

***Agenda Item 7(d)(iv)(a)
September 25/18 EOC Meeting***

From: Natalie Hill (on behalf of CAFII Board Chair Nicole Benson)
Sent: August 14, 2018 12:52 PM
To: CAFII Board Members (c.c. EOC Members)
Subject: Update from CAFII Board Chair Nicole Benson On 2018 CAFII Research Budget

Dear CAFII Board Members:

I am pleased to provide an update to the CAFII board on the status of the project around a consumer research study on Credit Protection Insurance, along the lines of what was recently produced on Travel Medical Insurance.

Conducting this research was identified as a strategic priority by the board at the 5 June board meeting, and as a result a CAFII Working Group was subsequently struck under the direction of the Research & Education Committee (Chaired by Diane Quigley, CUMIS). This Working Group has made much progress and has identified the objectives, scope, and product lines for the research, and has developed a draft of the questionnaire with our consumer research firm Pollara. The project will focus on consumer attitudes towards mortgage insurance and HELOC insurance, for life, critical illness, disability, and job loss.

We have now arrived at a point where we have identified sufficient details about the research to allow Pollara to provide us with a specific proposal with costs. The cost to conduct this research is larger than what was budgeted for in original, approved 2018 budget and would entail a cost overrun of our 2018 research budget of \$22,291. To determine if we can manage this extra cost, the CAFII Treasurer, Tony Pergola (ScotiaLife Financial) requested a forecast of the CAFII anticipated revenues and expenses overall in 2018, based on actuals to date, and the reality that our original budget did not include new revenues we now know are coming, due to our two new Initiation Members, Manulife and Canada Life.

The original budget, approved by the board, anticipated an overall 2018 deficit of \$89,485. Our forecast—with the additional \$22,291 research spend included—indicates that the 2018 deficit will be \$31,867, or over \$55,000 less than originally budgeted (the updated financials with the 2018 forecast is attached to this email).

Based on that information, and given that the Credit Protection Insurance research study was identified as a strategic priority by the board, I have approved proceeding with this research with the cost overrun.

As the Working Group managing this research makes further progress, and in particular when we have some initial research results, I will be sure to provide a further update to the board.

Thank you,

Nicole Benson, CAFII Board Chair

2018 CAFII Forecast

	2017 Actuals	2018 Budget (25% Dues Increase & Scaled Back Expenses)	2018 Actuals to date (Jan 01 2018 to Jun 30 2018)	2018 Forecast (Jan 01 2018 to Dec 31 2018)	Comment/Rationale
Revenue					
Membership Dues	\$475,425	\$608,385	\$347,772	\$695,545	See breakdown in Member Dues Revenue Tab
Interest	\$126	\$200	\$0	\$0	
TOTAL REVENUE	\$ 475,551	\$ 608,585	\$ 347,772	\$ 695,545	
EXPENSE					
Management Fees	\$442,012	\$455,000	\$237,632	\$468,000.00	Includes MM Fees and Transition Fee, TO Corp Fee for January, and two Co-Eds
CAFII Legal Fees/Corporate Governance	\$2,954	\$5,000	\$563	\$2,000	
Audit Fees	\$14,271	\$14,600	\$7,134	\$14,600	
Insurance	\$5,238	\$5,500	\$2,622	\$5,238	
Website Ongoing Maintenance	\$42,575	\$14,000	\$2,236	\$5,736	Includes Drupal File Transfer Project, ISQ Solutions/CG Technology, CAFII Insurance Domain Name Renewal
Website SEO and Enhancements		\$14,220	\$5,196	\$16,701	
Telephone/Fax/Internet	\$6,119	\$5,800	\$2,729	\$5,513	Rank Higher - Website redesign to improve Diital Performance, Awareness & Video -\$14780 with HST
Postage/Courier	\$380	\$400	\$409	\$450	
Office Expenses	\$1,312	\$2,000	\$1,421	\$2,000	Includes moving boxes to storage
Bank Charges	\$38	\$50	\$16	\$30	
Amortization Expense	\$0	\$0			
Depreciation Computer/Office Equipment2	\$1,564	\$1,200	\$568	\$1,136	
Miscellaneous Expense	\$433	\$500	\$0	\$500	
Board/EOC/AGM		\$0			
Annual Members Luncheon	\$10,247	\$10,000	\$10,503	\$10,503	
Board Hosting (External)	\$7,500	\$15,000	\$12,946	\$25,446	
Board/EOC Meeting Expenses	\$25,493	\$26,000	\$10,647	\$26,000	
Industry Events	\$36	\$1,000	\$1,243	\$1,243	CAFII Purchase of full table of 11 seats at Economic Club of Canada Luncheon
EOC Annual Appreciation Dinner	\$8	\$800	\$763	\$763	
Provincial Regulatory Visits	\$11,011	\$12,000	\$10,619	\$12,000	
Research/Studies	\$17,807	\$52,500	\$17,500	\$74,791	\$17.5k on Travel Research from 2017. Pollara Proposal on Creditor's insurance \$50,700 fee, \$6591 HST, Total is \$57,291. Add \$17.5K already spent on Travel, total is \$74,791
Regulatory Model(s)	\$15,001	\$27,000	\$1,957	\$18,157	
Federal Financial Reform	\$0	\$500	\$0		Includes provision for legal advice re RIA representation on Sask, Alta, Manitoba; possible new RIA regime in BC; new single integrated regulators in Ontario and Alta; and additional provision re Regulation supporting Quebec Bills 141 and 150
Media Outreach	\$44,023	\$30,000	\$19,048	\$34,150	
Marketing Collateral	\$0	\$2,000	\$55	\$1,055	
Tactical Communications Strategy	\$379	\$0	\$0		
Media Relations, CAFII Consultant	\$164				
Speaker fees & travel	\$0	\$2,000	\$0	\$600	
Gifts	\$452	\$500	\$100	\$600	
CAFII 20th Anniversary Celebration	\$26,495	\$0	\$0		
Networking Events	\$350	\$500	\$0	\$200	
TOTAL EXPENSE	\$ 675,862	\$ 698,070	\$ 345,907	\$ 727,412	
Excess of Revenue over Expenses	(\$200,311)	(\$89,485)	\$1,865	(\$31,867)	
Unrestricted Net Assets (beginning of year)	\$380,758	\$180,447	\$180,447	\$180,447	
Unrestricted Net Assets (end of year)	\$180,447	\$90,962	\$182,312	\$148,579	

Actual/Forecasted Financial Reserves	2017 Actuals	2018 Budget Option; Including Incremental Membership Dues and All Expenses	2018 Actuals (Jan 01 2018 to Jun 30 2018)	2018 Forecast (Jan 01 2018 to Dec 31 2018)
Minimum 3 months (25%) of Annual Operating Expenses =	\$168,965	\$174,518	\$86,477	\$181,853
Maximum 6 months (50%) of Annual Operating Expenses =	\$337,931	\$349,035	\$172,953	\$363,706
Actual/Forecasted Level of Financial Reserves :	\$180,447	\$90,962	\$182,312	\$148,579
Actual/Forecasted Level of Financial Reserves %:	27%	13%	53%	20%