

Financial Statements of

**ASSOCIATION OF DOCTORS OF BC**

(Formerly British Columbia Medical Association  
(Canadian Medical Associates - B.C. Division))

And Independent Auditors' Report thereon

Year ended December 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Association of Doctors of BC (Formerly British Columbia Medical Association (Canadian Medical Associates - B.C. Division))

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the financial statements of the Association of Doctors of BC (formerly British Columbia Medical Association (Canadian Medical Associates - B.C. Division)) (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada  
May 7, 2021

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

## Statement of Financial Position

Year ended December 31, 2020, with comparative information for 2019

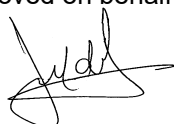
	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 15,193,773	\$ 11,168,625
Accounts receivable (note 3)	3,080,186	3,973,440
Prepaid expenses	782,768	553,822
Short-term investments (note 4)	2,499,048	3,582,727
	<u>21,555,775</u>	<u>19,278,614</u>
Investments (note 4)	20,822,953	19,328,592
Investment in BCMA Agencies Limited (note 5)	51	51
Capital assets (note 6)	7,034,550	7,383,269
Cash held for designated holding accounts (note 7)	2,391,386	7,800,478
	<u>\$ 51,804,715</u>	<u>\$ 53,791,004</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,785,545	\$ 2,191,330
Prepaid membership dues	3,319,146	2,384,776
Group insurance accounts (note 9)	4,052,355	2,546,225
	<u>10,157,046</u>	<u>7,122,331</u>
Designated holding accounts (note 7)	2,391,386	7,800,478
Deferred contributions (note 10)	1,990,264	3,224,847
	<u>14,538,696</u>	<u>18,147,656</u>
Net assets:		
Internally restricted (note 2)	9,911,907	9,911,907
Investment in capital assets	7,034,550	7,383,269
Unrestricted	20,319,562	18,348,172
	<u>37,266,019</u>	<u>35,643,348</u>
Commitments (note 12)		
	<u>\$ 51,804,715</u>	<u>\$ 53,791,004</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

## Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Membership dues	\$ 17,925,897	\$ 18,031,954
Less: dues collected for Canadian Medical Association	(1,512,725)	(2,002,370)
	16,413,172	16,029,584
Contributions for designated programs (note 10)	767,094	1,029,808
Insurance administration fees (note 14)	2,959,653	2,735,419
Management fees (note 14)	3,001,000	2,864,317
Investment and miscellaneous income	1,305,668	1,689,045
Building rents	1,129,999	1,173,549
Payroll recovery - JCC & PHP (note 14)	12,884,578	11,959,706
	38,461,164	37,481,428
Expenses:		
Building - rented portion	1,008,285	964,709
Committee costs (note 15)	2,066,606	3,401,552
Consulting and professional fees	696,237	918,970
Marketing and communications	464,376	434,062
Occupancy	1,054,438	1,072,737
Office	2,320,057	2,263,691
Salaries and benefits	15,965,612	15,263,751
Salaries and benefits - JCC & PHP (note 14)	12,884,578	11,959,706
UBC Student Bursaries	218,750	218,750
Loss on disposal of capital assets	159,554	-
	36,838,493	36,497,928
Excess of revenue over expenses before the undernoted	1,622,671	983,500
One-time payment (notes 10 and 16):		
Funding	2,384,800	78,281,600
Expense	2,384,800	78,281,600
	-	-
Excess of revenue over expenses	\$ 1,622,671	\$ 983,500

See accompanying notes to financial statements.

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

## Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Internally Restricted (note 2)					Total	Investment in capital assets	Unrestricted	2020 Total	2019 Total
	Student bursary fund	IT Initiatives fund	Medical care fund	Negotiations stabilization fund	Capital asset replacement fund					
Net assets, beginning of year	\$ 200,000	\$ 2,500,000	\$ 4,000,000	\$ 1,000,000	\$ 2,211,907	\$ 9,911,907	\$ 7,383,269	\$ 18,348,172	\$ 35,643,348	\$ 34,659,848
Excess (deficiency) of revenue over expenses	-	-	-	-	-	-	(1,637,141)	3,259,812	1,622,671	983,500
Net change in investment in capital assets	-	-	-	-	-	-	1,288,422	(1,288,422)	-	-
Net assets, end of year	\$ 200,000	\$ 2,500,000	\$ 4,000,000	\$ 1,000,000	\$ 2,211,907	\$ 9,911,907	\$ 7,034,550	\$ 20,319,562	\$ 37,266,019	\$ 35,643,348

See accompanying notes to financial statements.

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,622,671	\$ 983,500
Items not involving cash:		
Amortization	1,469,792	1,320,922
Loss on disposal of capital assets	159,554	-
Amortization of bond premium included in investments	36,361	89,919
Change in accrued interest included in investments	(191,745)	193,013
Gain on sale of investments	-	(139,200)
	3,096,633	2,448,154
Changes in non-cash operating working capital:		
Accounts receivable	893,254	250,345
Prepaid expenses	(228,946)	(114,719)
Accounts payable and accrued liabilities	594,215	(1,596,793)
Prepaid membership dues	934,370	(107,091)
Group life insurance accounts	1,506,130	17,880
Deferred contributions	(1,234,583)	2,389,057
	5,561,073	3,286,833
Investments:		
Purchase of investments	(2,222,000)	(11,246,000)
Proceeds from maturity of investments	1,966,702	10,512,890
Purchase of capital assets	(1,288,423)	(950,678)
Proceeds from sale of capital assets	7,796	-
	(1,535,925)	(1,683,788)
Increase in cash	4,025,148	1,603,045
Cash, beginning of year	11,168,625	9,565,580
Cash, end of year	\$ 15,193,773	\$ 11,168,625

See accompanying notes to financial statements.



# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements

Year ended December 31, 2020

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The British Columbia Medical Association (Canadian Medical Association - B.C. Division) changed its name to Association of Doctors of BC (“Doctors of BC”) on April 22, 2020. Doctors of BC is a member-funded not-for-profit organization incorporated as a corporation without share capital under the Societies Act (British Columbia). Doctors of BC promotes a social, economic and political climate in which its members may provide the highest standard of healthcare services. Doctors of BC assists all physicians practicing in the Province of British Columbia (the “Province”) by negotiating fee schedules and benefits on behalf of those physicians who practice medicine on a fee-for-service, sessional basis or other alternative methods of payment. Doctors of BC is exempt from income taxes.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in government worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy in the future is not known at this time. The economic conditions did not have a significant impact on Doctors of BC’s operating results and financial position in 2020.

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - *Accounting*.

### (a) Controlled entities:

#### (i) BCMA Agencies Limited:

Doctors of BC owns 100% of the share capital of BCMA Agencies Limited (“Agencies”), a profit-oriented enterprise. Doctors of BC accounts for its investment in Agencies using the equity method and provides disclosures on the balances and transactions of Agencies in note 5.

#### (ii) BCMA Health Benefits Trust Fund:

On behalf of the trustees, Doctors of BC administers the operations of the BCMA Health Benefits Trust Fund (“HBTF”), which is a separate not-for-profit entity. As the trustees of HBTF are appointed by Doctors of BC, the HBTF is a controlled entity of Doctors of BC. Doctors of BC does not consolidate HBTF in its financial statements and provides disclosures on the balances and transactions of the HBTF in note 13.

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

Doctors of BC 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. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Membership with Doctors of BC is voluntary and therefore membership dues are recorded when received. Revenue from membership dues is recognized when services are provided. Amounts collected relating to subsequent periods are recorded as prepaid membership dues on the statement of financial position. Investment income is recognized as revenue when earned. Revenue from insurance administration fees, management fees, building rents, and payroll recovery is recognized when services are provided.

### (c) Short-term investments and investments:

In accordance with Doctors of BC's investment policy, investments and short-term investments can be comprised of corporate and government bonds, barrier notes, and money market funds.

Short-term investments are classified as such when they mature within one year of the date of the statement of financial position.

### (d) Capital assets:

Capital assets are initially recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Where practical, capital assets are componentized when estimates can be made of the useful lives of the separate components.

Capital assets are assessed annually for impairment, to be recorded where applicable, as a non-reversible impairment expense. When an item of capital assets is impaired, its carrying amount is written down to its fair value or replacement cost.

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 1. Significant accounting policies (continued):

### (d) Capital assets (continued):

Capital assets are amortized on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Years
Building	30
Building improvements	4 to 15
Furniture and fixtures	10
Computer equipment	3
Office equipment	5
Website	5

### (e) Use of estimates:

The preparation of these 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 year. Actual results could differ from those estimates.

### (f) Pension plan:

Doctors of BC and its employees contribute to the Public Service Pension Plan ("PSPP"). PSPP is a multi-employer contributory defined benefit pension plan. Contributions to the PSPP are expensed as incurred (note 11).

### (g) Financial instruments:

Doctors of BC's financial instruments include cash, accounts receivable, short-term investments, investments, and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition and, other than investments in equity instruments that are quoted in an active market, are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Doctors of BC has not elected to carry any such financial instruments at fair value. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 2. Internally restricted net assets:

Doctors of BC has set up internally restricted funds which are approved by the Board of Directors (the "Board") to support the following activities:

- (a) *Student bursary fund* ensures that there will be adequate funding for the medical student bursary program.
- (b) *IT Initiatives fund* is set aside to fund various IT initiatives.
- (c) *Medical care fund* is established to enhance the ability of physicians to provide quality medical care. These funds enable Doctors of BC to campaign for the economic rights of all physicians in the Province of British Columbia (the "Province").
- (d) *Negotiations stabilization fund* is utilized to offset the budgeting fluctuations for negotiations as the expenditures can vary significantly from year-to-year.
- (e) *Capital asset replacement fund* is set aside to fund additions to capital assets.

The Board restricts the use of funds for operations by way of a resolution whereby only funds in excess of the internally restricted fund balances are available for the general operations of Doctors of BC. The internally restricted amounts may be used for special projects with the approval of the Board. Internally restricted amounts are not available for other purposes without approval by the Board.

During the year ended December 31, 2019, the Board approved the transfer of \$2,500,000 from the unrestricted fund to the IT Initiatives fund.

## 3. Accounts receivable:

As at December 31, 2020, accounts receivable includes allowance for doubtful accounts of \$9,694 (2019 - \$9,875) and amounts due from related parties of \$1,766,520 (2019 - \$1,957,609) (note 14).

## 4. Short-term investments and investments:

Short-term investments and investments are comprised of bonds of \$21,720,705 (2019 - \$22,781,331) maturing between 2021 and 2028 (2019 - between 2020 and 2028), and money market investments of \$1,601,296 (2019 - \$129,988).

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 5. Investment in BCMA Agencies Limited:

Agencies is a wholly-owned subsidiary of Doctors of BC. Its principal business activities include acting as an agent between insurance companies selling insurance to members of Doctors of BC. As at December 31, 2020, Agencies had assets of \$90,565 (2019 - \$97,294), liabilities of \$90,514 (2019 - \$97,243) and retained earnings of \$51 (2019 - \$51). For the year ended December 31, 2020, Agencies earned revenue of \$324,026 (2019 - \$361,948) had expenses of \$324,026 (2019 - \$361,948), and net income of nil (2019 - nil), with cash used in operations of \$32,499 (2019 - \$86,970).

For the year ended December 31, 2020, included in investment and miscellaneous income is Doctors of BC's share of Agencies' income of nil (2019 - nil).

## 6. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000
Building and building improvements	14,418,404	10,049,954	4,368,450	4,475,774
Furniture and fixtures	1,978,563	936,898	1,041,665	1,019,891
Computer equipment	1,884,908	1,439,863	445,045	632,827
Office equipment	61,296	59,984	1,312	2,472
Work-in-progress	38,720	-	38,720	252,305
Website	148,859	9,501	139,358	-
	\$ 19,530,750	\$ 12,496,200	\$ 7,034,550	\$ 7,383,269

## 7. Designated holding accounts:

Doctors of BC holds funds in cash that are designated for specific contracts that Doctors of BC administers as an agent. The activities of these accounts are not reflected on Doctors of BC's financial statements, and there are no revenues earned or expenses incurred by Doctors of BC relating to these accounts. The balance of these designated holding accounts is as follows:

	2020	2019
Benefit funds held in reserve	\$ 659,819	\$ 5,894,126
Manulife deposit fund	1,657,129	1,624,120
Other holding accounts	74,438	282,232
	\$ 2,391,386	\$ 7,800,478

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2020 are government remittances payable of \$457,873 (2019 - \$322,000) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

## 9. Group insurance accounts:

Group insurance accounts are comprised of amounts payable to third party insurance providers at predetermined terms, net of amounts collected from members, and amounts held for group life insurance premium fluctuations.

## 10. Deferred contributions:

Deferred contributions represent unspent externally restricted contributions received by Doctors of BC for use on specific purposes. Changes in deferred contributions are as follows:

	2020	2019
Operating:		
Balance, beginning of year	\$ 1,506,447	\$ 835,790
Add net amount received during the year	1,056,918	1,700,465
Less amount recognized as revenue in the year	(767,094)	(1,029,808)
Balance, end of year	1,796,271	1,506,447
One-time payment (note 16):		
Balance, beginning of year	1,718,400	-
Add amount received during the year	860,393	80,000,000
Less amount recognized as revenue in the year	(2,384,800)	(78,281,600)
Balance, end of year	193,993	1,718,400
Total balance, end of year	\$ 1,990,264	\$ 3,224,847

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 10. Deferred contributions (continued):

These deferred contributions consist of funds restricted for the following purposes:

	2020	2019
Government funded committees	\$ 229,103	\$ 229,103
General practice services committee	126,630	167,785
Protocol steering committee	182,026	395,448
Shared care and scope of practice committee	107,530	70,030
Specialist services committee	16,931	3,620
Physical / psychological safety initiatives	913,241	500,000
JSC rural funding	120,810	140,461
One-time payment (note 16)	193,993	1,718,400
Physician leadership and professional development initiative	100,000	-
	\$ 1,990,264	\$ 3,224,847

## 11. Public Service Pension Plan:

Doctors of BC and its employees contribute to the PSPP (a jointly trustee pension plan). The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for administering the PSPP, including investment of assets and administration of benefits. The PSPP is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at the latest actuarial valuation on March 31, 2020, the PSPP had about 61,700 active members and approximately 12,690 retired members.

The latest actuarial valuation as of March 31, 2020, indicated a funding surplus of \$2.7 billion for basic pension benefits. The next valuation will be as of March 2023.

Employers participating in the PSPP record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the PSPP records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

During the year-ended December 31, 2020, Doctors of BC paid approximately \$1,867,000 (2019 - \$1,657,000) for employer contributions to the PSPP.

# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 12. Commitments:

Doctors of BC has committed to operating equipment leases until 2023. The minimum annual lease payments are as follows:

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2021	\$	29,570
2022		22,696
2023		15,130
	\$	67,396

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## 13. BCMA Health Benefits Trust Fund:

The HBTF is a health benefits trust which is controlled by Doctors of BC. The objective of the HBTF is to provide insurance benefits to physicians, their families and employees. The insurance benefits include such plans as extended health and dental, long-term disability and group life insurance. The HBTF is a trust as defined in the Income Tax Act. Doctors of BC does not have any economic interest in the HBTF. The HBTF prepares its financial statements in accordance with Canadian accounting standards for pension plans.

As at December 31, 2020, the HBTF had assets of \$5,854,503 (2019 - \$3,419,580), liabilities of \$1,396,368 (2019 - \$1,246,660) and net assets available for benefits of \$4,458,135 (2019 - \$2,172,920). For the year ended December 31, 2020, the HBTF earned revenue of \$17,154,638 (2019 - \$14,616,221) had expenses of \$14,869,424 (2019 - \$14,893,959), and excess of revenue over expenses of \$2,285,215 (2019 - deficiency of revenue over expenses of \$277,738).

## 14. Related party transactions:

Doctors of BC administers the GPSC Collaboratives Program, Specialist Services Programs, Shared Care Programs, and Physician Health Program. These programs are funded by the Province. Each of these programs is controlled by a committee, which are unincorporated entities, on which there is equal representation between representatives of the Province and members of Doctors of BC as governed by the 2019 Physician Master Agreement ("2019 PMA") effective April 1, 2019 to March 31, 2022, and previously the 2014 Physician Master Agreement effective April 1, 2014 to March 31, 2019. Doctors of BC does not control the committees but exercises significant influence over these programs by virtue of its equal representation on their respective committees. The purposes of the programs are to improve delivery of health services and patient health outcomes and/or provide services to doctors as described in the Physician Master Agreement. Doctors of BC does not have an economic interest in the committees or programs. The financial information of these programs is not reflected in these financial statements as Doctors of BC does not exercise control.



# ASSOCIATION OF DOCTORS OF BC

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 14. Related party transactions (continued):

During the year ended December 31, 2020, Doctors of BC charged \$12,884,578 (2019 - \$11,959,706) to these programs for payroll recovery of Doctors of BC employees working on these programs, and charged management fees of \$1,650,500 (2019 - \$1,513,817) to these programs for administrative services provided. Third party costs incurred by Doctors of BC on behalf of these programs is recorded on a net basis as Doctors of BC acts as an agent in those transactions.

Doctors of BC also administers benefit programs for physicians of BC. The benefit programs are controlled by committees, which are unincorporated entities, on which there is equal representation between representatives of the Province and members of Doctors of BC as governed by the 2019 PMA. During the year ended December 31, 2020, Doctors of BC charged management fees of \$1,298,000 (2019 - \$1,298,000) to the benefit programs.

During the year ended December 31, 2020, Doctors of BC charged insurance administration fees of \$1,277,673 (2019 - \$1,073,945) to HBTF and \$284,053 (2019 - \$319,200) to BCMA Agencies.

The balances due from related parties included in accounts receivable are as follows:

	2020	2019
BCMA Agencies Limited (note 5)	\$ 90,514	\$ 70,455
Programs:		
GPSC Collaboratives Program	662,579	735,569
Physician Health Program	143,934	118,076
Shared Care Programs	145,701	193,227
Specialist Services Programs	398,754	623,321
Health Benefits Trust Fund (note 13)	107,595	89,886
Benefit programs	217,443	127,075
	\$ 1,766,520	\$ 1,957,609

## 15. Committee costs:

For the year ended December 31, 2020, committee costs includes honoraria paid to Doctors of BC board directors of \$54,479 (2019 - \$125,312).

## 16. One-time payment:

According to the 2019 PMA, \$85 million less the cost of Health Insurance BC's implementation of the Business Cost Premium will be paid in an equal dollar amount to each physician who practiced in 2018 and who earned above \$75,000 in eligible income in any of the calendar years 2016, 2017, or 2018. The first instalment was paid in September 2019. The second instalment was paid in October 2020.

# **ASSOCIATION OF DOCTORS OF BC**

(Formerly, British Columbia Medical Association (Canadian Medical Association - B.C. Division))

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## **17. Financial risks:**

Doctors of BC manages its investment portfolio to earn investment income and invests according to a policy approved by the Board. Doctors of BC is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Doctors of BC believes that it is not exposed to significant interest rate, market, credit, or currency risks arising from its financial instruments.

Additionally, Doctors of BC believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle obligations associated with financial liabilities.

There have been no changes in risk exposure from 2019.

## **18. Comparative information:**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.