

Insurance Council of Saskatchewan
Financial Statements
December 31, 2024

To the Members of Insurance Council of Saskatchewan:

Opinion

We have audited the financial statements of Insurance Council of Saskatchewan (the "Council"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regina, Saskatchewan

March 20, 2025

MNP LLP

Chartered Professional Accountants

Insurance Council of Saskatchewan Statement of Financial Position

As at December 31, 2024

	2024	2023
Assets		
Current		
Cash	429,217	223,313
Short-term investments (Note 3)	585,718	694,843
Accrued interest	15,182	15,182
Prepaid expenses	11,320	14,385
	1,041,437	947,723
Capital assets (Note 4)	102,616	88,246
Intangible assets (Note 5)	1,685,238	1,710,296
Investments (Note 3)	1,486,077	1,258,198
	4,315,368	4,004,463
Liabilities		
Current		
Accounts payable and accruals	80,395	132,103
Deferred tenant inducement (Note 6)	5,262	6,697
Annual license renewal fees received in advance (Note 7)	105,850	99,875
	191,507	238,675
Net Assets		
Unrestricted net assets	1,136,007	767,246
Invested in capital assets and intangible assets	1,787,854	1,798,542
Litigation reserve - internally restricted (Note 8)	200,000	200,000
Software development reserve - internally restricted (Note 9)	1,000,000	1,000,000
	4,123,861	3,765,788
	4,315,368	4,004,463

Approved on behalf of the Council



e-Signed by Anne Parker

2025-03-20 15:42:22:22 CST

Member



e-Signed by Ron Pugsley

2025-03-20 13:51:03:03 CST

Member

The accompanying notes are an integral part of these financial statements

Insurance Council of Saskatchewan Statement of Operations

For the year ended December 31, 2024

	2024	2023
Revenue		
Licence fees	2,701,063	2,620,263
Investment income	99,167	82,512
Course provider fees	25,400	23,511
Examination fees	9,345	9,485
Investigative fines and penalties	4,860	11,544
Investigative cost recovery	3,840	8,560
	2,843,675	2,755,875
Expenses		
Salaries	1,311,830	1,306,017
Consultants	280,199	56,273
Amortization on intangible assets	257,482	222,456
Rent expense	140,407	138,958
Audit and legal fees	114,552	72,625
Computer	99,248	89,951
Bank charges	91,479	88,192
Committee meetings	48,345	53,143
Office supplies	41,221	28,803
Amortization on capital assets	26,562	24,420
Council meetings - GICS	17,606	57,208
Bond/insurance	16,234	8,429
Council meetings - life	12,790	44,339
Miscellaneous	10,537	13,862
Investigation	6,764	12,706
Telephone	4,456	10,578
Postage and courier	3,128	5,652
Council meetings - hail	1,525	-
Examination	1,237	975
Complaints	-	1,759
	2,485,602	2,236,346
Excess of revenue over expenses	358,073	519,529

The accompanying notes are an integral part of these financial statements

Insurance Council of Saskatchewan Statement of Changes in Net Assets

For the year ended December 31, 2024

	<i>Unrestricted Net Assets</i>	<i>Invested in Property and Equipment and Intangible Assets</i>	<i>Litigation Reserve - Internally Restricted</i>	<i>Software Development Reserve - Internally Restricted</i>	2024	2023
Net assets, beginning of year	767,246	1,798,542	200,000	1,000,000	3,765,788	3,246,259
Excess (deficiency) of revenue over expenses	368,761	(10,688)	-	-	358,073	519,529
Net assets, end of year	1,136,007	1,787,854	200,000	1,000,000	4,123,861	3,765,788

The accompanying notes are an integral part of these financial statements

Insurance Council of Saskatchewan Statement of Cash Flows

For the year ended December 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	358,073	519,529
Amortization on capital assets	26,562	24,420
Amortization on intangible assets	257,482	222,456
Change in fair value and unrealized gain on sale of investments	(22,534)	(65,682)
Deferred tenant inducement recognized	(1,435)	(1,435)
	618,148	699,288
Changes in working capital accounts		
Accounts receivable	-	2,209
Accrued interest	-	(6,494)
Prepaid expenses	3,064	(3,250)
Accounts payable and accruals	(51,708)	62,920
Annual licence renewal fees received in advance	5,975	3,025
Cash provided by operating activities	575,479	757,698
Investing		
Purchase of capital assets	(40,933)	(24,080)
Purchase of intangible assets	(232,422)	(384,770)
Purchase of investments	(748,168)	(1,223,596)
Proceeds on disposal of investments	651,948	810,328
Cash used for investing activities	(369,575)	(822,118)
Increase (decrease) in cash resources	205,904	(64,420)
Cash resources, beginning of year	223,313	287,733
Cash resources, end of year	429,217	223,313

The accompanying notes are an integral part of these financial statements

Insurance Council of Saskatchewan

Notes to the Financial Statements

For the year ended December 31, 2024

1. Incorporation and nature of the organization

Insurance Council of Saskatchewan (the "Council") was established by regulation pursuant to the Saskatchewan Insurance Amendment Act, 1985, as a not-for-profit organization and is exempt from income tax under Section 149 of the Income Tax Act.

The Council issues annual licenses to individual and agency licencees in accordance with the licensing powers delegated to it by the Superintendent of Insurance.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the method listed below at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer hardware	straight-line	30 %
Furniture and equipment	declining balance	20 %
Leasehold improvements	straight-line	lease term

Intangible asset

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the method listed below method at a rate intended to amortize the cost of intangible asset over its estimated useful life.

Method	Rate
straight-line	10 years

An intangible asset recognized separately from goodwill and not subject to amortization is recorded at cost, less any permanent write-down. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

When an intangible asset no longer contributes to the Council's ability to provide services, its carrying amount is written down to residual value, if any.

2. **Significant accounting policies** *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When Council determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

Licence fees are recognized in the period the price is determinable and collection is reasonably assured.

Fees received in advance are deferred and recognized as income in the period in which the licence is issued.

All other revenue is recognized in the period it is earned, price is determinable and collection is reasonably assured.

Registered savings plan

ICS has made contributions of \$86,050 (2023 - \$57,855) to employees' registered savings plans. The contributions are expensed as incurred.

Financial instruments

The Council recognizes financial instruments when the Council becomes party to the contractual provisions of the financial instrument.

All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

ICS subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Insurance Council of Saskatchewan Notes to the Financial Statements

For the year ended December 31, 2024

3. Investments

Short-Term Investments

	Rate	Maturity Date	Fair Value as at December 31, 2024	Fair Value as at December 31, 2023
IND & COMM BK CHINA	5.75%	January 3, 2025	100,000	-
Peoples Trust Company	3.81%	April 29, 2025	110,527	-
Renaissance High Interest Savings	N/A	N/A	355,191	227,023
BMO term investment GIC	4.25%	August 8, 2025	20,000	-
Res CDN IMP BK Commerce Prin CYC	N/A	June 19, 2024	-	219,195
CIBC CDN Blue Chip Grwth Dep S68e	N/A	August 26, 2024	-	153,320
BMO Covered Call ETF	Variable	N/A	-	95,305
			585,718	694,843

Long-Term Investments

	Rate	Maturity Date	Fair Value as at December 31, 2024	Fair Value as at December 31, 2023
RFA BK of CDA (Street CAP BK)	3.82%	April 29, 2026	110,555	106,477
Community Trust Company	4.03%	September 8, 2026	101,275	-
Homequity Bank	4.17%	February 1, 2027	108,150	103,809
Home Trust Co	3.88%	April 29, 2027	110,726	106,580
Concentra Bank	3.87%	April 29, 2027	104,056	100,169
CIBC Trust Corporation	4.60%	August 11, 2027	111,357	106,446
Canadian Western Bank	4.50%	April 21, 2028	107,764	103,111
Equitable Bank	4.36%	June 26, 2028	102,223	-
General Bank of Canada	4.36%	June 26, 2028	102,223	-
Montreal Trust Company	4.30%	June 27, 2028	102,180	-
Canadian Tire Bank	5.16%	July 19, 2028	107,594	102,301
Laurentian Bank of Canada	5.02%	August 14, 2028	107,012	101,883
B2B Bank	5.02%	August 14, 2028	107,012	101,883
CIBC Full Service	4.30%	January 30, 2029	103,950	-
Peoples Trust Company	3.81%	April 29, 2025	-	106,459
Bank of Nova Scotia	3.89%	January 18, 2029	-	116,922
NBC CDN Market	5.75%	August 30, 2028	-	102,158
			1,486,077	1,258,198

The adjustment to fair value at December 31, 2024 was an unrealized gain of \$22,534 (2023 - unrealized gain of \$65,682), which was recognized in investment income.

ICS holds a restricted investment in BMO term investment GIC of \$20,000. The investment cost base cannot be accessed or liquidated by ICS while a corporate credit card is held through BMO. ICS is entitled to all investment income earned. The investment is held as collateral by BMO, should ICS default, BMO may forthwith realize the investment value.

4. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer hardware	295,794	258,696	37,098	30,665
Furniture and equipment	203,199	145,995	57,204	47,221
Leasehold improvements	34,707	26,393	8,314	10,360
	533,700	431,084	102,616	88,246

Insurance Council of Saskatchewan
Notes to the Financial Statements
For the year ended December 31, 2024

5. Intangible asset

		2024	2023
	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net book value</i>
Software development costs	3,827,449	2,142,211	1,685,238
			1,710,296

6. Deferred tenant inducement

	2024	2023
Tenant inducements included in lease agreement to be amortized over the term of the lease	5,262	6,697

7. Annual license renewal fees received in advance

ICS typically receives payments from agents and agencies relating to the following period's licence renewal fees. This is recorded as deferred revenue on the statement of financial position. The amount of licence renewal fees paid in advance for 2024 is \$105,850 (2023 - \$99,875).

8. Litigation reserve

ICS has internally restricted funds within the litigation reserve for purposes of providing for any ongoing legal costs associated with defending ICS' rights to licence and regulate insurance agents, agencies, and adjusters within the Province of Saskatchewan.

9. Software development reserve

ICS has internally restricted funds within the software development reserve for purposes of offsetting future software development costs. By reserving these funds, ICS intends to be able to continue normal operations during future replacement of their computer system without facing immediate cash flow issues. During 2024, the Board approved a transfer of \$nil (2023 - \$200,000) into the software development reserve from unrestricted net assets.

10. Commitments

The Council has entered into a building lease agreements with estimated minimum annual payments as follows:

2025	57,400
2026	57,400
2027	57,400
2028	38,267

11. Financial instruments

The Council, as part of its operations, carries a number of financial instruments. It is management's opinion that the Council is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. ICS' investments in corporate bonds exposes ICS to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.