



2011 Report to Members



A Message from the Chair

BCAA's vision is to become the most trusted organization in British Columbia, absolutely famous for doing the right thing. In 2011, we continued on our strategic course to achieve that vision. And, our strategy is clearly working. Last year, we grew our Membership to the highest level in our history.

Overall, BCAA is a true British Columbian success story. I would like to recognize President & CEO Tim Condon for his work in assembling a highly capable executive team and leading the organization to record results in 2011.

To ensure we continue to develop and execute sound, successful strategies, we need strong management leadership. BCAA is very focused on developing outstanding leaders. Over the past year, the Board of Directors supported the completion of BCAA's first-ever organization-wide leadership continuity plan. Our plan is

designed to develop BCAA's leaders of tomorrow and to ensure our senior officers reach their full potential.

Your BCAA Board of Directors remains

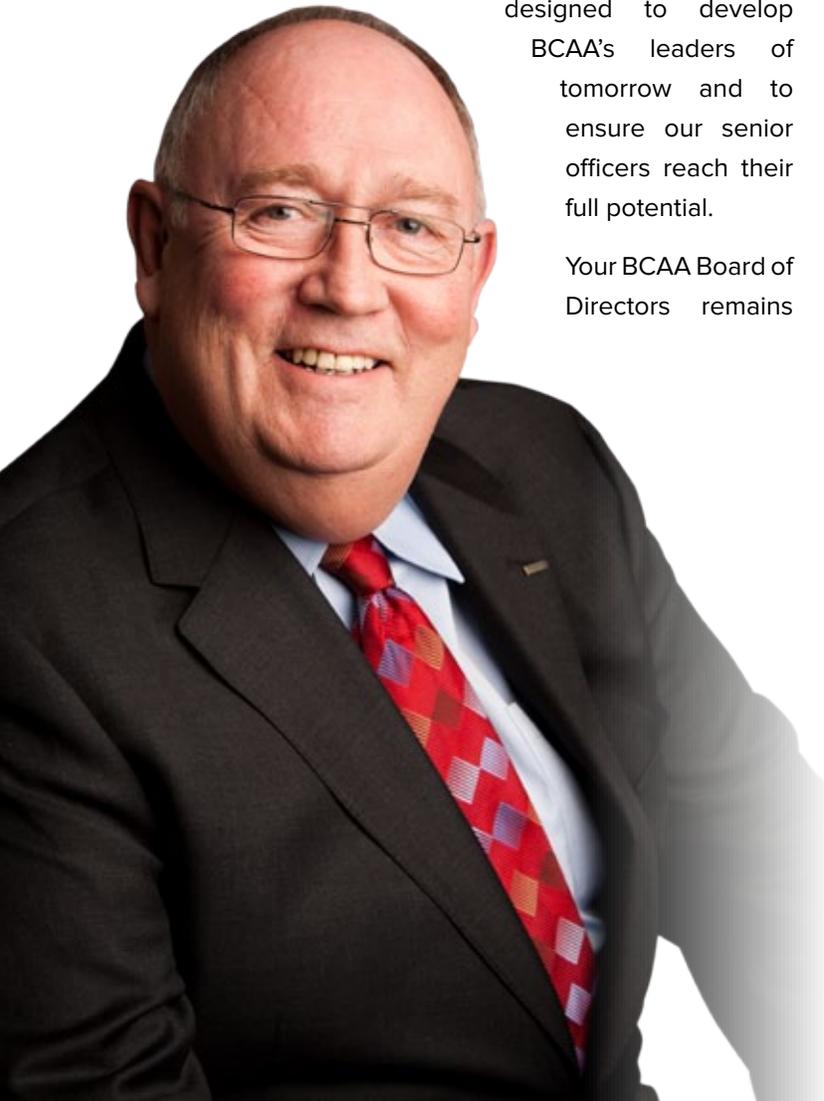
committed to maintaining strong governance practices to serve the best interests of our Members and the entire organization. For example, during the past year, we reduced the size of our board by two, following the retirement of two long-serving directors. The smaller board allows each director to become more actively involved and make an even bigger impact while reducing our costs. We also restructured our board meetings to ensure we spend the majority of time on our core priorities of strategy oversight, leadership development, financial monitoring, governance and risk management.

In 2011, the board took additional steps to enhance our conservative risk management practices. Firstly, we engaged in a strategic risk dialogue that set context for management regarding the types of risks that we're willing to take to build an even better BCAA. Secondly, we approved a reallocation of BCAA's investments to fit our conservative risk profile and position us for smart growth in the future.

The BCAA Board of Directors has every confidence in our direction and our team's ability to execute our plan effectively. We look forward to serving BCAA Members and stakeholders in 2012 and to continuing to guide the organization towards a future that is both exciting and secure.



Vern Slaney
Chair



A Message from the President & CEO

2011 was one of the best years in BCAA's 106-year history. Despite the economic headwinds, we achieved record highs in Membership, Revenue and Net Income After Tax in 2011.

I must say, we were thrilled to exceed 800,000 Members for the first time in our history! You see, our Members "vote with their dollars". If we're delivering value and a compelling experience, we attract more Members who buy more services from us. Last year, I'm pleased to say we had more Members "voting" more often than ever before. Thank you for your business.

At BCAA, we are driven to always offer superior value. So, despite rising fuel costs, we did not increase the price of a BCAA Membership. In fact, we have not increased prices for our Basic Membership since 2008.

Last year, we did even more to ensure every interaction with BCAA is an experience you will appreciate and remember. For example, we upgraded BCAA.com, making our website more friendly, helpful and easier to use. We also introduced a smartphone application, providing mobile options for roadside assistance, planning a road trip or accessing Member savings from our Show Your Card & Save partners.

It was the combined efforts of BCAA's extraordinary team that enabled us to improve our service and achieve record results in 2011. We recognize and appreciate the contributions that each employee makes to BCAA's success.

For the fifth time in six years, BCAA was recognized as

one of the "50 Best Employers in Canada". We were honoured to receive this recognition. And, we're continuing to invest to help our employees grow personally and professionally. Last year, we spent over \$1 million on training and development for our people.

I'm extremely proud of our team, not only for their commitment to you – our Members – but also for their commitment to the communities in which they live and serve. Again this year, our employees significantly increased their contributions to the United Way, earning BCAA the United Way's 2011 Quantum Leap Donors Award for large organizations.

Our commitment to our communities also motivated our award-winning advocacy activities. The BCAA Dry Grad Video Challenge won national accolades, and our first-ever Worst Roads campaign generated unprecedented media coverage, shining the spotlight on those roads across our province that Members feel are most in need of repair.

We have a long way to go, but we reduced our carbon footprint again in 2011. So, while we're getting bigger, our impact on the environment is getting smaller. In fact, our carbon footprint is now 23% lower than it was in 2007.

Looking ahead, BCAA remains steadfast in its commitment to providing an amazing Member experience. In addition to doing more of what we have done in the past – and doing it better – we have a series of exciting initiatives planned. Things like testing a next-generation location design that will be more welcoming and convenient for you.

Powered by our extraordinary team of caring professionals, I am confident that we will keep building an even better BCAA in 2012 and beyond. You can count on us to be trustworthy, friendly and helpful.



Tim Condon
President & CEO



BCAA Board of Directors



*Back row left to right: Shom Sen, Jack Whittaker, Leonard Zirnhelt, Bill Heidt, Bob Smith, Peter Armstrong, Tazeem Nathoo, Glenn Sutherland
Front row left to right: Roger Barnsley, Susan Steeves, Vern Slaney, Tim Condon*

BCAA Executive Team



*Back row left to right: Colin MacKinnon, Ken Ontko, Greg Oyhenart
Front row left to right: John Allen, Tim Condon, Heidi Worthington*



Michele Regehr
BCAA Member

BCAA is in the business of being there... ...when our Members need us most.

“There were so many things that were taken that were irreplaceable,” shared Michele Regehr, BCAA Member since 1998, upon discovering that her home had been burglarized. “My son arrived home and realized the doors were open... when we called the police we confirmed that we had had a house robbery,” she said. In dealing with the trauma and stress of a burglary, Michele remembers the service she received from BCAA when she called to report the claim. “We placed our first phone call and the response time was almost immediate,” she said. “BCAA was so **knowledgeable**, so **helpful**... and we were so grateful for the assistance we received.”

BCAA makes an impact on people’s lives by helping Members like Michele and her family recover from unexpected emergencies. Not only do over 92% of existing policy holders renew their home insurance coverage with BCAA each year, but we also actively seek and implement our Members’ feedback so that we can continually improve our service and welcome back more returning Members each year.

More than one out of every five BCAA Member households are protected by a BCAA Home Insurance policy. BCAA Members can save 5 – 15% on their home insurance.

Visit www.bcaa.com/homeinsurance for details.



Lorna Kozak
BCAA Employee

BCAA is a team of caring professionals.

“I **welcome** each Member like they are coming into my own home,” shared BCAA employee Lorna Kozak. In her role as a Membership & Auto Insurance Advisor, she creates amazing experiences for Members at the Sales Centre by providing them with the best auto and travel insurance options and ensuring they get all the benefits their BCAA Membership has to offer. “Recently, one of our Members came into the Sales Centre wanting to renew her Travel Gold insurance,” said Lorna. “Cost was a big thing on her mind. I ended up saving her about \$150 and renewed her plan according to her needs. She was thrilled!”

Whether they work at a Sales Centre, Customer Contact Centre, on the roadside or behind the scenes, BCAA employees work as one team with one goal in mind – to make sure each Member has an amazing experience. To ensure that BCAA employees continue to create amazing Member experiences and achieve their career goals, BCAA invested over \$1 million in employee training programs during our 2011 fiscal year.

800,086 Number of BCAA Members that our employees serve – that’s approximately one in four B.C. households and the most Members we’ve ever had in our 106-year history.

Visit www.bcaa.com/membership for details about Member savings and benefits.



BCAA is about creating more than financial value.

At BCAA we're committed to our Members but we're also committed to the communities in which we live and serve. In our 2011 fiscal year, we continued our commitment to advocacy, community impact and environmental sustainability.

Making B.C.'s roads safer.

From reducing impaired driving and distracted driving to addressing the condition of the roads on which we drive our vehicles and ride our bikes, BCAA continuously advocated for safer roads and highways in B.C.

BCAA's Worst Roads Campaign

Poor road conditions – pot holes, crumbling asphalt and traffic congestion – can cause costly wear and tear on vehicles. They're also unsafe – for motorists, cyclists and pedestrians – and bad for the environment.

BCAA's first ever "Worst Roads" campaign gave Members a platform to speak out about the roads in their communities that were most in need of repair. The campaign generated thousands of Member votes, unprecedented media coverage and helped bring wider attention to what BCAA Members feel are B.C.'s "Worst Roads".

BCAA's Dry Grad Video Challenge

During the month of June – grad season for the majority of high school students – the number of alcohol-related collisions is at its highest.

To help build awareness amongst teens about the dangers of driving under the influence, BCAA launched the Dry Grad Video Challenge – an opportunity for grade 12 students to create a video message that speaks out against impaired driving and encourages their peers to make responsible choices.

50 student groups from across B.C. and the Yukon created videos and submitted them for a chance to win up to \$4,000 for their school's dry grad celebrations. After thousands of votes, YouTube views and Facebook likes, these powerful video messages against impaired driving have been seen, discussed and raised awareness amongst teens.

BCAA's Dry Grad Video Challenge received the Silver Award of Excellence for Advocacy & Social Marketing in 2011 from the Canadian Public Relations Society.

Visit www.bcaa.com/drygrad to watch the winning videos.

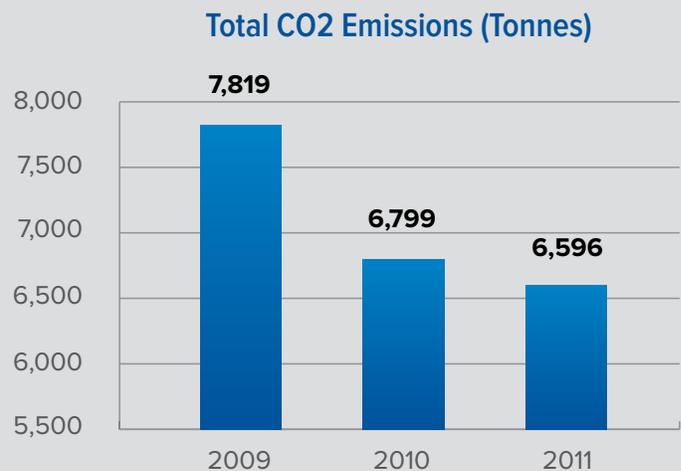


Making an impact in B.C. communities.

BCAA was proud to receive the 2011 Quantum Leap Donors Award from the United Way of the Lower Mainland. The Award is presented to a large organization in the Lower Mainland that achieves an extraordinary or quantum increase in its participation in the United Way campaign. Overall, BCAA increased employee participation in the United Way campaign by 122% - meaning even more of our employees took an active role in giving back to the communities in which they live and serve our Members.

Creating a more sustainable future.

On the road, in our Sales Centres and at our home office, we're committed to growing sustainably and reducing our carbon footprint (greenhouse gas emissions). Even though we're growing, we reduced our carbon footprint by 3% in our fiscal 2011 year.



**Robbie Drake
and her daughter**
BCAA Member



BCAA brings peace of mind to our Members.

Having a vehicle break down while driving can be dangerous but during a snowstorm, it can be even worse. “I was driving in Vancouver when it started to snow,” shared Robbie Drake, BCAA Member since 2004. “I noticed that my truck was acting up so I started to head home. But, my truck died and I could not get it started. It was snowing heavily at this point so I made a phone call to BCAA.” The BCAA tow truck driver arrived on the scene quickly and towed Robbie and her daughter safely home. “It was a big thing to have that **peace of mind**... to know in that moment, I knew who I could call,” remembers Robbie.

In our 2011 fiscal year, BCAA’s Road Assist service responded to over 428,000 emergency road assist calls in B.C. and the Yukon – rescuing Members stranded on the roadside by towing them home or to a repair shop, replacing a battery or making a mechanical fix to get their vehicle going again – and giving Members like Robbie peace of mind that BCAA is here when you need us.

**After an experience with BCAA’s Road Assist service,
Members would recommend BCAA to friends and family 9 times out of 10.**

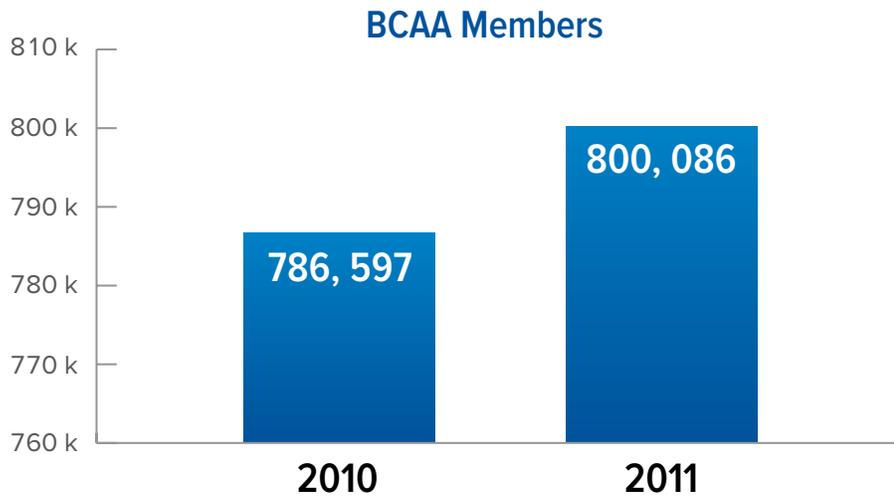
Chris Miranda
BCAA Employee

BCAA employees value teamwork, integrity and sustainability.

As an Insurance claims adjuster, BCAA employee Chris Miranda knows that gathering all the details in the event of a claim is important but he also takes the time to look at things from the Member's perspective. "Whenever I'm speaking with someone, I always try to put myself in their shoes," said Chris. "If I were making an insurance claim, I would want the person on the other end of the phone to be as **helpful** and **compassionate** as possible. Working with Members on their insurance claim is more than just a job," shared Chris. "It's really helping people in their time of need."

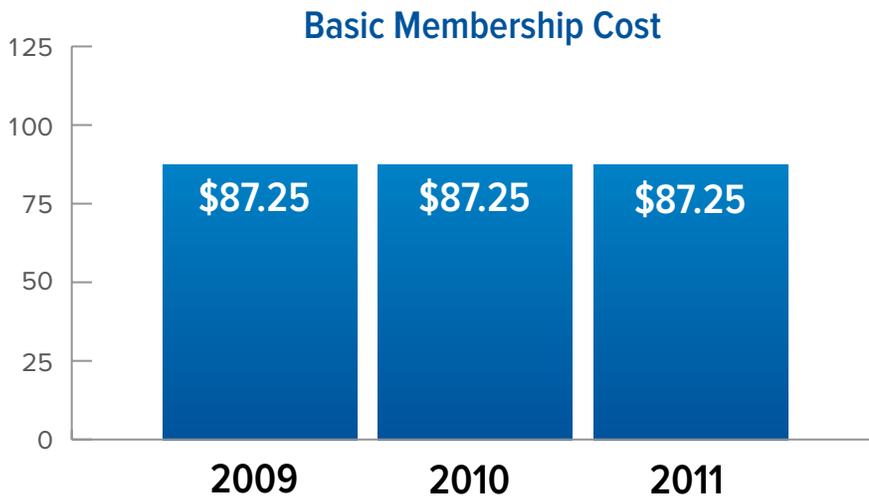
Providing a great place to work for employees who value teamwork, integrity and sustainability helped earn BCAA a place on Canada's 50 Best Employers List for the fifth time in six years.





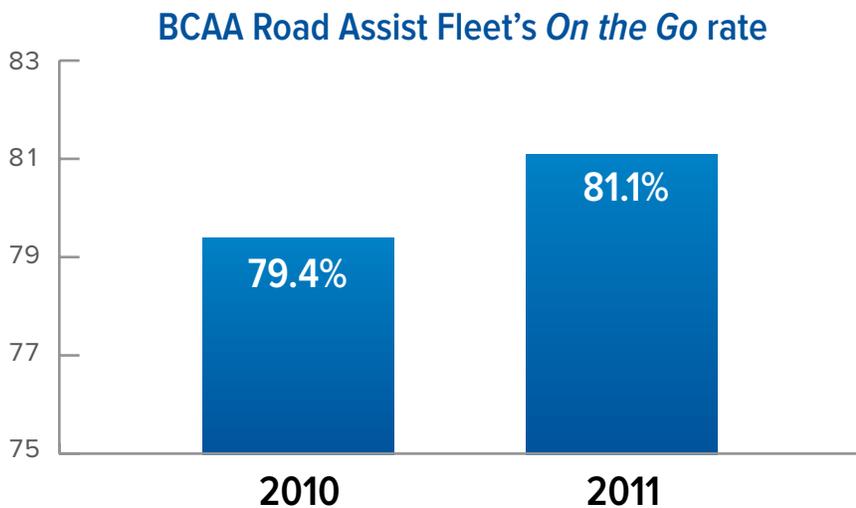
Growing to remain strong

BCAA employees serve 800,086 Members – that’s the most Members ever in BCAA’s 106-year history.



Maintaining value

BCAA has not increased the cost of a Basic Membership in the past three years.



Amazing Member Experiences

BCAA’s Road Assist fleet drivers are able to get Members on the go without a tow just over 80% of the time. BCAA’s fleet has the highest On the Go rate amongst all CAA and AAA clubs in North America.

Management's Report

Management is responsible for preparing the accompanying summarized consolidated financial statements and is responsible for their integrity and objectivity. The financial statements are prepared on a summarized basis in order to comply with various statutory obligations. The basis of presentation adopted is not in conformity with Canadian generally accepted accounting principles in that the financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. The basis of presentation is considered by management to be most appropriate for the broad communication of financial information to the Members but readers are cautioned that these statements may not be appropriate for their specific purposes.

Complete consolidated financial statements will be provided to any member upon request.



Timothy J. Condon
President & CEO



Colin G. MacKinnon
Senior Vice President & CFO

Independent Auditor's Report

To the Members of British Columbia Automobile Association

The accompanying summarized consolidated financial statements, which comprise the summarized consolidated balance sheet as at September 30, 2011, the summarized consolidated statements of income, changes in net assets and cash flows are derived from the audited consolidated financial statements of British Columbia Automobile Association for the year ended September 30, 2011. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated December 9, 2011.

The summarized consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Reading the summarized financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of British Columbia Automobile Association.

Management's Responsibility for the Summarized Consolidated Financial Statements

Management is responsible for the preparation of the summarized consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summarized consolidated financial statements derived from the audited consolidated financial statements of British Columbia Automobile Association for the year ended September 30, 2011 are a fair summary of those financial statements.



Chartered Accountants

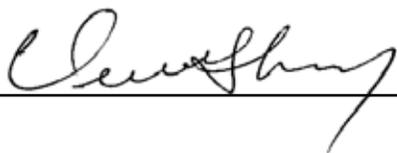
Vancouver, Canada
December 9, 2011

Summarized Consolidated Balance Sheet

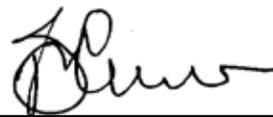
September 30, 2011 (\$000's)

	2011	2010
Assets		
Cash and temporary investments	\$ 37,304	\$ 22,973
Investments (fair value)	98,443	92,643
Accounts receivable	29,159	28,619
Income taxes recoverable	673	349
Inventory	416	693
Deposits and prepaid expenses	2,088	3,627
Deferred policy acquisition costs	2,841	2,452
Unearned premiums recoverable from reinsurers	37,890	34,907
Unpaid claims and adjustment expenses recoverable from reinsurers	22,832	19,942
Future income tax asset	3,386	5,000
Property and equipment	19,208	20,861
Intangible assets	8,776	8,959
	\$ 263,016	\$ 241,025
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 36,311	\$ 28,716
Member credits	3,603	4,442
Unearned membership and other fees	28,425	27,642
Unearned insurance premiums	59,054	54,451
Unearned insurance commissions and other revenues	12,069	10,776
Unpaid claims and adjustment expenses	32,359	28,419
Accrued benefit liability	3,497	5,452
Future income tax liability	57	443
	175,375	160,341
Net assets:		
Accumulated surplus	86,986	75,471
Accumulated other comprehensive income	655	5,213
	87,641	80,684
	\$ 263,016	\$ 241,025

Approved by the Board:



Director



Director

Summarized Consolidated Statement of Operations

Year ended September 30, 2011 (\$000's)

	2011	2010
Operating revenues:		
Membership fees	\$ 56,655	\$ 55,923
Insurance agency	35,724	32,805
Insurance premiums earned	29,422	25,462
Other income	6,416	6,206
	<u>128,217</u>	<u>120,396</u>
Operating expenses:		
Membership services	47,580	45,152
General and administrative	29,417	27,965
Insurance agency	27,732	25,524
Property operations	11,977	11,762
Insurance claims and adjustment expenses	18,128	16,065
Insurance commissions, premium taxes and other direct costs	5,036	4,612
Insurance commissions from reinsurers	(20,736)	(18,430)
Other	3,165	3,630
	<u>122,299</u>	<u>116,280</u>
Income from continuing operations before investment income, and taxes	5,918	4,116
Investment income and other		
Investment income	8,007	3,822
Impairment of available for sale investments	-	(4,093)
	<u>8,007</u>	<u>(271)</u>
Income from continuing operations before taxes	13,925	3,845
Income tax expense (recovery):		
Current	752	549
Future	1,591	(377)
	<u>2,343</u>	<u>172</u>
Net income from continuing operations	11,582	3,673
Loss from discontinued travel operations	-	2,191
Net income	<u>\$ 11,582</u>	<u>\$ 1,482</u>

Summarized Consolidated Statement of Comprehensive Income

Year ended September 30, 2011 (\$000's)

	2011	2010
Net income	\$ 11,582	\$ 1,482
Unrealized (losses) gains on available for sale investments		
(Decrease) increase during the year	(1,043)	3,341
Income tax (recovery) expense	(109)	560
	(934)	2,781
Gains (losses) reclassified to income		
From available for sale investments	4,225	694
Impairment of available for sale investments	-	(4,093)
Income tax expense (recovery)	601	(310)
	3,624	(3,089)
Other comprehensive (loss) income	(4,558)	5,870
Comprehensive income	\$ 7,024	\$ 7,352

Summarized Consolidated Statement of Changes in Net Assets

Year ended September 30, 2011 (\$000's)

	Accumulated surplus	Accumulated other comprehensive income	2011 Total	2010 Total
Net assets, beginning of year	\$ 75,471	\$ 5,213	\$ 80,684	\$ 73,258
Net income	11,582	-	11,582	1,482
Other comprehensive (loss) income	-	(4,558)	(4,558)	5,870
Refundable taxes recovered	897	-	897	579
Refundable taxes on investment income	(964)	-	(964)	(505)
Net assets, end of year	\$ 86,986	\$ 655	\$ 87,641	\$ 80,684

Summarized Consolidated Statement of Cash Flows

Year ended September 30, 2011 (\$000's)

	2011	2010
Cash flows from operating activities:		
Income from continuing operations	\$ 11,582	\$ 3,673
Adjustments for:		
Amortization – bond premium/discounts	175	109
Amortization – property and equipment	3,661	3,754
Amortization – intangible assets	1,741	2,143
Loss (gain) on sale of property and equipment	48	(122)
Gain on sale of investments	(4,225)	(694)
Write-down of intangible assets	-	77
Impairment of available for sale investments	-	4,093
Income taxes on fair value gains on investments	346	(300)
Future income taxes	1,591	(377)
Changes in non-cash operating accounts	10,110	4,423
	<u>25,029</u>	<u>16,779</u>
Cash flows from discontinued operations:		
Loss from discontinued operations	-	(2,191)
Loss on sale of property and equipment	-	80
	<u>-</u>	<u>(2,111)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	109,707	60,055
Proceeds from sale of property and equipment	184	187
Proceeds from sale of discontinued operations assets	-	25
Purchase of investments	(116,724)	(73,231)
Purchase of property and equipment	(2,240)	(3,245)
Purchase of intangible assets	(1,558)	(1,706)
Refundable taxes, net	(67)	74
	<u>(10,698)</u>	<u>(17,841)</u>
Increase (decrease) in cash and temporary investments	14,331	(3,173)
Cash and temporary investments, beginning of year	22,973	26,146
Cash and temporary investments, end of year	<u>\$ 37,304</u>	<u>\$ 22,973</u>