

INTERNATIONAL ACTUARIAL ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of the:
INTERNATIONAL ACTUARIAL ASSOCIATION

Opinion

We have audited the financial statements of the International Actuarial Association (IAA), which comprise the Statement of Financial Position as at December 31, 2019, and the Statements Of Changes In Net Assets, Revenues And Expenses, and Cash Flows for the year then ended, and Notes To The Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IAA as at December 31, 2019 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of IAA 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 Matter

There is tremendous uncertainty in regards to the negative economic impact of the COVID-19 pandemic. It is very possible that there will be significant decreases in revenues and the inability of the organization to adjust expenses may result in a significant negative impact on excess of revenues over expenses. The ability for the organization to sustain operations will be dependent on a variety of factors. These financial statements do not include any adjustments or accruals for these potential effects.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in IAA's Annual Report, but does not include the financial statements and our auditors' report thereon.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 the 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 IAA'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 IAA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing IAA's financial reporting process.

Auditors' 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 auditors' 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 IAA'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 IAA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause IAA 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.

Supplementary Financial Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 13 through 16 of IAA's financial statements.



Parker Prins Lebono Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
May 7, 2020

INTERNATIONAL ACTUARIAL ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 179,078 | \$ 264,403 |
| Investments (Note 4) | 435,907 | 488,619 |
| Trade receivables | 77,161 | 51,759 |
| Inventories | 58,027 | 61,340 |
| Prepaid expenses | <u>93,142</u> | <u>114,322</u> |
| | 843,315 | 980,443 |
| INVESTMENTS (Note 4) | 1,955,667 | 1,779,291 |
| NOTE RECEIVABLE (Note 5) | 360,000 | - |
| CAPITAL ASSETS (Note 6) | <u>206,483</u> | <u>270,342</u> |
| | <u>\$ 3,365,465</u> | <u>\$ 3,030,076</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 193,382 | \$ 215,548 |
| Deferred membership revenue | <u>22,547</u> | <u>89,044</u> |
| | <u>215,929</u> | <u>304,592</u> |
| CONTRIBUTIONS HELD FOR: | | |
| Congress Bursary Fund Article 34 (Note 7) | 251,811 | 57,820 |
| Financial Assistance Fund (Note 7) | 8,776 | 14,751 |
| Advice and Assistance Fund (Note 9) | 31,502 | 52,520 |
| IAA Section Fund (Note 10) | 71,116 | 101,390 |
| IAA Special Fund (Note 11) | 180,000 | - |
| Projects | <u>4,924</u> | <u>4,875</u> |
| | 548,129 | 231,356 |
| | <u>764,058</u> | <u>535,948</u> |
| Contractual obligations (Note 12) | | |
| NET ASSETS | | |
| INVESTED IN CAPITAL ASSETS | 206,483 | 270,342 |
| UNRESTRICTED NET ASSETS | <u>2,394,924</u> | <u>2,223,786</u> |
| | <u>2,601,407</u> | <u>2,494,128</u> |
| | <u>\$ 3,365,465</u> | <u>\$ 3,030,076</u> |

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

INTERNATIONAL ACTUARIAL ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 2,494,128 | \$ 2,783,167 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>107,279</u> | <u>(289,039)</u> |
| BALANCE, END OF THE YEAR | <u>\$ 2,601,407</u> | <u>\$ 2,494,128</u> |

INTERNATIONAL ACTUARIAL ASSOCIATION

STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|---------------------|
| REVENUES | | |
| Membership dues | \$ 2,365,080 | \$ 2,035,656 |
| Interest and investment | 62,567 | 66,005 |
| Book sales | 30,255 | 54,134 |
| Colloquia/Web seminars | 7,693 | 9,267 |
| Other income | <u>34,547</u> | <u>-</u> |
| | 2,500,142 | 2,165,062 |
| IAA, Congress Bursary, Financial Assistance and Advice and Assistance Funds | 23,993 | 397,119 |
| IAA Section Funds | <u>30,274</u> | <u>8,767</u> |
| | <u>2,554,409</u> | <u>2,570,948</u> |
| EXPENSES | | |
| Amortization | 66,578 | 48,231 |
| Bank charges and service fees | 12,161 | 20,266 |
| Bulletins (recovery) | (21,055) | (14,683) |
| Bursaries | 26,384 | 75,795 |
| Committee and representation | 86,762 | 143,221 |
| Gifts and awards | 24,944 | 28,106 |
| Initiatives | 95,578 | 65,138 |
| Insurance | 33,970 | 32,624 |
| Investment expenses | 2,347 | 2,762 |
| Loss (gain) on foreign exchange | 10,874 | (24,101) |
| Meetings - Colloquia | 144,554 | 76,586 |
| Office and overhead | 60,293 | 53,955 |
| Office space | 123,997 | 120,715 |
| Printing | 8,751 | 12,626 |
| Professional services | 49,568 | 57,750 |
| Statutory meetings - logistics | 392,133 | 287,896 |
| Statutory meetings - travel and accommodation | 117,067 | 91,435 |
| Support staff | 1,204,291 | 1,162,090 |
| Telephone, fax and teleconferencing | 30,319 | 34,773 |
| Translation | 2,318 | 2,626 |
| Travel - general | 19,535 | 36,436 |
| Unrealized (gain) loss on investments | (140,695) | 78,665 |
| Web seminars | 7,148 | 7,438 |
| Website services and development | <u>65,990</u> | <u>78,244</u> |
| | 2,423,812 | 2,478,594 |
| IAA, Congress Bursary, Financial Assistance and Advice and Assistance Funds | <u>23,318</u> | <u>381,393</u> |
| | <u>2,447,130</u> | <u>2,859,987</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ 107,279</u> | <u>\$ (289,039)</u> |

INTERNATIONAL ACTUARIAL ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>2019</u> | <u>2018</u> |
|--|---------------------------------|---------------------------------|
| CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over expenses | \$ 107,279 | \$ (289,039) |
| Items not affecting cash: | | |
| Amortization | 66,578 | 48,231 |
| Unrealized (gain) loss on investments | (140,695) | 71,872 |
| Revenues of IAA, Congress Bursary, Financial Assistance and Advice and Assistance Funds | (23,993) | (397,119) |
| Revenues of IAA Section Funds | (30,274) | (8,767) |
| Net change in non-cash working capital: | | |
| Trade receivables | (25,402) | (8,760) |
| Inventories | 3,313 | (34,043) |
| Prepaid expenses | 21,180 | (9,705) |
| Note receivable | (360,000) | - |
| Accounts payable and accrued liabilities | (22,166) | 62,601 |
| Deferred membership revenue | (66,497) | 59,863 |
| | <u>(470,677)</u> | <u>(504,866)</u> |
| CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES | | |
| Additions to capital assets, net of dispositions | (2,719) | (258,789) |
| Net proceeds of investments | 17,031 | 780,571 |
| | <u>14,312</u> | <u>521,782</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions received from held funds | 371,040 | 123,393 |
| NET (DECREASE) INCREASE IN CASH DURING THE YEAR | (85,325) | 140,309 |
| CASH AND EQUIVALENTS, BEGINNING OF YEAR | <u>264,403</u> | <u>124,094</u> |
| CASH AND EQUIVALENTS, END OF YEAR | <u><u>\$ 179,078</u></u> | <u><u>\$ 264,403</u></u> |

INTERNATIONAL ACTUARIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. NATURE OF THE ASSOCIATION

The International Actuarial Association (IAA) was incorporated in accordance with the laws of Switzerland. Founded in 1895, and reformed in 1998 with a new constitution, the IAA is the worldwide association of professional actuarial associations, with a number of special interest sections for individual actuaries. The IAA's mission is to represent the actuarial profession and promote its role, reputation and recognition in the international domain and to promote professionalism, develop education standards and encourage research.

The IAA is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

A number of Sections operate under the jurisdiction of the IAA constitution - Actuarial Approach for Financial Risks (AFIR/ERM), Actuarial Studies in Non-Life Insurance (ASTIN), Actuaries Without Borders (AWB), IAA Health Section (IAAHS), International Association of Consulting Actuaries (IACA), IAA Life Section (IAALS) and the Pensions, Employee Benefits & Social Security (PBSS).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

REVENUE RECOGNITION

The IAA follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership dues are recognized in the year to which the dues relate. Dues revenue received in advance are deferred to the year to which the dues relate.

Revenues from Colloquia/Web seminars are recognized in the year which these events are held, when the IAA assumes the organization of the events.

Interest and investment revenue is recognized on an accrual basis.

Book sales are recognized when the books are delivered.

IN-KIND CONTRIBUTIONS

Contributed materials and services which are used in the normal course of the IAA's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The area of significant estimate includes the useful life of the tangible capital assets.

INTERNATIONAL ACTUARIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS

Measurement

The IAA initially measures its financial assets and liabilities at fair value. The IAA subsequently measures all its financial assets and liabilities at amortized cost, except for short-term and long-term investments which are measured at fair value. Changes in fair value are recognized in the statement of revenues and expenses.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of revenues and expenses 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 revenues and expenses over the life of the instrument using the straight-line method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash on hand and cash deposits with banks and investment accounts.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value. The cost is determined on a first-in, first-out basis.

CAPITAL ASSETS

Purchased capital assets are stated at cost less accumulated amortization. Amortization is provided based on the assets' respective estimated useful lives using the diminishing balance and straight-line methods at the following rates:

| | |
|------------------------|-----------------------|
| Software | 5 years |
| Computer equipment | 3-10 years |
| Furniture | 5 years |
| Leasehold improvements | duration of the lease |

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into Canadian dollars using the temporal method. Foreign currency transactions are translated at the rates of exchange prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate in effect at year-end. Gains and losses on translation are reflected in the statement of revenues and expenses.

INTERNATIONAL ACTUARIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2019

3. FINANCIAL INSTRUMENTS

PRICE RISK

Investment in financial instruments renders the IAA subject to price risks. There are three types of price risk: currency risk, interest rate risk and market risk. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The IAA is mainly exposed to interest rate risk and market risk. The IAA is exposed to interest rate risk on its fixed-interest bonds, and exposed to market risk through its investments in exchange traded funds.

CONCENTRATION OF RISK

Concentrations of risk exist when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes that the concentrations described above does not represent excessive risk to the IAA.

CURRENCY RISK

As at December 31, 2019, cash and investments of \$14,106 and \$431 (2018 - \$107,325 and \$1,436) are shown in US dollars and Euros respectively, and converted into Canadian dollars. The IAA does not use derivative instruments to reduce exposure to foreign exchange risk.

There have not been any changes in the risks from the prior year.

4. INVESTMENTS

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|-------------------|-------------------|
| SHORT-TERM INVESTMENTS: | | |
| IAA (excluding Sections) | | |
| Money market fund | \$ 7,202 | \$ 77,000 |
| Treasury Bills | 113,240 | 9,064 |
| Guaranteed Investment Certificate | - | 136,747 |
| AFIR/ERM | | |
| Treasury Bills | 120,231 | 94,552 |
| ASTIN | | |
| Treasury Bill | 114,201 | 87,265 |
| AWB | | |
| Treasury Bill | 1,514 | 707 |
| IAAHS | | |
| Treasury Bill | 9,804 | 12,043 |
| IACA | | |
| Treasury Bill | 30,732 | 21,244 |
| IAALS | | |
| Treasury Bill | 32,567 | 38,514 |
| PBSS | | |
| Treasury Bill | 6,416 | 11,483 |
| | <u>\$ 435,907</u> | <u>\$ 488,619</u> |

INTERNATIONAL ACTUARIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2019

4. INVESTMENTS (continued)

| | <u>2019</u> | <u>2018</u> |
|------------------------------|---------------------|---------------------|
| LONG-TERM INVESTMENTS: | | |
| IAA (excluding Sections) | | |
| Exchange traded bond fund | \$ 204,420 | \$ 99,493 |
| Exchange traded indexed fund | 119,653 | 123,921 |
| AFIR/ERM | | |
| Bonds | 175,616 | 174,272 |
| Exchange traded bond fund | 36,636 | 109,419 |
| Exchange traded indexed fund | 221,152 | 152,323 |
| ASTIN | | |
| Exchange traded bond fund | 396,961 | 407,761 |
| Exchange traded indexed fund | 276,316 | 218,962 |
| AWB | | |
| Exchange traded bond fund | 13,993 | 14,643 |
| Exchange traded indexed fund | 8,919 | 7,903 |
| IAAHS | | |
| Exchange traded bond fund | 40,441 | 40,132 |
| Exchange traded indexed fund | 29,671 | 21,578 |
| IACA | | |
| Exchange traded bond fund | 103,310 | 109,438 |
| Exchange traded indexed fund | 73,939 | 58,808 |
| IAALS | | |
| Exchange traded bond fund | 123,517 | 127,513 |
| Exchange traded indexed fund | 86,208 | 68,566 |
| PBSS | | |
| Exchange traded bond fund | 25,345 | 28,994 |
| Exchange traded indexed fund | 19,570 | 15,565 |
| | <u>\$ 1,955,667</u> | <u>\$ 1,779,291</u> |

5. NOTE RECEIVABLE

The note receivable consists of an estimated amount owing from the 2018 world congress upon liquidation. The amount carries no specific terms and is anticipated to be received in 2021.

INTERNATIONAL ACTUARIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2019

6. CAPITAL ASSETS

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>2019 Net Book Value</u> | <u>2018 Net Book Value</u> |
|------------------------|-------------------|-------------------------------------|------------------------------------|------------------------------------|
| Software | \$ 249,147 | \$ 78,897 | \$ 170,250 | \$ 220,112 |
| Computer equipment | 46,631 | 32,294 | 14,337 | 23,470 |
| Furniture and fixtures | 47,902 | 42,745 | 5,157 | 6,493 |
| Leasehold improvements | 35,265 | 18,526 | 16,739 | 20,267 |
| | <u>\$ 378,945</u> | <u>\$ 172,462</u> | <u>\$ 206,483</u> | <u>\$ 270,342</u> |

7. CONTRIBUTIONS HELD FOR CONGRESS BURSARY FUND

The Congress Bursary Fund represents contributions received in support of bursaries relating to congresses. This fund is externally restricted.

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|-------------------|------------------|
| Beginning balance | \$ 57,820 | \$ 282,115 |
| Add: contributions received | 190,991 | 123,393 |
| Add: amounts not received (utilized) | <u>3,000</u> | <u>(347,688)</u> |
| Ending balance | <u>\$ 251,811</u> | <u>\$ 57,820</u> |

8. CONTRIBUTIONS HELD FOR FINANCIAL ASSISTANCE FUND

The Financial Assistance Fund represents contributions received in support of the work of actuaries and the actuarial profession in developing countries. This fund is externally restricted.

| | <u>2019</u> | <u>2018</u> |
|------------------------|-----------------|------------------|
| Beginning balance | \$ 14,751 | \$ 22,802 |
| Less: amounts utilized | <u>(5,975)</u> | <u>(8,051)</u> |
| Ending balance | <u>\$ 8,776</u> | <u>\$ 14,751</u> |

9. CONTRIBUTIONS HELD FOR ADVICE AND ASSISTANCE FUND

The Advice and Assistance Fund represents contributions received in support of IAA membership requirements to member associations, to associations seeking to become members of the IAA, and to establish new associations or strengthen existing associations and develop the elements of actuarial education and an actuarial profession. This fund is externally restricted.

| | <u>2019</u> | <u>2018</u> |
|------------------------|------------------|------------------|
| Beginning balance | \$ 52,520 | \$ 93,900 |
| Less: amounts utilized | <u>(21,018)</u> | <u>(41,380)</u> |
| Ending balance | <u>\$ 31,502</u> | <u>\$ 52,520</u> |

INTERNATIONAL ACTUARIAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2019

10. CONTRIBUTIONS HELD FOR IAA SECTION FUND

The IAA Section Fund represents contributions received to support the IAA Section administrative costs. This fund is externally restricted.

| | <u>2019</u> | <u>2018</u> |
|------------------------|------------------|-------------------|
| Beginning balance | \$ 101,390 | \$ 110,157 |
| Less: amounts utilized | <u>(30,274)</u> | <u>(8,767)</u> |
| Ending balance | <u>\$ 71,116</u> | <u>\$ 101,390</u> |

11. CONTRIBUTIONS HELD FOR IAA SPECIAL FUND

The IAA Special Fund represents contributions received to finance the Committee and Council meetings, and to support IAA's initiative to fund travel costs of delegates from developing countries to attend IAA Committee and Council meetings. This fund is externally restricted.

| | <u>2019</u> | <u>2018</u> |
|--------------------|-------------------|-------------|
| Beginning balance | \$ - | \$ - |
| Add: contributions | <u>180,000</u> | <u>-</u> |
| Ending balance | <u>\$ 180,000</u> | <u>\$ -</u> |

12. CONTRACTUAL OBLIGATIONS

The IAA has leased its premises, with a lease agreement expiring in October 2024. The minimum annual lease payments are based upon a per square foot base rent charge plus a proportionate share of operating costs and taxes.

Minimum payments over the next five years are as follows:

| | |
|------|-------------------|
| 2020 | \$ 148,365 |
| 2021 | 148,365 |
| 2022 | 148,365 |
| 2023 | 148,365 |
| 2024 | <u>123,637</u> |
| | <u>\$ 717,097</u> |

The IAA has entered into multiple contracts for hotel and venue accommodations for biannual conferences. While the IAA agreed to pay for the events accommodation, cancellation insurance has been purchased, alleviating the IAA from financial commitment.

13. COMPARATIVE FIGURES

The financial statements of the IAA for the year ended December 31, 2018 comparative figures were audited by another auditor who expressed an unqualified opinion on those statements on May 18, 2019. Certain of prior year's figures have been reclassified to conform to the current year's presentation.

INTERNATIONAL ACTUARIAL ASSOCIATION

SCHEDULE OF FINANCIAL POSITION (Unaudited)

DECEMBER 31, 2019

| | IAA Excluding Sections | AFIR/ERM | ASTIN | AWB | IAAHS | IACA | IAALS | PBSS | 2019 | 2018 |
|--|------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|---------------------|---------------------|
| ASSETS | | | | | | | | | | |
| CURRENT | | | | | | | | | | |
| Cash | \$ 156,259 | \$ 8,490 | \$ 1,530 | \$ 475 | \$ 4,072 | \$ 999 | \$ 639 | \$ 6,614 | \$ 179,078 | \$ 264,403 |
| Investments | 120,442 | 120,231 | 114,201 | 1,514 | 9,804 | 30,732 | 32,567 | 6,416 | 435,907 | 488,619 |
| Trade receivables | 41,422 | 12,061 | 12,182 | - | - | 50 | 7,713 | 3,733 | 77,161 | 51,759 |
| Inventories | 58,027 | - | - | - | - | - | - | - | 58,027 | 61,340 |
| Prepaid expenses | 85,471 | 263 | 263 | - | 263 | 6,356 | 263 | 263 | 93,142 | 114,322 |
| | 461,621 | 141,045 | 128,176 | 1,989 | 14,139 | 38,137 | 41,182 | 17,026 | 843,315 | 980,443 |
| INVESTMENTS | 324,073 | 433,404 | 673,277 | 22,912 | 70,112 | 177,250 | 209,724 | 44,915 | 1,955,667 | 1,779,291 |
| NOTE RECEIVABLE | 360,000 | - | - | - | - | - | - | - | 360,000 | - |
| CAPITAL ASSETS | 155,232 | 11,349 | 13,144 | 3,100 | 4,649 | 3,678 | 10,034 | 5,297 | 206,483 | 270,342 |
| | <u>\$ 1,300,926</u> | <u>\$ 585,798</u> | <u>\$ 814,597</u> | <u>\$ 28,001</u> | <u>\$ 88,900</u> | <u>\$ 219,065</u> | <u>\$ 260,940</u> | <u>\$ 67,238</u> | <u>\$ 3,365,465</u> | <u>\$ 3,030,076</u> |
| LIABILITIES AND NET ASSETS | | | | | | | | | | |
| CURRENT | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 159,250 | \$ 14,015 | \$ 4,177 | \$ 4,348 | \$ 2,996 | \$ 2,540 | \$ 3,487 | \$ 2,569 | \$ 193,382 | \$ 215,548 |
| Deferred revenue | 4,097 | 2,400 | 4,000 | 2,150 | 2,900 | 2,000 | 2,800 | 2,200 | 22,547 | 89,044 |
| | 163,347 | 16,415 | 8,177 | 6,498 | 5,896 | 4,540 | 6,287 | 4,769 | 215,929 | 304,592 |
| CONTRIBUTIONS HELD FOR: | | | | | | | | | | |
| Congress Bursary Fund Article 34 | 251,811 | - | - | - | - | - | - | - | 251,811 | 57,820 |
| Financial Assistance Fund | 8,776 | - | - | - | - | - | - | - | 8,776 | 14,751 |
| Advice and Assistance Fund | 31,502 | - | - | - | - | - | - | - | 31,502 | 52,520 |
| IAA Section Fund | 71,116 | - | - | - | - | - | - | - | 71,116 | 101,390 |
| IAA Special Fund | 180,000 | - | - | - | - | - | - | - | 180,000 | - |
| Projects | - | - | - | 4,924 | - | - | - | - | 4,924 | 4,875 |
| | 543,205 | - | - | 4,924 | - | - | - | - | 548,129 | 231,356 |
| | 706,552 | 16,415 | 8,177 | 11,422 | 5,896 | 4,540 | 6,287 | 4,769 | 764,058 | 535,948 |
| NET ASSETS | 594,374 | 569,383 | 806,420 | 16,579 | 83,004 | 214,525 | 254,653 | 62,469 | 2,601,407 | 2,494,128 |
| | <u>\$ 1,300,926</u> | <u>\$ 585,798</u> | <u>\$ 814,597</u> | <u>\$ 28,001</u> | <u>\$ 88,900</u> | <u>\$ 219,065</u> | <u>\$ 260,940</u> | <u>\$ 67,238</u> | <u>\$ 3,365,465</u> | <u>\$ 3,030,076</u> |

INTERNATIONAL ACTUARIAL ASSOCIATION

SCHEDULE OF CHANGES IN NET ASSETS (Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2019

| | IAA Excluding Sections | AFIR/ERM | ASTIN | AWB | IAAHS | IACA | IAALS | PBSS | 2019 | 2018 |
|---|------------------------------|------------|------------|-----------|-----------|------------|------------|-----------|--------------|--------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 542,070 | \$ 563,439 | \$ 770,590 | \$ 22,025 | \$ 81,508 | \$ 202,177 | \$ 250,214 | \$ 62,105 | \$ 2,494,128 | \$ 2,783,167 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | 52,304 | 5,944 | 35,830 | (5,446) | 1,496 | 12,348 | 4,439 | 364 | 107,279 | (289,039) |
| BALANCE, END OF THE YEAR | \$ 594,374 | \$ 569,383 | \$ 806,420 | \$ 16,579 | \$ 83,004 | \$ 214,525 | \$ 254,653 | \$ 62,469 | \$ 2,601,407 | \$ 2,494,128 |

INTERNATIONAL ACTUARIAL ASSOCIATION

SCHEDULE OF REVENUES AND EXPENSES (Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2019

| | IAA Excluding Sections | AFIR/ERM | ASTIN | AWB | IAAHS | IACA | IAALS | PBSS | 2019 | 2018 |
|--|------------------------------|-----------------|------------------|-------------------|-----------------|------------------|-----------------|---------------|-------------------|---------------------|
| REVENUES | | | | | | | | | | |
| Colloquia/Web seminars | \$ - | \$ 3,846 | \$ 3,847 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,693 | \$ 9,267 |
| Interest and investment | 11,435 | 16,278 | 19,521 | 649 | 1,967 | 5,260 | 6,150 | 1,307 | 62,567 | 66,005 |
| Membership - Associates | 1,300 | - | - | - | - | - | - | - | 1,300 | 1,200 |
| Membership - Observers | 20,000 | - | - | - | - | - | - | - | 20,000 | 10,000 |
| Membership - Patron | 25,000 | - | - | - | - | - | - | - | 25,000 | 45,000 |
| Membership - Full | 2,072,880 | 52,100 | 64,550 | 14,150 | 22,800 | 17,550 | 50,550 | 24,200 | 2,318,780 | 1,979,456 |
| Book sales and other revenue | 30,255 | 5,482 | 3,835 | 5,192 | 5,983 | 3,310 | 6,531 | 4,214 | 64,802 | 54,134 |
| | 2,160,870 | 77,706 | 91,753 | 19,991 | 30,750 | 26,120 | 63,231 | 29,721 | 2,500,142 | 2,165,062 |
| IAA, Congress Bursary, Financial Assistance and Advice and Assistance Funds | 23,993 | - | - | - | - | - | - | - | 23,993 | 397,119 |
| IAA Section Funds | - | 6,532 | 7,910 | 1,745 | 2,768 | 2,265 | 6,126 | 2,928 | 30,274 | 8,767 |
| | <u>2,184,863</u> | <u>84,238</u> | <u>99,663</u> | <u>21,736</u> | <u>33,518</u> | <u>28,385</u> | <u>69,357</u> | <u>32,649</u> | <u>2,554,409</u> | <u>2,570,948</u> |
| EXPENSES | | | | | | | | | | |
| Amortization | 51,578 | 3,321 | 3,847 | 907 | 1,361 | 1,077 | 2,937 | 1,550 | 66,578 | 48,231 |
| Bank charges and service fees | 11,714 | 24 | 247 | 21 | 46 | 31 | 24 | 54 | 12,161 | 20,266 |
| Bulletins (recoveries) | (20,000) | (513) | 392 | - | - | - | (603) | (331) | (21,055) | (14,683) |
| Bursaries | - | 8,036 | 9,278 | - | 1,793 | - | - | 7,277 | 26,384 | 75,795 |
| Committee and representation | 86,762 | - | - | - | - | - | - | - | 86,762 | 143,221 |
| Gifts and awards | 3,510 | 10,000 | - | - | 997 | 1,437 | 5,000 | 4,000 | 24,944 | 28,106 |
| Initiatives | - | 28,500 | 24,006 | - | 7,850 | 6,185 | 29,037 | - | 95,578 | 65,138 |
| Insurance | 33,970 | - | - | - | - | - | - | - | 33,970 | 32,624 |
| Investment expenses | 2,011 | 336 | - | - | - | - | - | - | 2,347 | 2,762 |
| Loss (gain) on foreign exchange | 10,651 | 29 | 44 | 13 | 7 | 334 | 21 | (225) | 10,874 | (24,101) |
| Meetings - Colloquia | 97,634 | 16,502 | 11,089 | 7,047 | 2,946 | 2,108 | 4,586 | 2,642 | 144,554 | 76,586 |
| Office and overhead | 53,544 | 598 | 3,996 | 688 | 89 | 1,249 | 40 | 89 | 60,293 | 53,955 |
| Office space | 123,997 | - | - | - | - | - | - | - | 123,997 | 120,715 |
| Printing | 3,791 | 203 | 3,616 | 203 | 329 | 203 | 203 | 203 | 8,751 | 12,626 |
| Professional services | 24,628 | 4,617 | 4,490 | 3,109 | 3,393 | 1,602 | 4,271 | 3,458 | 49,568 | 57,750 |
| Statutory meetings - logistics | 392,133 | - | - | - | - | - | - | - | 392,133 | 287,896 |
| Statutory meetings - travel and accommodation | 117,067 | - | - | - | - | - | - | - | 117,067 | 91,435 |
| Support staff | 1,204,291 | - | - | - | - | - | - | - | 1,204,291 | 1,162,090 |
| Telephone, fax and teleconferencing | 23,051 | 1,199 | 2,664 | 737 | 394 | 548 | 1,078 | 648 | 30,319 | 34,773 |
| Translation | 2,318 | - | - | - | - | - | - | - | 2,318 | 2,626 |
| Travel - general | - | 4,181 | 4,440 | 7,010 | 2,004 | 1,900 | - | - | 19,535 | 36,436 |
| Unrealized (gain) loss on investments | (24,103) | (33,697) | (46,396) | (1,618) | (4,613) | (12,406) | (14,548) | (3,314) | (140,695) | 78,665 |
| Web seminars | 2,058 | 1,018 | 1,018 | - | 1,018 | - | 1,018 | 1,018 | 7,148 | 7,438 |
| Website services and development | 65,990 | - | - | - | - | - | - | - | 65,990 | 78,244 |
| | 2,266,595 | 44,354 | 22,731 | 18,117 | 17,614 | 4,268 | 33,064 | 17,069 | 2,423,812 | 2,478,594 |
| IAA, Congress Bursary, Financial Assistance and Advice and Assistance Funds | 23,318 | - | - | - | - | - | - | - | 23,318 | 381,393 |
| Section administration (recoveries) | (157,354) | 33,940 | 41,102 | 9,065 | 14,408 | 11,769 | 31,854 | 15,216 | - | - |
| | <u>2,132,559</u> | <u>78,294</u> | <u>63,833</u> | <u>27,182</u> | <u>32,022</u> | <u>16,037</u> | <u>64,918</u> | <u>32,285</u> | <u>2,447,130</u> | <u>2,859,987</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ 52,304</u> | <u>\$ 5,944</u> | <u>\$ 35,830</u> | <u>\$ (5,446)</u> | <u>\$ 1,496</u> | <u>\$ 12,348</u> | <u>\$ 4,439</u> | <u>\$ 364</u> | <u>\$ 107,279</u> | <u>\$ (289,039)</u> |

INTERNATIONAL ACTUARIAL ASSOCIATION

SCHEDULE OF CASH FLOWS (Unaudited) FOR THE YEAR ENDED DECEMBER 31, 2019

| | IAA Excluding Sections | AFIR/ERM | ASTIN | AWB | IAAHS | IACA | IAALS | PBSS | 2019 | 2018 |
|---|------------------------------|-----------------|-----------------|----------------|-----------------|----------------|---------------|-----------------|-------------------|-------------------|
| CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Excess (deficiency) of revenues over expenses | \$ 52,304 | \$ 5,944 | \$ 35,830 | \$ (5,446) | \$ 1,496 | \$ 12,348 | \$ 4,439 | \$ 364 | \$ 107,279 | \$ (289,039) |
| Items not affecting cash: | | | | | | | | | | |
| Amortization of tangible capital assets | 51,578 | 3,321 | 3,847 | 907 | 1,361 | 1,077 | 2,937 | 1,550 | 66,578 | 48,231 |
| Unrealized (gain) loss on investments | (24,103) | (33,697) | (46,396) | (1,618) | (4,613) | (12,406) | (14,548) | (3,314) | (140,695) | 71,872 |
| Revenues of IAA, Congress Bursary, Financial Assistance and Advice and Assistance Funds | (23,993) | - | - | - | - | - | - | - | (23,993) | (397,119) |
| Revenues of IAA Section Funds | - | (6,532) | (7,910) | (1,745) | (2,768) | (2,265) | (6,126) | (2,928) | (30,274) | (8,767) |
| Section administration (recoveries) | (157,354) | 33,940 | 41,102 | 9,065 | 14,408 | 11,769 | 31,854 | 15,216 | - | - |
| Net change in non-cash working capital: | | | | | | | | | | |
| Trade receivables | (20,596) | (3,464) | (1,770) | - | - | (50) | 357 | 121 | (25,402) | (8,760) |
| Inventories | 3,313 | - | - | - | - | - | - | - | 3,313 | (34,043) |
| Prepaid expenses | 27,048 | (22) | (22) | - | (22) | (5,758) | (22) | (22) | 21,180 | (9,705) |
| Note receivable | (360,000) | - | - | - | - | - | - | - | (360,000) | - |
| Accounts payable and accrued liabilities | (22,157) | 6,844 | (9,065) | 2,698 | 2,328 | 1,713 | (2,331) | (2,196) | (22,166) | 62,601 |
| Deferred revenue | (73,747) | (6,200) | 3,450 | 1,850 | 2,550 | 1,450 | 2,450 | 1,700 | (66,497) | 59,863 |
| | <u>(547,707)</u> | <u>134</u> | <u>19,066</u> | <u>5,711</u> | <u>14,740</u> | <u>7,878</u> | <u>19,010</u> | <u>10,491</u> | <u>(470,677)</u> | <u>(504,866)</u> |
| CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES | | | | | | | | | | |
| Additions to capital assets, net of dispositions | (2,768) | - | (1) | 50 | - | - | - | - | (2,719) | (258,789) |
| Net proceeds (purchases) of investments | 25,812 | 10,628 | (27,095) | 445 | (1,550) | (6,085) | 6,851 | 8,025 | 17,031 | 780,571 |
| | <u>23,044</u> | <u>10,628</u> | <u>(27,096)</u> | <u>495</u> | <u>(1,550)</u> | <u>(6,085)</u> | <u>6,851</u> | <u>8,025</u> | <u>14,312</u> | <u>521,782</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Contributions received from held funds | 340,767 | 6,532 | 7,910 | 1,744 | 2,768 | 2,265 | 6,126 | 2,928 | 371,040 | 123,393 |
| OTHER ACTIVITY | | | | | | | | | | |
| Section administration (recoveries) | 157,354 | (33,940) | (41,102) | (9,065) | (14,408) | (11,769) | (31,854) | (15,216) | - | - |
| (DECREASE) INCREASE IN CASH DURING THE YEAR | (26,542) | (16,646) | (41,222) | (1,115) | 1,550 | (7,711) | 133 | 6,228 | (85,325) | 140,309 |
| CASH AND EQUIVALENTS, BEGINNING OF THE YEAR | 182,801 | 25,136 | 42,752 | 1,590 | 2,522 | 8,710 | 506 | 386 | 264,403 | 124,094 |
| CASH AND EQUIVALENTS, END OF THE YEAR | \$ 156,259 | \$ 8,490 | \$ 1,530 | \$ 475 | \$ 4,072 | \$ 999 | \$ 639 | \$ 6,614 | \$ 179,078 | \$ 264,403 |