

**NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY**

**Financial Statements**

**Year Ended December 31, 2014**

*(Unaudited)*

**NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY**

**Index to Financial Statements**

**Year Ended December 31, 2014**

*(Unaudited)*

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## REVIEW ENGAGEMENT REPORT

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To the Members of Northern Alberta Risk and Insurance Management Society

We have reviewed the statement of financial position of Northern Alberta Risk and Insurance Management Society as at December 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

*Givens LLP.*

Edmonton, Alberta  
April 8, 2015

Givens LLP

**NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY****Statement of Revenues and Expenditures****Year Ended December 31, 2014***(Unaudited)*

	2014	2013
		<i>(Restated - Note 4)</i>
<b>REVENUE</b>		
Membership fees	\$ 6,761	\$ 6,952
Golf tournament fees	4,981	5,114
Luncheons and seminars	4,720	10,517
Session reimbursement	2,000	1,905
	<u>18,462</u>	<u>24,488</u>
<b>EXPENSES</b>		
Luncheon facilities, speakers and gifts	9,318	14,930
Golf tournament	6,364	6,221
Donations	4,050	5,200
Professional fees	2,372	2,191
Travel	1,974	705
Executive meetings	1,045	252
Insurance	656	656
Interest and bank charges	137	25
	<u>25,916</u>	<u>30,180</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>(7,454)</b>	<b>(5,692)</b>
<b>OTHER INCOME</b>		
Interest and other income	695	637
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>\$ (6,759)</b>	<b>\$ (5,055)</b>

**NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2014**

*(Unaudited)*

	Internally Restricted	Unrestricted	2014	2013 <i>(Restated - Note 4)</i>
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 40,000	\$ 19,144	\$ 59,144	\$ 64,199
Deficiency of revenue over expenses	-	(6,759)	(6,759)	(5,055)
<b>NET ASSETS - END OF YEAR</b>	\$ 40,000	\$ 12,385	\$ 52,385	\$ 59,144

**NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY**

**Statement of Financial Position**

**December 31, 2014**

*(Unaudited)*

	<b>2014</b>	2013 <i>(Restated - Note 4)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 54,211	\$ 25,519
Term deposits <i>(Note 2)</i>	-	40,257
Accounts receivable	1,607	1,578
Government remittances recoverable	526	-
	<b>\$ 56,344</b>	<b>\$ 67,354</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges	\$ 3,959	\$ 7,904
Government remittances payable	-	306
	<b>3,959</b>	<b>8,210</b>
<b>NET ASSETS</b>		
Internally restricted	40,000	40,000
Unrestricted	12,385	19,144
	<b>52,385</b>	<b>59,144</b>
	<b>\$ 56,344</b>	<b>\$ 67,354</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*Director*

\_\_\_\_\_  
*Director*

**NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY**

**Statement of Cash Flow**

**Year Ended December 31, 2014**

*(Unaudited)*

	<b>2014</b>	2013
		<i>Restated - Note 4</i>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 18,570	\$ 17,555
Cash paid to suppliers and employees	(29,861)	(28,480)
Interest received	695	637
Interest paid	(137)	(25)
Goods and services tax	(832)	189
	<hr/>	<hr/>
Cash flow used by operating activities	(11,565)	(10,124)
<b>INVESTING ACTIVITY</b>		
Term deposits	40,257	254
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	28,692	(9,870)
Cash - beginning of year	25,519	35,389
	<hr/>	<hr/>
<b>CASH - END OF YEAR</b>	\$ 54,211	\$ 25,519

# NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY

## Note to Financial Statements

Year Ended December 31, 2014

(Unaudited)

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### PURPOSE OF THE SOCIETY

Northern Alberta Risk and Insurance Management Society (the "society") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. As a registered charity the society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The society operates to advance the theory and practice of risk and insurance management for its members.

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of accounting

The financial statements of the Society have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Canadian accounting standards for not-for-profit are part of Canadian generally accepted accounting principles. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

#### Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Measurement of financial instruments

The society initially measures its financial assets and liabilities at fair value when acquired or issued, except for certain non-arm's length transactions.

The society subsequently measures all its financial assets and financial liabilities at amortized cost and are tested for impairment at each reporting date. Investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

#### Cash equivalents

The society's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the society cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

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# NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY

## Note to Financial Statements

Year Ended December 31, 2014

(Unaudited)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital assets

In accordance with Canadian accounting standards for not-for-profit organizations, a provision for amortization is not reflected in the accounts but rather, capital purchases are recorded as an expenditure in the year of acquisition.

#### Donation of services

The work of the Society is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

#### Internally restricted funds

Internally restricted funds include amounts which the Society has designated for specific purposes. These internally restricted amounts are not available for other other purposes without approval of the Board of Directors.

#### Revenue recognition

Northern Alberta Risk and Insurance Management Society 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. Endowment contributions are recognized as direct increases in net assets. The key elements of revenue are:

#### a) Membership fees

Membership fees are paid annually and recognized as revenue in the year the membership pertains to. Prepaid fees are deferred and recognized when appropriate.

#### b) Event revenue

Event revenue is recognized in the period in which the event has taken place.

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# NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY

## Note to Financial Statements

Year Ended December 31, 2014

(Unaudited)

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### 2. INTERNALLY RESTRICTED FUND BALANCES

The Board of Directors has internally restricted resources to be used for designated purposes. A reserve fund of \$25,000 has been dedicated to the undertaking and financial support of hosting Canadian Risk and Insurance Management Society Conferences in Alberta.

A second reserve of \$15,000 has been established to fund specific industry-related research projects as might be determined appropriate by the Board of Directors.

These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

Interest generated from the investments are not restricted for use.

Cash and short term investments are maintained in segregated accounts as follows:

	<u>2014</u>	<u>2013</u>
Guaranteed Investment Certificate	\$ -	\$ 40,257

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### 3. RELATED PARTY TRANSACTIONS

The following is a summary of the society's related party transactions:

	<u>2014</u>	<u>2013</u>
<u>Board members</u>		
Board appreciation gift cards	\$ 660	\$ -

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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### 4. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the preparation of the financial statements for the year ended December 31, 2014, the company determined that the accounts payable balance was understated in the prior year as an invoice for services provided in 2013 was not provided to the society until late after the year end.

As at December 31, 2013, accounts payable and luncheon expenses were affected by an increase of \$4,368 and an increase of \$4,368, respectively. Ending retained earnings has decreased by \$4,368.

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### 5. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of December 31, 2014.

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**NORTHERN ALBERTA RISK AND INSURANCE MANAGEMENT SOCIETY**

**Note to Financial Statements**

**Year Ended December 31, 2014**

*(Unaudited)*

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5. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from customers. In order to reduce its credit risk, the society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of customers which minimizes concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The society is exposed to interest rate risk primarily through its term deposits.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

There are no significant changes in the risk profile of the financial instruments of the company compared to the prior fiscal year.

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