

THE ACTUARIAL FOUNDATION OF CANADA  LA FONDATION ACTUARIELLE DU CANADA

TO: Members of the Actuarial Foundation of Canada

FROM: Actuarial Foundation of Canada (AFC)

SUBJECT: **Annual Report from the Directors on 2019/2020 Activities**

DATE: June 30, 2020

This Annual Report to the Members of The Actuarial Foundation of Canada (AFC) provides a brief summary of activities undertaken by the AFC for the 12 month period since the last AFC Annual Member Report in June 2019.

Support of the AFC: The CIA's support of the AFC leading up to its creation in 2003 and ever since has been the cornerstone of the AFC efforts to be the philanthropic focus of the actuarial profession in Canada. The AFC is delighted to report that the CIA provided 2019 AFC funding of \$30,000. The AFC is extremely grateful for the high level of support it continues to receive from the CIA. It is a tribute to accomplishments of the AFC and its volunteers. The AFC is also grateful for the invaluable administrative services that the CIA Secretariat provides. Without these services the AFC could not function effectively.

Funding has also been approved for the AFC from the Casualty Actuarial Society and the Society of Actuaries. The amounts for 2019 were \$13,826 and \$30,000 respectively. This funding reflects their continuing solid commitment to the AFC's goals.

In 2016, a generous donation of \$100,000 was received from Joe Cheng to fund research projects. A formal program was put in place and was titled the "Actuarial Research Internship Program", or "ARIP". The program partners with academia, sponsors and industry to provide funding to graduate students for specific research projects. A special committee was established to develop a framework and governance for the administration of the program. The first award cycle generated interest from four candidates. Four internships were announced in 2018 and their work is now complete, generating three papers. The Committee evaluated them and selected one winner in May 2020.

A key initiative to be undertaken in 2020 and 2021 will be an increased focus on corporate funding efforts. We will also continue our efforts to increase the funding from individuals. In 2019, a record number of 70 individual donors made a financial contribution to the AFC.

AFC Programs: The Youth committee has again been overwhelmed by requests for funding and the continuing challenge is the selection of programs to be funded from the many worthy candidates. By supporting the Actuarial Foundation of Canada (AFC), you help make a difference to Canadian youth's development of mathematical and financial education through worthwhile programs and activities to primary and secondary school students.

With the exception of the research fund created by Joe Cheng, the AFC will continue to focus on youth education for the near future.

Youth Education Math and Finance Programs: The AFC is diligent in its review of new programs to ensure that AFC funding supports quality programs that make a difference, in areas that further AFC objectives, and promote a positive image of the actuarial profession. Many funding requests are turned down if they do not meet our mandate. The Youth Education Committee follows a comprehensive and robust process and effectively leverages its limited budget.

An additional challenge for our youth programs in 2020 is COVID-19. Many of the programs that our charities provide involve in-person activities so they have been temporarily suspended or modified while COVID-19 continues to be a threat. As a result we have advised our charities that our funding approval is provisional this year: we will circle back to them in September 2020 for a further review of the viability of their 2020/21 programs and possibly make changes in the funding level. The following is a summary of the programs that the AFC has provisionally confirmed funding for in 2020.

| Organization | Funding for 2020 |
|---|-------------------------|
| Engineering Outreach | \$5,000 |
| Science and Mathematics in Action | \$8,000 |
| Pacific Institute for the Mathematical Sciences | \$15,000 |
| Canadian Mathematical Society | \$15,000 |
| Youth Sciences Canada | \$5,000 |
| Junior Achievement Canada | \$65,000 |
| Toronto Foundation for Student Success | \$12,000 |
| THEMUSEUM | \$5,000 |
| Verna J. Kirkness Science and Engineering Education Program | \$6,000 |
| Shad Canada | \$5,000 |
| Total Provisional 2020 Funding | \$141,000 |

It should be noted that the Girl Guides of Canada were unable to award, so far in 2020, the \$6,000 of scholarships we approved for them in 2019 so that amount has been left with them to provide scholarships later in 2020 or 2021.

In addition to the youth programs we provide funding for, we partnered with the CIA in the fall of 2019 to solicit volunteers to teach the financial literacy programs that Junior Achievement provides across Canada. More than 80 actuaries volunteered as a result of the e-mail solicitation that the CIA sent out on our behalf. These volunteers are now registered

with Junior Achievement Canada and have undergone training to teach financial literacy courses in school either in person, or virtually, if COVID-19 prevents on-site visits.

Hugh White Memorial Fund scholarships and the James Anderson Bursary Fund:

The AFC supports high school and university students to pursue math and actuarial education through the Hugh White Scholarship program, which the AFC administers, and the University of Manitoba James Anderson Bursary fund, which the AFC helped establish. From the Hugh White Fund, scholarships are presented to graduating students at London Central Secondary School and Erin District High School. The scholarships are awarded to students intending to pursue university programs in mathematical-related studies. Recipients are invited to attend the annual meeting of the Canadian Institute of Actuaries, if it is in Toronto.

Contributions Since June 30 2019: The AFC is most grateful to the individuals and organizations that provide funding support. In addition, the AFC appreciates the administrative support from the CIA. Without this support the AFC would be unable to function, since the AFC has no paid staff and could not afford to take on paid staff. This past year, the AFC was able to attract an increase in individual and corporate donations of \$46,300 which means the AFC can look to increase program funding in 2020 and beyond.

CIA, SOA, and CAS Funding in 2020: The CIA has confirmed budgeted AFC funding for 2020 of \$30,000. The AFC is pleased with continued support of the AFC by the CIA and will do all it can to ensure the funds entrusted to it are well used. The SOA has confirmed budgeted AFC funding for 2020 of US\$30,000. The Casualty Actuarial Society has contributed of \$13,826 for 2019, and expects to increase that donation in 2020 proportional to inflation and changes in Canadian membership size.

Financial Targets: In 2012 the AFC set 2 financial measures which are used to monitor the financial health of the organization:

- 1) **Program Spending Ratio:** The ratio of (program spending) to (total donations for the previous year) should be in the range of 90-95% where donations are rising year by year. This ratio was 115% and 90.3% in 2019 and Budget 2020, respectively. The increased donations received in 2019 have allowed a modest increase in budgeted program spending for 2020, the first increase in several years.
- 2) The **Growth Rate in Unrestricted Assets** should be in the range of 5-10% each year where donations are steadily increasing. Net unrestricted assets increased 28.8% in 2019, due to slightly lower program funding and a late year surge in individual donations. The projected increase is 25.5% for 2020, reflecting modest increases in both donations and funding going forward. The AFC Board will continue to monitor this ratio regularly.

Budgeting: Typically, the lion's share of cash contributions to the AFC arrive in the fall. Consequently, these donations fund expenditures in the coming year and the year-end AFC financial statements represent the "high water mark" for assets in the AFC yearly cycle. In

the past, program funding for individual charities had been awarded over three years. However, with recent uncertainty in donation levels, program funding has been awarded only annually. Nevertheless, we do expect that for the most part we will continue to support the programs we support now in the future.

Encouraged by the surge in donations in 2019, the 2020 AFC budget, approved in March 2020, set funding for Youth Education Math Projects at \$155,000, over \$20,000 higher than in 2019. To date, the AFC has committed to spending \$155,000 of this budget with a further review in September 2020. At Dec. 31, 2019 the AFC's unrestricted net assets were \$178,133, representing 115% of the projected 2020 spending.

Financial Statements, CRA Filings and Annual Member Report: Copies of the 2019 audited AFC financial statements and the 2020 Annual Member Report will be posted to the AFC web-site shortly after the June 2020 AFC member's meeting. Copies of the 2019 audited financial statements have been provided to the CIA. The required 2018 filing was submitted to CRA in May 2019. Receipt has been confirmed.

Communication Committee: The existing AFC website was replaced in 2019 with a well thought out, exciting and attractive online presence designed and implemented by CIA staff. The new website is frequently updated to highlight AFC activities, Board membership, reports and new donors. In addition, a corporate presentation to encourage donors and a pamphlet describing our programs have been prepared. You are encouraged to visit our site at <https://afc-fac.ca>

Planning, Strategy, Training: The AFC Board reviewed its mission and vision early in 2020 and continues to focus on youth programs and research at this time. We have gone through a significant transition with many new directors and committee heads as past directors have retired. We are always looking for individuals to join our Board of Directors.

Canada Not-For-Profits Corporation Act: The AFC must comply with the Canada Not-For-Profits Corporations Act. Recommendations based on legal advice and careful review and consideration by the AFC Directors presented for approval at the 2020 Annual Member's Meeting have been successfully implemented.

Conclusion: In conclusion, the AFC is working hard on initiatives that hold considerable promise, especially in the field of youth financial literacy and math education where there is a strong link to the actuarial profession. Together with the AFC's ongoing programs, the AFC meets its philanthropic goals and promotes the positive image of the actuarial profession in youth education. As evidenced by the strong demand for support of youth education programs, the AFC is well positioned for future growth of all of its programs.

Respectfully submitted
Paul Reaburn.

Chairperson, Actuarial Foundation of Canada