



ANNUAL GENERAL MEETING

doctors
of bc
Better Together.

DOCTORS OF BC ANNUAL GENERAL MEETING

Friday June 2, 2023
3:30 PM – 4:00 PM (approx.)

The 2023 Annual General Meeting will be a hybrid meeting. Once again, members will have the ability to attend the Annual General Meeting either in-person at the Hyatt Regency Vancouver, 655 Burrard St, Vancouver, BC – in the Regency Ballroom, or virtually through Zoom.

All members must be in good standing and must be preregistered in order to attend. To register for the 2023 Annual General Meeting please [click here](#). Once registered, your membership status will be verified, and you will receive the link and instructions to join the meeting along with instructions on the voting process.

All members, regardless of how they attend, will have the ability to vote on all items using the voting link provided.

A G E N D A

3:30 PM MOMENT OF SILENCE FOR DECEASED MEMBERS

Business Meeting

1. Election of Chair
2. [Meeting Standing Rules](#)
3. Approval of Agenda
4. [Approval of the 2022 AGM Minutes](#)
5. Consideration of the Auditor's Report
6. [Consideration of the Financial Statements](#)
7. Appointment of Auditor

DOCTORS OF BC 2023 ANNUAL GENERAL MEETING

MEETING STANDING RULES

The following Meeting Standing Rules are designed to facilitate progress at the 2023 Annual General Meeting of the Doctors of BC, to ensure the timely completion of the business required to be transacted at the Annual General Meeting; to include all members wishing to speak in orderly debate; and to ensure courtesy, fairness and equality for all:

1. The meeting will be conducted in accordance with the BC *Societies Act*, and the Doctors of BC Constitution and Bylaws.
2. The purpose of the meeting is to transact the business of the Association as set out in the approved agenda.
 - (a) Resolutions proposed by the Board of Directors, or by a Committee, shall be brought before the Assembly, in the order that they are presented in the pre-circulated materials.
 - (b) All other resolutions and all recommendations, if any, made in reports of officers, committees, or members, that are not in the form of resolutions, shall be referred without debate to Legal Counsel and shall then be considered by the Assembly in the agenda under "New Business", unless determined by the Chair to be essential to the resolution of the matter under discussion.
 - (c) Any member wishing to propose a resolution shall first present it in writing to the Legal Counsel. The resolution shall be presented to the Assembly by the Chair, in the order determined by the Chair.
 - (d) The purpose of the resolution review is to ensure that the intent of the resolution is clear, that it is not contrary to the law, or the Doctors of BC Constitution and Bylaws, that it does not conflict with existing policy and that it is not redundant.
 - (e) Legal Counsel may make a recommendation to the meeting regarding any resolution referred to it.
3. Only one item, being the immediately pending motion or matter under discussion, will be considered at a time. A speaker may advise the Assembly that he or she intends to bring an alternative motion forward.
4. Comments or questions must be related to the pending motion or report or matter under discussion. Comments or questions that are not related directly to the pending motion or report or matter under discussion, or that are of a general nature, may be considered under new business.
5. Members shall address their remarks through the Chair of the meeting.
6. Members who wish to speak will use one of the microphones, wait to be recognized by the Chair and begin by stating their name each time they speak. As a general rule, the Chair will recognize members by alternating between the microphones, but the Chair may vary from this general rule if this appears appropriate to ensure fairness.
7. When debating motions, each member may speak for a maximum of two minutes for each question, motion or matter under discussion. To avoid confusion, time will be indicated by a "Traffic Light" system.
8. Each member may speak twice to each question, motion or matter under discussion. No member may speak a second time, which includes asking any follow-up questions, unless and until all those who desire to speak a first time have had the opportunity to do so.
9. If a member does not show the appropriate respect to others by exceeding his/her time allotment, the Chair may turn off the microphone and may request the member to retake his/her seat.
10. Any decision of the Chair may be challenged, and the Chair will bring that ruling immediately before the meeting for a vote on whether to sustain the Chair's ruling.
11. Cell phones and pagers shall be silenced during the business meeting.
12. It is recognized that some of the issues scheduled to come before this meeting may be controversial. Comments must be made in a civil and respectful manner and must be focused on issues and not on people.

MINUTES

Pages 1 to 2

Resolutions AGM22/05/27-01 to AGM22/05/27-05

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DRAFT

MINUTES

CALL TO ORDER AND MOMENT OF SILENCE FOR DECEASED MEMBERS

The Doctors of BC President declared that quorum was present and called the hybrid remote and virtual 2022 Annual General Meeting (AGM) to order at 8:05 a.m.

The Doctors of BC President acknowledged the traditional territories of the Musqueam, Squamish and Tsleil-Waututh Nations.

The Doctors of BC President invited members to observe a moment of silence in remembrance of all colleagues who passed away in the last year.

1. ELECTION OF CHAIR

The Doctors of BC President advised that Dr. Eric Cadesky had been nominated to serve as Chair of the 2022 AGM and called for additional nominations.

There being no additional nominations, Dr. Eric Cadesky was acclaimed as Chair of the 2022 AGM and assumed the chair.

2. MEETING STANDING RULES

Distributed material: Doctors of BC 2022 Annual General Meeting Standing Rules

The Chair advised that the 2022 AGM will be conducted in accordance with the Doctors of BC 2022 Annual General Meeting Standing Rules that was distributed with the agenda material.

3. APPROVAL OF AGENDA

Distributed material: Doctors of BC Annual General Meeting Agenda May 27, 2022

The Chair referred members to the distributed draft Agenda and inquired if there were any additions or deletions.

**IT WAS MOVED/SECONDED
RESOLUTION AGM22/05/27-01**

That the agenda for the Doctors of BC Annual General Meeting of May 27, 2022 be approved, as presented.

CARRIED

4. APPROVAL OF 2021 AGM MINUTES

Distributed material: Draft Minutes of Doctors of BC Annual General Meeting of May 28, 2021.

The Chair referred the meeting to the distributed draft minutes of the May 28, 2021 AGM and inquired if there were any errors or omissions.

**IT WAS MOVED/SECONDED
RESOLUTION AGM22/05/27-02**

That the minutes of the Doctors of BC Annual General Meeting of May 28, 2021 be approved, as presented.

CARRIED

MINUTES

5. CONSIDERATION OF THE FINANCIAL STATEMENTS

The Audit and Finance Committee Vice-Chair led the review of a presentation titled “Audit and Finance Committee Report” and highlighted:

- The complete set of financial statements is available on the DoBC website
- Clean audit opinion issued by the external auditor
- Statement of Financial Position:
 - Components of net assets
- Statement of Operations:
 - The Ministry of Health provided 100% funding for the Physician Health Program
 - Expenses that attributed to the \$1,778,000 loss for the 2021 year
- Unrestricted net assets compared to annual expenses.

**IT WAS MOVED/SECONDED
RESOLUTION AGM22/05/27-03**

That the audited financial statements of the British Columbia Medical Association for the year ended December 31, 2021 be accepted.

CARRIED

6. APPOINTMENT OF THE AUDITOR

The Audit and Finance Committee Vice-Chair noted the auditing firm’s practice of rotating audit partners after several years and the Audit and Finance Committee’s recommendation to reappoint KPMG LLP as the external auditor for the 2022 fiscal year.

**IT WAS MOVED/SECONDED
RESOLUTION AGM22/05/27-04**

That the firm KPMG LLP be appointed as auditors for the Doctors of BC for the 2022 fiscal year.

CARRIED

7. NEW BUSINESS

Discussion ensued on:

- Suggestion to restore the AGM to a full or half-day meeting in the future to more fully engage members:
 - The AGM is held to transact specific business and not as an engagement tool
- The majority of costs related to the CEO transition were recognized in 2021:
 - There will be some residual costs in 2022
- Concern that the former Chair’s dismissal from the Doctors of BC Board was improperly handled through the release of a confidential document
- The technical reasons for not offering the May 27, 2022 Representative Assembly meeting as a hybrid meeting.

8. CONCLUSION

**IT WAS MOVED/SECONDED
RESOLUTION AGM22/05/27-05**

That the 2022 Annual General Meeting be concluded at 8:31 a.m.

CARRIED

Financial Statements of

ASSOCIATION OF DOCTORS OF BC

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Members of Association of Doctors of BC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Association of Doctors of BC (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- 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, 2022, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 1(g) to the financial statements ("Note 1(g)"), which explains that certain comparative information presented for the year ended December 31, 2021 has been restated.



Note 1(g) explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2022, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2021. In our opinion, such adjustments are appropriate and have been properly applied.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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, after giving retrospective effect to the change in accounting policy as explained in Note 1(g) to the financial statements, on a basis consistent with that of the preceding period.

Chartered Professional Accountants

Vancouver, Canada
May 19, 2023

ASSOCIATION OF DOCTORS OF BC

Statement of Financial Position

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		(Restated – note 1(g))
Assets		
Current assets:		
Cash	\$ 8,440,514	\$ 19,066,442
Accounts receivable (notes 3 and 16(d))	6,382,497	3,116,249
Prepaid expenses	772,252	646,917
Short-term investments (note 4)	231,728	1,521,663
	<u>15,826,991</u>	<u>24,351,271</u>
Investments (note 4)	29,035,395	22,555,309
Investment in BCMA Agencies Limited (note 5)	51	51
Tangible capital assets (note 6)	6,695,575	7,360,917
Intangible assets (note 7)	79,816	109,587
Assets for implementation of software service (note 8)	377,426	204,359
Cash held for designated holding accounts (note 9)	1,710,153	822,187
	<u>\$ 53,725,407</u>	<u>\$ 55,403,681</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (notes 10 and 16)	\$ 4,255,736	\$ 10,890,823
Deferred revenues	488,751	401,302
Prepaid membership dues	5,116,917	2,439,463
Group insurance accounts (note 11)	3,106,223	3,457,961
	<u>12,967,627</u>	<u>17,189,549</u>
Designated holding accounts (note 9)	1,710,153	822,187
Deferred contributions (note 12)	3,938,457	1,904,377
	<u>18,616,237</u>	<u>19,916,113</u>
Net assets:		
Internally restricted (note 2)	9,911,907	9,911,907
Investment in long-lived assets	7,152,817	7,674,863
Unrestricted	18,044,446	17,900,798
	<u>35,109,170</u>	<u>35,487,568</u>
Commitments (note 14)		
	<u>\$ 53,725,407</u>	<u>\$ 55,403,681</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

ASSOCIATION OF DOCTORS OF BC

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		(Restated – note 1(g))
Revenue:		
Membership dues	\$ 19,074,883	\$ 18,577,574
Less: dues collected for Canadian Medical Association	(1,489,508)	(1,527,293)
	17,585,375	17,050,281
Contributions for designated programs (note 12)	1,450,537	1,273,004
Insurance administration fees (note 16(c))	3,299,103	3,106,324
Management fees (notes 16(a) and 16(b))	5,341,267	3,571,605
Investment and miscellaneous income	1,204,534	1,294,448
Building rents	1,204,053	1,174,678
Payroll recovery – Joint Clinical Committees (“JCCs”) & Physician Health Program (“PHP”) (note 16(a))	18,834,469	14,596,354
	48,919,338	42,066,694
Expenses:		
Building - rented portion	1,103,185	980,220
Committee costs (note 17)	2,712,485	2,063,412
Consulting and professional fees	1,583,180	1,356,210
Marketing and communications	515,568	467,752
Occupancy	1,180,534	1,018,765
Office	3,134,504	2,665,866
Contribution to PHP (note 16(a))	-	704,915
Salaries and benefits	19,587,753	19,495,633
Salaries and benefits – JCCs & PHP (note 16(a))	18,834,469	15,085,372
UBC Student Bursaries	218,750	7,000
Loss on disposal of tangible capital assets	12,409	-
Loss on sale of investments	414,899	-
	49,297,736	43,845,145
Deficiency of revenue over expenses before the undernoted	(378,398)	(1,778,451)
One-time payment: (note 18)		
Funding	-	193,783
Expense	-	(193,783)
	-	-
Deficiency of revenue over expenses	\$ (378,398)	\$ (1,778,451)

See accompanying notes to financial statements.

ASSOCIATION OF DOCTORS OF BC

Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Internally Restricted (note 2)					Total	Investment in long-lived assets	Unrestricted	2022 Total	2021 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	\$ 7,674,863	\$ 17,900,798	\$ 35,487,568	\$ 37,266,019
Excess (deficiency) of revenue over expenses	-	-	-	-	-	-	(1,545,080)	1,166,682	(378,398)	(1,778,451)
Net change in investment in tangible capital and intangible assets	-	-	-	-	-	-	1,023,034	(1,023,034)	-	-
Net assets, end of year	\$ 200,000	\$ 2,500,000	\$ 4,000,000	\$ 1,000,000	\$ 2,211,907	\$ 9,911,907	\$ 7,152,817	\$ 18,044,446	\$ 35,109,170	\$ 35,487,568

(Restated - note 1(g))

See accompanying notes to financial statements.

ASSOCIATION OF DOCTORS OF BC

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		(Restated – note 1(g))
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (378,398)	\$ (1,778,451)
Items not involving cash:		
Amortization	1,532,671	1,398,168
Loss (gain) on disposal of tangible capital assets	12,409	(11,856)
Amortization of bond premium included in investments	(276,427)	(13,940)
Change in accrued interest included in investments	14,341	(215,026)
Loss (gain) on sale of investments	414,899	(312,620)
	1,319,495	(933,725)
Changes in non-cash operating working capital:		
Accounts receivable	(3,266,248)	(36,063)
Prepaid expenses	(125,335)	135,851
Accounts payable and accrued liabilities	(6,635,087)	8,453,614
Deferred revenues	87,449	52,966
Prepaid membership dues	2,677,454	(879,683)
Group life insurance accounts	(351,738)	(594,394)
Deferred contributions	2,034,080	(85,887)
	(4,259,930)	6,112,679
Investments:		
Purchase of investments	(12,828,065)	(7,585,003)
Proceeds from sale of investments	5,985,101	6,481,587
Proceeds from maturity of investments	1,500,000	890,031
Acquisition of tangible capital assets	(776,136)	(1,826,627)
Acquisition of assets for implementation of software services	(252,200)	(216,380)
Proceeds from sale of tangible capital assets	5,302	16,382
	(6,365,998)	(2,240,010)
Increase (decrease) in cash	(10,625,928)	3,872,669
Cash, beginning of year	19,066,442	15,193,773
Cash, end of year	\$ 8,440,514	\$ 19,066,442

See accompanying notes to financial statements.

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements

Year ended December 31, 2022

Association of Doctors of BC (“Doctors of BC”) is a member-funded not-for-profit organization incorporated 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.

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 15.

(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 tangible capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related tangible 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.

The Association does not recognize contributed goods or services.

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) 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.

Cash is comprised of deposit balances net of outstanding cheques.

(d) 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 fixed income investments, including bonds, term deposits and guaranteed investment certificates ("GICs"), 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.

(e) Tangible capital assets:

Tangible 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, tangible capital assets are componentized when estimates can be made of the useful lives of the separate components. Tangible 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

(f) Intangible assets:

Intangible asset is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the asset's estimated useful life as follows:

Asset	Years
Website	5

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

- (g) Assets for implementation of software service and change in accounting policy:

Effective January 1, 2022, Doctors of BC adopted AcG-20, *Customer's accounting for cloud computing arrangements* ("AcG-20").

Under AcG-20, Doctors of BC has not elected to apply the simplification approach to account for expenditures in a cloud computing arrangement, and has elected to capitalize the expenditures on implementation activities that are directly attributable to preparing the software service for its intended use as an asset. Capitalized expenditures are expensed on a straight-line basis over the expected period of access to the software service of 8 years.

Doctors of BC has elected to adopt AcG-20 retrospectively only to expenditures on implementation activities incurred in a cloud computing arrangement on or after January 1, 2021. Accordingly, as of December 31, 2021, \$204,359 was reclassified from intangible assets to assets for implementation of software service on the statement of financial position. There was no impact to total assets or total net assets as of December 31, 2021 and no impact to deficiency of revenue over expenses for the year ended December 31, 2021 as a result of the adoption of AcG-20.

- (h) Impairment of long-lived assets:

Long-lived assets, including tangible capital assets, intangible assets, and assets for implementation of software service, are assessed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to Doctors of BC's ability to provide services or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, a non-reversible impairment expense is recorded as the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

- (i) 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 13).

- (j) 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.

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

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.

3. Accounts receivable:

As at December 31, 2022, accounts receivable includes allowance for doubtful accounts of \$2,037 (2021 - \$9,770) and amounts due from related parties of \$2,684,425 (2021 - \$1,922,782) (note 16(d)).

4. Short-term investments and investments:

As at December 31, 2022, short-term investments and investments are comprised of the following:

	2022	2021
Cash	\$ -	\$ 17,640
Money market fund	231,728	4,024
Fixed income investments	22,935,395	19,255,308
Barrier notes	6,100,000	4,800,000
	29,267,123	24,076,972
Less: short-term investments	(231,728)	(1,521,663)
	\$ 29,035,395	\$ 22,555,309

Fixed income investments mature between 2024 and 2031 (2021 - between 2022 and 2031).

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

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 for insurance companies selling insurance to members of Doctors of BC. As at December 31, 2022, Agencies had assets of \$68,214 (2021 - \$114,227), liabilities of \$68,163 (2021 - \$114,176) and retained earnings of \$51 (2021 - \$51). For the year ended December 31, 2022, Agencies earned revenue of \$282,559 (2021 - \$334,559), incurred expenses of \$282,559 (2021 - \$334,559), and had net income of nil (2021 - nil), with cash provided by operations of \$10,587 (2021 - cash used in operations of \$16,049).

For the year ended December 31, 2022, included in investment and miscellaneous income is Doctors of BC's share of Agencies' income of nil (2021 - nil).

6. Tangible capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000
Building and building improvements	16,122,894	11,791,441	4,331,453	4,955,289
Furniture and fixtures	2,000,815	1,146,327	854,488	1,026,379
Computer equipment	2,097,406	1,622,849	474,557	374,367
Office equipment	61,296	61,296	-	152
Work-in-progress	35,077	-	35,077	4,730
	\$ 21,317,488	\$ 14,621,913	\$ 6,695,575	\$ 7,360,917

7. Intangible assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Website	\$ 148,859	\$ 69,043	\$ 79,816	\$ 109,587

(Restated – note 1(g))

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Assets for implementation of software service:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Assets for implementation of software service	\$ 468,580	\$ 91,154	\$ 377,426	\$ 204,359

During the year ended December 31, 2022, included in office expense on the statement of operations is licensing fees incurred of \$91,601 (2021 - \$122,569) and amortization of assets for implementation of software service of \$91,154 (2021 - \$12,021).

9. 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:

	2022	2021
Funds held in reserve for Benefits Programs	\$ 1,368,250	\$ 514,938
Other holding accounts	341,903	307,249
	\$ 1,710,153	\$ 822,187

10. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2022 are government remittances payable of \$461,438 (2021 - \$299,034) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

11. 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.

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

12. 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:

	2022	2021
Operating:		
Balance, beginning of year	\$ 1,904,377	\$ 1,796,271
Add net amount received during the year	3,484,617	1,381,110
Less amount recognized as revenue in the year	(1,450,537)	(1,273,004)
Balance, end of year	3,938,457	1,904,377
One-time payment:		
Balance, beginning of year	-	193,993
Add amount received during the year	-	-
Less amount transferred during the year	-	(210)
Less amount recognized as revenue in the year	-	(193,783)
Balance, end of year	-	-
Total balance, end of year	\$ 3,938,457	\$ 1,904,377

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

	2022	2021
Government funded committees	\$ 13,499	\$ 52,923
Family practice services committee	147,458	61,482
Protocol steering committee	71,516	247,349
Shared care and scope of practice committee	33,552	30,836
Specialist services committee	24,770	11,264
Physical / psychological safety initiatives	3,052,370	1,048,837
Joint Standing Committee on Rural Issues ("JSC")	8,631	-
JSC rural funding - Conferences	459,332	313,854
JSC Working Group	57	-
Physician leadership and professional development initiative	127,272	137,832
	\$ 3,938,457	\$ 1,904,377

13. 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, 2021, the PSPP had about 61,700 active members and approximately 12,690 retired members.

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

13. Public Service Pension Plan (continued):

The latest actuarial valuation as of March 31, 2021, 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, 2022, Doctors of BC paid \$2,362,349 (2021 - \$2,048,000) for employer contributions to the PSPP.

14. Commitments:

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

2023	\$ 15,730
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15. Doctors of BC 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, 2022, the HBTF had assets of \$7,278,507 (2021 - \$6,711,089), liabilities of \$1,720,312 (2021 - \$1,639,570) and net assets available for benefits of \$5,558,195 (2021 - \$5,071,519). For the year ended December 31, 2022, the HBTF earned revenue of \$19,066,238 (2021 - \$17,944,733) had expenses of \$18,579,562 (2021 - \$17,331,349), and excess of revenue over expenses of \$486,676 (2021 - \$613,384).

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

16. Related party transactions and balances:

(a) JCCs and PHP:

Doctors of BC administers the FPSC 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 the 2022 Physician Master Agreement ("2022 PMA") effective April 1, 2022. 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 2019 PMA and 2022 PMA. 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.

During the year ended December 31, 2022, Doctors of BC charged \$18,834,469 (2021 - \$14,596,354) to these programs for payroll recovery of Doctors of BC employees working on these programs, and charged management fees of \$3,976,874 (2021 - \$2,210,125) 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.

During the year ended December 31, 2022, Doctors of BC provided funding of nil (2021 - \$704,915) to Physician Health Program to support its delivery of services.

(b) Benefit Programs:

Doctors of BC 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 until March 31, 2022 and as governed by the 2022 PMA effective April 1, 2022. During the year ended December 31, 2022, Doctors of BC charged management fees of \$1,658,000 (2021 - \$1,658,000) to the benefit programs.

(c) Insurance administration fees:

During the year ended December 31, 2022, Doctors of BC charged insurance administration fees of \$1,428,584 (2021 - \$1,326,643) to HBTF and \$271,253 (2021 - \$318,628) to BCMA Agencies.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

16. Related party transactions and balances (continued):

(d) Related party balances:

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

	2022	2021
Agencies (note 5)	\$ 68,163	\$ 114,176
Programs:		
FPSC Collaboratives Program	1,384,445	762,509
Physician Health Program	195,592	152,839
Shared Care Programs	356,503	186,010
Specialist Services Programs	392,924	468,241
HBTF	127,980	114,030
Benefit programs	158,818	124,977
	<u>\$ 2,684,425</u>	<u>\$ 1,922,782</u>

17. Committee costs:

For the year ended December 31, 2022, committee costs includes honoraria paid to Doctors of BC board directors of \$118,989 (2021 - \$82,493).

18. 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 in October 2020, and the third instalment of the remaining funds was paid in September 2021.

19. Financial risks:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, including price risk and interest rate risk. Doctors of BC is exposed to market risk on its short-term investments and investments. The fixed income investments are subject to market risk due to changes in market interest rates. The barrier notes are subject to market risk due to changes in market price of the underlying indices. 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.

ASSOCIATION OF DOCTORS OF BC

Notes to Financial Statements (continued)

Year ended December 31, 2022

19. Financial risks (continued):

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Doctors of BC is exposed to a concentration of credit risk in its cash, short-term investments, and investments. Cash, short-term investments and investments are entirely held at one Canadian chartered bank.

(c) Other financial risks:

Doctors of BC believes that it is not exposed to significant 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 2021.