DRAFT
March 22, 2019

Financial Statements of

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Year ended December 31, 2018

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	$ 193,381	$ 192,706
Prepaid expense	2,197	26,577
Total for Current Assets	195,578	219,283
Capital assets (note 4)	3,408	4,544
	$ 198,986	$ 223,827
Liabilities and Unrestricted Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 28,788	$ 43,380
Unrestricted net assets (note 2)	170,198	180,447
	$ 198,986	$ 223,827

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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Membership Dues	$ 695,545	$ 475,425
Interest	0	126
	695,545	475,551
Expenses:		
Association operating	518,693	516,897
Research and education committee	77,345	17,807
Market Conduct Committee	11,230	11,011
Networking and events committee	52,957	70,581
Licensing efficiency issues committee	6,490	15,001
Media and advocacy strategy committee	39,078	44,566
	705,793	675,863
Excess of (expenses over revenues)	(10,248)	(200,312)
Unrestricted net assets, beginning of year (note 2)	180,447	380,759
Unrestricted net assets, end of year	$ 170,199	$ 180,447

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, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of (expenses over revenue)	$ (10,248)	$ (200,312)
Amortization of capital assets	1,136	1,564
Change in non-cash operating working capital	9,788	20,865
Cash provided by (used in) operating activities	675	(177,883)
Investing activities:		
Purchase of capital assets	0	(5,680)
Cash (used in) investing activities	0	(5,680)
Increase (decrease) in cash position	675	(183,563)
Cash, beginning of year	192,706	376,269
Cash, end of year	$ 193,381	$ 192,706

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 Chartered Professional Accountants of Canada Handbook.

(b) Revenue recognition:

CAFII derives its revenue primarily through membership dues. Dues are recognized as revenue in the membership period (January 1, 2018 to December 31, 2018) 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:

CAFII's Board of Directors aims to maintain unrestricted net assets (financial reserves) within a 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:

2018	Cost	Accumulated amortization	Net book value
Computer equipment	$ 8,013	$ 4,605	$ 3,408

2017	Cost	Accumulated amortization	Net book value
Computer equipment	$ 8,013	$ 3,469	$ 4,544

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 2017.

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.

6. Research and education committee

Research and education committee focus in 2018:

- Travel Medical Insurance Study – Total cost of study $34,804.00 paid in 2017 - $17,500 reallocated from 2017 financials and recognized in early 2018
- Credit Protection Insurance Study – Total cost of study $57,291 – Recognized in 2018