurance and life insurance. The PRB is not funded.

The defined benefit obligations for the SERP and PRB are measured using an actuarial valuation prepared for accounting purposes annually. The obligation is actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions including discount rate, inflation rate, salary escalation, retirement ages and expected health care costs. Plan assets are measured at fair value. The measurement date of the plan assets and defined benefit obligation coincides with the Association's fiscal year. Remeasurements and other items are recognized directly in the non-consolidated statement of changes in net assets and are not reclassified to the non-consolidated statement of operations in a subsequent period.

Use of estimates

The preparation of non-consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the non-consolidated financial statements and the accompanying notes. Financial statement line items impacted by such estimates include, but are not limited to, the impairment on investments, allowance for doubtful accounts, contingencies, and the underlying basis of accrued liabilities and post-employment benefits obligations. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Management believes the estimates used in preparing its non-consolidated financial statements are reasonable and prudent; however, actual results could differ from those estimates.

4. Financial risk management

The Board of Directors of the Association has responsibility for the review and oversight of the Association's risk management framework and general corporate risk profile. Through its committees, the Board of Directors oversees analysis of various risks facing the Association that evolve in response to economic conditions and industry circumstances.

The following is a description of those risks and how they are managed.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of cash, prepaids and other receivables, and promissory note due from related party represent the exposure of the Association to credit risk.

The Association's cash is maintained at major financial institutions and considers credit risk to be remote. The promissory note due from related party is due from a wholly owned subsidiary. Other receivables are current in nature and management considers there to be minimal exposure to credit risk.

[in thousands of dollars]

4. Financial risk management [Continued]

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash.

As at December 31, 2023, the Association's accounts payable and accrued liabilities, and due to related party are all due within one year.

5. Investment in subsidiary

The Association uses the equity method to account for its investment in CMA Impact. The following financial summary is from CMA Impact's financial statements, which are prepared in accordance with Part II of the *CPA Canada Handbook – Accounting,* "Accounting Standards for Private Enterprises".

	2023	2022
Financial position		
Assets	$ 2,973,998	$ 2,767,815
Liabilities	2,497,602	2,561,349
Shareholder's equity	476,396	206,466
	$ 2,973,998	**$ 2,767,815**
Results of operations		
Revenue (loss)	$ 328,619	$ (339,397)
Expenses	58,689	63,037
Net income (loss) for the year	**$ 269,930**	**$ (402,434)**
Cash provided by (used in)		
Operating activities	$ 54,625	$ 7,871
Investing activities	(27,205)	(12,887)
Financing activities	(55,000)	(42,000)
	$ (27,580)	**$ (47,016)**

6. Prepaids and other receivables

Prepaids and other receivables consist of the following as at December 31:

	2023	2022
Trade receivables	$ 924	$ 537
Prepaids	518	1,353
Other	96	—
	$ 1,538	**$ 1,890**

[in thousands of dollars]

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following as at December 31:

		2023		2022
Trade payables	$	315	$	232
Sales tax payable		125		57
Accrued liabilities		1,893		1,330
	$	**2,333**	**$**	**1,619**

8. Promissory note due from related party

The Association entered into a promissory note agreement with CMAH2018 [now known as CMA Impact] on October 3, 2018. The promissory note due from related party [“CMA Impact – Note”] is non-interest bearing, unsecured, and repayable on demand.

During the year ended December 31, 2023, CMA Impact repaid the Association $55,000 [2022 – $42,000] of the promissory note.

The following table summarizes all changes in the promissory note due from related party:

		January 1, 2023		Proceeds		December 31, 2023
CMA Impact – Note	$	2,535,920	$	(55,000)	$	2,480,920
	$	**2,535,920**	**$**	**(55,000)**	**$**	**2,480,920**

		January 1, 2022		Proceeds		December 31, 2022
CMA Impact – Note	$	2,577,920	$	(42,000)	$	2,535,920
	$	**2,577,920**	**$**	**(42,000)**	**$**	**2,535,920**

The promissory note represents a transfer of financial instruments, is measured at the agreed upon exchange amount and is payable on demand. As at December 31, 2023, the majority of the promissory note is expected to be long-term, with $60,000 (2022 - $60,000) considered due within one year.

9. Related party transactions and balances

The relationships with related parties are summarized below:

CMA Impact	Subsidiary
CMA Foundation	Controlled not-for-profit organization

[in thousands of dollars]

9. Related party transactions and balances [Continued]

Due to related party

The following is a summary of the related party balances due to the Association as at December 31:

	2023	2022
CMA Impact	**$ 4,558**	**$ 6,340**

Transactions with related parties

All related party transactions are in the normal course of operations, represent a transfer of financial instruments and are measured at the agreed upon exchange amount and are payable on demand.

During the year ended December 31, 2023, the Association recognized $903 [2022 – $1,099] in shared services revenue for executive management services to related parties of the Association.

The Association has an agreement with CMA Impact whereby CMA Impact provides finance, facilities, information technology, legal, governance, human resources, marketing and communication services to the Association, under a shared services model. As of July 1, 2023, marketing and communication services are no longer provided by CMA Impact as part of the shared services model. Under this agreement, the Association incurred $21,299 [2022 – $21,919] in shared services expenses during the period.

CMA Foundation

The results of the Foundation have not been consolidated in the Association's financial statements. A summary of the financial position, results of operations and cash flows of the Foundation follows. The Foundation's financial statements are prepared in accordance with ASNPO.

	2023	2022
Financial position		
Assets	$ 82,452	$ 83,054
Liabilities	13	276
Net assets	82,439	82,778
	$ 82,452	**$ 83,054**
Results of operations		
Revenue (loss)	$ 6,729	$ (693)
Expenses	7,068	4,885
Deficiency of revenue over expenses	**$ (339)**	**$ (5,578)**
Cash provided by (used in)		
Operating activities	$ (4,222)	$ (3,254)
Investing activities	56	36
	$ (4,166)	**$ (3,218)**

9. Related party transactions and balances [Continued]

[in thousands of dollars]

CMA Foundation [continued]

According to a Charity Services Agreement, certain administrative and management services are provided, free of charge, by the Association to the Foundation in support of its activities. The value of such contributed services is not quantified in the financial statements.

10. Employee future benefits

The Plan includes a dozen participating employers broken down into three groups: the CMA and its subsidiary, the Medical Council of Canada and other employers referred to as Associated Employers [seven employers].

The most recent funding actuarial valuation of the Plan was performed as of July 1, 2022. It showed plan assets of $112,400, a defined benefit obligation of $90,800 and a resulting funding excess of $21,600 as at July 1, 2022, for the CMA and its subsidiary under the going concern basis using a discount rate of 6.0% per year and incorporating a provision for adverse deviations of 12%. These results were extrapolated to January 1, 2024, based on a discount rate of 5.15% per year. This extrapolation shows plan assets of $121,800, defined benefit obligation of $102,900, and a resulting funding excess of $18,900 as at January 1, 2024, for the CMA and its subsidiary. The next actuarial valuation must be performed at a date on or before July 1, 2025.

PRB and SERP

The following is a summary of the amounts recognized in the Association's non-consolidated statement of financial position:

	2023	2022
PRB		
Accrued benefit obligation	$ (1,064)	$ (1,006)
SERP		
Fair value of plan assets	$ 15,572	$ 14,801
Accrued benefit obligation	(12,231)	(10,874)
	$ 3,341	**$ 3,927**

Reconciliations of the employee future benefit liabilities are as follows as at December 31:

	2023	2022
SERP, beginning of year	$ 10,874	$ 13,793
Current service cost	1	249
Interest cost	576	441
Benefits paid	(207)	(207)
Actuarial gain (loss)	987	(3,402)
SERP, end of year	**$ 12,231**	**$ 10,874**

[in thousands of dollars]

10. Employee future benefits [Continued]

PRB and SERP [continued]

		2023		2022
PRB, beginning of year	$	1,006	$	1,322
Interest cost		54		39
Benefits paid		(94)		(105)
Actuarial gain (loss)		98		(250)
PRB, end of year	**$**	**1,064**	**$**	**1,006**

Actuarial valuations for the SERP and PRB are performed annually on January 1.

Actuarial assumptions are used to determine the present value of the SERP and PRB accrued benefit obligation. For the SERP, the principal financial and demographic assumptions used as at December 31, 2023, include a discount rate per annum of 4.6% [2022 – 5.3%]. For the PRB, the principal financial and demographic assumptions used as at December 31, 2023, include a discount rate per annum of 4.7% [2022 – 5.3%].

11. Commitments

Minimum annual commitments as at December 31, 2023, are as follows:

2024	$	502
2025		253
	$	**755**

12. Contingencies

In 2023, as a result of an audit, the Canada Revenue Agency (the “CRA") issued a Notice of Reassessment to the Association related to the year ended December 31, 2018. The Association is disputing the reassessment and has filed a Notice of Objection. The estimated amount of federal income tax under dispute of $287,000 plus accumulated interest of $88,000 has not been recorded as the realization of this contingent loss is not likely to occur since Management, along with its external advisors, believe that the Association should not be liable for income tax in 2018. As of December 31, 2023, an amount of $96 in sales tax receivable has been applied by the CRA towards the 2018 reassessment. This amount has been included in Prepaids and other receivables on the non-consolidated Statement of Financial Position.

13. Comparative figures

Certain amounts in the non-consolidated financial statements for the year ended December 31, 2022, have been reclassified for comparative purposes to conform to the presentation in the non-consolidated financial statements for the year ended December 31, 2023.