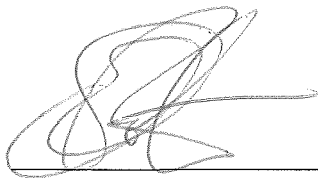


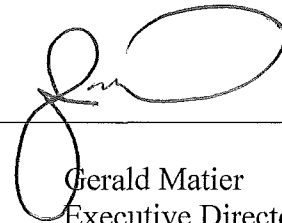
**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**STATEMENT OF FINANCIAL INFORMATION APPROVAL**  
Prepared pursuant to the Financial Information Regulation  
Schedule 1, section 9

The undersigned represent the Directors of the Insurance Council of British Columbia and approve all statements and schedules included in this Statement of Financial Information produced under the *Financial Information Act*.



---

C. David Porter  
Chair  
November 13, 2012



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Gerald Matier  
Executive Director  
November 13, 2012

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**MANAGEMENT REPORT**

Prepared pursuant to Financial Information Regulation, Schedule 1, section 9

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* were prepared in accordance with generally accepted accounting principles. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is further responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

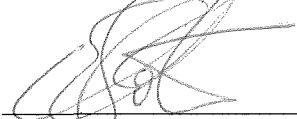
It is the role of the Insurance Council of British Columbia ("Council") to ensure that management fulfils its responsibilities for financial reporting and internal control. This responsibility is primarily exercised through the Executive and Audit Committees. The Executive Committee meets with management monthly and part of its duties include a review of unaudited, year-to-date financial statements. The statements provide updated balance sheet, current figures for income, revenue, expenditures, surplus and investments, and a year-to-date comparison of expenditures and revenue to the annual budget.

The Audit Committee:

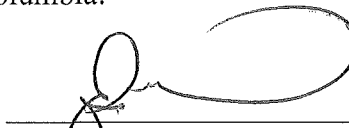
- Ensures Council appoints an auditor that meets the legislative criteria.
- Reviews the auditor services available and makes recommendations to Council about selection of an auditor.
- Oversees and reviews the services performed by the auditor.
- Reviews the financial statements and auditor's report, and conducts such investigations as it thinks are necessary to satisfy itself about the financial statements and any irregularities.
- Presents and makes recommendations to Council about the annual financial statements prepared by the auditors. And
- Ensures auditor's recommendations (Report to Management) are implemented as required.

BDO Canada LLP, has conducted an independent examination, in accordance with generally accepted auditing standards, and expressed their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the *Financial Information Act*. Their examination included a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Audit and Executive Committees.

On behalf of the Insurance Council of British Columbia:



C. David Porter  
Chair  
November 13, 2012



Gerald Matier  
Executive Director  
November 13, 2012

Summary of Audited Financial Statements of Public Bodies  
 Prepared Under the Financial Information Regulation  
 Schedule 1, sections 1(1)(a) and 1(1)(b)  
 (Unaudited)

Statement of Assets and Liabilities  
 In Thousands

	Assets \$	Liabilities \$	Equity \$
Other Public Bodies			
Insurance Council of British Columbia 1.....	9,616	3,801	5,815
Total Other Public Bodies.....	<u>9,616</u>	<u>3,801</u>	<u>5,815</u>

Operational Statement  
 In Thousands

	Revenue \$	Expenditures \$	Surplus \$
Other Public Bodies			
Insurance Council of British Columbia 1.....	4,562	4,029	533
Total Other Public Bodies.....	<u>4,562</u>	<u>4,029</u>	<u>533</u>

1 The Financial Information of this entity is as at May 31, 2012

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**SCHEDULE OF LONG TERM DEBT**  
**SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS**  
Prepared under the Financial Information Regulation  
Schedule 1, sections 4 and 5  
Fiscal Year June 1, 2011 to May 31, 2012

The Insurance Council of British Columbia, for the fiscal year June 1, 2011 to May 31, 2012 has no long term debt.

Total	<u><u>\$ -</u></u>
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The Insurance Council of British Columbia, for the fiscal year June 1, 2011 to May 31, 2012 has not given any guarantees or indemnities under the Guarantees and Indemnities Regulations.

Total	<u><u>\$ -</u></u>
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**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**REMUNERATION AND EXPENSES FOR VOTING COUNCIL MEMBERS**  
Prepared under the Financial Information Regulation  
Schedule 1, section 6(2)(a)  
Fiscal Year June 1, 2011 to May 31, 2012

Voting Members	Remuneration	Expenses
Ager, Rita	\$ 3,500.00	\$ 1,794.20
Calder, Graham	1,000.00	1,598.33
Grewal Tejinder	1,000.00	3,366.17
Hoyte, Ruth	6,500.00	8,009.03
Jordan, Mary	2,200.00	938.96
MacKinnon, Barbara	6,100.00	5,825.43
McGruer, Izumi Miki	1,200.00	1,430.97
Muto, Vince	1,200.00	1,349.90
O'Fee, Daniel	3,600.00	3,046.22
Porter, David	3,600.00	579.20
Swanlund, Daniel	2,700.00	4,129.26
Thom, Kenneth	5,200.00	7,143.39
Thompson, Colin	1,000.00	1,095.20
Yung, Eric	2,000.00	28.57
Total	<u>\$ 40,800.00</u>	<u>\$ 40,334.83</u>

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**REMUNERATION AND EXPENSES FOR NON-VOTING COUNCIL MEMBERS**  
 Prepared under the Financial Information Regulation  
 Schedule 1, section 6(2)(a)  
 Fiscal Year June 1, 2011 to May 31, 2012

Non-Voting Members	Remuneration	Expenses
Amos, Donald	\$ 1,500.00	\$ 3,017.60
Barker, Darlene	300.00	\$ -
Beck, David	500.00	\$ -
Belch, Stephen	1,100.00	\$ 1,265.25
Bennett, Michael	1,000.00	\$ 945.20
Bennett, E. Nanette	1,500.00	\$ 1,314.01
Brain, Bradley	1,400.00	5,663.02
Brouwer, Jacob	900.00	1,122.31
Cheema, Chamkaur	1,600.00	1,960.85
Grewal, Harjit	300.00	\$ -
Holmes, Carman	1,200.00	1,285.39
Hyde, Darlene	2,200.00	1,824.82
Kondruk, Gloria	1,100.00	2,068.88
Krokosinski, Karl	200.00	\$ -
Kukkonen, Kenneth	1,500.00	1,061.26
Lee, Darren	1,000.00	1,387.14
Manuel, John	800.00	953.80
Mackleston, Frank	1,900.00	1,153.62
Meier, Thomas	1,300.00	1,012.20
Newham, Susan	1,600.00	1,730.77
Peever, Vern	3,200.00	6,844.63
Prizeman, Heather	1,500.00	1,315.96
Rowland, Arthur	1,000.00	1,168.87
Russell, David	1,400.00	3,718.59
Stewart, Gordon	1,300.00	1,082.50
Scott, Robert	1,400.00	2,647.98
Thibault, Brett	1,800.00	651.10
Wardrop, Terence	1,100.00	1,182.68
Total	<u>\$ 35,600.00</u>	<u>\$ 46,378.43</u>

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**REMUNERATION AND EXPENSES FOR EMPLOYEES EARNING OVER \$75,000**  
**CONSOLIDATED TOTAL FOR EMPLOYEES EARNING UNDER \$75,000**

Prepared under the Financial Information Regulation

Schedule 1, sections 6(2)(b) and 6(2)(c)

Fiscal Year June 1, 2011 to May 31, 2012

Name	Position	Remuneration	Expenses
Donaldson, Lori-Ann	Manager, Administration and Licensing	\$ 146,865.71	\$ 1,717.10
Healey, Agnes	Deputy Executive Director	230,401.58	14,499.97
Matier, Gerald	Executive Director	277,446.77	25,217.93
Tanaka, Robert	Manager - Compliance	136,691.24	4,664.35
Zellman, Elke	Supervisor - Licensing	75,960.00	1,287.61
Total Employees with remuneration over \$75,000.00		<u>\$ 867,365.30</u>	<u>\$ 47,386.96</u>
Total Employees with remuneration under \$75,000.00		<u>\$ 1,122,751.66</u>	<u>\$ 28,110.36</u>
Total Employee Remuneration		<u>\$ 1,990,116.96</u>	

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**REMUNERATION RECONCILIATION**

Prepared in accordance with the Financial Information Regulation

Schedule 1, section 6(2)(d)

Fiscal Year June 1, 2011 to May 31, 2012

A.

Financial Information Schedules

Total Remuneration paid to Voting Council Members	\$ 40,800.00	
Total Remuneration paid to Non-Voting Council Members	35,600.00	
Total Remuneration paid to Council Members	<u>76,400.00</u>	76,400.00

B.

Total Remuneration - Other Employees

Total Remuneration paid to Employees Earning Over \$75,000	\$ 867,365.30	
Total Remuneration paid to Employees Earning Under \$75,000	1,122,751.66	
Total Severance paid	-	
Total Remuneration paid to Employees	<u>1,990,116.96</u>	1,990,116.96
Total Remuneration Reported under Financial Information Act Section 6	\$ 2,066,516.96	\$ 2,066,516.96

C.

Corresponding Items From Audited Financial Statements  
(Operational Statement - Expenses)

Total Salaries and Benefits per Audited Financial Statement	\$ 2,317,232.33
Total Meetings per Audited Financial Statement	210,739.76
Total Hearings per Audited Financial Statements	130,886.41
Total Corresponding Items From Audited Financial Statements	<u>\$ 2,658,858.50</u>

D.

Reconciling Items

Total Meeting Expenses (Other than Remuneration to Council Members)	\$ 137,339.76	
Total Hearings Expense not incl CM Remuneration incl in Hearings	127,886.41	
Taxable Benefits incl. in Remuneration, not incl. in Salaries & Benefits	(15,972.00)	
CPP Employer Portion	58,137.91	
EI Employer Portion	27,119.65	
Part-time Contract Fees	22,816.50	
WCB Expense	2,129.67	
Medical Plan	20,641.27	
Staff Pension Plan	80,020.69	
Group Insurance	104,671.60	
Long Term Care	7,128.75	
Critical Illness	3,235.20	
Accrual for Payroll and Vacation	17,186.13	
Total Reconciling Items	<u>592,341.54</u>	
	<u>\$ 2,658,858.50</u>	<u>\$ 2,658,858.50</u>



**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
EMPLOYER PORTION PAYMENTS MADE TO THE RECEIVER GENERAL FOR CPP AND EI  
Prepared under the Financial Information Regulation  
Schedule 1, section 6(6)  
Fiscal Year June 1, 2011 to May 31, 2012

CPP employer's portion	\$ 58,137.91
EI employer's portion	<u>27,119.65</u>
Total	<u><u>\$ 85,257.56</u></u>

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**STATEMENT OF SEVERANCE AGREEMENTS**  
Prepared under the Financial Information Regulation  
Schedule 1, section 6(8)  
Fiscal Year June 1, 2011 to May 31, 2012

There were no severance agreements made between the Insurance Council of British Columbia and its non-unionized employees during the fiscal year June 1, 2011 to May 31, 2012.

Total \$ -

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**SCHEDULE OF SUPPLIERS OF GOODS AND SERVICES RECEIVING MORE THAN \$25,000**  
**CONSOLIDATED TOTAL PAID TO SUPPLIERS RECEIVING LESS THAN \$25,000**

Prepared in accordance with the Financial Information Regulation  
Schedule 1, sections 7 (1)(a) and 7 (1)(b)  
Fiscal year June 1, 2011 to May 31, 2012

0846869 BC Ltd	\$ 323,428.37
Alexander, Holburn, Beaudin	292,600.75
altis Human Resources	25,554.78
BDO Dunwoody LLP	25,842.16
F. Jorgensen Construction Ltd.	829,991.68
Heritage Office Furnishings Ltd.	33,538.48
Ingenious Innovations	93,970.80
Iron Mountain	47,737.39
Manulife Financial	160,841.38
Medical Service Plan of BC	26,361.00
The Planning Group	30,538.44
RBC Life Insurance	36,063.34
Sensus Communication Solutions Inc.	47,952.69
Simon Fraser University	37,550.80
Sparkling Hill Resort	44,862.43
Sun Life	\$128,766.25
Telus	172,157.37
VCR Print	43,234.12

Total \$ 2,400,992.23

Consolidated total of all other payments made to suppliers of goods and/or services from June 1, 2011 to May 31, 2012:

Total \$ 265,839.61

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**SUPPLIERS OF GOODS AND SERVICES RECONCILIATION**  
 Prepared in accordance with the Financial Information Regulation  
 Schedule 1, section 7(1)(c)  
 Fiscal Year June 1, 2011 to May 31, 2012

A.

Expenditures Per FIA Schedules

SUPPLIER OF GOODS AND SERVICES

Paid to suppliers receiving \$25,000 or more	\$ 2,400,992.23	
All other payments to suppliers	265,839.61	
Total	<u>2,666,831.84</u>	\$ 2,666,831.84

B.

Expenditures Per Audited Financial Statements

\$ 4,028,634.88

C.

Reconciling Items

Paid to Suppliers - Staff portion of employee benefit package	\$ (140,975.72)	
Total remuneration all employees	1,990,116.96	
Severance	-	
Expenses for employees >75K	47,386.96	
Expenses for employees <75K	28,110.36	
Payments to Receiver General (EI and CPP)	85,257.56	
Remuneration to all Council Members	76,400.00	
Expenses for all Council Members	86,713.26	<u>2,173,009.38</u>
Total Reconciling Items	<u>4,839,841.22</u>	\$ 4,839,841.22

Variance (Increase to Fixed Assets) \*see Note 1

\$ (811,206.34)

\*Note 1 This amount is shown in the statement of changes in net assets section of the Audited Statements.

**Insurance Council of British Columbia  
Financial Statements  
For the year ended May 31, 2012**

**Insurance Council of British Columbia  
Financial Statements  
For the year ended May 31, 2012**

**Contents**

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BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

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## Independent Auditor's Report

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### To the Members of the Insurance Council of British Columbia

We have audited the accompanying financial statements of the Insurance Council of British Columbia, which comprise the Statement of Financial Position as at May 31, 2012, and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended and a summary of accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Insurance Council of British Columbia as at May 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



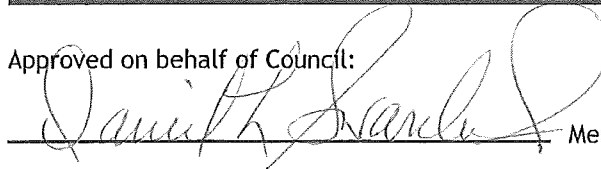
Chartered Accountants


Vancouver, British Columbia  
August 14, 2012

**Insurance Council of British Columbia**  
**Statement of Financial Position**

May 31	2012	2011
<b>Assets</b>		
<b>Current</b>		
Cash (Note 1)	\$ 3,576,811	\$ 4,455,023
Short-term investments (Note 2)	1,488,562	955,295
Accounts receivable	474,343	104,188
Prepaid expenses	68,511	39,987
	5,608,227	5,554,493
Long-term investments (Note 2)	3,093,047	2,884,615
Property and equipment (Note 3)	914,875	188,335
	\$ 9,616,149	\$ 8,627,443
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 666,239	\$ 602,747
Pending application fees	179,044	140,746
Deferred revenue	2,576,400	2,597,050
Tenant inducement	37,896	5,220
	3,459,579	3,345,763
Tenant inducement	341,061	-
	3,800,640	3,345,763
<b>Net Assets</b>		
Investment in property and equipment	914,875	188,335
Unrestricted	4,900,634	5,093,345
	5,815,509	5,281,680
	\$ 9,616,149	\$ 8,627,443

Approved on behalf of Council:

  
 \_\_\_\_\_ Member

  
 \_\_\_\_\_ Member



**Insurance Council of British Columbia**  
**Statement of Operations**

<b>For the year ended May 31</b>	<b>2012</b>	<b>2011</b>
<b>Revenue (Schedule)</b>	<b>\$ 4,562,461</b>	<b>\$ 5,167,533</b>
<b>Expenses</b>		
Amortization	64,243	66,541
Data processing and information system maintenance	142,998	141,363
Equipment rentals and service	5,099	6,835
Hearings	130,886	36,357
Insurance	16,517	14,045
Loss on disposal of property and equipment	20,423	12,657
Maintenance	4,588	5,130
Meetings	210,740	217,718
Office and miscellaneous	110,439	81,090
Postage and delivery	45,191	42,997
Professional fees	276,145	305,722
Qualifying examinations	198,728	196,712
Rent	324,907	300,752
Salaries and benefits	2,317,232	2,115,685
Stationery, printing and supplies	57,946	34,066
Telephone	23,855	21,999
Training	14,768	8,816
Travel	63,927	55,590
	<b>4,028,632</b>	<b>3,664,075</b>
<b>Excess of revenue over expenses</b>	<b>\$ 533,829</b>	<b>\$ 1,503,458</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Insurance Council of British Columbia**  
**Statement of Changes in Net Assets**

**For the year ended May 31**

	Investment in Property and Equipment		Total	
	Unrestricted	Unrestricted	2012	2011
Balance, beginning of year	\$ 188,335	\$ 5,093,345	\$ 5,281,680	\$ 3,778,222
Excess of revenue over expenses for the year	-	533,829	533,829	1,503,458
Amortization of property and equipment	(64,243)	64,243	-	-
Purchase of property and equipment	811,206	(811,206)	-	-
Carrying value of property and equipment disposed of	(20,423)	20,423	-	-
<b>Balance, end of year</b>	<b>\$ 914,875</b>	<b>\$ 4,900,634</b>	<b>\$ 5,815,509</b>	<b>\$ 5,281,680</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Insurance Council of British Columbia**  
**Statement of Cash Flows**

For the year ended May 31	2012	2011
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 533,829	\$ 1,503,458
Items not involving cash		
Amortization	64,243	66,541
Decrease in rent expense from tenant inducement	(6,985)	(5,218)
Loss on disposal of property and equipment	20,423	12,657
	611,510	1,577,438
Changes in non-cash operating working capital		
Accounts receivable	(370,155)	(104,188)
Prepaid expenses	(28,524)	25,750
Accounts payable and accrued liabilities	63,492	(98,023)
Pending application fees	38,298	(15,810)
Tenant inducement	380,722	-
Deferred revenue	(20,650)	(552,170)
	674,693	832,997
<b>Investing activities</b>		
Increase in investments	(741,699)	(1,093,757)
Purchase of property and equipment	(811,206)	(41,315)
	(1,552,905)	(1,135,072)
<b>Decrease in cash during the year</b>	<b>(878,212)</b>	<b>(302,075)</b>
<b>Cash, beginning of year</b>	<b>4,455,023</b>	<b>4,757,098</b>
<b>Cash, end of year</b>	<b>\$ 3,576,811</b>	<b>\$ 4,455,023</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## Insurance Council of British Columbia Summary of Significant Accounting Policies

May 31, 2012

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### General

The Insurance Council of British Columbia ("Council") is constituted under the Financial Institutions Act of British Columbia (the "Act") and is a tax-exempt body under Section 149 of the *Income Tax Act*. Council determines the qualification and suitability of applicants for licensing as insurance agents, insurance salespersons and insurance adjusters; administers examinations to such applicants; and issues the respective licences. In addition, Council investigates complaints and determines any required disciplinary action.

As well as making fee assessments against licensees and insurers to fund its expenses, Council collects fees prescribed under the Act on behalf of the provincial government.

### Fund Accounting

Council follows the deferral method of accounting whereby restricted revenues are deferred and recognized at the time of the related expenditures. Unrestricted revenues are recorded when earned or received.

With the exception of the internal restriction for Investment in Property and Equipment, there are no restrictions over the net assets of Council.

### Property and Equipment

Property and equipment are recorded at historical cost and amortized using the straight-line method over their estimated useful lives, commencing when they are put into use, over the following periods:

Furniture and equipment	5-10 years
Computer hardware	5 years
Computer software	2 years

Leasehold improvements are amortized over the lease term.

### Revenue Recognition

Revenue (Council fees - Licensees) is recognized over the term of the registration period.

Revenue (Council fees - First and re-applications) is recognized when the application is processed or when the licensee decides to not proceed with the application.

Receivables from licensees for Council fees billed but not collected prior to the year-end are not recognized in the accounts, as renewal is at the discretion of the licensee.

Examination revenue is non-refundable and is recognized when the exam is written.

Fines revenue and investigation costs recovered, which are included in interest and other revenue, are recognized when collection is reasonably assured.

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## Insurance Council of British Columbia Summary of Significant Accounting Policies

May 31, 2012

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**Financial Instruments** Council's financial instruments consist of cash, short-term investments, accounts receivable, long-term investments and accounts payable and accrued liabilities. These financial instruments are accounted for as follows:

### **Held-for-trading**

Cash and short-term investments are designated as held-for-trading and recorded at fair value.

### **Held-to-maturity**

Long-term investments are classified as held-to-maturity. The investments are fixed maturity financial assets that Council has both the intention and the ability to hold to maturity. These assets are initially recognized at their fair value which is determined by published price quotations. Held-to-maturity assets are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. The fair value of long-term investments is set out in Note 2.

### **Loans and receivables**

Accounts receivable are classified as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. The fair value of accounts receivable approximates the carrying value due to the short-term nature.

### **Other financial liabilities**

Accounts payable and accrued liabilities have been classified as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. The fair values of all other financial liabilities approximate the carrying value due to the short term nature.

It is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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## Insurance Council of British Columbia Summary of Significant Accounting Policies

May 31, 2012

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### **Pending Application Fees**

Pending application fees represent amounts collected for Council fees - Licensees where the licence has not been issued prior to the fiscal year-end.

### **Tenant Inducement**

Tenant inducement represents amounts received upon signing a new office premises lease. Such amounts are recognized as a reduction of rent expense on a straight-line basis over the lease term.

### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future.

### **New Accounting Pronouncements**

#### **Future Accounting Changes**

The Accounting Standards Board has approved a new framework for not-for-profit organizations ("NPOs") that is based on the existing Canadian Generally Accepted Accounting Principles and incorporates this 4400 series of standard which relate to situations unique to NPOs. The new standards are available as of December 31, 2010 as part III of the Canadian Institute of Chartered Accountants ("CICA") Handbook - Accounting and are effective for the fiscal year beginning June 1, 2012. The impact of the transition on the financial statements is currently being evaluated.

**Insurance Council of British Columbia**  
**Notes to the Financial Statements**

**May 31, 2012**

**1. Cash**

The Council's bank accounts are held at two chartered banks and one credit union earning interest at tiered and market rates, respectively.

**2. Investments**

Short-term investments are held with several credit unions and Canadian life insurers in the form of savings and daily interest fund accounts.

Long-term investments represent three- to five-year term investments held with various Canadian life insurers, no one of which holds more than 17% (2011 - 14%) of the total invested. The weighted average term to maturity is 864 days (2011 - 765 days). The weighted average effective interest rate is 2.28% (2011 - 2.85%). The fair value of these investments at May 31, 2012 was \$3,070,360 (2011 - \$2,884,357).

The Council's investments are reinvested upon maturity at interest rates available at the time. As a result, fluctuation in interest rates on such investments will affect interest income earned.

**3. Property and Equipment**

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 230,449	\$ 103,188	\$ 127,261	\$ 117,278
Leasehold improvements	736,268	3,029	733,239	24,531
Computer hardware	190,351	140,585	49,766	46,526
Computer software	76,325	71,716	4,609	-
	<b>\$ 1,233,393</b>	<b>\$ 318,518</b>	<b>\$ 914,875</b>	<b>\$ 188,335</b>

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**Insurance Council of British Columbia**  
**Notes to the Financial Statements**

**May 31, 2012**

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**4. Commitment**

Council has an operating lease with respect to its office premises until May 31, 2022. Pursuant to the terms of the lease, the Council will pay rent of an annual base rent plus its proportionate share of operating costs and property taxes. The annual base rent payments required in respect of the rented premises are as follows:

2013	\$ 280,532
2014	280,532
2015	290,551
2016	290,551
2017	290,551
Thereafter	<u>1,552,945</u>
	<u>\$ 2,985,662</u>

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**5. Pension Plan**

Council maintains a defined contribution pension plan for its employees. During the year, the Council paid \$80,021 (2011 - \$70,068) for employer contributions to the plan.

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**6. Capital Disclosures**

Council considers its capital to be its net assets: investment in property and equipment and unrestricted balances. Council's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services to its members. Annual budgets are developed and monitored to ensure the Council's capital is maintained at an appropriate level. The Council is not subject to externally imposed capital requirements.



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**Insurance Council of British Columbia**  
**Schedule of Revenue**

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**For the year ended May 31** **2012** **2011**

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**Revenue**

Council fees - Licensees	\$ 2,762,831	\$ 3,376,366
Council fees - First and re-applications	897,560	872,405
Council fees - Insurers	468,000	472,000
Examination fees	249,450	237,850
Interest and other	184,620	208,912
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	<b>\$ 4,562,461</b>	<b>\$ 5,167,533</b>

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