

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 2017/2018 Activities**

DATE: June 20, 2018

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 2017.

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 2018 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.

In addition, funding has also been approved for the AFC from the Casualty Actuarial Society and the Society of Actuaries. The amounts for 2017 are \$10,716 and \$30,000 respectively. This funding is significantly higher than for 2016 and reflects a 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 "Actuarial Research in Partnership", 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 phase of the project has begun, with four projects in progress.

A key initiative undertaken in 2018 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 have been approached 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 process and effectively leverages its limited budget.

In 2018 the AFC has maintained this budget at \$138,200 reconfirming its support of Youth Education. The following is a summary of the programs that the AFC has confirmed support for in 2018:

Organization	Funding for 2018	Comments
THEMUSEUM of Ideas	5,000	One time
SMAC (U of Laval)	\$10,000	Year to year
Girl Guides of Canada	\$6,000	Year to year
PIMS	\$15,000	Year to year
Glenforest STEM Conference	\$1,000	One Time
Canadian Mathematical Society	\$15,000	Year to year
Youth Science Canada	\$5,000	Conditional
Junior Achievements	\$59,700	3 years (2017-2019)
TFSS – Beyond 330	\$10,000	3 years (2017-2019)
BBBSG – Banking Buddies	\$10,000	3 years (2017-2019)
Carried Forward to 2019	\$1,500	Unused Balance for 2018
Total Approved Budget	\$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 2017: 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.

CIA and SOA Funding in 2018: The CIA has confirmed budgeted AFC funding for 2018 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 2017 of US\$30,000. The Casualty Actuarial Society has contributed of \$10,716 for 2017, and expects to increase that donation in 2018.

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 143% and 106% in 2017 and Budget 2018, respectively. The 2018 ratio is considerably lower because donations were up over 30% from 2016, while program spending was held level.
- 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 5.2% in 2017, as program funding still exceeds donations. 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. Currently, the AFC has ongoing program commitments of \$164,400 in place over the next three years, but these are not recognized as liabilities on the statements, because they are not legally binding yet. However, we continue to include this important information in the notes to the financial statements.

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.

Buoyed by increased levels of donations in 2017, the 2018 AFC budget, approved in March 2018, set funding for Youth Education Math Projects at \$138,200, in essence the same level

as for 2017. At Dec. 31, 2017 the AFC's unrestricted net assets were \$162,067, representing 117% of the projected 2018 spending.

Financial Statements, CRA Filings and Annual Member Report: Copies of the 2017 audited AFC financial statements and the 2018 Annual Member Report will be posted to the AFC web-site shortly after the June 2018 AFC member's meeting. Copies of the 2018 audited financial statements have been provided to the CIA. The required 2017 filing was submitted to CRA in May 2018. Receipt has been confirmed.

Communication Committee: In the second half of 2014, the AFC Communication Committee completed a 2 year project to entirely replace the existing AFC website with a well thought out, exciting and attractive online presence. The new website is frequently updated to highlight AFC activities, reports and new donors. In addition, the creation of a secure governance database containing critical information for directors, also a 2 year project, has been completed. A public level of this database has been made available that contains non-confidential documents. In 2015, the Communication Committee worked with the CIA to educate their new Board members on the mission and activities of the AFC and to explore use of Twitter, Facebook and other social media.

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 Reburn.

Chairperson, Actuarial Foundation of Canada