

Canadian Institute of Actuaries  
Financial Statements  
For the year ended March 31, 2019

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## Independent Auditor's Report

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To the members of the  
Canadian Institute of Actuaries

### Opinion

We have audited the accompanying financial statements of the Canadian Institute of Actuaries (the "Institute"), which comprise the statement of financial position as at March 31, 2019, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2019, 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.

### 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 report. We are independent of the Institute 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.

### Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Annual report

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.



## Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute'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 these 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 Institute'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 Institute'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 Institute 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.



We 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
June 19, 2019

Canadian Institute of Actuaries  
Statement of Financial Position

March 31	2019	2018
<b>Assets</b>		
Current		
Cash	\$ 1,013,810	\$ 2,958,483
Accounts receivable (Note 2)	36,792	41,799
Prepaid expenses	366,399	337,294
Investments (Note 3)	263,694	526,513
	1,680,695	3,864,089
Investments (Note 3)	6,943,637	4,324,277
Tangible and intangible capital assets (Note 4)	516,727	530,815
	\$ 9,141,059	\$ 8,719,181
<b>Liabilities and Net Assets</b>		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,104,599	\$ 978,129
Deferred revenue (Note 6)	1,358,035	1,451,445
	2,462,634	2,429,574
Contractual obligations (Note 7)		
Net Assets		
Invested in tangible and intangible capital assets	516,727	530,815
Internally restricted - Discipline Tribunals (Note 8)	612,256	716,009
Internally restricted - Research (Note 8)	469,948	568,779
Unrestricted	5,079,494	4,474,004
	6,678,425	6,289,607
	\$ 9,141,059	\$ 8,719,181

On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

Canadian Institute of Actuaries  
Statement of Changes in Net Assets

For the year ended March 31

2019

2018

	Invested in tangible and intangible capital assets	Internally restricted - Discipline Tribunals	Internally restricted - Research	Unrestricted	Total	Total
Balance, beginning of the year	\$ 530,815	\$ 716,009	\$ 568,779	\$ 4,474,004	\$ 6,289,607	\$ 6,235,323
Excess (deficiency) of revenues over expenses	-	(137,744)	(493,831)	1,020,393	388,818	54,284
Purchase of tangible and intangible capital assets	64,921	-	-	(64,921)	-	-
Amortization of tangible and intangible capital assets	(79,009)	-	-	79,009	-	-
Internal restrictions (Note 8)	-	33,991	395,000	(428,991)	-	-
Balance, end of the year	\$ 516,727	\$ 612,256	\$ 469,948	\$ 5,079,494	\$ 6,678,425	\$ 6,289,607

The notes are an integral part of these financial statements.

## Canadian Institute of Actuaries Statement of Operations

For the year ended March 31	2019	2018
<b>Revenues</b>		
Membership dues	\$ 5,312,941	\$ 5,000,045
General meetings and seminars	1,745,624	1,494,055
Investment income	206,392	179,699
Advertising	63,422	54,352
Miscellaneous	25,657	28,107
Change in fair value of investments	176,992	(116,427)
	7,531,028	6,639,831
<b>Expenses</b>		
Salaries and staff benefits	2,960,933	2,734,267
General meetings and seminars	1,201,306	962,589
Research studies and surveys (Note 8)	493,831	374,137
Professional fees (Schedule 1)	481,691	468,632
Travel reimbursements, meeting expenses and volunteer awards (Schedule 2)	440,558	385,592
Rent and operating expenses	398,873	422,022
Supplies and services (Schedule 3)	277,879	256,502
Translation	165,845	120,348
Miscellaneous and bank charges	139,242	139,584
Discipline tribunals (Note 8)	137,744	33,991
Staff travel	131,606	143,512
Marketing and branding	98,202	264,385
Staffing	96,060	134,781
Student and career outreach	41,193	44,858
Government relations	39,293	29,651
Grants and scholarships	30,000	30,000
Publishing - general printing	5,802	8,807
Foreign exchange loss	2,252	3,662
(Gain) loss on disposal of tangible and intangible capital assets	(100)	22,306
Emerging Practices	-	5,921
	7,142,210	6,585,547
<b>Excess of revenues over expenses</b>	<b>\$ 388,818</b>	<b>\$ 54,284</b>

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Canadian Institute of Actuaries  
Statement of Cash Flows

For the year ended March 31	2019	2018
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Cash flows from operating activities		
Cash receipts from members	\$ 7,284,733	\$ 6,942,468
Cash paid to suppliers and employees	(7,191,428)	(6,405,493)
Investment income received	206,392	179,699
	<hr/>	<hr/>
	299,697	716,674
Cash flows from investing activities		
Acquisition of tangible and intangible capital assets	(64,921)	(87,224)
Proceeds from disposal of tangible capital assets	100	-
Purchase of investments	(2,179,549)	(151,526)
	<hr/>	<hr/>
	(2,244,370)	(238,750)
Net (decrease) increase in cash	(1,944,673)	477,924
Cash, beginning of the year	<hr/>	<hr/>
	2,958,483	2,480,559
Cash, end of the year	<hr/>	<hr/>
	\$ 1,013,810	\$ 2,958,483



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# Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2019

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## 1. Accounting Policies

Purpose of Organization	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 6,000+ 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.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
Revenue Recognition	<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 2018-2019 membership fees and amounts received as prepayment for the 2019-2020 membership dues.</p> <p>Investment income is recognized as earned.</p>
Financial Instruments	<p><u>Initial and subsequent measurement</u></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, 2019

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1. Accounting Policies (continued)

Financial Instruments (continued)	<p><u>Impairment</u> Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.</p> <p><u>Transaction costs</u> 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.</p>						
Tangible Capital Assets	<p>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:</p> <table><tr><td>Computer equipment</td><td>3 years</td></tr><tr><td>Furniture and office equipment</td><td>5 years</td></tr><tr><td>Leasehold improvements</td><td>lease terms</td></tr></table>	Computer equipment	3 years	Furniture and office equipment	5 years	Leasehold improvements	lease terms
Computer equipment	3 years						
Furniture and office equipment	5 years						
Leasehold improvements	lease terms						
Intangible Assets	<p>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:</p> <table><tr><td>Computer software</td><td>3 years</td></tr></table>	Computer software	3 years				
Computer software	3 years						
Impairment of Tangible and Intangible Capital Assets	<p>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.</p>						
Foreign Currency Translation	<p>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.</p>						

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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2019

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2. Accounts Receivable

	2019	2018
Accounts receivable	\$ 25,653	\$ 239,283
Allowance for doubtful accounts	(2,899)	(210,368)
IAA receivable (Note 10)	2,219	1,087
Other	11,819	11,797
	\$ 36,792	\$ 41,799

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3. Investments

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

	2019	2018
Deposits		
Cash	\$ 38,905	\$ 4,927
Treasury bills	224,789	413,731
Bonds - Corporate	-	107,855
	\$ 263,694	\$ 526,513
Bonds		
Government of Canada	\$ 1,444,944	\$ -
Provinces of Canada	1,928,736	1,335,210
Corporate	1,300,125	1,423,615
	4,673,805	2,758,825
Index Units		
TSX 60 Index Fund	2,269,832	1,565,452
	\$ 6,943,637	\$ 4,324,277

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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2019

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4. Tangible and Intangible Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 738,976	\$ 296,295	\$ 688,649	\$ 253,373
Furniture and office equipment	164,104	149,780	160,450	140,429
Leasehold improvements	206,956	147,234	196,016	120,498
	<u>\$ 1,110,036</u>	<u>\$ 593,309</u>	<u>\$ 1,045,115</u>	<u>\$ 514,300</u>
Net carrying amount		<u>\$ 516,727</u>		<u>\$ 530,815</u>

Included in computer equipment and software is \$388,997 (2018 - \$360,923) for a new CRM system. As the CRM system has not been fully implemented at March 31, 2019, no amortization has been deducted on this amount in 2019.

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5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$222,232 (2018 - \$64,937).

During the year, the Institute was made aware of the fact that they may be required to collect and remit QST on registration fees for events held in the province of Québec and on the sale of taxable supplies to residents of the province of Québec. In order to mitigate any further potential liability arising from this situation, the Institute registered for QST on March 1, 2019 and began collecting QST. In addition, the Institute filed a Voluntary Disclosure and submitted a Request for Interpretation to Revenue Québec regarding the nature of the events held by the CIA in Québec and the requirement for the CIA to register for, collect and remit QST. Included in the Voluntary Disclosure were calculations of the potential QST remittances that the CIA should have made over a period of four years from March 1, 2015 to February 28, 2019, amounting to a total of \$134,943. Since the Institute has not yet received a response to the Request for Interpretation and Voluntary Disclosure at March 31, 2019, the full liability has been accrued at year end, with the following effects on the statement of operations for the 2019 fiscal year:

Revenues: General Meetings and Seminars	(225,493)
Expenses: General Meetings and Seminars	<u>(90,550)</u>
Net effect on excess of revenues over expenses	(134,943)

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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2019

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6. Deferred Revenue

	2019	2018
Membership dues	\$ 999,168	\$ 921,260
General meetings and seminar	358,867	530,185
	<u>\$ 1,358,035</u>	<u>\$ 1,451,445</u>

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7. Contractual Obligations

The Institute has leased premises until May 31, 2021, with a total minimum commitment of \$917,711 and this includes the following payments for the next three years:

2020	\$ 423,559
2021	\$ 423,559
2022	\$ 70,593

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

2020	\$ 400,529
2021	\$ 155,184

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

2020	\$ 106,266
2021	\$ 26,500

The Institute has also budgeted additional commitments of \$66,363 for 2020 to finalize the development of the CRM project.

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## Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2019

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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 \$33,991 (2018 - \$52,006) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$137,744 (2018 - \$33,991) for disciplinary tribunal activities.

In 2010, the Institute created an internally restricted net asset for research purposes. A net internal restriction of \$395,000 (2018 - \$419,000) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$493,831 (2018 - \$374,137) for research activities.

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### 9. Financial Instruments

#### Liquidity risk

The Institute is exposed to liquidity risk due to its accounts payable and accrued liabilities.

#### Credit risk

The Institute is 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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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2019

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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:

	2019	2018
Support services	\$ 891	\$ 3,723
Due from the IAA	\$ 2,219	\$ 1,087

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:

	2019	2018
Audit fees	\$ 4,847	\$ 4,745
Administrative support	7,864	9,856
Other	953	1,741
	\$ 13,664	\$ 16,342

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Canadian Institute of Actuaries  
Schedules

For the year ended March 31 2019 2018

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Schedule 1 - Professional Fees

Consulting actuaries and other	\$	168,304	\$	173,958
Website and internet services		182,377		126,893
Legal - general and peer review		109,240		123,467
Public relations		-		23,049
Audit		21,770		21,265
		<hr/>		<hr/>
	\$	481,691	\$	468,632

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Schedule 2 - Travel Reimbursements, Meeting Expenses and Volunteer Awards

Travel reimbursements	\$	284,217	\$	251,050
Board, councils and committees		135,364		124,355
Volunteer awards and certificates of fellowship		20,977		10,187
		<hr/>		<hr/>
	\$	440,558	\$	385,592

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Schedule 3 - Supplies and Services

Computer equipment and maintenace	\$	147,507	\$	116,789
Amortization of tangible and intangible capital assets		79,008		82,878
Telephone		18,868		18,492
Stationary and supplies		12,584		16,535
Office equipment - maintenance		13,144		13,735
Postage and delivery services		6,768		8,073
		<hr/>		<hr/>
	\$	277,879	\$	256,502

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