

**The Insurance Institute of
British Columbia
Financial Statements
For the year ended March 31, 2022**

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Independent Auditor's Report

To the Members of the Insurance Institute of British Columbia

Opinion

We have audited the accompanying financial statements of the Insurance Institute of British Columbia ("the Institute") which comprise the balance sheet as at March 31, 2022 and the statements of revenue and expenditures and fund balance - general fund, revenue and expenditures and fund balance - CIP Society fund and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2022, and its results of 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute 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.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Institute'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 the Institute or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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.



Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 1, 2022

Insurance Institute of British Columbia
Balance Sheet

March 31	2022	2021
Assets		
Current		
Cash	\$ 80,298	\$ 368,317
Accounts receivable		
- Trade	68,942	72,103
- The Insurance Institute of Canada	103,722	114,944
Other revenue receivable (Note 7)	-	21,565
Prepaid expenses	69,627	72,794
	322,589	649,723
Capital assets (Note 4)	8,013	25,895
	\$ 330,602	\$ 675,618

Liabilities and Fund Balances

Current		
Accounts payable		
- Trade	\$ 23,531	\$ 67,719
- The Insurance Institute of Canada	867	99,027
Deferred revenue	148,047	140,896
Due to The Insurance Institute of Canada	132,144	324,081
	304,589	631,723

Fund Balances

Awards Trust Fund (Note 3)	9,000	9,000
CIP Society Fund	6,000	6,000
Funds Invested in Capital Assets	8,013	25,895
General Fund	3,000	3,000
	26,013	43,895
	\$ 330,602	\$ 675,618

On behalf of the Council:

_____ Director

_____ Director

Insurance Institute of British Columbia
Statement of Revenue and Expenditures and Fund
Balance - General Fund

For the year ended March 31	2022	2021
Revenue		
CIP program	\$ 719,291	\$ 712,656
Convocation	10,600	8,230
Events	7,129	4,357
Grants - The Insurance Institute of Canada		
- Operating	-	11,900
- Examinations	4,344	4,582
Licensing	150,514	166,671
Membership fees	361,967	373,121
Other revenue (Note 7)	20,284	134,910
Interest	1,586	1,157
Supplementary education program	43,097	40,143
	1,318,812	1,457,727
Expenditures		
Advertising and promotion	18,705	19,837
Annual general meeting	227	122
Bank charges	28,374	27,223
CIP program	411,215	408,448
Committee	3,233	3,489
Computer maintenance	2,556	1,449
Convocation	27,371	22,961
Equipment rental and maintenance	1,322	1,946
Events	4,503	3,133
Insurance	5,572	5,439
Licensing	66,410	70,919
Management fees	54,944	35,518
Membership services	681	711
Office and general	4,782	6,688
Office rent	137,685	130,742
Printing and postage	16,541	15,594
Professional fees	12,120	10,065
Salaries and benefits	434,833	399,074
Supplementary education program	2,363	2,655
Travel	2,224	262
Telephone	5,331	5,640
	1,240,992	1,171,915
Excess of revenue over expenditures for the year before transfers	77,820	285,812
Transfer to The Insurance Institute of Canada	(77,820)	(285,812)
Excess of revenue over expenditures for the year	-	-
Fund balance, beginning and end of year	\$ 3,000	\$ 3,000

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

Insurance Institute of British Columbia
Statement of Revenue and Expenditures and Fund
Balance - CIP Society Fund

For the year ended March 31	2022	2021
Revenue		
Professional development	\$ 48,564	\$ 35,670
Social events	14,595	19,728
Symposium	25,192	20,377
	<u>88,351</u>	<u>75,775</u>
Expenditures		
Advertising and promotion	3,311	5,835
Donations	3,100	3,000
Management fees	9,013	8,851
Professional development	2,468	55
Social events	12,260	19,265
Symposium	3,876	500
	<u>34,028</u>	<u>37,506</u>
Excess of revenue over expenditures for the year before transfer to The Insurance Institute of Canada	54,323	38,269
Transfer to The Insurance Institute of Canada	(54,323)	(38,269)
Excess of revenue over expenditures for the year	-	-
Fund balance, beginning and end of year	\$ 6,000	\$ 6,000

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

Insurance Institute of British Columbia
Statement of Cash Flows

For the year ended March 31	2022	2021
Cash was provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year		
- General operations	\$ -	\$ -
- CIP Society	-	-
Adjustments to reconcile excess of revenue over expenditures for the year to cash provided by (used in) operations		
Changes in non-cash working capital balances		
Accounts receivable	14,383	(11,817)
Other revenue receivable	21,565	(21,565)
Prepaid expenses	3,167	(22,750)
Accounts payable	(142,347)	(20,682)
Deferred revenue	7,151	8,557
	(96,081)	(68,257)
Financing activity		
Due to The Insurance Institute of Canada	(191,938)	188,152
Net change in cash during the year	(288,019)	119,895
Cash, beginning of year	368,317	248,422
Cash, end of year	\$ 80,298	\$ 368,317

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

Insurance Institute of British Columbia

Notes to Financial Statements

March 31, 2022

1. Purpose of the Insurance Institute of British Columbia

The Insurance Institute of British Columbia (the "Institute") is a not-for-profit organization incorporated in 1961 under the Societies Act of British Columbia. The Institute is dedicated to providing educational programs, courses, resources and professional certifications for members of the property and casualty insurance industry in British Columbia. The Institute also works in conjunction with the various other provincial Insurance Institutes to support their delivery of educational programs through the development of a uniform standard of property and casualty insurance education. The Institute is exempt from income tax under section 149(1)(l) of the Income Tax Act.

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as found in Part III of the CPA Canada Handbook, the more significant of which are outlined below.

Revenue Recognition

The Institute follows the deferral method of accounting for contributions and uses fund accounting. There are no assets or liabilities attributed to the CIP Society Fund. Assets attributed to the Awards Trust Fund are disclosed in Note 3.

Membership fee revenue is recognized over the term of the membership period. Course, seminar and other event revenues are recognized upon completion of the event. Other revenues are recognized upon provision of the goods or service. Deferred revenue arises when payments are received before the related goods or services are provided. Unrestricted grant revenue is recognized when received or receivable in the current period with no deferral. Restricted grant revenue is recognized in the period to which it relates or as related specific expenses are incurred.

Government Assistance

Government assistance is recorded in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is charged directly to Funds Invested in Capital Assets as follows:

Computer equipment and software	4 years straight line basis
Equipment	- 4 years straight line basis
Furniture and fixtures	- 10 years straight line basis
Leasehold improvements	- straight line basis over the term of the lease

Funds Invested in Capital Assets

The Funds Invested in Capital Assets represents funds used for the acquisition of capital assets. In the current year, there were capital asset additions of \$Nil (2021 - \$Nil). All amortization of capital assets is charged directly to this fund. In the current year, amortization was \$17,882 (2021 - \$30,831).

Insurance Institute of British Columbia

Notes to Financial Statements

March 31, 2022

2. Significant Accounting Policies (continued)

General Fund

The General Fund of the Institute is maintained at an amount of \$3,000 as agreed upon with The Insurance Institute of Canada. The balance of the General Fund over the above \$3,000 becomes payable to The Insurance Institute of Canada with the exception of additional agreed amounts appropriated to reserve accounts.

Any operating deficit is potentially recoverable from The Insurance Institute of Canada subject to review and approval by the Executive Finance Committee in accordance with the Provincial Institute Financing Guidelines.

CIP Society Fund

The Insurance Institute of Canada's Executive Committee gave approval to the Institutes to establish a Chartered Insurance Professional (CIP) Society Fund with the following criteria:

- 1) Any surplus generated by the CIP Society activities will be returned to the Insurance Institute of Canada (IIC).
- 2) Support for CIP Society activities is made through the partial redistribution of the transfer of surpluses generated by the CIP Society activities, as approved by IIC's Executive Committee. Payment to the Institutes is to be made in the form of an Agreed Maximum Retention.
- 3) The Agreed Maximum Retention by Institutes are as follows:
 - a) Agreed Maximum Retention amount of \$5,000 for each Institute.
 - b) Institutes with chapters may retain an additional maximum amount of \$1,000 per chapter.
- 4) If the Institute incurs an operating deficit in its CIP Society, it may apply to IIC's Executive Committee for consideration to retire the deficit and restore its Agreed Maximum Retention.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Insurance Institute of British Columbia Notes to Financial Statements

March 31, 2022

3. Awards Trust Fund

	2022	2021
Balance, beginning and end of year	\$ 9,000	\$ 9,000
Represented by Cash	\$ 9,000	\$ 9,000

The Fund was established to accumulate revenue for the purpose of distributing awards to students in Insurance.

The Awards Trust Funds are included with the general bank account.

4. Capital Assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Computer equipment and software	\$ 22,227	\$ 18,323	\$ 3,904	\$ 6,586
Equipment	93,842	89,733	4,109	8,217
Furniture and fixtures	42,677	42,677	-	190
Leasehold improvements	206,928	206,928	-	10,902
	\$ 365,674	\$ 357,661	\$ 8,013	\$ 25,895

5. Commitment

The Institute has leased office space under an operating lease that expires March 2027. The minimum annual lease payments for the next five years are as follows:

2023	\$	83,490
2024		87,120
2025		90,750
2026		94,380
2027		98,010
		\$ 453,750

Insurance Institute of British Columbia

Notes to Financial Statements

March 31, 2022

6. Financial Instrument Risk

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Institute is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Institute's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The Institute mitigates credit risk on its receivables through limiting its exposure to any one customer. There have not been any changes in the risk from the prior year.

7. COVID-19 Impact

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic which continues to spread throughout Canada and around the world. Management is actively monitoring the global situation on its financial condition, liquidity, operations and sector. The Institute relies on membership, tuition and seminars revenue in order to fulfil its mandate and these revenue sources may be affected due to the current economic environment. During this time, the Institute is continuing to facilitate these revenues virtually.

During the year, the Institute applied for financial assistance from the Canadian Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs. Included in other revenue are CEWS funding in the amount of \$11,315 (2021 - \$122,816) and CERS funding in the amount of \$8,969 (2021 - \$12,094). At year end, the Institute has a receivable of \$Nil (2021 - \$9,471) from the payroll subsidy and \$Nil (2021 - \$12,094) from the rent subsidy. Management has determined that the Institute does not have an obligation to repay the Government of Canada for these subsidies as they have determined that the Institute has met all the applicable eligibility criteria.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Institute is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.