

Canadian Institute of Actuaries
Financial Statements
For the year ended March 31, 2017

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Independent Auditor's Report

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, 2017, 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, 2017, 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

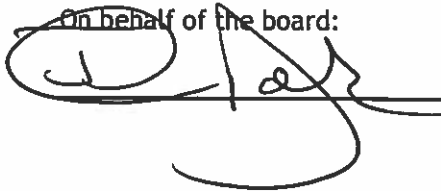
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 20, 2017

**Canadian Institute of Actuaries
Statement of Financial Position**

March 31	2017	2016
Assets		
Current		
Cash	\$ 2,480,559	\$ 2,511,782
Accounts receivable	17,955	20,969
Prepaid expenses	271,549	264,274
Investments (Note 2)	384,143	431,519
	3,154,206	3,228,544
Investments (Note 2)	4,431,549	4,067,150
Tangible and intangible capital assets (Note 3)	548,775	492,617
	\$ 8,134,530	\$ 7,788,311
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 837,514	\$ 671,129
Deferred revenue (Note 5)	1,061,693	1,284,632
	1,899,207	1,955,761
Contractual obligations (Note 6)		
Net Assets		
Invested in tangible and intangible capital assets	548,775	492,617
Internally restricted - Discipline Tribunals (Note 7)	697,994	536,280
Internally restricted - Research (Note 7)	523,916	369,974
Unrestricted	4,464,638	4,433,679
	6,235,323	5,832,550
	\$ 8,134,530	\$ 7,788,311

On behalf of the board:

 Director

 Director

Canadian Institute of Actuaries
Statement of Changes in Net Assets

For the year ended March 31	2017		2016		
	Invested in tangible and intangible capital assets	Internally restricted - Discipline Tribunals	Internally restricted - Research	Unrestricted	Total
Balance, beginning of the year	\$ 492,617	\$ 536,280	\$ 369,974	\$ 4,433,679	\$ 5,832,550
Excess (deficiency) of revenues over expenses	-	(52,006)	(305,058)	759,837	402,773
Purchase of tangible and intangible capital assets	156,745	-	-	(156,745)	-
Disposal of tangible capital assets	(22,798)	-	-	22,798	-
Amortization of tangible and intangible capital assets	(77,789)	-	-	77,789	-
Internal restrictions (Note 7)	-	213,720	459,000	(672,720)	-
Balance, end of the year	\$ 548,775	\$ 697,994	\$ 523,916	\$ 4,464,638	\$ 6,235,323
					\$ 5,832,550

**Canadian Institute of Actuaries
Statement of Operations**

For the year ended March 31	2017	2016
Revenues		
Membership dues	\$ 4,835,811	\$ 4,528,107
General meetings and seminars	1,353,026	1,664,805
Investment income	201,420	191,716
Change in fair value of investments	139,676	(204,265)
Advertising	61,977	56,606
Miscellaneous	20,768	17,283
(Loss) gain on disposal of tangible capital assets	(22,518)	100
	<u>6,590,160</u>	<u>6,254,352</u>
Expenses		
Salaries and staff benefits	2,666,547	2,551,573
General meetings and seminars	853,873	1,107,598
Professional fees (Schedule 1)	458,238	518,631
Travel reimbursements, meeting expenses and volunteer awards (Schedule 2)	425,530	492,064
Rent and operating expenses	378,593	314,289
Marketing and branding	311,599	275,751
Research studies and surveys (Note 7)	305,058	261,262
Staff travel	164,882	136,005
Supplies and services (Schedule 3)	151,986	178,375
Translation	133,779	122,036
Miscellaneous and bank charges	121,363	119,008
Staffing	66,371	75,803
Discipline tribunals (Note 7)	52,006	213,720
Student and career outreach	49,049	39,129
Grants and scholarships	20,000	10,000
Government relations	12,581	63,998
Publishing - general printing	9,954	23,176
International Education Fund	5,000	-
Foreign exchange loss (gain)	978	(3,705)
	<u>6,187,387</u>	<u>6,498,713</u>
Excess (deficiency) of revenues over expenses	\$ 402,773	\$ (244,361)

**Canadian Institute of Actuaries
Statement of Cash Flows**

For the year ended March 31	2017	2016
Cash flows from operating activities		
Cash receipts from members	\$ 6,051,657	\$ 6,401,732
Cash paid to suppliers and employees	(5,950,488)	(6,393,777)
Investment income received	201,420	191,716
	<u>302,589</u>	<u>199,671</u>
Cash flows from investing activities		
Acquisition of tangible and intangible capital assets	(156,745)	(206,434)
Proceeds on disposal of tangible capital assets	280	100
Purchase of investments	(177,347)	(166,779)
	<u>(333,812)</u>	<u>(373,113)</u>
Net decrease in cash	(31,223)	(173,442)
Cash, beginning of the year	<u>2,511,782</u>	<u>2,685,224</u>
Cash, end of the year	<u>\$ 2,480,559</u>	<u>\$ 2,511,782</u>

Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2017

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 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.
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 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 12 periods ending May 31. Deferred membership fees consist of a two-month portion of the 2016-2017 membership fees and amounts received as prepayment for the 2017-2018 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>

Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2017

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>						

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

March 31, 2017

2. Investments

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

	2017	2016
Deposits		
Cash	\$ 9,550	\$ 21,743
Treasury bills	374,593	409,776
	\$ 384,143	\$ 431,519
 Bonds		
Provinces of Canada	\$ 1,300,164	\$ 1,103,663
Corporate	1,555,666	1,603,385
	2,855,830	2,707,048
 Index Units		
TSX 60 Index Fund	1,575,719	1,360,102
	\$ 4,431,549	\$ 4,067,150

3. Tangible and Intangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 625,528	\$ 203,221	\$ 568,382	\$ 186,401
Furniture and office equipment	158,653	131,551	145,770	120,606
Leasehold improvements	196,016	96,650	159,492	74,020
	\$ 980,197	\$ 431,422	\$ 873,644	\$ 381,027
 Net carrying amount		\$ 548,775		\$ 492,617

Included in computer equipment and software is \$341,671 (2015 - \$299,110) for a new CRM system. As the CRM system has not been fully implemented at March 31, 2017, no amortization has been deducted on this amount in 2017.

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

March 31, 2017

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$60,410 (2016 - \$87,261).

5. Deferred Revenue

	<u>2017</u>	<u>2016</u>
Membership dues	\$ 827,464	\$ 810,269
General meetings and seminar	234,229	474,363
	<u>\$ 1,061,693</u>	<u>\$ 1,284,632</u>

6. Contractual Obligations

The Institute has leased premises until May 31, 2021, with a total minimum commitment of \$1,777,555 and this includes the following payments for the next five years:

2018	\$ 425,681
2019	\$ 426,343
2020	\$ 427,168
2021	\$ 427,168
2022	\$ 71,195

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

2018	\$ 320,855
2019	\$ 130,850
2020	\$ 5,000
2021	\$ 31,037

The Institute has budgeted research commitments for the next year totalling \$164,245.

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

2018	\$ 113,000
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Canadian Institute of Actuaries Notes to Financial Statements

March 31, 2017

7. Discipline Tribunals and Research Funds

In 2015, the Institute created an internally restricted net asset for disciplinary tribunals. An internal restriction of \$213,720 (2016 - \$750,000) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$52,006 (2016 - \$213,720) for disciplinary tribunal activities.

In 2010, the Institute created an internally restricted net asset for research purposes. An internal restriction of \$459,000 (2016 - \$422,325) from the unrestricted net assets was authorized by the Board of Directors during the year.

During the year, the Institute incurred expenses of \$305,058 (2016 - \$261,262) for research activities.

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.

9. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.

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

March 31, 2017

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>2017</u>	<u>2016</u>
Support services	\$ 5,477	\$ 7,159
Due from the IAA	\$ 1,510	\$ 1,598

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>2017</u>	<u>2016</u>
Audit fees	\$ 5,444	\$ 5,424
Administrative support	10,028	9,725
Other	2,534	2,616
	<u>\$ 18,006</u>	<u>\$ 17,765</u>

Canadian Institute of Actuaries Schedules

For the year ended March 31 2017 2016

Schedule 1 - Professional fees

Consulting actuaries and other	\$	209,901	\$	212,175
Website and internet services		126,288		141,109
Legal - general and peer review		76,887		96,888
Public relations		23,127		46,254
Audit		22,035		22,205
		\$ 458,238		\$ 518,631

Schedule 2 - Travel Reimbursements, Meeting Expenses and Volunteer Awards

Travel reimbursements	\$	283,663	\$	274,627
Board, councils and committees		130,920		195,284
Volunteer awards and certificates of fellowship		10,947		22,153
		\$ 425,530		\$ 492,064

Schedule 3 - Supplies and Services

Amortization of tangible and intangible capital assets	\$	77,789	\$	91,675
Stationary and supplies		21,656		21,744
Telephone		21,512		19,781
Office equipment - maintenance		11,049		11,492
Computer equipment and maintenance		10,176		21,445
Postage and delivery services		9,804		12,238
		\$ 151,986		\$ 178,375