

Canadian Institute of Actuaries  
Financial Statements  
For the year ended March 31, 2021

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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, 2021, 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, 2021, 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 of 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 14, 2021

Canadian Institute of Actuaries  
Statement of Financial Position

March 31	2021	2020
<b>Assets</b>		
Current		
Cash	\$ 1,204,131	\$ 962,515
Accounts receivable (Note 2)	57,034	29,831
Prepaid expenses	378,554	422,279
Investments (Note 3)	977,584	900,538
	2,617,303	2,315,163
Investments (Note 3)	6,693,228	5,931,881
Tangible and intangible capital assets (Note 4)	401,303	558,365
	\$ 9,711,834	\$ 8,805,409
<b>Liabilities and Net Assets</b>		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 744,606	\$ 761,326
Deferred revenue (Note 6)	1,221,783	1,107,569
	1,966,389	1,868,895
Contractual obligations (Note 7)		
Net Assets		
Invested in tangible and intangible capital assets	401,303	558,365
Internally restricted - Discipline Tribunals (Note 8)	308,338	496,629
Internally restricted - Research (Note 8)	495,676	539,624
Unrestricted	6,540,128	5,341,896
	7,745,445	6,936,514
	\$ 9,711,834	\$ 8,805,409

On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

Canadian Institute of Actuaries  
Statement of Changes in Net Assets

For the year ended March 31

2021

2020

	Invested in tangible and intangible capital assets	Internally restricted - Discipline Tribunals	Internally restricted - Research	Unrestricted	Total	Total
Balance, beginning of the year	\$ 558,365	\$ 496,629	\$ 539,624	\$ 5,341,896	\$ 6,936,514	\$ 6,678,425
Excess (deficiency) of revenues over expenses	-	(441,662)	(474,948)	1,725,541	808,931	258,089
Purchase of tangible and intangible capital assets	80,884	-	-	(80,884)	-	-
Amortization of tangible and intangible capital assets	(237,946)	-	-	237,946	-	-
Internal restrictions (Note 8)	-	253,371	431,000	(684,371)	-	-
Balance, end of the year	\$ 401,303	\$ 308,338	\$ 495,676	\$ 6,540,128	\$ 7,745,445	\$ 6,936,514

The notes are an integral part of these financial statements.

## Canadian Institute of Actuaries Statement of Operations

For the year ended March 31	2021	2020
<b>Revenues</b>		
Membership dues	\$ 5,956,739	\$ 5,774,368
General meetings and seminars	825,643	1,719,789
Investment income	214,017	1,007,792
Advertising	23,359	40,655
Miscellaneous	47,599	32,969
Change in fair value of investments	633,077	(866,007)
	7,700,434	7,709,566
<b>Expenses</b>		
Salaries and staff benefits	3,371,075	3,247,323
General meetings and seminars	583,847	1,147,007
Professional fees (Schedule 1)	559,216	549,135
Research studies and surveys (Note 8)	474,948	352,324
Discipline tribunals (Note 8)	441,662	253,371
Rent and operating expenses	419,267	420,902
Supplies and services (Schedule 3)	299,138	227,666
Miscellaneous and bank charges	231,499	175,755
Marketing and branding	170,725	65,302
Translation	135,308	164,597
Staffing	79,879	77,937
Travel reimbursements, meeting expenses and volunteer awards (Schedule 2)	62,731	496,704
Government relations	28,116	42,853
Student and career outreach	26,132	54,762
Publishing - general printing	5,814	11,149
Staff travel	-	132,486
Foreign exchange loss	2,146	2,354
Grants and scholarships	-	30,000
Gain on disposal of tangible and intangible capital assets	-	(150)
	6,891,503	7,451,477
<b>Excess of revenues over expenses</b>	<b>\$ 808,931</b>	<b>\$ 258,089</b>

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Canadian Institute of Actuaries  
Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Cash receipts from members	\$ 6,940,352	\$ 7,380,076
Cash paid to suppliers and employees	(6,626,551)	(7,799,205)
Investment income received	214,017	1,007,792
	<u>527,818</u>	<u>588,663</u>
Cash flows from investing activities		
Acquisition of tangible and intangible capital assets	(80,884)	(149,012)
Proceeds from disposal of tangible capital assets	-	150
Change in investments	(205,318)	(491,096)
	<u>(286,202)</u>	<u>(639,958)</u>
Net increase (decrease) in cash	241,616	(51,295)
Cash, beginning of the year	<u>962,515</u>	<u>1,013,810</u>
Cash, end of the year	<u>\$ 1,204,131</u>	<u>\$ 962,515</u>



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# Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2021

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## 1. Accounting Policies

Purpose of Organization	<p>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.</p>
Basis of Accounting	<p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
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 months periods ending May 31. Deferred membership fees consist of a two-month portion of the 2020-2021 membership fees and amounts received as prepayment for the 2021-2022 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> <p><u>Impairment</u></p> <p>Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.</p> <p><u>Transaction costs</u></p> <p>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>

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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2021

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1. Accounting Policies (continued)

**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

The Institute purchased artwork in the current year which is not being amortized.

**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.

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2. Accounts Receivable

	2021	2020
Accounts receivable	\$ 18,438	\$ 11,095
Other	38,596	14,678
NAAC Receivable	-	4,058
	\$ 57,034	\$ 29,831

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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2021

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3. Investments

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

	<u>2021</u>	<u>2020</u>
Deposits		
Credit fund	\$ 977,584	\$ 900,538
Bonds		
Provinces of Canada	\$ 3,850,731	\$ 3,794,903
Equities		
Canadian Equity Ethical Fund	1,799,555	1,338,883
U.S Equity Ethical Fund	543,918	402,888
International Equity Ethical Fund	499,024	395,207
	<u>2,842,497</u>	<u>2,136,978</u>
	<u>\$ 6,693,228</u>	<u>\$ 5,931,881</u>

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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2021

4. Tangible and Intangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 949,215	\$ 574,542	\$ 886,191	\$ 368,739
Furniture and office equipment	167,053	161,725	165,900	157,145
Leasehold improvements	211,166	202,362	206,956	174,798
Artwork	12,498	-	-	-
	<u>\$ 1,339,932</u>	<u>\$ 938,629</u>	<u>\$ 1,259,047</u>	<u>\$ 700,682</u>
Net carrying amount		<u>\$ 401,303</u>		<u>\$ 558,365</u>

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$12,572 (2020 - \$78,765).

During the 2019 fiscal 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 Institute in Québec and the requirement for the Institute to register for, collect and remit QST. Included in the Voluntary Disclosure were calculations of the potential QST remittances that the Institute should have made over a period of four years from March 1, 2015 to February 28, 2019, amounting to a total of \$134,943. During the 2021 fiscal year, the Institute has paid the full accrual related to the Voluntary Disclosure including calculated interest for a total of \$31,000 to Revenue Québec. The Institute has been notified that Revenue Québec has closed the case. Correspondingly, the QST paid on events held by the Institute in Québec since registering for QST on March 1, 2019 has been accrued and will be claimed over time.

Input tax refund accrued since March 1, 2019	\$ 63,673
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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2021

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6. Deferred Revenue

	<u>2021</u>	<u>2020</u>
Membership dues	\$ 1,151,130	\$ 1,058,273
General meetings and seminar	70,653	49,296
	<u>\$ 1,221,783</u>	<u>\$ 1,107,569</u>

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7. Contractual Obligations

The Institute has leased premises until May 31, 2021. CIA has extended its lease until May 31, 2033, with a total commitment of \$5,552,498 and this includes the following payments for the next five years:

2022	\$ 437,928
2023	\$ 440,617
2024	\$ 444,473
2025	\$ 445,244
2026	\$ 452,956
	<u>\$ 2,221,218</u>

The Institute has commitments for annual conferences for the following years. These estimates represent the costs committed by the Institute:

2023	\$ 62,400
2024	\$ 176,916

The Institute has contractual research commitments for the next year of \$246,135:

2022	\$ 246,135
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## Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2021

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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 \$253,371 (2020 - \$137,744) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$441,662 (2020 - \$253,371) for disciplinary tribunal activities.

In 2010, the Institute created an internally restricted net asset for research purposes. A net internal restriction of \$431,000 (2020 - \$422,000) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$474,948 (2020 - \$352,324) for research activities.

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### 9. Uncertainty due to COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Institute's financial condition, liquidity, and future results of operations. The Institute has cancelled in-person events and meetings, and travel as a result of COVID-19. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Institute is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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Canadian Institute of Actuaries  
Notes to Financial Statements

March 31, 2021

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10. Financial Instruments

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. The Institute is also exposed to credit risk arising from all its bank accounts being held at one financial institution.

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 equity funds.

There is no change in the Institute's financial instrument risk compared to the previous fiscal year.

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## Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2021

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### 11. Employee Future Benefits

#### College of Applied Arts and Technology Pension Plan ("CAAT")

CAAT provides pension services to employees of the 24 Colleges of Applied Arts and Technology in Ontario as well as employees of other participating employers. The plan is a multi-employer jointly sponsored defined benefit pension plan. However, the Institute's contributions are accounted for as if the plan were a defined contribution plan with the Institute's contributions being expensed in the period in which they become due. Each year, an independent actuary determines the funding status of CAAT by comparing the actuarial value of invested assets to the estimated value of all pension benefits that members have earned to date. The results of the most recent valuation as at December 31, 2020 disclosed a surplus of \$3,122,434 (in thousands). The results of this valuation disclosed total actuarial liabilities and pension obligations of \$14,358,089 (in thousands) in respect of benefits accrued for service with actuarial assets at that date of \$17,480,523 (in thousands). The Institute does not recognize any share of the CAAT surplus or deficit. Contributions made by the Institute to CAAT during the year amounted to \$181,257 (2020 - \$nil).

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### 12. Services Provided to Other Organizations

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>2021</u>	<u>2020</u>
Audit fees	\$ 5,407	\$ 5,085
Administrative support	9,730	16,386
Other	1,527	2,411
	<u>\$ 16,664</u>	<u>\$ 23,882</u>



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Canadian Institute of Actuaries  
Schedules

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For the year ended March 31 2021 2020

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Schedule 1 - Professional Fees

Website and internet services	\$ 238,459	\$ 250,649
Consulting actuaries and other	228,639	171,851
Legal - general and peer review	66,336	157,662
Audit	25,782	21,262
Public relations	-	3,511
Legal cost (recovery)	-	(55,800)
	<hr/>	<hr/>
	\$ 559,216	\$ 549,135

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Schedule 2 - Travel Reimbursements, Meeting Expenses and Volunteer Awards

Board, councils and committees	\$ 58,564	\$ 158,184
Volunteer awards and certificates of fellowship	3,180	6,591
Travel reimbursements	987	331,929
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	\$ 62,731	\$ 496,704

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Schedule 3 - Supplies and Services

Amortization of tangible and intangible capital assets	\$ 237,946	\$ 107,374
Telephone	26,703	19,525
Postage and delivery services	12,599	9,122
Computer equipment and maintenance	10,502	69,423
Stationary and supplies	8,296	13,604
Office equipment - maintenance	3,092	8,618
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	\$ 299,138	\$ 227,666

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