

**SOUTHEASTERN MUTUAL INSURANCE COMPANY**

**SUMMARY FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**



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## INDEPENDENT AUDITORS' REPORT ON SUMMARY FINANCIAL STATEMENTS

To the Policyholders of Southeastern Mutual Insurance Company:

The accompanying summary financial statements, which comprise the summary statement of financial position and summary statements of changes in equity, operations, comprehensive income, cash flows, and related notes, are derived from the audited financial statements of Southeastern Mutual Insurance Company for the year ended December 31, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated March 12, 2015.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Southeastern Mutual Insurance Company.

### *Management's Responsibility for the Summary Financial Statements*

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

### *Opinion*

In our opinion, the summary financial statements derived from the audited financial statements of Southeastern Mutual Insurance Company for the year ended December 31, 2014 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Stevenson + Partners

Riverview, NB  
March 12, 2015

**Chartered Professional Accountants**

# SOUTHEASTERN MUTUAL INSURANCE COMPANY

## SUMMARY STATEMENT FINANCIAL POSITION

Statement 1

DECEMBER 31, 2014

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 162,607	\$ 800,321
Accrued investment interest	53,616	45,144
Premiums receivable	1,390,266	1,327,281
Income taxes recoverable	9,617	-
Deferred premium acquisition costs	666,163	620,291
Investments	12,613,497	11,393,440
Investment in associate	4,403,224	4,208,337
Property, equipment, investment property and intangible assets	<u>776,096</u>	<u>771,951</u>
	<b><u>\$20,075,086</u></b>	<b><u>\$19,166,765</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 388,167	\$ 462,968
Reserve for policy claims and liabilities	633,058	556,887
Income taxes payable	-	188,432
Unearned premiums	3,823,972	3,558,704
Agents' future retirement compensation	<u>19,174</u>	<u>96,226</u>
	<u>4,864,371</u>	<u>4,863,217</u>
<b>EQUITY</b>		
General Reserve - Statement 2	14,090,859	13,742,798
Accumulated other comprehensive income - Statement 2	<u>1,119,856</u>	<u>560,750</u>
	<u>15,210,715</u>	<u>14,303,548</u>
	<b><u>\$20,075,086</u></b>	<b><u>\$19,166,765</u></b>

APPROVED ON BEHALF OF THE BOARD:

Donald Howe - Chairman

Jack Low – Chair of Audit Finance Committee



**SOUTHEASTERN MUTUAL INSURANCE COMPANY**  
**SUMMARY STATEMENT OF EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Statement 2

	2014	2013
<b>General Reserve</b>		
General reserve, beginning of year, as previously stated	\$14,150,934	\$13,446,876
Prior period adjustment	<u>(408,136)</u>	<u>(66,868)</u>
General Reserve, beginning of year, as restated	\$13,742,798	\$13,380,008
Net income for the year	<u>348,061</u>	<u>362,790</u>
<b>General Reserve, end of year - Statement 1</b>	<b><u>\$14,090,859</u></b>	<b><u>\$13,742,798</u></b>
<b>Accumulated other comprehensive income</b>		
Accumulated other comprehensive income, beginning of year	\$ 152,614	\$ 100,804
Prior period adjustment	<u>408,136</u>	<u>66,868</u>
Balance, beginning of year, as restated	560,750	167,672
Total other comprehensive income - Statement 3	<u>559,106</u>	<u>393,078</u>
<b>Accumulated other comprehensive income, end of year - Statement 1</b>	<b><u>\$ 1,119,856</u></b>	<b><u>\$ 560,750</u></b>



**SOUTHEASTERN MUTUAL INSURANCE COMPANY****SUMMARY STATEMENT OF OPERATIONS**

Statement 3

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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	<b>2014</b>	<b>2013</b>
Income		
Premiums written	\$ 7,165,105	\$ 6,674,741
Reinsurance premiums	(1,129,795)	(1,183,917)
Change in unearned premiums	<u>(265,268)</u>	<u>(118,805)</u>
Net premiums earned	<u>5,770,042</u>	<u>5,372,019</u>
Service charge revenue	<u>99,321</u>	<u>96,556</u>
Net underwriting revenue	<u>5,869,363</u>	<u>5,468,575</u>
Expenses		
Net claims incurred	2,885,631	2,147,654
Premium acquisition expenses	1,367,132	1,267,478
Operating expenses	<u>1,799,074</u>	<u>1,877,687</u>
Claims, acquisition and other operating expenses	<u>6,051,837</u>	<u>5,292,819</u>
Underwriting income (loss)	<u>(182,474)</u>	<u>175,756</u>
Investment and other items		
Equity income (loss) from associate	141,193	(108,000)
Investment income	<u>418,442</u>	<u>410,734</u>
	<u>559,635</u>	<u>302,734</u>
Income before income taxes	377,161	478,490
Provision for income taxes	<u>(29,100)</u>	<u>(115,700)</u>
Net income for the year	<u><b>\$ 348,061</b></u>	<u><b>\$ 362,790</b></u>



**SOUTHEASTERN MUTUAL INSURANCE COMPANY**  
**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Statement 4

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	<b>2014</b>	<b>2013</b>
Net Income for the year	<u>\$ 348,061</u>	<u>\$ 362,790</u>
Other comprehensive income:		
Share of other comprehensive income from associate	53,694	51,810
Unrealized gains on available-for-sale financial instruments, net of income taxes	<u>505,412</u>	<u>341,268</u>
	<u>559,106</u>	<u>393,078</u>
<b>Comprehensive income</b>	<u><b>\$ 907,167</b></u>	<u><b>\$ 755,868</b></u>



# SOUTHEASTERN MUTUAL INSURANCE COMPANY

## SUMMARY STATEMENT OF CASH FLOWS

Statement 5

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>Cash flows from operating activities:</b>		
Net income for the year - Statement 2	\$ 348,061	\$ 362,790
Items not requiring an outlay of cash	(246,280)	39,285
Changes in non-cash working capital balances	<u>(125,792)</u>	<u>229,022</u>
Cash flows from (used for) operating activities	<u>(24,011)</u>	<u>631,097</u>
<b>Cash flows from investing activities:</b>		
Additions to property, equipment, investment property and intangible assets	(90,142)	(73,588)
Proceeds on disposal of property and equipment	-	315
Investments matured/sold	2,832,795	2,220,394
Purchase of investments	<u>(3,356,356)</u>	<u>(2,639,395)</u>
Cash flows used for investing activities	<u>(613,703)</u>	<u>(492,274)</u>
Increase (decrease) in cash and cash equivalents	(637,714)	138,823
Cash and cash equivalents, beginning of year	<u>800,321</u>	<u>661,498</u>
<b>Cash and cash equivalents, end of year - Statement 1</b>	<b><u>\$ 162,607</u></b>	<b><u>\$ 800,321</u></b>

The company follows International Financial Reporting Standards (IFRS) in preparing its audited financial statements. Readers are cautioned that these summary statements may not be appropriate for their purposes as they do not contain all the disclosures required by International Financial Reporting Standards. For more information on the entity's financial position, changes in equity, results of operations and cash flows, reference should be made to the related complete financial statements.

Detailed financial statements and summary of significant accounting policies and explanatory information are available upon request from:

Southeastern Mutual Insurance Company  
378 Coverdale Road  
Riverview, New Brunswick  
E4E 2M3  
or  
[www.semutual.nb.ca](http://www.semutual.nb.ca)

