

**Canadian Institute of Actuaries**  
**Financial Statements**  
For the year ended March 31, 2016

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## Independent Auditor's Report

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To the members of the  
Canadian Institute of Actuaries

We have audited the accompanying financial statements of the Canadian Institute of Actuaries, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Institute of Actuaries as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
June 27, 2016

## Canadian Institute of Actuaries Statement of Financial Position

March 31	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 2,511,782	\$ 2,685,224
Accounts receivable	20,969	9,199
Prepaid expenses	264,274	297,683
Investments (Note 2)	431,519	417,689
	3,228,544	3,409,795
Investments (Note 2)	4,067,150	4,118,466
Tangible and intangible capital assets (Note 3)	492,617	377,858
	<b>\$ 7,788,311</b>	<b>\$ 7,906,119</b>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 671,129	\$ 691,277
Deferred revenue (Note 5)	1,284,632	1,137,931
	1,955,761	1,829,208
Contractual obligations (Note 6)		
<b>Net Assets</b>		
Invested in tangible and intangible capital assets	492,617	377,858
Internally restricted - Discipline Tribunals (Note 7)	536,280	-
Internally restricted - Research (Note 7)	369,974	208,911
Unrestricted	4,433,679	5,490,142
	5,832,550	6,076,911
	<b>\$ 7,788,311</b>	<b>\$ 7,906,119</b>

On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Canadian Institute of Actuaries  
Statement of Changes in Net Assets**

For the year ended March 31

2016

2015

	Invested in tangible and intangible capital assets	Internally restricted - Discipline Tribunals	Internally restricted - Research	Unrestricted	Total	Total
Balance, beginning of the year	\$ 377,858	\$ -	\$ 208,911	\$ 5,490,142	\$ 6,076,911	\$ 5,513,730
Excess (deficiency) of revenues over expenses	-	(213,720)	(261,262)	230,621	(244,361)	563,181
Purchase of tangible and intangible capital assets	206,434	-	-	(206,434)	-	-
Amortization of tangible and intangible capital assets	(91,675)	-	-	91,675	-	-
Internal restrictions (Note 7)	-	750,000	422,325	(1,172,325)	-	-
<b>Balance, end of the year</b>	<b>\$ 492,617</b>	<b>\$ 536,280</b>	<b>\$ 369,974</b>	<b>\$ 4,433,679</b>	<b>\$ 5,832,550</b>	<b>\$ 6,076,911</b>

## Canadian Institute of Actuaries Statement of Operations

For the year ended March 31	2016	2015
<b>Revenues</b>		
Membership dues	\$ 4,528,107	\$ 4,248,188
General meetings and seminars	1,664,805	1,415,872
Change in fair value of investments	(204,265)	202,376
Investment income	191,716	174,415
Advertising	56,606	66,758
Miscellaneous	17,283	12,301
Gain on disposal of tangible capital assets	100	100
	<b>6,254,352</b>	<b>6,120,010</b>
<b>Expenses</b>		
General meetings and seminars	1,099,093	805,497
Salaries and staff benefits	2,551,573	2,262,858
Rent and operating expense	314,289	325,633
Professional fees (Schedule 1)	892,054	804,349
Travel reimbursements, meeting expenses and volunteer awards (Schedule 2)	499,699	419,984
Translation	128,311	136,966
Publishing - general printing	23,176	4,916
Supplies and services (Schedule 3)	178,375	177,380
Staff travel	146,055	145,083
Staffing	75,803	112,004
Miscellaneous and bank charges	119,008	105,389
Foreign exchange loss (gain)	(3,705)	809
Research studies and surveys (Note 7)	261,262	255,961
Discipline tribunals (Note 7)	213,720	-
	<b>6,498,713</b>	<b>5,556,829</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (244,361)</b>	<b>\$ 563,181</b>

## Canadian Institute of Actuaries Statement of Cash Flows

For the year ended March 31	2016	2015
<b>Cash flows from operating activities</b>		
Cash receipts from members	\$ 6,401,732	\$ 5,975,771
Cash paid to suppliers and employees	(6,393,777)	(5,336,286)
Investment income received	191,716	166,303
	<b>199,671</b>	<b>805,788</b>
<b>Cash flows from investing activities</b>		
Acquisition of tangible and intangible capital assets	(206,434)	(229,206)
Proceeds on disposal of tangible capital assets	100	100
Purchase of investments	(166,779)	(140,427)
	<b>(373,113)</b>	<b>(369,533)</b>
<b>Net (decrease) increase in cash</b>	<b>(173,442)</b>	<b>436,255</b>
Cash, beginning of the year	<b>2,685,224</b>	<b>2,248,969</b>
<b>Cash, end of the year</b>	<b>\$ 2,511,782</b>	<b>\$ 2,685,224</b>

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# Canadian Institute of Actuaries

## Notes to Financial Statements

March 31, 2016

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### 1. Accounting Policies

<b>Purpose of Organization</b>	The Canadian Institute of Actuaries (the "Institute") was incorporated by an Act of Parliament of Canada on March 18, 1965. The Institute is the national organization of the actuarial profession in Canada. Member driven, the Institute is dedicated to serving the public through the provision, by the profession, of actuarial services and advice of the highest quality. The Institute promotes the advancement of actuarial science through research, sponsors programs for the education and qualification of members and prospective members, ensures that actuarial services provided by its members meet extremely high professional standards, is self-regulating and enforces a Code of Conduct, and is an advocate for the profession with governments and the public in the development of public policy. The Institute is a not-for-profit organization under the Income Tax Act and as such is exempt from income taxes.
<b>Basis of Accounting</b>	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
<b>Revenue Recognition</b>	<p>Revenue from meetings and seminars is recognized when the event takes place.</p> <p>Membership dues are recognized as revenue proportionately over the year to which they relate. Membership dues cover three, six, nine and twelve-month periods ending May 31. Deferred membership fees consist of a two-month portion of the 2015-2016 membership fees and amounts received as prepayment for the 2016-2017 membership dues.</p> <p>Investment income is recognized as earned.</p>
<b>Financial Instruments</b>	<p><b><u>Measurement</u></b></p> <p>The Institute initially measures its financial assets and liabilities at fair value. The Institute subsequently measures all its financial assets and liabilities at amortized cost, except for short-term and long-term investments which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.</p> <p>Financial instruments measured at amortized cost are cash, accounts receivable and accounts payable and accrued liabilities.</p>



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# Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2016

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## 1. Accounting Policies (continued)

### Financial Instruments (continued)

#### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

#### Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations of the appropriate fund in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations of the appropriate fund over the life of the instrument using the straight-line method.

### Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization is calculated monthly from the period in which the asset is purchased, using the straight-line method as follows:

Computer equipment	3 years
Furniture and office equipment	5 years
Leasehold improvements	lease terms

### Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Amortization is calculated monthly from the period in which the asset is purchased, using the straight-line method as follows:

Computer software	3 years
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### Impairment of Tangible and Intangible Capital Assets

When a tangible or intangible capital asset no longer has any long-term service potential to the Institute, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

### Foreign Currency Translation

Monetary assets and liabilities which are denominated in foreign currencies are translated in Canadian dollars using the exchange rate in effect at the year end date. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and the liabilities were incurred. Revenues and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting foreign exchange gains or losses are included in statement of operations.

## Canadian Institute of Actuaries Notes to Financial Statements

**March 31, 2016**

### 2. Investments

As at March 31, the Institute's investments consist of the following:

	2016	2015
<b>Deposits</b>		
Cash	\$ 21,743	\$ 42,841
Treasury bills	409,776	374,848
	\$ 431,519	\$ 417,689
<b>Bonds</b>		
Provinces of Canada	\$ 1,103,663	\$ 1,122,826
Corporate	1,603,385	1,589,660
	2,707,048	2,712,486
<b>Index Units</b>		
TSX 60 Index Fund	1,360,102	1,405,980
	\$ 4,067,150	\$ 4,118,466

### 3. Tangible and Intangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 568,382	\$ 186,401	\$ 469,925	\$ 229,218
Furniture and office equipment	145,770	120,606	207,559	172,424
Leasehold improvements	159,492	74,020	159,492	57,476
	\$ 873,644	\$ 381,027	\$ 836,976	\$ 459,118
Net book value		\$ 492,617		\$ 377,858

Included in computer equipment and software is \$299,110 (2015 - \$176,067) for a new CRM system. As the CRM system has not been fully implemented at March 31, 2016, no amortization has been deducted on this amount in 2016.

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## Canadian Institute of Actuaries Notes to Financial Statements

**March 31, 2016**

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#### 4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$87,261 (2015 - \$66,397).

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#### 5. Deferred Revenue

	2016	2015
Membership dues	\$ 810,269	\$ 726,265
General meetings and seminar	474,363	411,666
	<u>\$ 1,284,632</u>	<u>\$ 1,137,931</u>

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#### 6. Contractual Obligations

The Institute has leased premises until May 31, 2021, with a total minimum commitment of \$2,182,804 and this includes the following payments for the next five years:

2017	\$ 406,495
2018	\$ 425,033
2019	\$ 425,745
2020	\$ 427,168
2021	\$ 427,168

The Institute has commitments for seminars and meetings for the next two years. These estimates represent the minimum costs committed by the Institute:

2017	\$ 526,781
2018	\$ 78,795

The Institute has budgeted research commitments for the next two years as follows:

2017	\$ 148,018
2018	\$ 38,250

The Institute has also budgeted additional commitments for the next year as follows:

2017	\$ 202,904
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## Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2016

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### 7. Discipline Tribunals and Research Funds

In 2015, the Institute created an internally restricted net asset for disciplinary tribunals. An internal restriction of \$750,000 (2015 - \$Nil) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$213,720 (2015 - \$Nil) for disciplinary tribunal activities.

In 2010, the Institute created an internally restricted net asset for research purposes. An internal restriction of \$422,325 (2015 - \$344,905) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$261,262 (2015 - \$255,961) for research activities.

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### 8. Financial Instruments

#### Interest rate risk

Fixed rate instruments subject the Institute to a fair value risk. The Institute is exposed to this risk for its investments.

#### Other price risk

The Institute is exposed to other price risk through its investments in quoted Index Units.

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## Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2016

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### 9. Services Provided To Other Organizations

A services agreement was signed with the International Actuarial Association (IAA) to provide support services to the IAA in order to help with day-to-day management of its operations. The agreement covers access to information technology resources and the inclusion of the IAA staff in its group insurance program. Services are provided on a cost recovery basis. The Institute's expenses are shown net of the following recovered amounts:

	<u>2016</u>	<u>2015</u>
Support services	\$ 7,159	\$ 6,480
Due from the IAA	\$ 1,598	\$ 1,624

This balance is unsecured, interest free and with no specified terms of repayment.

A services agreement was signed with the Actuarial Foundation of Canada (AFC) to allow AFC to retain certain administrative and other services at no charge to the AFC. The agreement covers bookkeeping and accounting services; space for storage of administrative documents; translation services; maintaining the AFC website; maintaining a database of the AFC donors; telephone, Internet and facsimile facilities. These contributions in kind are reflected in the financial statements and include the following:

	<u>2016</u>	<u>2015</u>
Audit fees	\$ 5,424	\$ 4,633
Administrative support	9,725	7,600
Other	2,616	1,053
	<u>\$ 17,765</u>	<u>\$ 13,286</u>

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## Canadian Institute of Actuaries Schedules

**For the year ended March 31** **2016** **2015**

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### Schedule 1 - Professional fees

Legal - general and peer review	\$	96,889	\$	16,511
- disciplinary		-		108,316
Public relations		419,586		352,745
Consulting actuaries and other		212,175		188,299
Website and Internet services		141,199		117,460
Audit		22,205		21,018
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	\$	892,054	\$	804,349
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### Schedule 2 - Travel Reimbursements, Meeting Expenses and Volunteer Awards

Travel reimbursements	\$	282,196	\$	225,418
Board, councils and committees		197,520		183,791
Volunteer awards and certificates of fellowship		19,983		10,775
		<hr/>		<hr/>
	\$	499,699	\$	419,984
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### Schedule 3 - Supplies and Services

Postage and delivery service	\$	12,238	\$	14,968
Stationary and supplies		21,744		20,853
Computer equipment and maintenance		21,445		34,400
Telephone		19,781		15,883
Amortization of tangible and intangible capital assets		91,675		75,595
Office equipment - maintenance		11,492		15,681
		<hr/>		<hr/>
	\$	178,375	\$	177,380
		<hr/>		<hr/>