DRAFT
April 11, 2018

Financial Statements of

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Year ended December 31, 2017

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 192,706	$ 322,192
Prepaid expenses	26,577	17,855
Short-term deposits	-	54,077
Interest receivable	-	109
Total for Current Assets	219,283	394,233
Capital assets (note 4)	4,544	428
	$ 223,827	$ 394,661
Liabilities and Unrestricted Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 43,380	$ 13,902
Unrestricted net assets (note 2)	180,447	380,759
	$ 223,827	$ 394,661

The accompanying notes are an integral part of the financial statements.

On behalf of the Board:

________________________________ Director

________________________________ Director

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Operations and Changes in Unrestricted Net Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Membership fees	$ 475,425	$ 435,750
Interest	126	231
	475,551	435,981
Expenses:		
Association operating	516,897	329,752
Research and education committee	17,807	1,356
Distribution and market conduct committee	11,011	10,395
Networking and events committee	70,581	41,895
Licensing efficiency issues committee	15,001	-
Media and advocacy strategy committee	44,566	30,816
	675,863	414,214
Excess of (expenses over revenues) revenues over expenses	(200,312)	21,767
Unrestricted net assets, beginning of year (note 2)	380,759	358,992
Unrestricted net assets, end of year	$ 180,447	$ 380,759

The accompanying notes are an integral part of the financial statements.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of (expenses over revenue) revenue over expenses	$ (200,312)	$ 21,767
Amortization of capital assets	1,564	467
Change in non-cash operating working capital	20,865	(11,760)
Cash (used in) provided by operating activities	(177,883)	10,474
Investing activities:		
Purchase of capital assets	(5,680)	-
Cash (used in) investing activities	(5,680)	-
(Decrease) increase in cash position	(183,563)	10,474
Cash position, beginning of year	376,269	365,795
Cash position, end of year	$ 192,706	$ 376,269
Represented by:		
Cash	$ 192,706	$ 322,192
Short-term deposits	-	54,077
	$ 192,706	$ 376,269

The accompanying notes are an integral part of these financial statements.

The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit association incorporated under the Canada Not-for-profit Corporations Act on August 25, 2014. CAFII was originally incorporated under the Canada Corporations Act on October 29, 1997 and commenced operations on January 1, 1998. CAFII was established to provide an industry-based forum to represent a range of financial institutions in insurance in Canada and to work in partnership with regulators to create an efficient and effective regulatory framework that provides consumer choice in the purchase of insurance products and services. CAFII's members provide life, property and casualty, travel and credit insurance, reinsurance and other products and services through a wide variety of distribution systems. CAFII is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act (Canada).

1. Significant accounting policies:

(a) General:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Canadian Professional Accountants of Canada Handbook.

(b) Revenue recognition:

CAFII derives its revenue primarily through membership fees. Fees are recognized as revenue in the membership period (January 1, 2017 to December 31, 2017) to which they relate.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and deposits which are highly liquid with original maturities of less than three months.

1. Significant accounting policies (continued):

(d) Capital assets:

Tangible capital assets are recorded at cost. When a tangible capital asset no longer contributes to CAFII's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets consist of computer equipment and are amortized on a straight-line basis over five years.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. CAFII has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CAFII determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount CAFII expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

2. Unrestricted net assets:

It is the policy of CAFII's Board of Directors to maintain unrestricted net assets (financial reserves) within a target range of between 25% of total annual operating expenses and 50% of total annual operating expenses. Management intends to utilize unrestricted net assets on CAFII-mandated projects, as determined by the Board of Directors.

3. Financial instruments:

The carrying amounts of financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

4. Capital assets:

2017	Cost	Accumulated amortization	Net book value
Computer equipment	$ 8,014	$ 3,470	$ 4,544

2016	Cost	Accumulated amortization	Net book value
Computer equipment	$ 2,334	$ 1,906	$ 428

5. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that CAFII will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CAFII manages its liquidity risk by monitoring its operating requirements. CAFII prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2016.

5. Financial risks and concentration of credit risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. CAFII does not have any financial assets subject to credit risk.