

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 Member Report from the Director's on 2016/2017 Activities**

DATE: June 14, 2017

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 2016.

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 has approved 2017 AFC funding. 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.

In addition, funding has also been approved for the AFC from the Casualty Actuarial Society and the Society of Actuaries. The AFC is appreciative of the funding, and hopes to continue this partnership.

A generous donation of \$100,000 was received from Joe Cheng to fund research projects. A special committee has been established that will have responsibility for administration of the fund as well as adjudication of requests for funding. It is expected that approximately \$10,000 per year will be allocated for funding, although the amount may vary based on the merit of the requests.

A key initiative undertaken in 2017 is to encourage corporate funding. A presentation has been developed underlying the activities of the AFC, and a short video is in progress. Selected corporations will be approached in 2017 by Paul Reaburn and Ellen Whelan.

AFC Programs: The Youth committee has been overwhelmed by requests for funding and the challenge now 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 delivered during primary and secondary school education as well as some programs delivered post-secondary education.

With the exception of the research fund created by Joe Cheng, the AFC will focus on youth education, as announced last year.

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 and effectively leverages its limited budget.

In 2017 the AFC has increased this budget again to \$138,200 reconfirming its support of Youth Education. The following is a summary of the programs that the AFC has confirmed support for in 2017:

1.

Organization	Funding for 2017	Comments
Youth Science Canada	\$10,000	Year 3 of 3
Canadian Mathematical Society	\$12,000	Year 3 of 3
SMAC (U of Laval)	\$10,000	Year 3 of 3
RISE BC	\$500	One time
Math Stars	\$5,000	One time
Junior Achievements – National (includes JA Quebec – year 2 of 3)	\$59,700	3 years (2017-2019) with option to increase each year Commitment to JA Quebec expires after 2018 payment
Girl Guides of Canada	\$6,000	One time
PIMS	\$15,000	One time
TFSS – Beyond 330	\$10,000	3 years (2017-2019)
BBBSG – Banking Buddies	\$10,000	3 years (2017-2019)
Total Commitments:	\$138,200	

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. Sponsored by the Hugh White Fund scholarships are presented to graduating students at two high schools – in London, Ontario and Erin, Ontario. The scholarships are awarded to students intending to pursue university programs in actuarial or mathematical studies. Recipients are invited to attend the annual meeting of the Canadian Institute of Actuaries, if it is in Toronto.

Contributions Since June 30 2016

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. The AFC has a number of initiatives being examined to increase future contributions, both individual and corporate.

The AFC is especially grateful to Joe Cheng for his generous donation in support of a new fund dedicated to research.

CIA and SOA Funding in 2017:

The CIA has confirmed budgeted AFC funding for 2017. 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 2017 as has the Casualty Actuarial Society.

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 148% and 124% in Actual 2016 and Budget 2017, respectively. The Actual 2016 ratio was considerably higher than budgeted due to a decline in contributions from that expected in the budget. The 2017 budget anticipates slightly increasing donations but a decrease in program spending back towards more manageable levels. In 2017 we plan to reach out to corporations in order to help increase our donation base, so that in future years we will not have to continue to decrease program spending..
- 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 decreased 19.9% in 2016, a result of a decline in donations coupled with a conscious decision to maintain program spending levels. The AFC Board will continue to monitor this ratio regularly.

Budgeting: Typically, 98% of cash contributions to the AFC arrive in the fall (just under 2/3 arriving in December). Consequently, these donations fund expenditures in the coming year and AFC financial statements represent the “high water mark” for assets in the AFC yearly cycle. Currently, the AFC has ongoing program commitments of \$85,400

in place over the next three years, but these are not recognized as liabilities on the statements, because they are not legally binding yet. We have included this important information in the notes to the financial statements, as we need to ensure enough unrestricted assets remain to cover these commitments.

With this cycle of “end of year” receipts, the AFC aims to have unrestricted net assets at Dec. 31 equal to at least two years spending. That covers the upcoming year, plus a cushion of one year’s spending if our next fundraising campaign falls short. This cushion is needed to unwind our programs, most of which are established with a renewable three year commitment. While we retain the right to terminate early, abrupt suspension of expected funding is always negative for any organization and would destroy the goodwill we have built.

Despite lower levels of donations in 2016, the 2017 AFC budget, approved in March 2017, sets funding for Youth Education Math Projects at \$120,000 in recognition of the large number of projects currently on the go and proposed new projects submitted to the Youth Education Committee. Non-program expenditures (other than those covered by the CIA’s contributions in kind) are budgeted at \$1,000. At Dec. 31, 2016 the AFC’s unrestricted net assets were \$172,073, representing 125% of 2016 spending.

Financial Statements, CRA Filings and Annual Member Report: Copies of the 2016 audited AFC financial statements and the 2017 Annual Member Report will be posted to the AFC web-site shortly after the June 2017 AFC member’s meeting. Copies of the 2017 audited financial statements have been provided to the CIA. The required 2016 filing was submitted to CRA in May 2017. Receipt has been confirmed.

Communication Committee: Following the AFC Communication Committee's completion of the new AFC website in late 2014, a focus has been maintenance and upkeep of the website, as well as expanding the AFC's online presence via social media outlets such as Twitter. Promotional material distributed at industry meetings has also been developed and kept current. In 2016, a presentation was developed to encourage corporate funding, highlighting the activities of the AFC, with an emphasis on its support of youth education and finance programs. To further encourage corporate donations in 2017, a short video presentation is in development.

Planning, Strategy, Training: The AFC Board has gone through a significant transition with many new directors and committee heads as past directors have retired. Education and training of directors has been ongoing through reaching out to past directors as well as ongoing communication with The Actuarial Foundation, the AFC’s U.S. counterpart.

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 June 11, 2014 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 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 good works programs, but is facing challenges in obtaining the level of donations needed to maintain this effort

Respectfully submitted
Paul Reaburn.

Chairperson, Actuarial Foundation of Canada