Return Address:

Toronto Transit Commission
Pension Fund Society
1900 Yonge Street - 3rd Floor
Toronto, Ontario
M4S 1Z2

TORONTO TRANSIT COMMISSION
SICK BENEFIT ASSOCIATION

(incorporated under the laws of the Province of Ontario)

Statement of Operations

Year ended December 31, 2009 with comparative figures for 2008

	2009	2008
REVENUE		
Contributions from the Toronto Transit Commission (note 4)	$21,921,274	$22,060,235
Interest income	5,521	43,171
Total Revenue	$21,926,795	$22,103,406
EXPENSES		
Sick benefit claims	$21,926,795	$22,103,406
Total Expenses	$21,926,795	$22,103,406
Net Surplus for the year	-	-
Accumulated Surplus, beginning of year	$ 92,132	$ 92,132
Accumulated Surplus, end of year	$ 92,132	$ 92,132

Notes to financial statements

1) **Nature of Operations**
The Sick Benefit Association (the "Association") was incorporated in Ontario by Letters Patent dated December 29, 1960. The Association was established to pay benefits to eligible Members of the Association unable to work due to illness or disability, as defined in the By-Laws. The Toronto Transit Commission (the "Commission") contributes funds to the Association for the payment of benefits and is directly responsible for the payment of all administrative expenses incurred by the Association.

2) **Tax Status**
The Association is an employee mutual benefit society and as such is exempt from income tax under the *Income Tax Act* (Canada)."

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

4) **Revenue Recognition**
Contributions from the Commission are recognized as revenue when the benefits are accrued by eligible members.

5) **Financial Instruments**
The main categories of financial instruments held by the Association are cash, other receivables, accounts payable and accrued liabilities and the provision for outstanding claims payable. Due to their short-term nature, the fair values of these financial assets and liabilities approximate their recorded carrying values.

6) **Cash**
Cash consists of funds on deposit with a chartered bank, which are accessible at any time and are unrestricted.

7) **Accounts Receivable**
Accounts receivable are recorded net of an allowance for uncollectible accounts.

8) **Amount due to the Toronto Transit Commission**
The amount due to the Toronto Transit Commission is non-interest bearing and due on demand.

9) **Provision for outstanding claims**
The Association recognizes claims expenses as incurred and has recorded an estimate of claims paid after the year-end for absences occurring prior to year-end. As most claims are submitted shortly after the related absence, management derives this estimate by analyzing actual claims paid after year-end and estimating an amount for very late claims based on historical experience.

10) **Statement of Cash Flows**
A statement of cash flows has not been presented as the related information is readily apparent from the other financial statements.

TORONTO TRANSIT COMMISSION
SICK BENEFIT ASSOCIATION
(incorporated under the laws of the Province of Ontario)

Statement of Financial Position

As at December 31, 2009, with comparative figures for 2008

	2009	2008
ASSETS		
Current Assets		
Cash (note 6)	$1,833,326	$1,536,549
Accounts receivable (note 7)	41,321	23,739
Total Assets	$1,874,647	$1,560,288
LIABILITIES AND ACCUMULATED SURPLUS		
Current Liabilities		
Amount due to the Toronto Transit Commission (note 8)	$728,030	$614,304
Accounts payable and accrued liabilities	754,485	473,852
Provision for outstanding claims (note 9)	300,000	380,000
Total liabilities	$1,782,515	$1,468,156
Accumulated Surplus	$92,132	$92,132
Total Liabilities and Accumulated Surplus	$1,874,647	$1,560,288

See accompanying notes to financial statements.

On behalf of the Board:

S.S. Blakey
Director

J.D. Cannell
Director

TORONTO TRANSIT COMMISSION
SICK BENEFIT ASSOCIATION
SIXTY-FOURTH ANNUAL REPORT - YEAR OF 2009

Board of Directors:

S.S. Blakey - President
B. Kinnear - Vice-President
J.D. Cannell - Treasurer
M. Sforza
K. Watson
F. Grimaldi
S. Gordon
M. Guerra

J.A. Iorio - Secretary

To the Members of the Toronto Transit Commission Sick Benefit Association

Your Board of Directors is pleased to report to you on the affairs of the Association for the fiscal year ended December 31, 2009. This is the Sixty-Fourth Annual Report and the Forty-Ninth Annual General Meeting since the Association was incorporated in 1960.

Items of Special Note

Since the last Annual General Meeting, Messrs. K. Morton, P. Callaghan and P. Prosser resigned from the Board of Directors, effective December 31, 2009. Messrs. M. Sforza, F. Grimaldi and S. Gordon were appointed January 29, 2010 to fill the resultant vacancies.

By-Law Amendments

Since the last Annual General Meeting, the following By-law was amended and approved by the Board of Directors.

By-law 1 Section 10

Membership

At the beginning of 2009, membership for those eligible for sick benefits totaled 9,415. By the end of the year, membership had increased to 9,905.

Benefits and Claims

Benefit claims expenses were approximately $22,000,000 in 2009 compared to $22,100,000 in 2008. A total of 129,973 sick days were paid during 2009, compared to 134,707 in 2008 or decrease of 4,734 days from 2008.

The average cost to the Commission for providing Sick Benefit Association benefits was approximately $190 per Member per month in 2009, as compared to the average cost of approximately $200 per Member per month in 2008.

During 2009, Members appealed a total of 110 claims to the Board.

Acknowledgements

The Board of Directors appreciates the co-operation and support of the Members and the Commission during the year of 2009.

S.S. Blakey – President

AUDITORS' REPORT

To the Members of the
Toronto Transit Commission Sick Benefit Association

We have audited the statement of financial position of **Toronto Transit Commission Sick Benefit Association** as at December 31, 2009 and the statement of operations for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
April 14, 2010.

TORONTO TRANSIT COMMISSION SICK BENEFIT ASSOCIATION

Notice #2

Whereas the accounting firm of Ernst and Young LLP performed the accounting duties for the recently bankrupt Lehman Brothers, I move or cause to be moved the following Notice of Motion:

A committee shall be constituted involving three (3) regular members of the TTC Pension Fund Society and three (3) associate members of the TTC Pension Fund Society for the purpose of searching for another accounting firm to replace the firm of Ernst and Young LLP in their accounting duties for the TTC Pension Fund Society. The committee will file a report of their findings to the Pension Fund no later than April 1, 2011 and that report will be published in the June 2011 Newsletter.

T. BRumwell
#52955
Robert Breedon
56253

Comment: Due to the results of a tender for auditors, PricewaterhouseCoopers LLP., will be the recommended auditor for 2010, subject to Member and Board approval.

Notice #3

Notice of Motion.

I move or cause to be moved that:

If it is determined that the Bylaws of the TTC Pension Fund Society should be amended in order to change the structure of the TTC Pension Fund Soceity to become a Joint Sponsored Pension Plan (JSPP), the Bylaw amendment(s) must be approved by a vote of the entire membership, including regular members and associate members through a referendum vote.

Moved by Tim BRUMWELL #52955
Seconded by Anthony James 50965
Seconded by Barry Allen #1627

Comment: Motions that are ambiguous, unclear or inconsistent with other Bylaws and the Corporations Act are improper and may be ruled out of order by the Chair at the AGM.

Please be advised that no Bylaw amendment so passed shall be effective unless and until sanctioned by the Commission. In accordance with the Bylaws only Regular Members are eligible to vote at these meetings. Please bring your employee transportation pass for identification as voting cards will be distributed.