

**Canadian Institute of Actuaries**  
**Financial Statements**  
For the year ended March 31, 2018

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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, 2018, 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 the Canadian Institute of Actuaries as at March 31, 2018, 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 20, 2018

## Canadian Institute of Actuaries Statement of Financial Position

March 31	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 2,958,483	\$ 2,480,559
Accounts receivable (Note 2)	41,799	17,955
Prepaid expenses	337,294	271,549
Investments (Note 3)	526,513	384,143
	3,864,089	3,154,206
<b>Investments (Note 3)</b>	4,324,277	4,431,549
<b>Tangible and intangible capital assets (Note 4)</b>	530,815	548,775
	<b>\$ 8,719,181</b>	<b>\$ 8,134,530</b>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 978,129	\$ 837,514
Deferred revenue (Note 6)	1,451,445	1,061,693
	2,429,574	1,899,207
<b>Contractual obligations (Note 7)</b>		
<b>Net Assets</b>		
Invested in tangible and intangible capital assets	530,815	548,775
Internally restricted - Discipline Tribunals (Note 8)	716,009	697,994
Internally restricted - Research (Note 8)	568,779	523,916
Unrestricted	4,474,004	4,464,638
	6,289,607	6,235,323
	<b>\$ 8,719,181</b>	<b>\$ 8,134,530</b>

On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

For the year ended March 31

2018

2017

	Invested in tangible and intangible capital assets	Internally restricted - Discipline Tribunals	Internally restricted - Research	Unrestricted	Total	Total
Balance, beginning of the year	\$ 548,775	\$ 697,994	\$ 523,916	\$ 4,464,638	\$ 6,235,323	\$ 5,832,550
Excess (deficiency) of revenues over expenses	-	(33,991)	(374,137)	462,412	54,284	402,773
Purchase of tangible and intangible capital assets	87,224	-	-	(87,224)	-	-
Disposal of tangible and intangible capital assets	(22,306)	-	-	22,306	-	-
Amortization of tangible and intangible capital assets	(82,878)	-	-	82,878	-	-
Internal restrictions (Note 8)	-	52,006	419,000	(471,006)	-	-
<b>Balance, end of the year</b>	<b>\$ 530,815</b>	<b>\$ 716,009</b>	<b>\$ 568,779</b>	<b>\$ 4,474,004</b>	<b>\$ 6,289,607</b>	<b>\$ 6,235,323</b>

The notes are an integral part of these financial statements.

## Canadian Institute of Actuaries Statement of Operations

For the year ended March 31	2018	2017
<b>Revenues</b>		
Membership dues	\$ 5,000,045	\$ 4,835,811
General meetings and seminars	1,494,055	1,353,026
Investment income	179,699	201,420
Advertising	54,352	61,977
Miscellaneous	28,107	20,768
Change in fair value of investments	(116,427)	139,676
	<b>6,639,831</b>	<b>6,612,678</b>
<b>Expenses</b>		
Salaries and staff benefits	2,734,267	2,666,547
General meetings and seminars	962,589	853,873
Professional fees (Schedule 1)	468,632	458,238
Rent and operating expenses	422,022	378,593
Travel reimbursements, meeting expenses and volunteer awards (Schedule 2)	385,592	425,530
Research studies and surveys (Note 8)	374,137	305,058
Marketing and branding	264,385	311,599
Supplies and services (Schedule 3)	256,502	151,986
Staff travel	143,512	164,882
Miscellaneous and bank charges	139,584	121,363
Staffing	134,781	66,371
Translation	120,348	133,779
Student and career outreach	44,858	49,049
Discipline tribunals (Note 8)	33,991	52,006
Grants and scholarships	30,000	20,000
Government relations	29,651	12,581
Loss on disposal of tangible and intangible capital assets	22,306	22,518
Publishing - general printing	8,807	9,954
Emerging Practices	5,921	-
Foreign exchange loss	3,662	978
International Education Fund	-	5,000
	<b>6,585,547</b>	<b>6,209,905</b>
<b>Excess of revenues over expenses</b>	<b>\$ 54,284</b>	<b>\$ 402,773</b>

## Canadian Institute of Actuaries Statement of Cash Flows

For the year ended March 31	2018	2017
<b>Cash flows from operating activities</b>		
Cash receipts from members	\$ 6,942,468	\$ 6,051,657
Cash paid to suppliers and employees	(6,405,493)	(5,950,488)
Investment income received	179,699	201,420
	<b>716,674</b>	<b>302,589</b>
<b>Cash flows from investing activities</b>		
Acquisition of tangible and intangible capital assets	(87,224)	(156,745)
Proceeds on disposal of tangible capital assets	-	280
Purchase of investments	(151,526)	(177,347)
	<b>(238,750)</b>	<b>(333,812)</b>
<b>Net increase (decrease) in cash</b>	<b>477,924</b>	<b>(31,223)</b>
<b>Cash, beginning of the year</b>	<b>2,480,559</b>	<b>2,511,782</b>
<b>Cash, end of the year</b>	<b>\$ 2,958,483</b>	<b>\$ 2,480,559</b>

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# Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2018

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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 Canadian Institute of Actuaries (CIA) is the national, bilingual organization and voice of the actuarial profession in Canada. Its 5,000+ members are dedicated to providing actuarial services and advice of the highest quality. The Institute puts the public interest ahead of the needs of the profession and those of its members. 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 general 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 periods ending May 31. Deferred membership fees consist of a two-month portion of the 2017-2018 membership fees and amounts received as prepayment for the 2018-2019 membership dues.</p> <p>Investment income is recognized as earned.</p>
<b>Financial Instruments</b>	<p><i>Initial and subsequent measurement</i></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>



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# Canadian Institute of Actuaries

## Notes to Financial Statements

March 31, 2018

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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 the statement of operations.

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**Canadian Institute of Actuaries  
Notes to Financial Statements**

**March 31, 2018**

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**2. Accounts Receivable**

	2018	2017
Accounts receivable	\$ 239,283	\$ 234,514
Allowance for doubtful accounts	(210,368)	(224,144)
IAA receivable (Note 10)	1,087	1,510
Other	11,797	6,075
	\$ 41,799	\$ 17,955

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**3. Investments**

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

	2018	2017
<b>Deposits</b>		
Cash	\$ 4,927	\$ 9,550
Treasury bills	413,731	374,593
Bonds - Corporate	107,855	-
	\$ 526,513	\$ 384,143
 <b>Bonds</b>		
Provinces of Canada	\$ 1,335,210	\$ 1,300,164
Corporate	1,423,615	1,555,666
	2,758,825	2,855,830
 <b>Index Units</b>		
TSX 60 Index Fund	1,565,452	1,575,719
	\$ 4,324,277	\$ 4,431,549

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**Canadian Institute of Actuaries  
Notes to Financial Statements**

**March 31, 2018**

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**4. Tangible and Intangible Capital Assets**

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 688,649	\$ 253,373	\$ 625,528	\$ 203,221
Furniture and office equipment	160,450	140,429	158,653	131,551
Leasehold improvements	196,016	120,498	196,016	96,650
	<b>\$ 1,045,115</b>	<b>\$ 514,300</b>	<b>\$ 980,197</b>	<b>\$ 431,422</b>
Net carrying amount		<b>\$ 530,815</b>		<b>\$ 548,775</b>

Included in computer equipment and software is \$360,923 (2017 - \$341,671) for a new CRM system. As the CRM system has not been fully implemented at March 31, 2018, no amortization has been deducted on this amount in 2018.

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**5. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities are government remittances payable of \$64,937 (2017 - \$60,410).

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**6. Deferred Revenue**

	2018		2017	
Membership dues	\$ 921,260	\$	827,464	
General meetings and seminar	530,185		234,229	
	<b>\$ 1,451,445</b>	<b>\$</b>	<b>1,061,693</b>	

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## Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2018

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### 7. Contractual Obligations

The Institute has leased premises until May 31, 2021, with a total minimum commitment of \$1,307,483 and this includes the following payments for the next four years:

2019	\$	411,428
2020	\$	413,564
2021	\$	413,564
2022	\$	68,927

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

2019	\$	324,055
2020	\$	27,266
2021	\$	31,037

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

2019	\$	223,212
2020	\$	8,000

The Institute has also budgeted additional commitments of \$131,733 for 2019 to finalize the development of the CRM project.

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### 8. Discipline Tribunals and Research Funds

In 2015, the Institute created an internally restricted net asset for disciplinary tribunals. An internal restriction of \$52,006 (2017 - \$213,720) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$33,991 (2017 - \$52,006) for disciplinary tribunal activities.

In 2010, the Institute created an internally restricted net asset for research purposes. A net internal restriction of \$419,000 (2017 - \$459,000) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$374,137 (2017 - \$305,058) for research activities.

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# Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2018

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## 9. Financial Instruments

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Institute is also exposed to credit risk for its accounts receivable. The Institute provides credit to its members in the normal course of its operations.

### Interest rate risk

The Institute is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest instruments subject the Institute to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. 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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## 10. 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>2018</u>	<u>2017</u>
Support services	\$ 3,723	\$ 5,477
Due from the IAA	\$ 1,087	\$ 1,510

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 the 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 AFC donors; telephone, Internet and facsimile facilities. These contributions in kind are reflected in the financial statements and include the following:

	<u>2018</u>	<u>2017</u>
Audit fees	\$ 4,745	\$ 5,444
Administrative support	9,856	10,028
Other	1,741	2,534
	<u>\$ 16,342</u>	<u>\$ 18,006</u>

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## Canadian Institute of Actuaries Schedules

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<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
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### Schedule 1 - Professional Fees

Consulting actuaries and other	\$ 173,958	\$ 209,901
Website and internet services	126,893	126,288
Legal - general and peer review	123,467	76,887
Public relations	23,049	23,127
Audit	21,265	22,035
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	\$ 468,632	\$ 458,238

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### Schedule 2 - Travel Reimbursements, Meeting Expenses and Volunteer Awards

Travel reimbursements	\$ 251,050	\$ 283,663
Board, councils and committees	124,355	130,920
Volunteer awards and certificates of fellowship	10,187	10,947
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	\$ 385,592	\$ 425,530

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### Schedule 3 - Supplies and Services

Computer equipment and maintenace	\$ 116,789	\$ 10,176
Amortization of tangible and intangible capital assets	82,878	77,789
Telephone	18,492	21,512
Stationary and supplies	16,535	21,656
Office equipment - maintenance	13,735	11,049
Postage and delivery services	8,073	9,804
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	\$ 256,502	\$ 151,986

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