

BENEFITS
ANNUAL REPORT
APRIL 1, 2008 – MARCH 31, 2009

September 21, 2009

Article 4 of the Benefits Administration Agreement states:

4.1 On or before June 30 of each year, the BCMA will provide to the Government through the Benefits Committee a written report for the preceding Fiscal Year including:

4.1.1 For each of the CME, the CMPA Rebate Program, the CPRSP, the Pregnancy Leave Program and Parental Leave Program:

- (a) the total amount expended for benefits and the number of physicians for whom an entitlement was calculated;
- (b) the total amount of funding received from physicians who are not members of the BCMA for administrative fees
- (c) the number of claims applications received, the number accepted and the number refused;
- (d) the amount of any surplus, including any surplus carried forward from a previous year;
- (e) the total amount of Administrative Costs charged by the BCMA against the Benefits Plans, with details as to the amounts charged against each such plan
- (f) the audited financial statements for each Benefit Plan; and

4.1.2 For the PDI

- (a) the financial statements provided by Sun Life (or successor insurance company) to the BCMA

The exhibit that follows outlines by benefit plan:

- the total amount spent
- the number of eligible physicians
- the administrative fees received from physicians who are not members of BCMA
- the surplus
- the administrative costs charged by BCMA

At the present time, we do not keep track of the number of claims received, paid or refused, except for the Pregnancy Leave Plan.

BC Medical Association					
Benefits Administration Agreement					
Reporting Requirements					
31-Mar-09					
Per Agreement	CME	CMPA	CPRSP	PLP	PDI
Section 4.1.1					
a) total amount expended for benefits and the number of physicians for whom an entitlement was calculated					
Benefits	\$ 8,144,930	\$ 13,635,188	\$ 29,685,697	\$ 1,589,373	\$ 7,341,905
Number of Physicians	9282	8580	9611	117	6420
b) total amount of funding received from physicians who are not members of the BCMA for administrative fees	\$ 198,152	\$ 289,637	\$ 154,872	-	-
c) The number of claims applications received, the number accepted and the number refused					
Claims received	-	-	-	127	-
Number accepted	-	-	-	117	-
Number refused	-	-	-	10	-
d) the amount of any surplus, including any surplus carried forward from a previous year	\$ 2,569,413	\$ 2,237,953	\$ (97,845)	\$ 87,249	\$ 9,465,026
e) the total amount of Administrative Costs charged by the BCMA against the Benefits Plans, with details as to the amounts charged against each such Plan	\$ 317,756	\$ 298,193	\$ 383,775	\$ 64,155	\$ 360,144
f) the audited financial statements	Y	Y	Y	Y	-
Section 4.1.2					
a) PDI - the financial statements provided by Sun Life (or successor insurance company) to BCMA	-	-	-	-	Y

The audited financial statements for each plan are included in the report.

In addition to the audited statements, we have included at the end a summary of the year's results.



Grant Thornton

Financial Statements

The Continuing Medical Education Fund

March 31, 2009

DRAFT
07/31/09

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Auditors' report

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To the Joint Benefits Committee

We have audited the balance sheet of The Continuing Medical Education Fund as at March 31, 2009 and the statements of revenue and expenditures and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada

July 17, 2009

Chartered accountants

The Continuing Medical Education Fund Balance Sheet

March 31	2009	2008
Assets		
Cash	\$ 2,780,203	\$ 10,603,837
Investments (Note 6)	<u>10,086,762</u>	<u>-</u>
	<u>\$ 12,866,965</u>	<u>\$ 10,603,837</u>
Liabilities		
Payables and accruals	\$ 2,105,252	\$ 2,078,199
Administration fee payable	92,300	76,680
Provision for unreported education claims (Note 7)	<u>8,100,000</u>	<u>8,440,000</u>
	<u>10,297,552</u>	<u>10,594,879</u>
Fund balance	<u>2,569,413</u>	<u>8,958</u>
	<u>\$ 12,866,965</u>	<u>\$ 10,603,837</u>

On behalf of the Committee

Committee Member

Committee Member

See accompanying notes to the financial statements.

The Continuing Medical Education Fund **Statements of Revenue and Expenditures and** **Fund Balance**

Year Ended March 31	2009	2008
Revenue		
Government of the Province of British Columbia	\$ 8,515,000	\$ 6,725,000
Interest	<u>458,140</u>	<u>621,746</u>
	<u>8,973,140</u>	<u>7,346,746</u>
Expenditures		
Physicians' educational expenditures	8,144,929	7,035,933
(Decrease) increase in provision for unreported education claims	<u>(340,000)</u>	<u>1,257,830</u>
	<u>7,804,929</u>	<u>8,293,763</u>
Administration (Note 5)	<u>317,756</u>	<u>252,905</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 850,455</u>	<u>\$ (1,199,922)</u>
Fund balance, beginning of year	\$ 8,958	\$ 1,608,880
Transfer from (to) other benefit plans (Note 2)	1,710,000	(400,000)
Excess (deficiency) of revenue over expenditures	<u>850,455</u>	<u>(1,199,922)</u>
Fund balance, end of year	\$ <u>2,569,413</u>	\$ <u>8,958</u>

See accompanying notes to the financial statements.

The Continuing Medical Education Fund

Notes to the Financial Statements

March 31, 2009

1. Purpose of the Fund

The Continuing Medical Education Fund (the "Fund") provides eligible physicians reimbursement for certain expenses for continuing medical education.

2. Agreements

The Government of British Columbia, the Medical Services Commission of British Columbia and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual base funding level of \$6,725,000 for the Fund is maintained for the period of the agreement. Additional funding of \$1,500,000 was received in the current year and is available to certain of the benefit plans under the direction of the Joint Benefits Committee. In the current year, additional funding was allocated to the Fund at the direction of the Joint Benefits Committee. Also in the current year, the Joint Benefits Committee directed that \$1,710,000 be transferred to (2008: \$400,000 transferred from) the Fund from other benefit plan fund surpluses.

3. Summary of significant accounting policies

Revenue and expenditures

Revenue and expenditures are recorded using the accrual method.

Physician's educational expenditures

Physician's educational expenditures represent reimbursement of costs incurred by physicians for various educational courses, meetings and other education enhancement items.

Physician's educational expenditures are accrued for those claims received and approved by the Fund prior to its year end.

The Continuing Medical Education Fund

Notes to the Financial Statements

March 31, 2009

3. Summary of significant accounting policies (Continued)

Physician's educational expenditures (Continued)

Under the guidelines of the Fund, physicians are permitted to submit claims for cost reimbursement after the year end of the Fund for costs incurred prior to the year end. Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

2006	benefit entitlement expires March 31, 2009
2007	benefit entitlement expires March 31, 2010
2008	benefit entitlement expires March 31, 2011

Provision for unreported claims represents an estimate of unreported claims based upon the claims settlement experience of the Fund.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Financial instruments

The Fund has classified cash as held-for-trading, investments as held-to-maturity, receivables as loans and receivables, and payables as other financial liabilities.

Financial assets classified as held-for-trading are measured at fair value at each reporting period with changes in fair value included in the statement of revenue and expenditure.

Financial instruments classified as held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method at each reporting period with changes in amortized cost included in the statement of revenue and expenditure.

Investments

Investments consist of bonds which are classified as held-to-maturity and are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

The Continuing Medical Education Fund

Notes to the Financial Statements

March 31, 2009

4. Change in accounting policies

Financial instruments - presentation and disclosure

On April 1, 2008, the Fund adopted the provisions of The Canadian Institute of Chartered Accountants Handbook Section 3862 *Financial Instruments – Disclosures*, and Handbook Section 3863 *Financial Instruments – Presentation*. Section 3862 places additional emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance with classification of financial instruments between liabilities and equity from the perspective of the issuer.

It is management's opinion that the Fund is not exposed to significant credit or interest rate risk.

5. Administration

This amount represents expenses incurred by BCMA in administering the Fund.

6. Investments

	Effective Yield	Less Than 1 Year	1-2 Years	2009 Total	2008 Total
Bonds	5.01%	\$ 4,676,434	\$ 5,410,328	\$ 10,086,762	\$ -
The fair value of the bonds is \$10,201,836.					

7. Provision for unreported education claims

These financial statements contain a provision for unreported education claims for the following fiscal years:

	2008	2007	2006	Total
Provision, March 31, 2008	\$ -	\$ 6,015,688	\$ 2,424,312	\$ 8,440,000
Entitlement	12,365,500	-	-	12,365,500
Payments	(3,152,182)	(2,993,733)	(1,999,014)	(8,144,929)
Estimated lapsed entitlements	(3,527,341)	(607,932)	-	(4,135,273)
Lapsing of excess provision	-	-	(425,298)	(425,298)
Provision, March 31, 2009	\$ 5,685,977	\$ 2,414,023	\$ -	\$ 8,100,000



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Financial Statements

Canadian Medical Protective Association

Dues Rebate Fund

March 31, 2009

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Auditors' report

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To the Joint Benefits Committee

We have audited the balance sheet of the Canadian Medical Protective Association Dues Rebate Fund as at March 31, 2009 and the statements of revenue and expenditures and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada

May 29, 2009

Chartered accountants

Canadian Medical Protective Association Dues Rebate Fund Balance Sheet

March 31	2009	2008
Assets		
Cash	\$ 3,247,902	\$ 2,980,803
Liabilities		
Payables and accruals	\$ 865,087	\$ 113,188
Administration fee payable (Note 5)	144,862	285,560
	1,009,949	398,748
Fund Balance	2,237,953	2,582,055
	\$ 3,247,902	\$ 2,980,803

On behalf of the Committee

Committee Member

Committee Member

See accompanying notes to the financial statements.

**Canadian Medical Protective Association
Dues Rebate Fund
Statements of Revenue and Expenditures and
Fund Balance**

Year Ended March 31

	2009	2008
Revenue		
Government of the Province of British Columbia	\$ 13,417,945	\$ 12,500,000
Interest earned	171,334	404,467
	<u>13,589,279</u>	<u>12,904,467</u>
Expenditures		
Rebates to physicians	13,635,187	14,082,821
Administration (Note 5)	298,194	227,782
	<u>13,933,381</u>	<u>14,310,603</u>
Deficiency of revenue over expenditures	\$ (344,102)	\$ (1,406,136)
Fund balance, beginning of year	\$ 2,582,055	\$ 3,988,191
Deficiency of revenue over expenditures	(344,102)	(1,406,136)
Fund balance, end of year	<u>\$ 2,237,953</u>	<u>\$ 2,582,055</u>

See accompanying notes to the financial statements.

Canadian Medical Protective Association Dues Rebate Fund Notes to the Financial Statements

March 31, 2009

1. Purpose of the Fund

The Canadian Medical Protective Association Dues Rebate Fund (the "Fund") provides rebates to physicians for a portion of their malpractice liability dues.

2. Agreements

The Government of British Columbia, the Medical Services Commission of British Columbia and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual funding is the amount required to reimburse eligible physicians 100% of Canadian Medical Protective Association ("CMPA") membership dues above 1985 CMPA dues, to a maximum of \$22,000,000.

3. Summary of significant accounting policies

Revenue and expenditures

Revenue and expenditures are recorded using the accrual method.

Rebates to physicians

Rebates to physicians represent reimbursement of a portion of physicians' CMPA fees, the amount of which is determined by the Benefits Subsidiary Agreement. The Fund accrues for those expenditures which are submitted to and approved by the Fund before year end.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Canadian Medical Protective Association

Dues Rebate Fund

Notes to the Financial Statements

March 31, 2009

3. Summary of significant accounting policies (Continued)

Financial instruments

The Fund has classified cash as held-for-trading. Payables and accruals and administration fee payable have been classified as other financial liabilities.

Financial assets classified as held-for-trading are measured at fair value at each reporting period with changes in fair value included in the statement of revenue and expenditure.

Other financial liabilities are measured at amortized cost using the effective interest rate method at each reporting period with changes in amortized cost included in the statement of revenue and expenditure.

4. Change in accounting policy

Financial instruments - presentation and disclosure

On April 1, 2008, the Fund adopted the provisions of The Canadian Institute of Chartered Accountants Handbook Section 3862 *Financial Instruments – Disclosures* and Handbook Section 3863, *Financial Instruments – Presentation*. Section 3862 places additional emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance with classification of financial instruments between liabilities and equity from the perspective of the issuer.

It is management's opinion that the Fund is not exposed to significant interest rate risk.

5. Administration

This amount represents expenses incurred by BCMA in administering the Fund.

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Financial Statements

Contributory Professional Retirement Savings Plan

March 31, 2009

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To the Joint Benefits Committee

We have audited the balance sheet of Contributory Professional Retirement Savings Plan as at March 31, 2009 and the statements of revenue and expenditures and fund balance for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada

May 29, 2009

Chartered accountants

Contributory Professional Retirement Savings Plan Balance Sheet

March 31

	2009	2008
Assets		
Cash	\$ 2,317,705	\$ 9,632,015
Investments (Note 6)	5,043,907	-
Due from other benefit programs (Note 2)	600,000	-
	<u>\$ 7,961,612</u>	<u>\$ 9,632,015</u>
Liabilities		
Payables and accruals	\$ 633,144	\$ 249,388
Non-members' dues owing to British Columbia Medical Association (Note 5)	26,313	75,197
Provision for unclaimed entitlements (Note 7)	7,400,000	6,800,000
	<u>8,059,457</u>	<u>7,124,585</u>
(Deficiency) Fund Balance	<u>(97,845)</u>	<u>2,507,430</u>
	<u>\$ 7,961,612</u>	<u>\$ 9,632,015</u>

On behalf of the Committee

Committee Member

Committee Member

See accompanying notes to the financial statements.

Contributory Professional Retirement Savings Plan Statements of Revenue and Expenditures and Fund Balance

Year Ended March 31	2009	2008
Revenue		
Government of the Province of British Columbia	\$ 26,875,000	\$ 28,315,000
Interest earned	589,197	736,221
	<u>27,464,197</u>	<u>29,051,221</u>
Expenditures		
Entitlements available	32,907,300	31,961,558
Less: lapsed entitlements (net),	<u>2,621,603</u>	<u>2,145,823</u>
	30,285,697	29,815,735
Contributions to physicians	383,775	303,717
Administration (Note 8)	<u>30,669,472</u>	<u>30,119,452</u>
Deficiency of revenue over expenditures	\$ <u>(3,205,275)</u>	\$ <u>(1,068,231)</u>
Fund balance, beginning of year	\$ 2,507,430	\$ 2,815,661
Transfer from other plans (Note 2)	600,000	760,000
Deficiency of revenue over expenditures	<u>(3,205,275)</u>	<u>(1,068,231)</u>
(Deficiency) fund balance, end of year	\$ <u>(97,845)</u>	\$ <u>2,507,430</u>

See accompanying notes to the financial statements.

Contributory Professional Retirement Savings Plan

Notes to the Financial Statements

March 31, 2009

1. Purpose of the Plan

The Contributory Professional Retirement Savings Plan (the "Plan") was established to assist physicians to provide for a registered retirement savings plan ("RRSP") for their retirement. The intent and purpose of the Plan is to provide for contributions to be made by the government to a fund administered by an Administrative Committee on behalf of physicians entitled to participate in the Plan. The fund will be used to make contributions on behalf of each eligible physician to a physician's RRSP account.

2. Agreements

The Government of British Columbia, the Medical Services Commission of British Columbia and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual funding level is \$26,875,000. Additional funding of \$1,500,000 was received in the current year and is available to certain of the benefit plans under the direction of the Joint Benefits Committee. In fiscal 2008, additional funding was allocated to the Plan at the direction of the Joint Benefits Committee. Effective April 1, 2010, the annual funding for CPRSP will increase by \$25 million.

The Joint Benefits Committee directed that \$600,000 (2008: \$760,000) be transferred to the CPRSP from other benefit plan surpluses.

3. Summary of significant accounting policies

Revenue and expenditures

Revenue and expenditures are recorded using the accrual method.

Contributions to physicians

Contributions to physicians represent contributions on behalf of each eligible physician to a physician's registered retirement savings plan account. The contribution is determined using a formula established by the agreement. Physician entitlements are calculated once each calendar year and paid not later than March 1.

Contributory Professional Retirement Savings Plan

Notes to the Financial Statements

March 31, 2009

3. Summary of significant accounting policies (Continued)

Contributions to physicians (Continued)

Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

Entitlement year 2006
Entitlement year 2007
Entitlement year 2008

benefit entitlement expires March 1, 2009
benefit entitlement expires March 1, 2010
benefit entitlement expires March 1, 2011

The provision for unclaimed entitlements represents an estimate of future payments of entitlements available to physicians. The provision is net of entitlements that are anticipated to lapse based upon the claims settlement history of the Plan.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The Plan has classified cash as held-for-trading, investments as held-to-maturity, receivables as loans and receivables, and payables and provision for unclaimed entitlement as other financial liabilities.

Financial assets and liabilities classified as held-for-trading are measured at fair value at each reporting period with changes in fair value included in the statement of revenue and expenditure.

Loans and receivables, held-to-maturity, and other financial liabilities are measured at amortized cost using the effective interest method at each reporting period with changes in amortized cost included in the statement of revenue and expenditure.

Transaction costs related to held-to-maturity instruments are capitalized and amortized using the effective interest method.

Investments

Investments consist of bonds and are classified as held-to-maturity and are initially recorded at fair value and subsequently measured at amortized cost, using the effective interest method.

Contributory Professional Retirement Savings Plan

Notes to the Financial Statements

March 31, 2009

4. Change in accounting policy

Financial Instruments - presentation and disclosure

On April 1, 2008, the Plan adopted the provisions of The Canadian Institute of Chartered Accountants Handbook Section 3862 *Financial Instruments – Disclosures*, and Handbook Section 3863, *Financial Instruments – Presentation*. Section 3862 places additional emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance with classification of financial instruments between liabilities and equity from the perspective of the issuer.

It is management's opinion that the Plan is not exposed to significant credit or interest rate risk.

5. Non-members dues due to BCMA

Physicians who are not members of BCMA are charged a fee to a maximum of \$300 to cover administrative costs. This fee has been collected from those physicians' entitlements and is due to BCMA.

6. Investments

	Effective Yield	Less Than 1 Year	1-2 Years	2009 Total	2008 Total
Bonds	5.14%	\$ 2,338,990	\$ 2,704,917	\$ 5,043,907	\$ -

The fair value of the bonds is \$5,050,235

Contributory Professional Retirement Savings Plan

Notes to the Financial Statements

March 31, 2009

7. Provision for unclaimed entitlements

<u>Entitlement Year</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>Total</u>
Provision, March 31, 2008	\$ -	\$ 5,783,686	\$ 1,016,314	\$ 6,800,000
Entitlement Payments	32,907,300 (24,514,716)	- (3,518,610)	- (1,652,371)	32,907,300 (29,685,697)
	8,392,584	(3,518,610)	(1,652,371)	3,221,603
Estimated lapsed entitlements	(3,257,660)	-	-	(3,257,660)
Excess of actual payments over provision	-	-	636,057	636,057
Lapsed entitlements (net)	(3,257,660)	-	636,057	(2,621,603)
Provision, March 31, 2009	\$ 5,134,924	\$ 2,265,076	\$ -	\$ 7,400,000

8. Administration

This amount represents expenses incurred by BCMA in administering the Plan.

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Financial Statements

Pregnancy Leave Program

March 31, 2009

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To the Joint Benefits Committee

We have audited the balance sheet of the Pregnancy Leave Program as at March 31, 2009 and the statements of revenue and expenditures and fund balance for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2009 and the results of its operations and the changes in its financial position for the year then ended, in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada

July 17, 2009

Chartered accountants

Pregnancy Leave Program Balance Sheet

March 31

	2009	2008
Assets	\$ 423,527	\$ 492,707
Cash		400,000
Due from other benefit plans	\$ 423,527	\$ 892,707
Liabilities	\$ 336,278	\$ 870,618
Payables and accruals	87,249	22,089
Fund Balance	\$ 423,527	\$ 892,707

On behalf of the Committee

Committee Member

Committee Member

See accompanying notes to the financial statements.

Pregnancy Leave Program **Statements of Revenue and Expenditures and** **Fund Balance**

Year Ended March 31

2009

2008

Revenue			
Government of the Province of British Columbia	\$	1,300,000	\$ 1,300,000
Interest		18,688	25,397
		<u>1,318,688</u>	<u>1,325,397</u>
Expenditures			
Physicians' pregnancy benefit		1,589,373	1,649,496
Administration (Note 5)		64,155	60,530
		<u>1,653,528</u>	<u>1,710,026</u>
Deficiency of revenue over expenditures	\$	<u>(334,840)</u>	\$ <u>(384,629)</u>
Fund balance, beginning of year	\$	22,089	\$ 6,718
Transfer from other benefit plans (Note 2)		400,000	400,000
Deficiency of revenue over expenditures		<u>(334,840)</u>	<u>(384,629)</u>
Fund balance, end of year	\$	<u>87,249</u>	\$ <u>22,089</u>

See accompanying notes to the financial statements.

Pregnancy Leave Program

Notes to the Financial Statements

March 31, 2009

1. Purpose of the Program

The Pregnancy Leave Program (the "Program") provides a maximum 17 week benefit for female physicians while on pregnancy leave.

2. Agreements

The Government of British Columbia, the Medical Services Commission of British Columbia and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual base funding level of \$1,300,000 for the Program is maintained until March 31, 2010. Additional funding of \$1,500,000 was received in the current year and is available to certain of the benefit plans under the direction of the Joint Benefits Committee.

In the current year, the Joint Benefits Committee directed that \$400,000 (2008: \$400,000) be transferred to this Program from other benefit plan fund surpluses.

Effective April 1, 2010, the Program will be discontinued and will be replaced by a Parental Leave Program.

3. Summary of significant accounting policies

Revenue and expenditures

Revenue and expenditures are recorded using the accrual method.

Physicians' pregnancy benefit

Physicians' pregnancy benefit represents the approved benefit based on the maximum entitlement available to the physicians relative to their eligible income level.

The physicians' pregnancy benefit is accrued for eligible claims incurred prior to year end. Physicians are able to submit eligible claims up to eight weeks subsequent to year end which are included in the accrual.

Pregnancy Leave Program Notes to the Financial Statements

March 31, 2009

3. Summary of significant accounting policies (Continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Financial instruments

The Program has classified cash as held-for-trading, due from other benefit plans as loans and receivables, and payables and accruals as other financial liabilities.

Financial assets classified as held-for-trading are measured at fair value at each reporting period with changes in fair value included in the statement of revenue and expenditure.

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method at each reporting period with changes in amortized cost included in the statement of revenue and expenditure.

4. Change in accounting policies

Financial instruments - presentation and disclosure

On April 1, 2008, the Program adopted the provisions of The Canadian Institute of Chartered Accountants Handbook Section 3862 *Financial Instruments - Disclosures*, and Handbook Section 3863 *Financial Instruments - Presentation*. Section 3862 places additional emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance with classification of financial instruments between liabilities and equity from the perspective of the issuer.

It is management's opinion that the Program is not exposed to significant interest rate risk.

5. Administration

This amount represents expenses incurred by BCMA in administering the Program.

DRAFT
08/05/09



Grant Thornton

www.GrantThornton.ca

FINANCIAL REPORT SUMMARY
LTD Policy Number 59998
From April 1, 2008 to March 31, 2009

Policy Numbers:		Sun Life	Westbury	Total
<u>Premiums:</u>				
Paid Premium		\$12,850,001	\$0	\$12,850,001
<u>Incurred Claims:</u>				
Paid Claims		\$8,122,951	\$437,044	\$8,559,995
Disabled Life Reserve	Beginning	30,919,771	2,412,573	33,332,344
	Ending	29,717,903	2,223,851	31,941,754
	Change	(1,201,868)	(\$188,722)	(1,390,590)
IBNR Reserve	Beginning	1,755,000	0	1,755,000
	Ending	1,927,500	0	1,927,500
	Change	172,500	0	172,500
TOTAL INCURRED CLAIMS		\$7,093,583	\$248,322	\$7,341,905
<u>Expenses & Tax:</u>				
Premium Tax		\$267,000	\$0	\$267,000
Other Expenses		1,304,831	13,006	1,317,837
TOTAL EXPENSES & TAX		\$1,561,831	\$13,006	\$1,574,837
<u>Interest on Reserves & Cash Flow</u>				
Initial IBNR Reserves @ 2.05%		\$35,978	\$0	\$35,978
DLR (5-Year GIC)		979,175	115,051	\$1,094,226
Interest on Cash Flow @ 1.37%				
Premium		91,735	0	\$91,735
Paid Claims		(\$55,753)	(\$3,000)	(\$58,753)
Premium Tax		(\$1,922)	0	(\$1,922)
Expenses		(\$8,938)	(\$89)	(\$9,027)
TOTAL INTEREST		\$1,040,275	\$111,962	\$1,152,237
<u>Plan Year Results:</u>				
PLAN YEAR SURPLUS/DEFICIT				
Premium Tax Adjustment		\$5,234,862	(\$149,366)	\$5,085,496
Transfer to CFR		106,834	(\$3,048)	103,786
		(227,537)	0	(227,537)
TOTAL SURPLUS		\$5,114,159	(\$152,414)	\$4,961,745
Transfer to Deposit Fund Account		-5,114,159	152,414	-4,961,745
Balance		\$0	\$0	\$0

STATEMENT OF CLAIMS FLUCTUATION RESERVE
 LTD Policy Number 59998
 From April 1, 2008 to March 31, 2009

	Sun Life	Westbury	Total
Balance as at April 1, 2008	\$2,925,000	\$0	\$2,925,000
Interest at one year GIC 2.05%	59,963	0	59,963
Transfer from Surplus	\$227,537	\$0	\$227,537
Balance as at March 31, 2009	<u>\$3,212,500</u>	<u>\$0</u>	<u>\$3,212,500</u>

Maximum Required Claims Fluctuation Reserve 25% of Paid Premium	<u>\$3,212,500</u>	<u>\$0</u>	<u>\$3,212,500</u>
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STATEMENT OF DEPOSIT FUND
 LTD Policy Number 59998
 From April 1, 2008 to March 31, 2009

	Sun Life	Westbury	Total
<u>DEPOSIT FUND ACCOUNT 11</u>			
Transfer from Surplus April 1, 2008	\$4,440,234	(\$5,671)	\$4,434,563.00
Interest earned from April 1, 2008 - July 10, 2008	22,659.89		<u>22,659.89</u>
Total Refund as of July 10, 2008			<u>\$4,457,222.89</u>
Balance as of July 11, 2008			<u><u>\$0.00</u></u>
Transfer from Surplus April 1, 2009	\$5,114,159	(\$152,414)	\$4,961,745

BC Medical Association
Benefit Plans - audited fs
March 31, 2009

	CME	CMPA	CPRSP	PLP	PDI Trust funds in BCMA	PDI - Sunlife
Fund Balance - April 1, 2008	8,958	2,582,055	2,507,430	22,089	2,641,959	4,457,223
Government funding	8,515,000	13,417,945	26,875,000	1,300,000	-	12,850,001
Interest Income	458,141	171,334	589,197	18,688	114,099	1,152,237
	8,973,141	13,589,279	27,464,197	1,318,688	114,099	14,002,238
Benefits	8,144,930	13,635,188	29,685,697	1,589,373	-	7,341,905
Increase (Decrease) Provision	(340,000)	-	600,000	-	-	-
Management Fees	317,756	298,193	383,775	64,155	-	360,144
Sundry Expenses	-	-	-	-	-	1,338,444
	8,122,686	13,933,381	30,669,472	1,653,528	-	9,040,493
Excess Rev - Exp	850,455	(344,102)	(3,205,275)	(334,840)	114,099	4,961,745
Transfer of funds from SunLife	-	-	-	-	4,457,223	(4,457,223)
Transfer of funds to benefit plans	1,710,000	-	600,000	400,000	(2,710,000)	-
Funding Balance - March 31, 2009	2,569,413	2,237,953	(97,845)	87,249	4,503,281	4,961,745

BENEFITS
ANNUAL REPORT
APRIL 1, 2009 – MARCH 31, 2010

September 20, 2010



As per the Benefits Administration Agreement

ARTICLE 4- ANNUAL REPORT

On or before June 30 of each year, the BCMA will provide to the Government through the Benefits Committee a written report for the preceding Fiscal Year including:

4.1.1 For each of the CME, the CMPA Rebate Program, the CPRSP, the Pregnancy Leave Program and Parental Leave Program:

- (a) the total amount expended for benefits and the number of physicians for whom an entitlement was calculated;
- (b) the total amount of funding received from physicians who are not members of the BCMA for administrative fees
- (c) the number of claims applications received, the number accepted and the number refused;
- (d) the amount of any surplus, including any surplus carried forward from a previous year;
- (e) the total amount of Administrative Costs charged by the BCMA against the Benefits Plans, with details as to the amounts charged against each such plan
- (f) the audited financial statements for each Benefit Plan; and

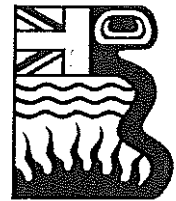
4.1.2 For the PDI

- (a) the financial statements provided by Sun Life (or successor insurance company) to the BCMA.

As such the report contains the following:

1. Reporting requirement exhibit that addresses section 4.1.1.
2. Program Summary
3. Summary of the year end results for all the benefit programs.
4. Draft audited financial statements for CME, CMPA, CPRSP and PLP
5. PDI
 - a. Financial Report summary
 - b. Statement of Claims Fluctuation Reserve
 - c. Statement of Deposit Fund

BC Medical Association					
Benefits Administration Agreement					
Reporting Requirements					
31-Mar-10					
Per Agreement	CME	CMPPA	CPRSP	PLP	PDI
Section 4.1.1					
a) total amount expended for benefits and the number of physicians for whom an entitlement was calculated					
Benefits	\$ 8,594,827	\$ 10,075,327	\$ 33,674,460	\$ 1,704,161	\$ 8,964,141
Number of Physicians	9358	8699	9657	122	6659
b) total amount of funding received from physicians who are not members of the BCMA for administrative fees	\$ 191,549	\$ 271,805	\$ 203,174	-	-
c) The number of claims applications received, the number accepted and the number refused (currently on tracked for PLP)					
Claims received	-	-	-	126	-
Number accepted	-	-	-	122	-
Number refused	-	-	-	4	-
d) the amount of any surplus, including any surplus carried forward from a previous year	\$ 2,027,957	\$ 3,297,046	\$ (36,249)	\$ 22,788	\$ 8,425,394
e) the total amount of Administrative Costs charged by the BCMA against the Benefits Plans, with details as to the amounts charged against each such Plan	\$ 317,756	\$ 298,200	\$ 383,775	\$ 64,155	\$ 360,144



Program Summary

Continuing Medical Education Fund (CME)

This fund is designed to assist physicians with educational expenses. A yearly entitlement is calculated for eligible physicians, which may be deferred for up to three years.

Canadian Medical Protective Association (CMPA) Rebate

This rebate provides a partial reimbursement of physicians' medical liability coverage fees. Due to the trend of decreasing CMPA fees, there are certain practice types that are no longer eligible for the rebate.

Contributory Professional Retirement Savings Plan (CPRSP)

A dollar for dollar matching benefit with a maximum determined annually. This benefit has two components: a basic benefit which is available to all eligible physicians and a supplemental benefit which is available to all eligible physicians 60 and over. The benefit may be deferred for up to three years.

Pregnancy Leave Program (PLP)

This program provides a maximum 17 week benefit for female physicians. Physicians receiving benefits must return to the practice of medicine in British Columbia for a minimum of 17 weeks following their maternity leave.

Physicians' Disability Insurance (PDI)

Designed to provide income replacement to physicians who become partially or completely disabled.

**BC Medical Association
Benefit Programs - Audited FS
March 31, 2010**

	CME	CMPA	CPRSP	PLP	PDI Trust funds in BCMA	PDI - Sun Life
Fund Balance - April 1, 2009	2,569,413	2,237,953	(97,845)	87,249	4,503,280	4,961,745
<u>Revenue</u>						
Government funding	6,725,000 ✓	11,400,000	29,265,000	1,300,000	-	14,000,000
Sale of Investments	53,661	-	26,830	-	-	-
Interest Income	425,519	32,620	273,989	3,855	16,099	1,085,410
	<u>7,204,180</u>	<u>11,432,620</u>	<u>29,565,819</u>	<u>1,303,855</u>	<u>16,099</u>	<u>15,085,410</u>
<u>Expenditures</u>						
Benefits	8,594,827	10,075,327	33,674,460	1,704,161	-	8,964,141
Increase (Decrease) Provision	275,000	-	(1,100,000)	-	-	-
Management Fees	317,756	298,200	383,775	64,155	-	368,680
Sundry Expenses	-	-	-	-	-	1,338,940
	<u>9,187,583</u>	<u>10,373,527</u>	<u>32,958,235</u>	<u>1,768,316</u>	<u>-</u>	<u>10,671,761</u>
Excess Rev - Exp	(1,983,403)	1,059,093	(3,392,416)	(464,461)	16,099	4,413,649
Transfer of funds from SunLife	-	-	-	-	-	-
Transfer of funds to benefit plans	1,500,000 ✓	-	3,498,000	400,000	(4,448,000)	(950,000)
Market value adjustment of investments	(58,053)	-	(43,988)	-	-	-
	<u>2,027,957</u>	<u>3,297,046</u>	<u>(36,249)</u>	<u>22,788</u>	<u>71,379</u>	<u>8,425,394</u>
Funding Balance - March 31, 2010	2,027,957	3,297,046	(36,249)	22,788	71,379	8,425,394

Financial Statements of

**THE CONTINUING MEDICAL
EDUCATION FUND**

Year ended March 31, 2010

AUDITORS' REPORT TO THE JOINT BENEFITS COMMITTEE

We have audited the statement of financial position of The Continuing Medical Education Fund (the "Fund") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year comparatives were audited by another firm of chartered accountants.

Chartered Accountants

Burnaby, Canada

July 30, 2010

THE CONTINUING MEDICAL EDUCATION FUND

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 3,282,302	\$ 2,780,203
Short-term investments (note 4)	4,409,420	4,676,434
	7,691,722	7,456,637
Long-term investments (note 4)	6,102,178	5,410,328
	\$ 13,793,900	\$ 12,866,965

Liabilities and Net Assets

Accounts payable and accrued liabilities	\$ 3,248,998	\$ 2,078,772
Due to BCMA (note 6)	141,945	118,780
Provision for physicians' educational expenses (note 5)	8,375,000	8,100,000
	11,765,943	10,297,552
Net assets	2,027,957	2,569,413
	\$ 13,793,900	\$ 12,866,965

See accompanying notes to financial statements.

Approved on behalf of the Committee:

Committee Member

Committee Member

THE CONTINUING MEDICAL EDUCATION FUND

Statement of Operations and Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Government of the Province of British Columbia	\$ 6,725,000	\$ 8,515,000
Gain on sale of investments	53,661	-
Interest income	425,519	458,140
	7,204,180	8,973,140
Expenses:		
Contributions to physicians:		
Entitlements (note 5)	12,721,800	12,365,500
Less: lapsed entitlements and deficiency of actual payments over provision (note 5)	(3,851,973)	(4,560,571)
	8,869,827	7,804,929
Administration (note 6)	317,756	317,756
	9,187,583	8,122,685
Excess (deficiency) of revenue over expenses	(1,983,403)	850,455
Net assets, beginning of year	2,569,413	8,958
Transfer from other plans (note 2)	1,500,000	1,710,000
Cumulative market value adjustments of investment portfolio classified as available-for-sale	(58,053)	-
Net assets, end of year	\$ 2,027,957	\$ 2,569,413

See accompanying notes to financial statements.

THE CONTINUING MEDICAL EDUCATION FUND

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (1,983,403)	\$ 850,455
Gain on sale of investments	(53,661)	-
Change in provision for physicians' educational expenses, an item not involving cash	275,000	(340,000)
Change in non-cash operating working capital	1,193,391	42,673
	(568,673)	553,128
Investments:		
Net purchase of investments	(429,228)	(10,086,762)
Financing:		
Transfer from Surplus Benefit Plans (note 2)	1,500,000	1,710,000
Increase (decrease) in cash	502,099	(7,823,634)
Cash, beginning of year	2,780,203	10,603,837
Cash, end of year	\$ 3,282,302	\$ 2,780,203
Supplementary information on statement of cash flows:		
Fair value adjustment on investments	\$ (58,053)	\$ -

See accompanying notes to financial statements.

THE CONTINUING MEDICAL EDUCATION FUND

Notes to Financial Statements

Year ended March 31, 2010

1. Purpose of the Fund:

The Continuing Medical Education Fund (the "Fund") was established to provide eligible physicians with reimbursement for certain expenses related to continuing medical education.

2. Agreements:

The Government of the Province of British Columbia (the "Government"), the Medical Services Commission of British Columbia and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual base funding level of \$6,725,000 for the Fund is maintained for the period of the agreement. In the current year, the Joint Benefits Committee directed that an additional \$1,500,000 (2009 - \$1,710,000) be transferred to the Fund from the surplus of other benefit plans.

3. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue recognition:

The Fund follows the deferral method for accounting for contributions. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

THE CONTINUING MEDICAL EDUCATION FUND

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(c) Physicians' educational expenses:

Physicians' educational expenses represent reimbursement of costs incurred by physicians for various educational courses, meetings and other education enhancement items.

Physicians' educational expenses are accrued by the Fund for those claims incurred by March 31 and received and approved by the Fund.

Under the guidelines of the Fund, physicians are permitted to submit claims for cost reimbursement after the year end of the Fund for costs incurred prior to the year end. Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

2007	benefit entitlement expires March 31, 2010
2008	benefit entitlement expires March 31, 2011
2009	benefit entitlement expires March 31, 2012

(d) Provision for physicians' educational expenses:

The provision for physicians' educational expenses represents an estimate of future payments of entitlements available to physicians. The provision is net of entitlements that are anticipated to lapse based upon the claims settlement history of the Fund.

(e) Financial instruments:

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

The Fund has elected to continue to apply the financial instruments disclosure and presentation standards in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, as permitted for not-for-profit organizations.

The Fund's financial instruments include cash, investments, accounts payable and accrued liabilities and due to BCMA. The Fund has classified cash as held for trading, investments as available-for-sale and accounts payable and accrued liabilities and due to BCMA as other financial liabilities.

THE CONTINUING MEDICAL EDUCATION FUND

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets and liabilities classified as held for trading are measured at fair value at each reporting period with changes in fair value included in the statement of operations.

Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method at each reporting period with changes in amortized cost included in the statement of operations.

On April 30, 2009, the Fund redeemed a significant portion of its investments that were previously classified as held-to-maturity before their maturity date, in order to comply with the Fund's revised investment policy. As a result of these early redemptions, the Fund must now classify all such financial assets as available-for-sale and measure these assets at fair value, with changes in fair value directly included in net assets.

It is management's opinion that the Fund is not exposed to significant interest rate risk.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the calculation of the provision for physicians' educational expenses and provision for contingencies. Actual results could differ from those estimates.

(g) Adoption of new accounting standards:

Effective January 1, 2009, the CICA issued amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments clarify capital asset recognition criteria and amortization requires disclosure of general support expenses by not-for-profit organizations, and includes the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The adoption of these standards resulted in the presentation of a cash flow statement in the financial statements of the Fund.

THE CONTINUING MEDICAL EDUCATION FUND

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(h) Future accounting standards:

Changes in accounting framework:

The Accounting Standards Board has released an exposure draft relating to the future of financial reporting by not-for-profit organization. The exposure draft proposes that, as of January 1, 2012, not-for-profit organizations that are not part of the public sector, such as the Fund, be given the choice between adopting International Financial Reporting Standards or a new private company accounting framework supplemented by specific not-for-profit standards. The Fund is in the process of reviewing the potential impact of the proposals on its reporting framework and financial statements.

4. Investments:

	Effective Yield	Less than 1 year	1-2 Years	2010 Total	2009 Total
Bonds	5.01%	\$ 4,409,420	\$ 6,102,178	\$ 10,511,598	\$ 10,086,762

5. Provision for physicians' educational expenses:

Entitlement year	2009	2008	2007	2006	Total
Provision, March 31, 2008	\$ -	\$ -	\$ 6,015,688	\$ 2,424,312	\$ 8,440,000
Entitlements	-	12,365,500	-	-	12,365,500
Payments	-	(3,152,182)	(2,993,733)	(1,999,014)	(8,144,929)
Entitlements anticipated to lapse and deficiency of actual payments over provision	-	(3,527,341)	(607,932)	(425,298)	(4,560,571)
Provision, March 31, 2009	-	5,685,977	2,414,023	-	8,100,000
Entitlements	12,721,800	-	-	-	12,721,800
Payments	(3,144,572)	(2,912,286)	(2,537,969)	-	(8,594,827)
Entitlements anticipated to lapse and excess (deficiency) of actual payments over provision	(3,800,919)	(175,000)	123,946	-	(3,851,973)
Provision, March 31, 2010	\$ 5,776,309	\$ 2,598,691	\$ -	\$ -	\$ 8,375,000

THE CONTINUING MEDICAL EDUCATION FUND

Notes to Financial Statements (continued)

Year ended March 31, 2010

6. Related party transactions:

- (a) The Government and MSC have entered into a contract with BCMA for the term of the PMA for BCMA to administer the Fund, the costs of which are to be recovered from the annual funding made available to the Fund.

During the year, the Fund paid \$317,756 (2009 - \$317,756) for BCMA's services.

Included in due to BCMA is \$26,480 (2009 - \$26,480) relating to these administrative fees.

- (b) The contract also provides that BCMA may charge physicians who are not members of BCMA an administration fee when such non-members apply for the benefits available to them under the Fund.

As at March 31, 2010, \$115,465 (2009 - \$92,300) remained payable to BCMA relating to non-member fees.

7. Capital disclosures:

The Fund receives its principal source of capital through contributions. The Fund defines capital to be net assets. In carrying out its purpose, the Fund regularly distributes its capital through its activities and administrative services.

The Fund is not subject to any other external capital requirements or restrictions.

8. Comparative figures:

Certain of the prior year figures have been reclassified to conform with the current year's financial statement presentation.

Financial Statements of

**CANADIAN MEDICAL PROTECTIVE
ASSOCIATION - DUES REBATE FUND**

Year ended March 31, 2010

AUDITORS' REPORT TO THE JOINT BENEFITS COMMITTEE

We have audited the statement of financial position of the Canadian Medical Protective Association Dues Rebate Fund (the "Fund") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year comparatives were audited by another firm of chartered accountants.

Chartered Accountants

Burnaby, Canada

May 28, 2010

CANADIAN MEDICAL PROTECTIVE ASSOCIATION – DUES REBATE FUND

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Cash	\$ 3,709,180	\$ 3,247,902
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 371,713	\$ 865,087
Due to BCMA (note 4)	40,421	144,862
	412,134	1,009,949
Net assets	3,297,046	2,237,953
	\$ 3,709,180	\$ 3,247,902

See accompanying notes to financial statements.

Approved on behalf of the Committee:

Committee Member

Committee Member

CANADIAN MEDICAL PROTECTIVE ASSOCIATION – DUES REBATE FUND

Statement of Operations and Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009.

	2010	2009
Revenue:		
Government of the Province of British Columbia	\$11,400,000	\$13,417,945
Interest	32,620	171,334
	11,432,620	13,589,279
Expenses:		
Rebates to physicians	10,075,327	13,635,187
Administration (note 4(a))	298,200	298,194
	10,373,527	13,933,381
Excess (deficiency) of revenue over expenses	1,059,093	(344,102)
Net assets, beginning of year	2,237,953	2,582,055
Net assets, end of year	\$ 3,297,046	\$ 2,237,953

See accompanying notes to financial statements.

CANADIAN MEDICAL PROTECTIVE ASSOCIATION – DUES REBATE FUND

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 1,059,093	\$ (344,102)
Change in non-cash operating working capital	(597,815)	611,201
Increase in cash	461,278	267,099
Cash, beginning of year	3,247,902	2,980,803
Cash, end of year	\$ 3,709,180	\$ 3,247,902

See accompanying notes to financial statements.

CANADIAN MEDICAL PROTECTIVE ASSOCIATION – DUES REBATE FUND

Notes to Financial Statements

Year ended March 31, 2010

1. Purpose of the Fund:

The Canadian Medical Protective Association Dues Rebate Fund (the "Fund") provides rebates to physicians for a portion of their malpractice liability dues.

2. Agreements:

The Government of the Province of British Columbia (the "Government"), the Medical Services Commission of British Columbia ("MSC") and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual funding received is the amount required to reimburse eligible physicians for 100% of their Canadian Medical Protective Association ("CMPA") membership dues above 1985 CMPA dues rates to a maximum of \$22,000,000.

3. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue recognition:

The Fund follows the deferral method of accounting for contributions. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

(c) Rebates to physicians:

Rebates to physicians represent reimbursement of a portion of physicians' CMPA fees, the amount of which is determined by the Benefits Subsidiary Agreement. The Fund accrues for those expenses which are submitted to and approved by the Fund before year end.

CANADIAN MEDICAL PROTECTIVE ASSOCIATION – DUES REBATE FUND

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

The Fund has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, as permitted for not-for-profit organizations.

The Fund's financial instruments include cash, accounts payable and accrued liabilities and due to BCMA. The Fund has classified cash as held for trading. Accounts payable and accrued liabilities and administration fee payable have been classified as other financial liabilities.

Financial assets classified as held for trading are measured at fair value at each reporting period with changes in fair value included in the statement of operations.

Other financial liabilities are measured at amortized cost using the effective interest rate method at each reporting period with changes in amortized cost included in the statement of operations.

(f) Adoption of new accounting standards:

Effective January 1, 2009, the CICA issued amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments clarify capital asset recognition criteria and amortization requires disclosure of general support expenses by not-for-profit organizations, and includes the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The adoption of these standards resulted in the presentation of a cash flow statement in the financial statements of the Fund.

CANADIAN MEDICAL PROTECTIVE ASSOCIATION – DUES REBATE FUND

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(g) Future accounting standards:

Changes in accounting framework:

The Accounting Standards Board has released an exposure draft relating to the future of financial reporting by not-for-profit organization. The exposure draft proposes that, as of January 1, 2012, not-for-profit organizations that are not part of the public sector, such as the Fund, be given the choice between adopting International Financial Reporting Standards or a new private company accounting framework supplemented by specific not-for-profit standards. The Fund is in the process of reviewing the potential impact of the proposals on its reporting framework and financial statements.

4. Related party transactions:

- (a) The Government and MSC have entered into a contract with BCMA for the term of the PMA for BCMA to provide administrative services to the Fund; the costs of which are to be recovered from the annual funding made available to the Fund.

During the year, the Fund paid \$298,200 (2009 - \$298,194) for BCMA's services.

Included in the amount due to BCMA is \$24,850 (2009 - \$24,850) relating to these administrative fees.

- (b) The contract also provides that BCMA may charge physicians who are not members of BCMA an administration fee when such non-members apply for the benefits available to them under the Fund.

As at March 31, 2010, \$15,571 (2009 - \$144,862) remained payable to BCMA relating to non-member fees.

5. Capital disclosures:

The Fund receives its principal source of capital through contributions. The Fund defines capital to be net assets. In carrying out its purpose, the Fund regularly distributes its capital through its activities and administrative services.

The Fund is not subject to any other external capital requirements or restrictions.

6. Comparative figures:

Certain of the prior year figures have been reclassified to conform with the current year's financial statement presentation.

Financial Statements of

**CONTRIBUTORY PROFESSIONAL
RETIREMENT SAVINGS PLAN**

Year ended March 31, 2010

AUDITORS' REPORT TO THE JOINT BENEFITS COMMITTEE

We have audited the statement of financial position of the Contributory Professional Retirement Savings Plan (the "Plan") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

The prior year comparatives were audited by another firm of chartered accountants.

Chartered Accountants

Burnaby, Canada
May 28, 2010

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 1,262,634	\$ 2,317,705
Short-term investments (note 4)	2,104,370	2,338,990
Due from other benefit programs	-	600,000
	3,367,004	5,256,695
Long-term investments (note 4)	3,133,377	2,704,917
	\$ 6,500,381	\$ 7,961,612

Liabilities and Net Deficiency

Accounts payable and accrued liabilities	\$ 179,763	\$ 601,163
Due to BCMA (note 6)	56,867	58,294
Provision for unclaimed entitlements (note 5)	6,300,000	7,400,000
	6,536,630	8,059,457
Net deficiency	(36,249)	(97,845)
	\$ 6,500,381	\$ 7,961,612

See accompanying notes to financial statements.

Approved on behalf of the Committee:

Committee Member

Committee Member

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Statement of Operations and Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Government of the Province of British Columbia	\$ 29,265,000	\$ 26,875,000
Gain on sale of investments	26,830	-
Interest income	273,989	589,197
	<u>29,565,819</u>	<u>27,464,197</u>
Expenses:		
Contributions to physicians:		
Entitlements (note 5)	34,800,000	32,907,300
Less lapsed entitlements and deficiency of actual payments over provision (note 5)	(2,225,540)	(2,621,603)
	<u>32,574,460</u>	<u>30,285,697</u>
Administration (note 6(a))	383,775	383,775
	<u>32,958,235</u>	<u>30,669,472</u>
Deficiency of revenue over expenses	(3,392,416)	(3,205,275)
Net assets (deficiency), beginning of year	(97,845)	2,507,430
Transfer from other plans (note 2)	3,498,000	600,000
Cumulative market value adjustments of investment portfolio classified as available-for-sale	(43,988)	-
Net deficiency, end of year	<u>\$ (36,249)</u>	<u>\$ (97,845)</u>

See accompanying notes to financial statements.

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (3,392,416)	\$ (3,205,275)
Gain on sale of investments	(26,830)	-
Change in provision for unclaimed entitlements, an item not involving cash	(1,100,000)	600,000
Change in non-cash operating working capital	177,173	(265,128)
	(4,342,073)	(2,870,403)
Investments:		
Net purchase of investments	(210,998)	(5,043,907)
Financing:		
Transfer from Surplus Benefit Plans (note 2)	3,498,000	600,000
Decrease in cash	(1,055,071)	(7,314,310)
Cash, beginning of year	2,317,705	9,632,015
Cash, end of year	\$ 1,262,634	\$ 2,317,705
Supplementary information on statement of cash flows:		
Fair value adjustment on investments	\$ (43,988)	\$ -

See accompanying notes to financial statements.

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Notes to Financial Statements

Year ended March 31, 2010

1. Purpose of the plan:

The Contributory Professional Retirement Savings Plan (the "Plan") was established to assist physicians to provide for a registered retirement savings plan ("RRSP") for their retirement. The intent and purpose of the Plan is to provide for contributions to be made by the government to a fund administered by an Administrative Committee on behalf of physicians entitled to participate in the Plan. The Plan will be used to make contributions on behalf of each eligible physician to a physician's RRSP account.

2. Agreements:

The Government of Province of British Columbia, the Medical Services Commission of British Columbia ("MSC") and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual funding level to be allocated to the benefit plans is \$26,875,000. Additional funding of \$2,390,000 was allocated to the Plan by the Joint Benefits Committee in the year ended March 31, 2010. The Joint Benefits Committee also directed that \$3,498,000 (2009 - \$600,000) be transferred to the Plan from the surplus of other benefit plans.

Effective April 1, 2010, the annual funding for the Plan will increase by \$25 million.

3. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue recognition:

The Plan follows the deferral method for accounting for contributions. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(c) Contributions to physicians:

Contributions to physicians represent contributions on behalf of each eligible physician to a physician's registered retirement savings plan account. The contribution is determined using a formula established by the agreement. Physician entitlements are calculated once each calendar year and paid not later than March 1.

Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

Entitlement year 2007	benefit entitlement expires March 1, 2010
Entitlement year 2008	benefit entitlement expires March 1, 2011
Entitlement year 2009	benefit entitlement expires March 1, 2012

(d) Provision for unclaimed entitlements:

The provision for unclaimed entitlements represents an estimate of future payments of entitlements available to physicians. The provision is net of entitlements that are anticipated to lapse based upon the claims settlement history of the Plan.

(e) Financial instruments:

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

The Plan has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, as permitted for not-for-profit organizations.

The Plan's financial instruments include cash, investments, accounts payable and accrued liabilities and due to BCMA. The Plan has classified cash as held for trading, investments as available-for-sale, due from other benefit programs as loans and receivables, accounts payable and accrued liabilities and due to BCMA as other financial liabilities.

Financial assets and liabilities classified as held for trading are measured at fair value at each reporting period with changes in fair value included in the statement of operations.

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method at each reporting period with changes in amortized cost included in the statement of operations.

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(e) Financial instruments (continued):

On April 30, 2009, the Plan redeemed a significant portion of its investments that were previously classified as held-to-maturity before their maturity date, in order to comply with the Plan's revised investment policy. As a result of these early redemptions, the Plan must now classify all such financial assets as available-for-sale and measure these assets at fair value with changes in fair value directly included in net assets.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the calculation of the provision for unclaimed entitlements and provision for contingencies. Actual results could differ from those estimates.

(g) Adoption of new accounting standards:

Effective January 1, 2009, the CICA issued amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments clarify capital asset recognition criteria and amortization requires disclosure of general support expenses by not-for-profit organizations, and includes the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The adoption of these standards resulted in the presentation of a cash flow statement in the financial statements of the Plan.

(h) Future accounting standards:

Changes in accounting framework:

The Accounting Standards Board has released an exposure draft relating to the future of financial reporting by not-for-profit organization. The exposure draft proposes that, as of January 1, 2012, not-for-profit organizations that are not part of the public sector, such as the Plan, be given the choice between adopting International Financial Reporting Standards or a new private company accounting framework supplemented by specific not-for-profit standards. The Plan is in the process of reviewing the potential impact of the proposals on its reporting framework and financial statements.

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Notes to Financial Statements (continued)

Year ended March 31, 2010

4. Investments:

	Effective Yield	Less than 1 year	1-2 Years	2010 Total	2009 Total
Bonds	1.99%	\$ 2,104,370	\$ 3,133,377	\$ 5,237,747	\$ 5,043,907

5. Provision for unclaimed entitlements:

Entitlement Year	2009	2008	2007	2006	Total
Provision, March 31, 2008	\$ -	\$ -	\$ 5,783,686	\$ 1,016,314	\$ 6,800,000
Entitlements	-	32,907,300	-	-	32,907,300
Payments	-	(24,514,716)	(3,518,610)	(1,652,371)	(29,685,697)
Entitlements anticipated to lapse and excess (deficiency) of actual payments over provision	-	(3,257,660)	-	636,057	(2,621,603)
Provision, March 31, 2009	-	5,134,924	2,265,076	-	7,400,000
Entitlements	34,800,000	-	-	-	34,800,000
Payments	(27,089,842)	(4,348,942)	(2,235,676)	-	(33,674,460)
Entitlements anticipated to lapse and deficiency of actual payments over provision	(2,196,140)	-	(29,400)	-	(2,225,540)
Provision, March 31, 2010	\$ 5,514,018	\$ 785,982	\$ -	\$ -	\$ 6,300,000

6. Related party transactions:

- (a) The Government and MSC have entered into a contract with BCMA for the term of the PMA for BCMA to administer the Plan, the costs of which are to be recovered from the annual funding made available to the Plan.

During the year, the Plan paid \$383,775 (2009 - \$383,775) for BCMA's services.

Included in the amount due to BCMA is \$31,981 (2009 - \$31,981) relating to these administrative fees.

- (b) The contract also provides that BCMA may charge physicians who are not members of BCMA an administration fee when such non-members apply for the benefits available to them under the Plan.

As at March 31, 2010, \$24,886 (2009 - \$26,313) remained payable to BCMA relating to non-member fees.

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Notes to Financial Statements (continued)

Year ended March 31, 2010

7. Capital disclosures:

The Plan receives its principal source of capital through contributions. The Plan defines capital to be net assets. In carrying out its purpose, the Plan regularly distributes its capital through its activities and administrative services.

The Plan is not subject to any other external capital requirements or restrictions.

8. Comparative figures:

Certain of the prior year figures have been reclassified to conform with the current year's financial statement presentation.

Financial Statements of

PREGNANCY LEAVE PROGRAM

Year ended March 31, 2010

AUDITORS' REPORT TO THE JOINT BENEFITS COMMITTEE

We have audited the statement of financial position of the Pregnancy Leave Program (the "Program") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

The prior year comparatives were audited by another firm of chartered accountants.

Chartered Accountants

Burnaby, Canada

June 24, 2010

PREGNANCY LEAVE PROGRAM

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Cash	\$ 351,822	\$ 423,527
Accounts receivable	6,698	-
	<u>\$ 358,520</u>	<u>\$ 423,527</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 330,386	\$ 330,932
Due to BCMA (note 4)	5,346	5,346
	<u>335,732</u>	<u>336,278</u>
Net assets	22,788	87,249
	<u>\$ 358,520</u>	<u>\$ 423,527</u>

See accompanying notes to financial statements.

Approved on behalf of the Committee:

_____ Committee Member

_____ Committee Member

PREGNANCY LEAVE PROGRAM

Statement of Operations and Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Government of the Province of British Columbia	\$ 1,300,000	\$ 1,300,000
Interest	3,855	18,688
	1,303,855	1,318,688
Expenses:		
Physicians' pregnancy benefit	1,704,161	1,589,373
Administration (note 4)	64,155	64,155
	1,768,316	1,653,528
Deficiency of revenue over expenses	(464,461)	(334,840)
Net assets, beginning of year	87,249	22,089
Transfer from other benefit plans (note 2)	400,000	400,000
Net assets, end of year	\$ 22,788	\$ 87,249

See accompanying notes to financial statements.

PREGNANCY LEAVE PROGRAM

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (464,461)	\$ (334,840)
Change in non-cash operating working capital	(7,244)	(134,340)
	(471,705)	(469,180)
Financing:		
Transfer from other benefit plans	400,000	400,000
Decrease in cash	(71,705)	(69,180)
Cash, beginning of year	423,527	492,707
Cash, end of year	\$ 351,822	\$ 423,527

See accompanying notes to financial statements.

PREGNANCY LEAVE PROGRAM

Notes to Financial Statements

Year ended March 31, 2010

1. Operations:

The Pregnancy Leave Program (the "Program") was established to provide a maximum 17-week benefit for female physicians while on pregnancy leave.

2. Agreements:

The Government of the Province of British Columbia (the "Government"), the Medical Services Commission of British Columbia and the British Columbia Medical Association ("BCMA") entered into a new master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and defines the funding and governance principles for the benefit plans. The Joint Benefits Committee is the governing committee for the following benefit plans:

- Canadian Medical Protective Association
- Contributory Professional Retirement Savings Plan
- Physicians Disability Insurance Program
- Pregnancy Leave Program
- The Continuing Medical Education Fund

The annual base funding level of \$1,300,000 for the Program was to be maintained until March 31, 2010. For the period of April 1, 2010 to March 31, 2012, funding will increase to \$4,300,000 per year due to the fact that as of April 1, 2010, the Program will be expanded to a Parental Leave Program where both male and female physicians can be eligible for the benefit. In the current year, the Joint Benefits Committee directed that \$400,000 (2009: \$400,000) be transferred to the Program from the surplus of other benefit plans.

3. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue recognition:

The Program follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

PREGNANCY LEAVE PROGRAM

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

The Program has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, as permitted for not-for-profit organizations.

The Program's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and due to BCMA. The Program classifies its cash as held for trading, its accounts receivable as loans and receivables and accounts payable and accrued liabilities and due to BCMA as other financial liabilities.

All financial assets classified as held for trading are measured at fair value at each reporting period with changes in fair value included in the statement of operations.

Other financial liabilities are measured at amortized cost using the effective interest method at each reporting period, with changes in the amortized cost included in the statement of operations.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Adoption of new accounting standards:

Effective January 1, 2009, the CICA issued amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments clarify capital asset recognition criteria and amortization requires disclosure of general support expenses by not-for-profit organizations, and includes the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The adoption of these standards resulted in the presentation of a cash flow statement in the financial statements of the Program.

PREGNANCY LEAVE PROGRAM

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Significant accounting policies (continued):

(f) Future accounting standards:

Changes in accounting framework:

The Accounting Standards Board has released an exposure draft relating to the future of financial reporting by not-for-profit organizations. The exposure draft proposes that, as of January 1, 2012, not-for-profit organizations that are not part of the public sector, such as the Program, be given the choice between adopting International Financial Reporting Standards or a new private company accounting framework supplemented by specific not-for-profit standards. The Program is in the process of reviewing the potential impact of the proposals on its reporting framework and financial statements.

4. Related party transactions:

The Government and MSC has entered into a contract with BCMA for the term of the PMA for BCMA to provide administrative services to the Program, the costs of which are to be recovered from the annual funding made available to the Program.

During the year, the Program paid \$64,155 (2009 - \$64,155) for BCMA's services.

As at March 31, 2010, \$5,346 (2009 - \$5,346) remained payable to BCMA relating to these administrative fees.

5. Capital disclosure:

The Program receives its principal source of capital through contributions. The Program defines capital to be net assets. In carrying out its purpose, the Program regularly distributes its capital through its activities and administrative services.

The Program is not subject to any other external capital requirements or restrictions.

6. Comparative figures:

Certain of the prior year figures have been reclassified to conform with the current year's financial statement presentation.

FINANCIAL REPORT SUMMARY
LTD Policy Number 59998
From April 1, 2009 to March 31, 2010

Policy Numbers:		Sun Life	Westbury	Total
Premiums:				
Paid Premium		\$14,000,004	\$0	\$14,000,004
Incurred Claims:				
Paid Claims		7,859,571	416,768	8,276,339
Disabled Life Reserve	Beginning	29,717,903	2,223,851	31,941,754
	Ending	30,441,790	2,015,267	32,457,057
	Change	723,887	(208,584)	515,303
IBNR Reserve	Beginning	1,927,500	0	1,927,500
	Ending	2,100,001	0	2,100,001
	Change	172,501	0	172,501
TOTAL INCURRED CLAIMS		\$8,755,959	\$208,184	\$8,964,143
Expenses & Tax:				
Premium Tax		280,000	0	280,000
Other Expenses		1,334,512	11,889	1,346,401
TOTAL EXPENSES & TAX		\$1,614,512	\$11,889	\$1,626,401
Interest on Reserves & Cash Flow				
Initial IBNR Reserves @ 0.5%		9,638	0	9,638
DLR (5-Year GIC)		947,985	116,865	1,064,850
Interest on Cash Flow @ 0%				
Premium		0	0	0
Paid Claims		0	0	0
Premium Tax		0	0	0
Expenses		0	0	0
TOTAL INTEREST		\$957,623	\$116,865	\$1,074,488
Plan Year Results:				
PLAN YEAR SURPLUS/DEFICIT		\$4,587,156	(\$103,208)	\$4,483,948
Premium Tax Adjustment		\$93,615	(\$2,106)	\$91,509
Transfer to CFR		(\$271,438)	\$0	(\$271,438)
TOTAL SURPLUS		\$4,409,333	(\$105,314)	\$4,304,019
Transfer to Deposit Fund Account		(\$4,409,333)	\$105,314	(\$4,304,019)
Balance		\$0	\$0	\$0

STATEMENT OF CLAIMS FLUCTUATION RESERVE

LTD Policy Number 59998

From April 1, 2009 to March 31, 2010

	Sun Life	Westbury	Total
Balance as at April 1, 2009	\$3,212,500	\$0	\$3,212,500
Interest at one year GIC 0.5%	\$16,063	\$0	\$16,063
Transfer from Surplus	\$271,438	\$0	\$271,438
Balance as at March 31, 2010	<u>\$3,500,001</u>	<u>\$0</u>	<u>\$3,500,001</u>

Maximum Required Claims Fluctuation Reserve
25% of Paid Premium

<u>\$3,500,001</u>	<u>\$0</u>	<u>\$3,500,001</u>
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STATEMENT OF DEPOSIT FUND
LTD Policy Number 59998
From April 1, 2009 to March 31, 2010

	Sun Life	Westbury	Total
<u>DEPOSIT FUND ACCOUNT 11</u>			
Transfer from Surplus April 1, 2009	\$5,114,159	(\$152,414)	\$4,961,745
Interest earned from May 20, 2009 - March 24, 2010	\$47,624.73	(\$1,419.33)	\$46,205.40
Total as of March 24, 2010	\$5,161,784	(\$153,833)	\$5,007,950
Refund to BCMA	(\$950,000)		(\$950,000)
Balance as of March 24, 2010	\$4,211,784	(\$153,833)	\$4,057,950
Interest earned from March 25 - March 31, 2010	\$888.51	(\$32.45)	\$856.06
Total as of March 31, 2010	\$4,212,672	(\$153,866)	\$4,058,806

DEPOSIT FUND ACCOUNT 1

Transfer from Surplus April 1, 2010	\$4,409,333	(\$105,314)	\$4,304,019
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BENEFITS

ANNUAL REPORT

APRIL 1, 2010 – MARCH 31, 2011

September 21, 2011



As per the Benefits Administration Agreement

ARTICLE 4- ANNUAL REPORT

On or before June 30 of each year, the BCMA will provide to the Government through the Benefits Committee a written report for the preceding Fiscal Year including:

4.1.1 For each of the CME, the CMPA Rebate Program, the CPRSP, the Pregnancy Leave Program and Parental Leave Program:

- (a) the total amount expended for benefits and the number of physicians for whom an entitlement was calculated;
- (b) the total amount of funding received from physicians who are not members of the BCMA for administrative fees
- (c) the number of claims applications received, the number accepted and the number refused;
- (d) the amount of any surplus, including any surplus carried forward from a previous year;
- (e) the total amount of Administrative Costs charged by the BCMA against the Benefits Plans, with details as to the amounts charged against each such plan
- (f) the audited financial statements for each Benefit Plan; and

4.1.2 For the PDI

- (a) the financial statements provided by Sun Life (or successor insurance company) to the BCMA.

As such the report contains the following:

1. Benefit programs summary
2. Reporting requirement exhibit that addresses section 4.1.1.
3. Summary of the year end results for all the benefit programs.
4. Draft combined audited statements for CME, CMPA, CPRSP & PLP
5. PDI
 - a. Financial Report summary
 - b. Statement of Claims Fluctuation Reserve
 - c. Statement of Deposit Fund

Program Summary

Continuing Medical Education Fund (CME)

This fund is designed to assist physicians with educational expenses. A yearly entitlement is calculated for eligible physicians, which may be deferred for up to three years. Effective with the 2011/12 benefit, there will no longer be a deferral. All eligible physicians will be paid their benefit annually, based on confirmation by the College of Physicians and Surgeons of BC of their revalidation.

Canadian Medical Protective Association (CMPA) Rebate

This rebate provides a partial reimbursement of physicians' medical liability coverage fees.

Contributory Professional Retirement Savings Plan (CPRSP)

This benefit has two components: a basic benefit, which is a dollar for dollar matching arrangement and is available to all eligible physicians; and, a length of service benefit which is based on the number of years a physician has practiced in British Columbia. The benefit's maximum entitlement is calculated annually and may be deferred for up to three years.

Parental Leave Program (PLP)

This program provides a maximum 17 week benefit for physicians. Physicians receiving benefits must return to the practice of medicine in British Columbia for a minimum of 17 weeks following their parental leave.

Physicians' Disability Insurance (PDI)

Designed to provide income replacement to physicians who become partially or completely disabled.

BC Medical Association					
Benefits Administration Agreement					
Reporting Requirements					
31-Mar-11					
Per Agreement	CME	CMPPA	CPRSP	PLP	PDI
Section 4.1.1					
a) total amount expended for benefits and the number of physicians for whom an entitlement was calculated					
Benefits	\$ 10,077,268	\$ 13,847,236	\$ 51,391,344	\$ 3,161,566	\$ 8,541,491
Number of Physicians <i>→ Calc'd for, not nec. paid or 100% max entitlement →</i>	9,714	9,000	10,065	227	6,741
b) total amount of funding received from physicians who are not members of the BCMA for administrative fees					
	\$ 229,303	\$ 274,271	\$ 528,329	-	-
c) The number of claims applications received, the number accepted and the number refused (currently on tracked for PLP)					
Claims received	-	-	-	242	-
Number accepted	-	-	-	227	-
Number refused	-	-	-	15	-
d) the amount of any surplus, including any surplus carried forward from a previous year					
	\$ 3,604,615	\$ 1,942,945	\$ 337,551	\$ 1,645,717	\$ 8,673,862
e) the total amount of Administrative Costs charged by the BCMA against the Benefits Plans, with details as to the amounts charged against each such Plan					
	\$ 332,955	\$ 313,110	\$ 496,125	\$ 137,812	\$ 360,000

**BC Medical Association
Benefit Programs - Audited FS
March 31, 2011**

	CME	CMPA	CPRSP	PLP	PDI Trust funds in BCMA	PDI - Sun Life
Fund Balance - April 1, 2010	2,086,010	3,297,046	7,742	22,788	71,379	8,415,136
<u>Revenue</u>						
Government funding	7,625,000	12,750,000	51,875,000	4,900,000	578,773	14,000,000
Interest Income	455,019	56,267	512,159	22,329	3,500	1,079,242
Loss on maturity of investments	(106,097)	-	(49,756)	-	-	-
	<u>7,973,922</u>	<u>12,806,267</u>	<u>52,337,403</u>	<u>4,922,329</u>	<u>582,273</u>	<u>15,079,242</u>
<u>Expenditures</u>						
Benefits	10,152,268	13,847,236	46,191,345	3,161,566	-	9,144,488
Increase (Decrease) Provision	(75,000)	-	5,200,000	-	-	-
Management Fees	332,955	313,110	496,125	137,812	-	360,000
Sundry Expenses	82	22	39	22	-	1,252,255
	<u>10,410,305</u>	<u>14,160,368</u>	<u>51,887,509</u>	<u>3,299,400</u>	<u>-</u>	<u>10,756,743</u>
Excess Rev - Exp	(2,436,383)	(1,354,101)	449,894	1,622,929	582,273	4,322,499
Transfer of funds from SunLife	-	-	-	-	4,063,773	(4,063,773)
Transfer of funds to benefit plans	4,063,773	-	-	-	(4,063,773)	-
Market value adjustment of investments	(108,785)	-	(120,085)	-	-	-
Funding Balance - March 31, 2011	3,604,615	1,942,945	337,551	1,645,717	653,652	8,673,862
	✓	✓	✓	✓		

Financial Information of

BENEFIT PROGRAMS

Year ended March 31, 2011

INDEPENDENT AUDITORS' REPORT

To the Members of the Joint Benefits Committee

We have audited the accompanying combined financial information of the Joint Benefits Committee's Benefit Programs, including the Continuing Medical Education Fund, Canadian Medical Protective Association Dues Rebate Fund, Contributory Professional Retirement Savings Plan and Parental Leave Program, which comprises the combined statement of financial position as at March 31, 2011, the combined statement of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. This combined financial information has been prepared by management in accordance with the basis of accounting described in Note 3 to the combined financial information.

Management's Responsibility for the Combined Financial Information

Management is responsible for the preparation and fair presentation of the combined financial information in accordance with the basis of accounting described in Note 3 to the combined financial information; this includes determining that the basis of accounting is an acceptable basis for the preparation of the combined financial information in the circumstances and for such internal control as management determines is necessary to enable the preparation of combined financial information that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the combined financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the combined financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the combined financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial information as at and for the year ended March 31, 2011 is prepared, in all material respects, in accordance with the basis of accounting described in Note 3 to the combined financial information.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 3 to the combined financial information which describes the basis of accounting. The combined financial information is prepared to assist the Benefit Programs to meet the financial reporting requirements of the Joint Benefits Committee. As a result, the combined financial information may not be suitable for another purpose. Our report is intended solely for the Joint Benefit Committee and should not be used by parties other than the Joint Benefits Committee.

Chartered Accountants

September 21, 2011

Burnaby, Canada

BENEFIT PROGRAMS

Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	The Continuing Medical Education Fund ("CME")	Canadian Medical Protective Association Dues Rebate Fund ("CMPA")	Contributory Professional Retirement Savings Plan ("CPRSP")	Parental Leave Program ("PLP")	2011 Total	2010 Total
Assets						
Current assets:						
Cash	\$ 5,876,387	\$ 2,536,510	\$ 7,210,797	\$ 2,476,661	\$ 18,100,355	\$ 8,605,938
Short-term investments (note 4)	6,182,638	-	1,659,099	-	7,841,737	6,513,790
Accounts receivable	-	-	-	-	-	6,698
	12,059,025	2,536,510	8,869,896	2,476,661	25,942,092	15,126,426
Long-term investments (note 4)	4,553,195	-	3,680,158	-	8,233,353	9,235,555
	\$ 16,612,220	\$ 2,536,510	\$ 12,550,054	\$ 2,476,661	\$ 34,175,445	\$ 24,361,981
Liabilities and Net Assets						
Accounts payable and accrued liabilities	\$ 4,261,842	\$ 539,249	\$ 629,151	\$ 819,277	\$ 6,249,519	\$ 4,130,860
Due to BCMA (note 7)	134,536	54,316	83,352	11,667	283,871	244,579
Deferred revenue	311,227	-	-	-	311,227	-
Provision for physicians' unclaimed entitlements (notes 5 and 6)	8,300,000	-	11,500,000	-	19,800,000	14,675,000
	13,007,605	593,565	12,212,503	830,944	26,644,617	19,050,439
Net assets	3,604,615	1,942,945	337,551	1,645,717	7,530,828	5,311,542
	\$ 16,612,220	\$ 2,536,510	\$ 12,550,054	\$ 2,476,661	\$ 34,175,445	\$ 24,361,981

See accompanying notes to financial information.

On behalf of the Committee:

DRAFT - September 2, 2011

BENEFIT PROGRAMS

Statement of Operations

Year ended March 31, 2011, with comparative figures for 2010

	CME	CMPA	CPRSP	PLP	2011 Total	2010 Total
Revenue:						
Government of the Province of British Columbia	\$ 7,625,000	\$ 12,750,000	\$ 51,875,000	\$ 4,900,000	\$ 77,150,000	\$ 48,690,000
Gain (loss) on maturity of investments	(106,097)	-	(49,756)	-	(155,853)	80,491
Interest income	454,937	56,245	512,119	22,307	1,045,608	735,983
	7,973,840	12,806,245	52,337,363	4,922,307	78,039,755	49,506,474
Expenses:						
Contributions to physicians:						
Entitlements (notes 5 and 6)	14,052,750	13,847,236	54,149,949	3,161,566	85,211,501	59,301,288
Less: lapsed entitlements and deficiency of actual payments over provision (notes 5 and 6)	(3,975,482)	-	(2,758,605)	-	(6,734,087)	(6,077,513)
	10,077,268	13,847,236	51,391,344	3,161,566	78,477,414	53,223,775
Administration (note 7)	332,955	313,110	496,125	137,812	1,280,002	1,063,886
	10,410,223	14,160,346	51,887,469	3,299,378	79,757,416	54,287,661
Excess (deficiency) of revenue over expenses	(2,436,383)	(1,354,101)	449,894	1,622,929	(1,717,661)	(4,781,187)
Net assets, beginning of year excluding market value adjustments of investment portfolio classified as available-for-sale	2,086,010	3,297,046	7,742	22,788	5,413,586	4,796,770
Transfer from other benefit plans	4,063,773	-	-	-	4,063,773	5,398,000
Cumulative market value adjustments of investment portfolio classified as available-for-sale (note 4(b))	(108,785)	-	(120,085)	-	(228,870)	(102,041)
Net assets, end of year	\$ 3,604,615	\$ 1,942,945	\$ 337,551	\$ 1,645,717	\$ 7,530,828	\$ 5,311,542

See accompanying notes to financial information.

DRAFT - September 2, 2011

BENEFIT PROGRAMS

Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	CME	CMPA	CPRSP	PLP	2011 Total	2010 Total
Cash provided by (used in):						
Operations:						
Excess (deficiency) of revenue over expenses	\$ (2,436,383)	\$ (1,354,101)	\$ 449,894	\$ 1,622,929	\$ (1,717,661)	\$ (4,781,187)
Items not involving cash:						
Loss (gain) on maturity of investments	106,097	-	49,756	-	155,853	(80,491)
Change in provision for physicians' unclaimed entitlements	(75,000)	-	5,200,000	-	5,125,000	(825,000)
Change in non-cash operating working capital	1,316,662	181,431	475,873	501,910	2,475,876	765,505
	(1,088,624)	(1,172,670)	6,175,523	2,124,839	6,039,068	(4,921,173)
Investments:						
Net purchase of investments	(381,064)	-	(227,360)	-	(608,424)	(640,226)
Financing:						
Transfer from other benefit plans	4,063,773	-	-	-	4,063,773	5,398,000
Increase (decrease) in cash	2,594,085	(1,172,670)	5,948,163	2,124,839	9,494,417	(163,399)
Cash, beginning of year	3,282,302	3,709,180	1,262,634	351,822	8,605,938	8,769,337
Cash, end of year	\$ 5,876,387	\$ 2,536,510	\$ 7,210,797	\$ 2,476,661	\$ 18,100,355	\$ 8,605,938
Supplementary information:						
Fair value adjustment on investments	\$ 38,133	\$ -	\$ 16,128	\$ -	\$ 54,261	\$ (102,041)

See accompanying notes to financial information.

BENEFIT PROGRAMS

Notes to Financial Information

Year ended March 31, 2011

1. Purpose of the benefit programs:

The Continuing Medical Education Fund (the "CME") was established to provide eligible physicians with reimbursement for certain expenses related to continuing medical education.

The Canadian Medical Protective Association Dues Rebate Fund (the "CMPA") provides rebates to physicians for a portion of their malpractice liability dues.

The Contributory Professional Retirement Savings Plan (the "CPRSP") was established to assist physicians to provide for a registered retirement savings plan ("RRSP") for their retirement. The CPRSP will be used to make contributions on behalf of each eligible physician to a physician's RRSP account.

The Parental Leave Program (the "PLP") is an expansion of the prior year's Pregnancy Leave Program, and was established to provide a maximum 17-week benefit for male and female physicians while on parental leave.

The combined financial information excludes the financial information of the Physicians Disability Insurance Program (note 3).

2. Agreements:

The Government of the Province of British Columbia (the "Government"), the Medical Services Commission of British Columbia and the British Columbia Medical Association ("BCMA") entered into a master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012. Future operations of the Benefit Programs are reliant on renewal of the PMA. Negotiations are currently underway between the parties to the PMA to reach a new agreement.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and is intended to address those matters of unique interest and applicability to general practitioners.

The Joint Benefits Committee ("JBC") is the governing committee for the following benefit plans:

- The Continuing Medical Education Fund ("CME")
- Canadian Medical Protective Association Dues Rebate Fund ("CMPA")
- Contributory Professional Retirement Savings Plan ("CPRSP")
- Parental Leave Program ("PLP")
- Physicians Disability Insurance Program ("PDI")

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2011

3. Significant accounting policies:

(a) Basis of presentation:

The financial information has been prepared by management in accordance with Canadian generally accepted accounting principles, except that it excludes the financial information of the Physicians Disability Insurance Program, a Program also under the control of the JBC.

(b) Revenue recognition:

The Benefit Programs follow the deferral method for accounting for contributions. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recorded, or the restrictions met.

Funding is recognized as revenue once allocated by the JBC. Funding received that has been previously recognized as revenue by any Program under the control of the JBC, is recorded as a direct increase in net assets.

(c) Contributions to physicians:

(i) CME:

Contributions to physicians represent reimbursement of costs incurred by physicians for various educational courses, meetings and other education enhancement items.

These contributions are accrued by the CME for those claims incurred by March 31 and received and approved by the CME.

Under the guidelines of the CME, physicians are permitted to submit claims for cost reimbursement after the year end of the CME for costs incurred prior to the year end. Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

Entitlement year 2008	benefit entitlement expired March 31, 2011
Entitlement year 2009	benefit entitlement expires March 31, 2012
Entitlement year 2010	benefit entitlement expires March 31, 2013

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2011

3. Significant accounting policies (continued):

(c) Contributions to physicians (continued):

(ii) CMPA:

Contributions to physicians represent reimbursement of a portion of physicians' Canadian Medical Protective Association fees, the amount of which is determined by the Benefits Subsidiary Agreement. The annual funding received for the CMPA is the amount required to reimburse eligible physicians for 100% of their Canadian Medical Protective Association membership dues above 1985 dues rates to a maximum of \$22,000,000.

(iii) CPRSP:

Contributions to physicians represent contributions on behalf of each eligible physician to a physician's registered retirement savings plan account. The contribution is determined using a formula established by the agreement. Physician entitlements are calculated once each calendar year and paid not later than March 1.

Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

Entitlement year 2008	benefit entitlement expired March 31, 2011
Entitlement year 2009	benefit entitlement expires March 31, 2012
Entitlement year 2010	benefit entitlement expires March 31, 2013

(iv) PLP:

Contributions to physicians represent benefits paid to physicians when on parental leave, based on the amount the physician has billed to the Medical Services Plan, to a maximum of 17 weeks and \$1,000 per week.

(d) Provisions for unclaimed entitlements (CME and CPRSP):

The provisions for physicians for unclaimed entitlements represent an estimate of future payments of entitlements available to physicians. The provisions are net of entitlements that are anticipated to lapse based upon the claims settlement history of the CME and CPRSP.

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2011

3. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

The Benefit Programs have elected to continue to apply the financial instruments disclosure and presentation standards in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, as permitted for not-for-profit organizations.

Financial assets and liabilities classified as held for trading are measured at fair value at each reporting period with changes in fair value included in the statement of operations. Financial assets classified as available-for-sale are measured at fair value, with unrealized changes in fair value recorded directly in net assets.

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method at each reporting period with changes in amortized cost included in the statement of operations.

The Benefit Programs' financial instruments include cash, investments, accounts receivable, accounts payable and accrued liabilities and due to BCMA. The Benefit Programs have classified cash as held for trading, investments as available-for-sale, accounts receivable as loans and receivables and accounts payable and accrued liabilities and due to BCMA as other financial liabilities.

(f) Use of estimates:

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the calculation of the provisions for physicians' unclaimed entitlements and provision for contingencies. Actual results could differ from those estimates.

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2011

3. Significant accounting policies (continued):

(g) Future accounting standards:

Changes in accounting framework:

In December 2010 the Canadian Institute of Chartered Accountants ("CICA") in conjunction with the Accounting Standards Board ("AcSB") issued Part III – Accounting Standards for Not-for-Profit Organizations ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Benefit Programs have the option to apply International Financial Reporting Standards ("IFRS") or the newly approved accounting standards for Not-for-Profit Organizations.

The Benefit Programs have elected to adopt the new accounting standards for Not-for-Profit Organizations for their fiscal period ended March 31, 2013, except the financial information will continue to be prepared on a combined basis of accounting.

The Benefit Programs are evaluating the impact of adopting these new accounting standards.

4. Investments:

(a) Investments are comprised of bonds as follows:

	CME	CPRSP	2011	2010
Effective yield	6.14%	7.82%		
Short-term investments (less than 1 year)	\$ 6,182,638	\$ 1,659,099	\$ 7,841,737	\$ 6,513,790
Long-term investments (1 - 2 years)	4,553,195	3,680,158	8,233,353	9,235,555
Total	\$ 10,735,833	\$ 5,339,257	\$ 16,075,090	\$ 15,749,345

(b) The cumulative market value adjustments of investments recorded directly against net assets is summarized as follows:

	CME	CPRSP	2011	2010
Balance, beginning of year	\$ (58,053)	\$ (43,988)	\$ (102,041)	\$ -
Previously unrealized loss transferred to net income during the year	38,133	16,128	54,261	-
Net change to unrealized loss	(88,865)	(92,225)	(181,090)	(102,041)
Balance, end of year	\$ (108,785)	\$ (120,085)	\$ (228,870)	\$ (102,041)

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2011

5. Provision for unclaimed entitlements (CME):

Entitlement year	2010	2009	2008	2007	Total
Provision, March 31, 2009	\$ -	\$ -	\$ 5,685,977	\$ 2,414,023	\$ 8,100,000
Entitlements	-	12,721,800	-	-	12,721,800
Payments	-	(3,144,572)	(2,912,286)	(2,537,969)	(8,594,827)
Entitlements anticipated to lapse and deficiency of actual payments over provision	-	(3,800,919)	(175,000)	123,946	(3,851,973)
Provision, March 31, 2010	-	5,776,309	2,598,691	-	8,375,000
Entitlements	14,052,750	-	-	-	14,052,750
Payments	(3,852,897)	(3,457,709)	(2,841,662)	-	(10,152,268)
Entitlements anticipated to lapse and excess (deficiency) of actual payments over provision	(4,218,453)	-	242,971	-	(3,975,482)
Provision, March 31, 2011	\$ 5,981,400	\$ 2,318,600	\$ -	\$ -	\$ 8,300,000

6. Provision for unclaimed entitlements (CPRSP):

The provision for unclaimed entitlements consist of the basic retirement saving plan ("RSP") benefits provided to physicians and effective for the 2010/11 fiscal year, CPRSP offered a RSP contribution based on the length of service provided by a physician in British Columbia. The following is the provision for unclaimed entitlements related to these benefits:

Entitlement Year	2010	2009	2008	2007	Total
Provision, March 31, 2009	\$ -	\$ -	\$ 5,134,924	\$ 2,265,076	\$ 7,400,000
Entitlements	-	34,800,000	-	-	34,800,000
Payments	-	(27,089,842)	(4,348,942)	(2,235,676)	(33,674,460)
Entitlements anticipated to lapse and excess (deficiency) of actual payments over provision	-	(2,196,140)	-	(29,400)	(2,225,540)
Provision, March 31, 2010	-	5,514,018	785,982	-	6,300,000
Entitlements	54,149,949	-	-	-	54,149,949
Payments	(41,518,210)	(3,058,002)	(1,615,132)	-	(46,191,344)
Entitlements anticipated to lapse and deficiency of actual payments over provision	(3,587,755)	-	829,150	-	(2,758,605)
Provision, March 31, 2011	\$ 9,043,984	\$ 2,456,016	\$ -	\$ -	\$ 11,500,000

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2011

7. Related party transactions:

- (a) The Government and MSC have entered into a contract with BCMA for the term of the PMA for BCMA to administer the Benefit Programs, the costs of which are to be recovered from the annual funding made available to the Benefits Programs.

During the year, the Benefit Programs paid the following for BCMA's services:

	CME	CMFA	CPRSP	PLP	2011	2010
Administration Expense	\$ 332,955	\$ 313,110	\$ 496,125	\$ 137,812	\$ 1,280,002	\$ 1,063,886

As at March 31, 2011, the following remained payable to BCMA relating to these administrative fees:

	CME	CMFA	CPRSP	PLP	2011	2010
Administration Fees Payable	\$ 28,186	\$ 26,507	\$ 42,000	\$ 11,667	\$ 108,360	\$ 88,658

- (b) The contract also provides that BCMA may charge physicians who are not members of BCMA an administration fee when such non-members apply for the benefits available to them under the Benefit Programs.

As at March 31, 2011, the following remained payable to BCMA relating to non-member fees:

	CME	CMFA	CPRSP	PLP	2011	2010
Non-Member Fees Payable	\$ 106,350	\$ 27,809	\$ 41,352	\$ -	\$ 175,511	\$ 155,921

8. Unallocated funding:

As at March 31, 2011, there is funding of \$653,650 (2010 - \$71,379) that is held in trust by BCMA as it had not been allocated by the JBC to a specific program.

9. Capital disclosures:

The Benefit Programs receive their principal source of capital through contributions. The Benefit Programs define capital to be net assets. In carrying out its purpose, the Benefit Programs regularly distribute their capital through their activities and administrative services.

The Benefit Programs are not subject to any other external capital requirements or restrictions.

FINANCIAL REPORT SUMMARY
LTD Policy Number 59998
From April 1, 2010 to March 31, 2011

Policy Numbers:		Sun Life	Westbury	Total	
Premiums:					
Paid Premium		\$14,000,000	\$0	\$14,000,000	100%
Incurred Claims:					
Paid Claims		8,179,137	362,354	8,541,491	61%
Disabled Life Reserve	Beginning	30,441,790	2,015,267	32,457,057	
	Ending	31,439,224	1,620,831	33,060,055	
	Change	997,434	(394,436)	602,998	4%
IBNR Reserve	Beginning	2,100,001	0	2,100,001	
	Ending	2,100,000	0	2,100,000	
	Change	(1)	0	(1)	0%
TOTAL INCURRED CLAIMS		\$9,176,570	(\$32,082)	\$9,144,488	65%
Expenses & Tax:					
Premium Tax		280,000	0	280,000	
Other Expenses		1,423,545	12,310	1,435,855	
TOTAL EXPENSES & TAX		\$1,703,545	\$12,310	\$1,715,855	12%
Interest on Reserves & Cash Flow					
Initial IBNR Reserves @ 0.5%		10,500	0	10,500	
DLR (5-Year GIC)		948,425	115,107	1,063,532	
Interest on Cash Flow @ 0.21%					
Premium		16,029	0	16,029	
Paid Claims		(8,591)	(381)	(8,972)	
Premium Tax		(339)	0	(339)	
Expenses		(1,495)	(13)	(1,508)	
TOTAL INTEREST		\$964,529	\$114,713	\$1,079,242	8%
Plan Year Results:					
PLAN YEAR SURPLUS/DEFICIT		\$4,084,414	\$134,485	\$4,218,899	30%
Premium Tax Adjustment		\$83,355	\$2,745	\$86,100	
Transfer from CFR		\$17,500	\$0	\$17,500	
TOTAL SURPLUS		\$4,185,269	\$137,230	\$4,322,499	
Transfer to Deposit Fund Account		(\$4,185,269)	(\$137,230)	(\$4,322,499)	
Balance		\$0	\$0	\$0	

2011/05/26

STATEMENT OF CLAIMS FLUCTUATION RESERVE

LTD Policy Number 59998

From April 1, 2010 to March 31, 2011

	Sun Life	Westbury	Total
Balance as at April 1, 2010	\$3,500,000	\$0	\$3,500,000
Interest at one year GIC 0.5%	\$17,500	\$0	\$17,500
Transfer to Surplus	(\$17,500)	\$0	(\$17,500)
Balance as at March 31, 2011	<u>\$3,500,000</u>	<u>\$0</u>	<u>\$3,500,000</u>
Maximum Required Claims Fluctuation Reserve 25% of Paid Premium	<u>\$3,500,000</u>	<u>\$0</u>	<u>\$3,500,000</u>

2011/05/26

STATEMENT OF DEPOSIT FUND
LTD Policy Number 59998
From April 1, 2010 to March 31, 2011

	Sun Life	Westbury	Total
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DEPOSIT FUND ACCOUNT 11

Deposit Fund as of April 1, 2010	4,212,672.24	(153,865.87)	4,058,806.37
Interest @ 0.22% from April 1, 2010 - October 20, 2010	5,154.46	(188.26)	4,966.20
Total	4,217,826.71	(154,054.14)	4,063,772.57
Total refund to BCMA October 20, 2010	(4,217,826.71)	154,054.14	(4,063,772.57)
Balance as of October 21, 2010	\$0	\$0	\$0

Transfer from Surplus April 1, 2011	\$4,185,269	\$137,230	\$4,322,499
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DEPOSIT FUND ACCOUNT 1

Transfer from Surplus April 1, 2010	\$4,409,333	(\$105,314)	\$4,304,019
Interest at 1.10%	\$48,503	(\$1,158.45)	\$47,344
Total as of March 31, 2011	\$4,457,836	(\$106,472)	\$4,351,363

2011/05/26

BENEFITS
ANNUAL REPORT
APRIL 1, 2011 – MARCH 31, 2012

September 7, 2012

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Program Summary

Continuing Medical Education Fund (CME)

This fund is designed to assist physicians with educational expenses. A yearly entitlement is calculated for eligible physicians, which may be deferred for up to three years. Effective with the 2011/12 benefit, there will no longer be a deferral. All eligible physicians will be paid their benefit annually, based on confirmation by the College of Physicians and Surgeons of BC of their revalidation.

Canadian Medical Protective Association (CMPA) Rebate

This rebate provides a partial reimbursement of physicians' medical liability coverage fees.

Contributory Professional Retirement Savings Plan (CPRSP)

This benefit has two components: a basic benefit, which is a dollar for dollar matching arrangement and is available to all eligible physicians; and, a length of service benefit which is based on the number of years a physician has practiced in British Columbia. The benefit's maximum entitlement is calculated annually and may be deferred for up to three years.

Parental Leave Program (PLP)

This program provides a maximum 17 week benefit for physicians. Physicians receiving benefits must return to the practice of medicine in British Columbia for a minimum of 17 weeks following their parental leave.

Physicians' Disability Insurance (PDI)

Designed to provide income replacement to physicians who become partially or completely disabled.

BC Medical Association					
Benefits Administration Agreement					
Reporting Requirements					
31-Mar-12					
Per Agreement	CME	CMPA	CPRSP	PLP	PDI
Section 4.1.1					
a) total amount expended for benefits and the number of physicians for whom an entitlement was calculated					
Benefits	\$ 16,443,223	\$ 16,062,872	\$ 50,376,495	\$ 3,794,293	\$ 13,641,646
Number of Physicians	9,565	9,670	9,961	262	7,105
b) total amount of funding received from physicians who are not members of the BCMA for administrative fees	\$ 1,428,808	\$ 219,585	\$ 313,580	-	-
c) The number of claims applications received, the number accepted and the number refused (PLP & PDI only)					
Claims received	-	-	-	274	206
Number accepted	-	-	-	262	197
Number refused	-	-	-	12	9
d) the amount of any surplus, including any surplus carried forward from a previous year	\$ 51,991	\$ 1,630,423	\$ 5,365,935	\$ 2,663,618	\$ 3,883,135
e) the total amount of Administrative Costs charged by the BCMA against the Benefits Plans, with details as to the amounts charged against each such Plan	\$ 338,240	\$ 318,080	\$ 504,000	\$ 140,000	\$ 360,000

BC Medical Association
Benefit Programs - Audited FS
March 31, 2012

	CME	CMPA	CPRSP	PLP	PDI Trust funds in BCMA	PDI - Sun Life
Fund Balance - April 1, 2011	3,713,400	1,942,945	457,636	1,645,717	653,652	8,673,862
<u>Revenue</u>						
Government funding	11,826,227	16,000,000	52,370,000	4,900,000	-	14,000,000
Investment income	272,257	68,430	587,791	52,194	10,252	792,936
	12,098,484	16,068,430	52,957,791	4,952,194	10,252	14,792,936
<u>Expenditures</u>						
Benefits	21,848,223	16,062,872	49,476,495	3,794,293	-	13,641,646
Increase (Decrease) Provision	(5,405,000)	-	900,000	-	-	-
Management Fees	338,240	318,080	504,000	140,000	-	360,000
Sundry Expenses	-	-	-	-	-	1,289,944
	16,781,463	16,380,952	50,880,495	3,934,293	-	15,291,590
Excess Rev - Exp	(4,682,979)	(312,522)	2,077,296	1,017,901	10,252	(498,654)
Interest on Deposit Fund & CFR	-	-	-	-	-	73,947
Transfer of funds from SunLife	-	-	-	-	4,366,020	(4,366,020)
Transfer of funds to benefit plans	1,210,000	-	3,000,000	-	(4,210,000)	-
Market value adjustment of investments	(188,430)	-	(168,997)	-	-	-
Funding Balance - March 31, 2012	51,991	1,630,423	5,365,935	2,663,618	819,924	3,883,135

Financial Information of

BENEFIT PROGRAMS

Year ended March 31, 2012

INDEPENDENT AUDITORS' REPORT

To the Members of the Joint Benefits Committee

We have audited the accompanying combined financial information of the Benefit Programs, including the Continuing Medical Education Fund, Canadian Medical Protective Association Dues Rebate Fund, Contributory Professional Retirement Savings Plan and Parental Leave Program, which comprises the combined statement of financial position as at March 31, 2012, the combined statement of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. This combined financial information has been prepared by management in accordance with the basis of accounting described in Note 3 to the combined financial information.

Management's Responsibility for the Combined Financial Information

Management is responsible for the preparation and fair presentation of the combined financial information in accordance with the basis of accounting described in Note 3 to the combined financial information; this includes determining that the basis of accounting is an acceptable basis for the preparation of the combined financial information in the circumstances and for such internal control as management determines is necessary to enable the preparation of combined financial information that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the combined financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the combined financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the combined financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial information as at and for the year ended March 31, 2012 is prepared, in all material respects, in accordance with the basis of accounting described in Note 3 to the combined financial information.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 3 to the combined financial information which describes the basis of accounting. The combined financial information is prepared to assist the Benefit Programs to meet the financial reporting requirements of the Joint Benefits Committee. As a result, the combined financial information may not be suitable for another purpose. Our report is intended solely for the Joint Benefit Committee and should not be used by parties other than the Joint Benefits Committee.

Chartered Accountants

Date _____

Burnaby, Canada

BENEFIT PROGRAMS

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	The Continuing Medical Education Fund ("CME")	Canadian Medical Protective Association Dues Rebate Fund ("CMPA")	Contributory Professional Retirement Savings Plan ("CPRSP")	Parental Leave Program ("PLP")	2012 Total	2011 Total
Assets						
Current assets:						
Cash	\$ 512,839	\$ 2,398,493	\$ 12,705,028	\$ 4,399,125	\$ 20,015,485	\$ 18,100,355
Investments (note 4)	2,856,767	-	3,113,545	-	5,970,312	7,841,737
Contributions receivable (note 5)	-	-	495,000	-	495,000	-
	3,369,606	2,398,493	16,313,573	4,399,125	26,480,797	25,942,092
Investments (note 4)	1,641,733	-	2,359,146	-	4,000,879	8,233,353
	\$ 5,011,339	\$ 2,398,493	\$ 18,672,719	\$ 4,399,125	\$ 30,481,676	\$ 34,175,445
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 1,974,191	\$ 714,976	\$ 843,364	\$ 1,723,840	\$ 5,256,371	\$ 6,249,519
Due to BCMA (note 8)	90,157	53,094	63,420	11,667	218,338	283,871
Deferred revenue	-	-	-	-	-	311,227
Provision for physicians' unclaimed entitlements (note 6)	2,895,000	-	12,400,000	-	15,295,000	19,800,000
	4,959,348	768,070	13,306,784	1,735,507	20,769,709	26,644,617
Net assets	51,991	1,630,423	5,365,935	2,663,618	9,711,967	7,530,828
	\$ 5,011,339	\$ 2,398,493	\$ 18,672,719	\$ 4,399,125	\$ 30,481,676	\$ 34,175,445

See accompanying notes to financial information.

On behalf of the Committee:

BENEFIT PROGRAMS

Statement of Operations

Year ended March 31, 2012, with comparative figures for 2011

	CME	CMPA	CPRSP	PLP	2012 Total	2011 Total
Revenue:						
Government of the Province of British Columbia	\$ 11,826,227	\$ 16,000,000	\$ 52,370,000	\$ 4,900,000	\$ 85,096,227	\$ 77,150,000
Investment income	272,257	68,430	587,791	52,194	980,672	889,755
	12,098,484	16,068,430	52,957,791	4,952,194	86,076,899	78,039,755
Expenses:						
Contributions to physicians (notes 6 and 7):						
Entitlements	16,742,063	16,062,872	54,630,667	3,794,293	91,229,895	85,211,501
Less: lapsed entitlements and deficiency of actual payments over provision	(298,840)	-	(4,254,172)	-	(4,553,012)	(6,734,087)
	16,443,223	16,062,872	50,376,495	3,794,293	86,676,883	78,477,414
Administration (note 8)	338,240	318,080	504,000	140,000	1,300,320	1,280,002
	16,781,463	16,380,952	50,880,495	3,934,293	87,977,203	79,757,416
Excess (deficiency) of revenue over expenses	(4,682,979)	(312,522)	2,077,296	1,017,901	(1,900,304)	(1,717,661)
Net assets, beginning of year excluding market value adjustments of investment portfolio classified as available-for-sale	3,713,400	1,942,945	457,636	1,645,717	7,759,698	5,413,586
Transfer from other benefit plans (note 8(c))	1,210,000	-	3,000,000	-	4,210,000	4,063,773
Cumulative market value adjustments of investment portfolio classified as available-for-sale (note 4(b))	(188,430)	-	(168,997)	-	(357,427)	(228,870)
Net assets, end of year	\$ 51,991	\$ 1,630,423	\$ 5,365,935	\$ 2,663,618	\$ 9,711,967	\$ 7,530,828

See accompanying notes to financial information.

BENEFIT PROGRAMS

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	CME	CMPA	CPRSP	PLP	2012 Total	2011 Total
Cash provided by (used in):						
Operations:						
Excess (deficiency) of revenue over expenses	\$ (4,682,979)	\$ (312,522)	\$ 2,077,296	\$ 1,017,901	\$ (1,900,304)	\$ (1,717,661)
Items not involving cash:						
Loss (gain) on maturity of investments	(123,840)	-	(59,948)	-	(183,788)	155,853
Change in provision for physicians' unclaimed entitlements	(5,405,000)	-	900,000	-	(4,505,000)	5,125,000
Change in non-cash operating working capital	(2,643,257)	174,505	(300,719)	904,563	(1,864,908)	2,475,876
	(12,855,076)	(138,017)	2,616,629	1,922,464	(8,454,000)	6,039,068
Investments:						
Net purchase of investments	6,281,528	-	(122,398)	-	6,159,130	(608,424)
Financing:						
Transfer from other benefit plans	1,210,000	-	3,000,000	-	4,210,000	4,063,773
Increase (decrease) in cash	(5,363,548)	(138,017)	5,494,231	1,922,464	1,915,130	9,494,417
Cash, beginning of year	5,876,387	2,536,510	7,210,797	2,476,661	18,100,355	8,605,938
Cash, end of year	\$ 512,839	\$ 2,398,493	\$ 12,705,028	\$ 4,399,125	\$ 20,015,485	\$ 18,100,355
Supplementary information:						
Fair value adjustment on investments	\$ 79,645	\$ -	\$ 48,912	\$ -	\$ 128,557	\$ 126,829

See accompanying notes to financial information.

BENEFIT PROGRAMS

Notes to Financial Information

Year ended March 31, 2012

1. Purpose of the benefit programs:

The Continuing Medical Education Fund (the "CME") was established to provide eligible physicians with funds to be used for continuing medical education expenses. Commencing 2012, the CME benefit is paid to eligible physicians whose educational revalidation has been confirmed by the College of Physicians and Surgeons of BC.

The Canadian Medical Protective Association Dues Rebate Fund (the "CMPA") provides rebates to physicians for a portion of their malpractice liability dues.

The Contributory Professional Retirement Savings Plan (the "CPRSP") was established to assist physicians to provide for a registered retirement savings plan ("RRSP") for their retirement. The CPRSP will be used to make contributions on behalf of each eligible physician to a physician's RRSP account.

The Parental Leave Program (the "PLP") was established to provide a maximum 17-week benefit for male and female physicians while on parental leave.

The combined financial information excludes the financial information of the Physicians Disability Insurance Program (note 3).

2. Agreements:

The Government of the Province of British Columbia (the "Government"), the Medical Services Commission of British Columbia (the "MSC") and the British Columbia Medical Association ("BCMA") entered into a master agreement known as the Physician Master Agreement ("PMA") effective November 1, 2007 to March 31, 2012.

A new four year PMA has been negotiated for the period from April 1, 2012 through to March 31, 2016 and has been ratified by the BCMA membership. Under the new PMA, current funding levels will continue to be provided to the Program.

The Benefits Subsidiary Agreement is one of the Physician Master Subsidiary Agreements under the PMA and is intended to address those matters of unique interest and applicability to general practitioners.

The Joint Benefits Committee ("JBC") is the governing committee for the following benefit plans:

- The Continuing Medical Education Fund ("CME")
- Canadian Medical Protective Association Dues Rebate Fund ("CMPA")
- Contributory Professional Retirement Savings Plan ("CPRSP")
- Parental Leave Program ("PLP")
- Physicians Disability Insurance Program ("PDI")

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2012

3. Significant accounting policies:

(a) Basis of presentation:

The financial information has been prepared by management in accordance with Canadian generally accepted accounting principles, except that it excludes the financial information of the Physicians Disability Insurance Program, a Program also under the control of the JBC.

(b) Revenue recognition:

The Benefit Programs follow the deferral method for accounting for contributions. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recorded, or the restrictions met.

Funding is recognized as revenue once allocated by the JBC. Funding received that has been previously recognized as revenue by any Program under the control of the JBC, is recorded as a direct increase in net assets.

(c) Contributions to physicians:

(i) CME:

Contributions to physicians includes reimbursement of costs incurred by physicians for various educational courses, meetings and other education enhancement items.

These contributions are accrued by the CME for those claims incurred by March 31 and received and approved by the CME.

For the 2009 and 2010 benefit years, physicians are permitted to submit claims for cost reimbursement after the year end of the CME for costs incurred prior to the year end. Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

Entitlement year 2009	benefit entitlement expires March 31, 2012
Entitlement year 2010	benefit entitlement expires March 31, 2013

For the 2011 benefit year, physicians are entitled to receive the benefit provided that they have self-declared their compliance with a recognized licensure revalidation process to the College of Physicians and Surgeons of British Columbia. Physicians have one year to claim the entitlement. Entitlements not claimed within the benefit year are forfeited.

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2012

3. Significant accounting policies (continued):

(c) Contributions to physicians (continued):

(ii) CMPA:

Contributions to physicians represent reimbursement of a portion of physicians' Canadian Medical Protective Association fees, the amount of which is determined by the Benefits Subsidiary Agreement. The annual funding received for the CMPA is the amount required to reimburse eligible physicians for 100% of their Canadian Medical Protective Association membership dues above 1985 dues rates to an annual maximum of \$22,000,000.

(iii) CPRSP:

Contributions to physicians represent contributions on behalf of each eligible physician to a physician's registered retirement savings plan account. The contribution is determined using a formula established by the agreement. Physician entitlements are calculated once each calendar year and paid not later than March 1.

Physicians have up to a maximum of three years to claim entitlements. Entitlements not claimed in those years are forfeited. The entitlements expire as follows:

Entitlement year 2009	benefit entitlement expired March 31, 2012
Entitlement year 2010	benefit entitlement expires March 31, 2013
Entitlement year 2011	benefit entitlement expires March 31, 2014

(iv) PLP:

Contributions to physicians represent benefits paid to physicians when on parental leave, based on the amount the physician has billed to the Medical Services Plan, to a maximum of 17 weeks and \$1,000 per week.

(d) Provisions for unclaimed entitlements (CME and CPRSP):

The provisions for physicians for unclaimed entitlements represent an estimate of future actual total entitlement payments available to physicians. The provisions are net of entitlements that are anticipated to lapse based upon the CME and CPRSP claims settlement history.

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2012

3. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

The Benefit Programs have elected to continue to apply the financial instruments disclosure and presentation standards in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, as permitted for not-for-profit organizations.

Financial assets and liabilities classified as held for trading are measured at fair value at each reporting period with changes in fair value included in the statement of operations. Financial assets classified as available-for-sale are measured at fair value, with unrealized changes in fair value recorded directly in net assets.

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method at each reporting period with changes in amortized cost included in the statement of operations.

The Benefit Programs' financial instruments include cash, investments, accounts receivable, accounts payable and accrued liabilities and due to BCMA. The Benefit Programs have classified cash as held for trading, investments as available-for-sale, accounts receivable as loans and receivables and accounts payable and accrued liabilities and due to BCMA as other financial liabilities.

(f) Use of estimates:

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the calculation of the provisions for physicians' unclaimed entitlements and provision for contingencies. Actual results could differ from those estimates.

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2012

3. Significant accounting policies (continued):

(g) Changes in accounting framework:

In December 2010 the Canadian Institute of Chartered Accountants ("CICA") in conjunction with the Accounting Standards Board ("AcSB") issued Part III – Accounting Standards for Not-for-Profit Organizations ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Benefit Programs have the option to apply International Financial Reporting Standards ("IFRS") or the newly approved accounting standards for Not-for-Profit Organizations.

The Benefit Programs are evaluating the impact of adopting these new accounting standards.

4. Investments:

(a) Investments are comprised of bonds as follows:

	CME	CPRSP	2012	2011
Effective yield	5.3%	4.4%		
Less than 1 year	\$ 2,856,767	\$ 3,113,545	\$ 5,970,312	\$ 7,841,737
1 - 2 years	1,641,733	2,359,146	4,000,879	8,233,353
Total	\$ 4,498,500	\$ 5,472,691	\$ 9,971,191	\$ 16,075,090

(b) The cumulative market value adjustments of investments recorded directly against net assets is summarized as follows:

	CME	CPRSP	2012	2011
Balance, beginning of year	\$ (108,785)	\$ (120,085)	\$ (228,870)	\$ (102,041)
Previously unrealized loss transferred to net income during the year	19,148	45,219	64,367	54,261
Net change to unrealized loss	(98,793)	(94,131)	(192,924)	(181,090)
Balance, end of year	\$ (188,430)	\$ (168,997)	\$ (357,427)	\$ (228,870)

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2012

5. Contributions receivable:

In 2012, \$495,000 (2011 – nil) was outstanding at year end related to contributions to be received from the MSC. These amounts were received subsequent to year end.

6. Provision for unclaimed entitlements:

(a) Provision for unclaimed entitlements (CME):

The following is the provision for unclaimed entitlements related to the CME benefits:

Entitlement year	2011	2010	2009	2008	Total
Provision, March 31, 2010	\$ -	\$ -	\$ 5,776,309	\$ 2,598,691	\$ 8,375,000
Entitlements	-	14,052,750	-	-	14,052,750
Payments	-	(3,852,897)	(3,457,709)	(2,841,662)	(10,152,268)
Entitlements anticipated to lapse and deficiency of actual payments over provision	-	(4,218,453)	-	242,971	(3,975,482)
Provision, March 31, 2011	-	5,981,400	2,318,600	-	8,300,000
Entitlements	16,742,063	-	-	-	16,742,063
Payments	(16,543,150)	(3,087,713)	(2,217,360)	-	(21,848,223)
Entitlements anticipated to lapse and excess (deficiency) of actual payments over provision	(198,913)	1,313	(101,240)	-	(298,840)
Provision, March 31, 2012	\$ -	\$ 2,895,000	\$ -	\$ -	\$ 2,895,000

No provision has been recorded for the 2011 benefits year since physicians forfeit all entitlements not claimed within the year.

(b) Provision for unclaimed entitlements (CPRSP):

The provision for unclaimed entitlements for CPRSP consists of the basic retirement saving plan ("RSP") benefits provided to physicians and effective for the 2010/11 fiscal year, the RSP contribution based on the length of service provided by a physician in British Columbia. The following is the provision for unclaimed entitlements related to these benefits:

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2012

6. Provision for unclaimed entitlements (continued):

(b) Provision for unclaimed entitlements (CPRSP) (continued):

Entitlement Year	2011	2010	2009	2008	Total
Provision, March 31, 2010	\$ -	\$ -	\$ 5,514,018	\$ 785,982	\$ 6,300,000
Entitlements	-	54,149,949	-	-	54,149,949
Payments	-	(41,518,210)	(3,058,002)	(1,615,132)	(46,191,344)
Entitlements anticipated to lapse and excess (deficiency) of actual payments over provision	-	(3,587,755)	-	829,150	(2,758,605)
Provision, March 31, 2011	-	9,043,984	2,456,016	-	11,500,000
Entitlements	54,630,667	-	-	-	54,630,667
Payments	(42,340,792)	(5,389,177)	(1,746,526)	-	(49,476,495)
Entitlements anticipated to lapse and deficiency of actual payments over provision	(3,544,682)	-	(709,490)	-	(4,254,172)
Provision, March 31, 2012	\$ 8,745,193	\$ 3,654,807	\$ -	\$ -	\$ 12,400,000

7. Contributions to physicians (CMPA and PLP):

The contributions to physicians for the CMPA and PLP are as follows:

	2012	2011
CMPA	\$ 16,062,872	\$ 13,847,236
PLP	3,794,293	3,161,566

BENEFIT PROGRAMS

Notes to Financial Information (continued)

Year ended March 31, 2012

8. Related party transactions:

- (a) The Government and MSC have entered into a contract with BCMA for the term of the PMA for BCMA to administer the Benefit Programs, the costs of which are to be recovered from the annual funding made available to the Benefits Programs.

During the year, the Benefit Programs paid the following for BCMA's services:

	CME	CMPPA	CPRSP	PLP	2012	2011
Administration expense	\$ 338,240	\$ 318,080	\$ 504,000	\$ 140,000	\$ 1,300,320	\$ 1,280,002

As at March 31, 2012, the following remained payable to BCMA relating to these administrative fees:

	CME	CMPPA	CPRSP	PLP	2012	2011
Administration fees payable	\$ 28,167	\$ 26,507	\$ 42,000	\$ 11,667	\$ 108,341	\$ 108,360

- (b) The contract also provides that BCMA may charge physicians who are not members of BCMA an administration fee when such non-members apply for the benefits available to them under the Benefit Programs.

As at March 31, 2012, the following remained payable to BCMA relating to non-member fees:

	CME	CMPPA	CPRSP	PLP	2012	2011
Non-member fees payable	\$ 61,990	\$ 26,587	\$ 21,420	\$ -	\$ 109,997	\$ 175,511

- (c) During the year, the Benefit Programs received \$4,210,000 from Physician's Disability Insurance Program (2011 - \$4,063,773).

9. Unallocated funding:

As at March 31, 2012, there is funding of \$819,924 (2011 - \$653,650) that is held in trust by BCMA as it had not been allocated by the JBC to a specific program.

10. Capital disclosures:

The Benefit Programs receive their principal source of capital through contributions. The Benefit Programs define capital to be net assets. In carrying out its purpose, the Benefit Programs regularly distribute their capital through their activities and administrative services.

FINANCIAL REPORT SUMMARY
LTD Policy Number 59998
From April 1, 2011 to March 31, 2012

Policy Numbers:		Sun Life	Westbury	Total	
Premiums:					
Paid Premiums		\$14,000,000	\$0	\$14,000,000	100%
Incurred Claims:					
Paid Claims		\$9,121,517	\$248,076	\$9,369,593	67%
Disabled Life Reserve	Beginning	\$31,439,224	\$1,620,831	\$33,060,055	
	Ending	\$35,860,627	\$1,471,481	\$37,332,108	
	Change	\$4,421,403	(\$149,350)	\$4,272,053	31%
IBNR Reserve	Beginning	\$2,100,000	\$0	\$2,100,000	
	Ending	\$2,100,000	\$0	\$2,100,000	
	Change	\$0	\$0	\$0	0%
TOTAL INCURRED CLAIMS		\$13,542,920	\$98,726	\$13,641,646	97%
Expenses & Tax:					
Premium Tax		\$280,000	\$0	\$280,000	
Other Expenses		\$1,352,280	\$7,691	\$1,359,971	
TOTAL EXPENSES & TAX		\$1,632,280	\$7,691	\$1,639,971	12%
Interest on Reserves & Cash Flows:					
Interest on Initial IBNR Reserves @ 1.2%		\$25,200	\$0	\$25,200	
Interest on DLR (5-Year GIC)		\$718,730	\$39,830	\$758,560	
Interest on Cash Flows @ 0.4%					
Interest on Premiums		\$30,742	\$0	\$30,742	
Interest on Paid Claims		(\$17,718)	(\$482)	(\$18,200)	
Interest on Premium Tax		(\$646)	\$0	(\$646)	
Interest on Expenses		(\$2,705)	(\$15)	(\$2,720)	
TOTAL INTEREST		\$753,603	\$39,333	\$792,936	6%
Plan Year Results:					
Plan Year Surplus / Deficit		(\$421,597)	(\$67,084)	(\$488,681)	-3%
Premium Tax Adjustment		(\$8,604)	(\$1,369)	(\$9,973)	
Balance		(\$430,201)	(\$68,453)	(\$498,654)	
Transfer from CFR to Offset Deficit		\$430,201	\$68,453	\$498,654	
Balance		\$0	\$0	\$0	

STATEMENT OF CLAIMS FLUCTUATION RESERVE

LTD Policy Number 59998

From April 1, 2011 to March 31, 2012

	Sun Life	Westbury	Total
Balance as at April 1, 2011	\$3,500,000	\$0	\$3,500,000
Interest at one year GIC 1.20%	\$42,000	\$0	\$42,000
Total	\$3,542,000		\$3,542,000
 Transfer to offset Deficit	 (\$498,654)	 \$0	 (\$498,654)
 Balance as at March 31, 2012	 \$3,043,346	 \$0	 \$3,043,346
Transfer from Deposit Fund April 1, 2012	\$456,654		\$456,654
Balance as of April 1, 2012	<u>\$3,500,000</u>		<u>\$3,500,000</u>
 Maximum Required Claims Fluctuation Reserve 25% of Paid Premium	 <u>\$3,500,000</u>	 <u>\$0</u>	 <u>\$3,500,000</u>

STATEMENT OF DEPOSIT FUND
LTD Policy Number 59998
From April 1, 2011 to March 31, 2012

	Sun Life	Westbury	Total
<u>DEPOSIT FUND ACCOUNT 1</u>			
Transfer from Surplus April 1, 2010	\$4,409,333	(\$105,314)	\$4,304,019
Interest at 1.10%	\$48,503	(\$1,158)	\$47,344
Total as of March 31, 2011	\$4,457,836	(\$106,472)	\$4,351,363
Interest from April 1, 2011 - July 22, 2011	\$15,016	(\$359)	\$14,657
Total as of July 22, 2011	\$4,472,852	(\$106,831)	\$4,366,020
Refund to BCMA July 22, 2011	(\$4,472,852)	\$106,831	(\$4,366,020)
Balance as of July 23, 2011	\$0	\$0	\$0

DEPOSIT FUND ACCOUNT 11

Transfer from Surplus April 1, 2011	\$4,185,269	\$137,230	\$4,322,499
Interest at 0.40%	\$16,741	\$549	\$17,290
Total as of March 31, 2012	\$4,202,010	\$137,779	\$4,339,789
Transfer to fully fund CFR April 1, 2012	(\$456,654)		(\$456,654)
Balance as of April 1, 2012	\$3,745,356	\$137,779	\$3,883,135