



**CFA Society
Toronto**

SETTING A HIGHER STANDARD FOR THE
TORONTO INVESTMENT COMMUNITY

2017 ANNUAL REPORT

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SOCIAL RESPONSIBILITY

Our dedication to building a stronger investment profession that better benefits society at large starts with the support of our members and the commitment of our volunteers.

OUR MEMBERSHIP

We are one of the largest CFA Societies in the world, with over 9,000 active investment practitioners. With the support of our growing membership, we garner international recognition as a global thought leader in the investment community, and provide a powerful voice on issues of concern to our members.

OUR VOLUNTEERS

The strength of our success is made possible through the commitment of our volunteers. Supported by management staff, the Society is operated by an active board of directors, which oversees and provides strategic guidance to our committees and volunteers. Our volunteers are committed to a wide range of activities:

- Technical programs, workshops, and conferences by asset class and industry sector
- Standing committees on audits, governance and nominations, and membership
- Operating committees that support member communications, university relations, external relations, finance, and awards



Dan Lavallee, CFA

CHAIR'S MESSAGE

It is hard to believe my term as Chair of the Society's Board of Directors has come to an end—it has been a great honour to be given the opportunity to serve the Society in this role.

This past fiscal year marked CFA Society Toronto's 80th anniversary. Founded in 1936, the Society (formerly Toronto Society of Financial Analysts Inc.) was created by a group of local financial practitioners with these goals: to provide fellow practitioners in Toronto's financial community with the tools and resources for both the professional development and the advancement of CFA® charterholders. The core of the Society was, and still is to this day, to provide member services that include educational programs, sponsored events, employment postings, and networking opportunities.

Since its humble beginnings, the Society has gone through many transformations, including some significant changes over the last few decades. The Society continued in that spirit of change in fiscal year 2016/2017—most notably, by moving into a new and larger office space to better accommodate our growing membership, and by launching a new, interactive website. These changes came in the middle of conference season, but with the support of our dedicated volunteers and staff members, we were able to meet our execution timelines seamlessly, and maintain the quality of our events and member services during the transition.

I would like to extend my appreciation to our dedicated staff, my fellow board members, and our myriad volunteers, who collectively provide so many hours of their time towards making CFA Society Toronto an organization of which we can all be proud. This year saw us reach a high standard mark in the quality of our diverse program offerings, combined with our increased outreach effort. Together, these efforts show that we have truly succeeded in reinforcing our Society's position as a community of the industry's most influential thought leaders, and its members as true masters of our trade.

Dan Lavallee, CFA
2016/2017 Chair of the Board

CHIEF EXECUTIVE OFFICER'S MESSAGE

CFA Society Toronto continued, throughout the 2016/2017 fiscal year, to spread awareness and build greater brand value of the CFA designation as the industry standard for competent and highly ethical practitioners. We did this through local outreach efforts to media, academic partners, and investors and by enhancing and building new relationships with key employers, so as to further our mutual understanding of their needs and the capabilities of CFA charterholders. As a result, we have seen an increase in media demand for subject matter experts within our membership, and a higher volume of online job postings by employers on the Society's Career Centre.

In May, we joined CFA Institute and other societies around the world in the Putting Investors First Month initiative. The goal of this global initiative is to bring greater value to the CFA charter by increasing the designation's visibility, and by educating investors on the benefits that can come from being a charterholder. Our local efforts in this campaign started with a request to the City of Toronto for a municipal proclamation to recognize the role investors and investment practitioners serve in building a strong, sound, growing economy. Mayor John Tory approved our request, and May 2017 was officially proclaimed Investor Awareness Month. The proclamation also recognized the importance of the investment profession in providing investors with investment services rooted in integrity, ethical behaviour, fair treatment, and professional excellence—qualities we are all familiar with, as they are embodied in the CFA designation. We also furthered our outreach and advocacy efforts through our digital campaign, educating investors on what to look for seeking financial advice. This effort included sharing printed and online resources such as *The Statement of Investor Rights* and *The 7 Steps to Financial Fitness*.

Finally, it was a pleasure to welcome and meet many of the 233 new charterholders who attended this year's Annual Charter Recognition event, as we celebrated this momentous occasion with their friends and family members. This year, in total, we have welcomed 694 new members who have successfully passed all three levels of the CFA program of 2016 graduating year. The level of dedication required to complete all three exams successfully, through time commitment, determination, and sacrifice, is something with which we are all familiar.

2017 has been a year of many achievements, and it is all thanks to our group of dedicated volunteers and the support of our membership. I truly look forward to seeing what new challenges the Society may encounter in 2018.

Sue Lemon, CFA
Chief Executive Officer



Sue Lemon, CFA

SPONSORSHIP

OVERVIEW

Establishing and broadening strong relationships and affiliations with financial industry sponsors and like-minded organizations helps support CFA Society Toronto's mission by generating revenue and in-kind support. This support, in turn, is used to offset program costs and allows us to continue our work in the development and implementation of superior member programs, education, and events.

Traditional pillars of Society sponsorship include corporate, facility, and event support, and range in scope from single to multi-year engagement types, all with the goal of helping promote both the true benefit of Society membership and the CFA® charter.

Corporate, facility, or event sponsorship of CFA Society Toronto provides a robust opportunity to enhance brand visibility amongst a unique cross-section of investment professionals and their extended network. We recognize and thank all our sponsors and look forward to continued, mutually successful interactions through 2017 and 2018.

Unique sponsorship opportunities and benefits packages are available by contacting Chris J. Burke, Corporate Engagement and Sponsor Relations Manager, at cburke@cfatoronto.ca or by calling 416-366-5755 ext. 221.

VALUED SOCIETY RELATIONSHIPS

Corporate Sponsors

Society Platinum and Gold Corporate sponsors enjoy encompassing brand presence through the breadth of Society channels and platforms. Our 2017 Corporate Partners include:

PLATINUM: Thomson Reuters

GOLD: Horizons ETFs

GOLD: S&P Dow Jones Indices

GOLD: TMX Group

Event Sponsors

CFA Society Toronto annual events can range in size from 100 to 1,000 attendees. Hard costs associated with these events are offset by sponsor support of meals, networking breaks, receptions, and/or other sponsorship opportunities. Whether looking to target a specific job function or asset class cohort, event sponsorship can help organizations by supplying the right Society-driven initiative to reach the right Society members. Society event highlights include the:

Annual Investment Dinner

Annual CFA Charter Recognition

Annual Spring Pension Conference

Annual Wealth Conference

Annual New Member Reception

Facility Sponsors

Our Facility sponsors enjoy benefits that feature naming rights for each of the modern meeting spaces within our downtown Toronto office. With the addition of updated A/V and other new technologies, the new CFA Society Toronto office is capable of hosting meetings of many different sizes and formats. Our 2017 Facility sponsors are:

FactSet Research Systems,

Vanguard Investments, and

Sionna Asset Managers.

Affiliations

Cross-promotional activities with like-minded financial industry organizations are an important part of expanding and amplifying the Society's network. Our affiliations currently include:

Capitalize for Kids

CETFA – Canadian ETF Association

CICBV – The Canadian Institute of Chartered Business Valuators

CIPPB – Canada Pension Plan Investment Board

CIRI – Canadian Investor Relations Institute

CPA Canada – Chartered Professional Accountants Canada

CPAB – Canadian Public Accountability Board

CVCA – Canadian Venture Capital & Private Capital Association

FPSC – Financial Planners Standards Council

IASB – International Accounting Standards Board

ICD – Institute of Corporate Directors

John Molson School of Business at Concordia University

Lazaridis School of Business and Economics at Wilfred Laurier University

PMAC – Portfolio Management Association of Canada

Rotman School of Management at University of Toronto

Schulich School of Business at York University

SOA – Society of Actuaries

Smith School of Business at Queen's University

TFSA – Toronto Financial Services Alliance

WCM – Women in Capital Markets

WETM – Women in ETFs

CFA SOCIETY TORONTO SPONSOR BACKGROUNDS

ABOUT THOMSON REUTERS

PLATINUM CORPORATE SPONSOR



THOMSON REUTERS

Thomson Reuters is the world's leading source of news and information

for professional markets. Our customers rely on us to deliver the intelligence, technology, and expertise they need to find trusted answers. The business has operated in more than 100 countries for more than 100 years. Thomson Reuters shares are listed on the Toronto and New York Stock Exchanges (symbol: TRI). For more information, visit <http://thomsonreuters.ca/en.html>.

ABOUT HORIZONS ETFS MANAGEMENT (CANADA) INC.

GOLD CORPORATE SPONSOR



HORIZONS
EXCHANGE TRADED FUNDS

ALPHA * BENCHMARK * BETAPRO

Horizons ETFs Management (Canada) Inc. is an innovative financial services

company and offers one of the largest suites of exchange traded funds in Canada. The Horizons ETFs product suite includes a broadly diversified range of solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. Horizons ETFs currently has more than \$8.2 billion of assets under management and 76 ETFs listed on the Toronto Stock Exchange. Horizons ETFs Management (Canada) Inc. is a member of the Mirae Asset Global Investments Group. Visit <http://www.horizonsetfs.com/home.aspx>.

ABOUT S&P DOW JONES INDICES

GOLD CORPORATE SPONSOR

**S&P Dow Jones
Indices**

A Division of **S&P Global**

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets. S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies, and governments to make decisions with confidence. For more information, visit <http://ca.spindices.com/>.

ABOUT SIONNA INVESTMENT MANAGERS

FACILITY SPONSOR

Established in 2002, Sionna Investment Managers is an independent, Toronto-based investment management firm. Today, Sionna oversees assets for institutional clients (including pension funds, foundations, endowments, and insurance assets), mutual funds, separately managed account programs, and high net worth individuals. More details at www.sionna.ca/.



ABOUT FACTSET RESEARCH SYSTEMS

FACILITY SPONSOR



FactSet (NYSE:FDS)
(NASDAQ:FDS) delivers
superior analytics, service,

content, and technology to help more than 88,000 users see and seize opportunity sooner. We are committed to giving investment professionals the edge to outperform, with fresh perspectives, informed insights, and the industry-leading support of our dedicated specialists. We're proud to have been recognized with multiple awards for our analytical and data-driven solutions, and repeatedly ranked as one of Fortune's 100 Best Companies to Work For and a Best Workplace in the United Kingdom and France. Learn more at www.factset.com and follow on Twitter: www.twitter.com/factset.

ABOUT TMX GROUP

GOLD CORPORATE SPONSOR



THE FUTURE IS YOURS TO SEE.

TMX Group's
key subsidiaries
operate cash and

derivative markets and clearinghouses for multiple asset classes including equities, fixed income, and energy. Toronto Stock Exchange, TSX Venture Exchange, TSX Alpha Exchange, The Canadian Depository for Securities, Montréal Exchange, Canadian Derivatives Clearing Corporation, NGX, Shorcan, Shorcan Energy Brokers, AgriClear, and other TMX Group companies provide listing markets, trading markets, clearing facilities, depository services, data products, and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montréal, Calgary, and Vancouver) and in key U.S. markets (New York, Houston), as well as in London, Beijing, and Singapore. For more information about TMX Group, visit our website at www.tmx.com. Follow TMX Group on Twitter: @TMXGroup.

ABOUT VANGUARD INVESTMENTS CANADA

FACILITY SPONSOR

Vanguard Investments Canada
Inc. is a wholly owned indirect
subsidiary of The Vanguard Group,

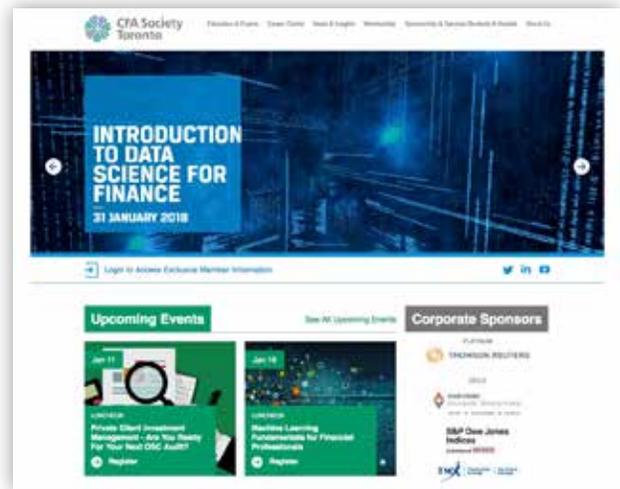


Vanguard

Inc. and manages more than CAD 9 billion in assets. The Vanguard Group, Inc. is one of the world's largest investment management companies and a leading provider of company-sponsored retirement plan services. Vanguard manages USD 3.8 trillion in global assets (as of November 30, 2016). Vanguard has offices in the United States, Canada, Europe, Australia and Asia. The firm offers more than 350 funds, including ETFs, to its more than 20 million investors worldwide.

Vanguard operates under a unique operating structure. Unlike firms that are publicly held or owned by a small group of individuals, The Vanguard Group, Inc. is owned by Vanguard's U.S.-domiciled funds and ETFs. Those funds, in turn, are owned by Vanguard clients. This unique mutual structure aligns Vanguard interests with those of its investors and drives the culture, philosophy, and policies throughout the Vanguard organization worldwide. As a result, Canadian investors benefit from Vanguard's stability and experience, low-cost investing, and client focus. For more information, please visit www.vanguardcanada.ca.

MEMBER SERVICES & OUTREACH



NEW OFFICE

In December 2016, we received a notice from our landlord at 120 Adelaide Street West, advising us that we needed to relocate our offices to accommodate new tenants. Our new offices would be on the 22nd floor of the same building (Suite 2205), and we were given a move date of May 1, 2017. We are now settled in, and our new facilities include the following:

Modern Audio-Video Equipment

Our facilities are equipped with modern resources to foster an enhanced learning environment.

Larger Facilities and Retractable Wall

Our new facilities are larger, and our room sizes more flexible with the presence of a retractable wall, allowing us to better accommodate our growing membership. Our new facilities also provide more opportunities for you to gain access to new professional networks, as we now have the room to host larger in-house events for our members.

Member Lounge

The member lounge includes internet access and individual work stations. This space is for you to use, whether you require a quiet space outside from your home or office or just need somewhere to catch up on some reading.

NEW WEBSITE

May 5, 2017 marked the successful launch of our new and refreshed website, complete with new features designed to provide you with an enhanced user experience. Site navigation in particular was significantly updated to better organize and provide, with ease, content relevant to your professional needs. Other updates included drop-down menus, filters, and a responsive search engine optimized for mobile, tablet, and desktop views. We also improved the structure of our content to facilitate the quick and easy absorption of information, and organized that information in a manner designed to better help you get from one place to the next without skipping important content.

CFA SOCIETY TORONTO IS A PROUD PARTICIPANT IN THE GLOBAL CFA SOCIETY PASSPORT PROGRAM



Extend your global network. Access global professional development opportunities.

Improve your understanding of other local markets.

CFA Society® members are invited to attend the events of any society participating in the Global Passport Program around the world at their member rate!

Visit cfatoronto.ca/events to take advantage of CFA Society Toronto's qualifying Global Passport Program events or cfainstitute.org to see other participating societies' events.



THE ANALYST IS GOING FULLY DIGITAL

Effective March 2018, *The Analyst* will be available in digital format only. Members

can now enjoy Society content at their own convenience via desktop, tablet or mobile device. You can access past and current issues at by logging into CFA Society Toronto website at cfatoronto.ca/news-insights/the-analyst.

Please contact us at info@cfatoronto.ca, and share your thoughts and/or inquiries regarding upcoming issues of *The Analyst* in 2018.

PUTTING INVESTORS FIRST MONTH

Putting Investors First is part of CFA Institute's Future of Finance Initiative, which is about taking a leadership role in shaping a trustworthy, forward-thinking investment profession that better serves our community. This past May, CFA Society Toronto submitted a request to the City of Toronto for a municipal proclamation recognizing May 2017 as Putting Investors First Month, which was approved by Mayor John Tory. Also throughout the month of May, we called attention to the needs and rights of investors by supporting the Statement of Investor Rights, a list of 10 rights that any investor should expect from financial service providers.

Membership Affinity MEMBER DISCOUNTS

We are pleased to host a variety of partnerships to elevate our society's membership with exclusive discounts and special offers. Stay up to date with the Membership Affinity Program and find out more at cfatoronto.ca/membership/discounts.

We are constantly seeking new opportunities to enrich our Membership Affinity Program so as to stay current and meet the changing requirements of our membership. Please contact sponsorship@cfatoronto.ca if you have any comments or concerns regarding the program. We value all feedback.

THE CANADIAN ADVOCACY COUNCIL FOR CANADIAN CFA INSTITUTE SOCIETIES

The Canadian Advocacy Council (CAC) is a group of dedicated volunteers that come from CFA Societies across Canada and from all sectors of the capital markets and investment industries. Currently we are made up of 12 members who are geographically dispersed across Canada. The CAC seeks to maintain a dialogue with securities and other regulators, standard setters, and self-regulatory organizations and responds to many of their requests for comment. Through these efforts we seek to advocate for investor interests and promote high standards of ethical and professional conduct in the investment industry consistent with the CFA Institute Code of Ethics and Standards of Professional Conduct.

Fiscal year 2016/2017 was a year of iconic regulatory proposals, with many of their future directions unclear and uncertain as this fiscal year pulls to a close. From the proposal of a regulatory best-interest standard on financial advice, to the consideration of banning embedded commissions, there has been no shortage of big ideas put forward by regulators for consideration and comment. We are disappointed that proposals for the improvement of disclosure and advisory standards appear to have taken a step backwards, but have the long-term perspective to know that any investor-friendly regulatory change that impacts existing business models most often comes slowly or not at all to our regulatory regime. We remain patient and steadfast in advocating for the interests of investors ahead of their advisors, and applaud certain regulators for their fortitude in the face of sometimes fierce opposition. Other regulatory changes and proposals in which the Council was involved included TSX listed issuer disclosure requirements, advisor proficiency and CE requirements, prospectus exemptions for real estate, alternative strategies within the mutual fund regulatory regime, and further developments in the changing derivatives regulation regime.

During the year to date, the CAC has responded to 18 different regulatory processes via formal comment letters and reviewed numerous other public requests for comment. In addition to formally published comment letters, the CAC regularly interacts with regulators, policy-makers, and other related industry groups during in-person meetings and through its involvement in discussion forums like roundtable discussions. It also interacts through less formal channels with regulators by building and maintaining relationships with key points of contact.

Moving forward, we are excited to be preparing comments on the consultation on the option of discontinuing embedded commissions, are in the early stages of preparing comments on an entirely retooled derivatives dealer regulatory regime, and following regulators' continued focus on the structure and transparency of secondary capital markets in both equities and fixed income. We also look forward to working through future steps toward the new cooperative regulatory body, and continue to strongly advocate across Canada for regulatory harmonization, investor interests, and the promotion of the ideals behind our Code and Standards as CFA charterholders.

If you are interested in learning more about the CAC, please visit: www.cfaadvocacy.ca or reach out to one of our members across the country.

Michael Thom, CFA
Chair, Canadian Advocacy Council

2016-2017 EVENTS & PROGRAMS

PROGRAMMING RESTRUCTURE

In December 2016 a volunteer taskforce was created to assist the Society on the programming restructure initiative that began in 2014. The new taskforce leveraged feedback from member surveys, focus groups, and programming committee volunteers to better assess what was wanted and needed by the membership.

The objective of the restructure was to design optimal programming committee structures to deliver high quality programs consistent with member needs in an effective and efficient manner that elevates our brand.

By the end of June 2017, the volunteer taskforce had established five programming committees (reduced from ten), and a new, overarching mandate to focus programming efforts on respective end-users. The Society welcomed the following new programming committees:

CORPORATE FINANCE

CHAIR

Kevin Dickinson, CFA

INSTITUTIONAL ASSET MANAGEMENT

CHAIR

Heather Cooke, CFA

KITCHENER-WATERLOO

CHAIR

David Brattan, CFA

PROFESSIONAL DEVELOPMENT

CHAIR

Paul Hamilton, CFA

PRIVATE WEALTH MANAGEMENT

CHAIR

Kathrin Forrest, CFA

2016-2017 EVENTS & PROGRAMS



2016 ANNUAL INVESTMENT DINNER

On October 5, 2016, we celebrated our Society's 80th anniversary at the 2016 Annual Investment Dinner. Over nine hundred attendees from various financial disciplines and industries joined us to celebrate and gain insights from the investment community's most influential practitioners. Our guests shared an interactive evening of forecasting elements with substantive panel discussions while enjoying the 80th anniversary celebrations. This year we welcomed Barry Ritholtz; Howard Marks, CFA; Philip Tetlock; and Michael Mauboussin to our featured fireside chat, along with our host for the evening, BNN's Catherine Murray. During the chat, speakers engaged in thought-provoking discussions on forecasting, and on global market trends and their effects on our local economy.

In keeping with tradition, our guests made the following predictions for 2016/2017, using audience response devices:



What do you expect to happen to Canadian housing prices in 2017?	
Rise 0-10%	42.3%
Rise 10-25%	13.84%
Rise 25% +	3.79%
Fall 0-10%	29.9%
Fall 10-25%	6.27%
Fall 25% +	3.92%

As of March 1, 2017, what will be the closing spot price for West Texas Intermediate crude oil?	
Less than \$20/barrel	1.07%
Between \$20 and \$35	4.57%
More than \$35, but less than \$50	33.33%
Between \$50 and \$65	56.71%
More than \$65	5.33%

Do you think your forecasting ability is superior to the average person's?	
Yes, significantly	20.24%
Yes, but only by a little bit	20.85%
No	58.91%

What will the Federal Open Market Committee decide to do with respect to the deferral finds rate at its December 2016 meeting?	
Lower	2.89%
Maintain	44.38%
Raise	52.74%
Fall 25% +	3.92%

Which equity market will perform the best over the next 12 months?	
Canada	14.95%
USA	31.15%
Emerging markets	34.27%
Europe	19.63%





SUMMER MIXER SERIES

Equity & Private Client Committee • July 7, 2016

The Equity and Private Client committees joined forces and invited over 30 CFA charterholders, all senior professionals, to share their stories about their career paths and perspectives on the industry in a relaxed setting at the Rum Exchange.



Portfolio Management Committee • November 9, 2016

The 2016 Annual Institutional Investment Management Forum provided an interactive opportunity for institutional investment management practitioners to learn about the industry's latest insights on best practices, and to hear leading-edge thinking on alternative investments in both liquid and illiquid markets.

Panelists from Commonfund and Morneau Shepell discussed illiquid alternatives, followed by a discussion from panelists from PIMCO and Albourne America LLC on liquid alternatives. Attendees participated in several interactive roundtable discussions throughout the event, and continued their discussion amongst themselves during networking breaks to make the most of this engaging forum.



Equity Committee • March 1, 2017

Six of the industry's most top influential portfolio managers joined us to unveil their market outlooks and top investment ideas at the 2017 Equity Investment Symposium. These six managers are each responsible for large proprietary investment funds, making this a yearly "must attend," sold-out event for investment advisors, portfolio managers, asset allocators, and private investors.

ANNUAL CFA CHARTER RECOGNITION – CLASS OF 2016

Special Events • February 9, 2017

We were pleased to welcome 694 new charterholders from the class of 2016 to the Society. Each new member met the rigorous requirements of the designation, which includes a minimum of 48 months of applicable work experience and sequentially passing three six-hour exams. It takes, on average, more than 300 hours of study to prepare for each level. In recognition of the achievement of these new charterholders, the Society held its Annual CFA Charter Recognition event. In total, 257 registered for this affair and brought their families and friends to celebrate with them.

2016-2017 EVENTS & PROGRAMS

7TH ANNUAL PARTNERSHIP RECEPTION

RMAI Committee in Partnership with: Alternative Investment Management Association (AIMA) Global Association of Risk Professionals (GARP) Professional Risk Managers' International Association (PRMIA) • March 21, 2017

This sold-out event welcomed over one hundred like-minded peers from various associations across the industry for the opportunity to network and build valuable connections. Attendees gained valuable insights from the evening's guest speaker: David Rosenberg, chief economist and strategist for Gluskin Sheff + Associates.



PUB NIGHT

Equity Committee • March 23, 2017

Building relationships is a critical component for good career development, and for creating one's professional network. The Equity Committee's Pub Night event provides an opportunity for Society members and non-members to attend a fun evening of drinks and appetizers and, most importantly, to make valuable contacts in a relaxed setting, this time at The Merchant.



Portfolio Management Committee • March 30, 2017

The 2017 Annual Spring Pension conference provided investment professionals with the latest updates and insights from thought leaders in the Canadian pension industry. Notable panelists and keynote speakers from OPTrust, the CAAT Pension Plan, Hoisington Investment Management, the C.D. Howe Institute, Alignvest Investment Management, Manulife Asset Management, and the Ontario Teachers' Pension Plan addressed subjects ranging from the evolving investment environment and professional insights to the best practices and tools to provide attendees with the resources to best manage today's investment portfolios. Key topics at the conference included prospects for the global, U.S. and Canadian economies; their effects on interest rates, exchange rates, and equity; and fixed income markets, alphas, investments, and risk management from a C-suite perspective, as speakers talked about applying geopolitical risk to pension plan management and pension plan diversity.



Private Client Committee • May 10, 2017

Joining us at the 2017 Annual Wealth Conference were panelists and keynote speakers from CFA Institute, Strategic Insight, Columbia Business School, Sunnybrook Health Sciences Centre, University of Georgia, CIBC and BNY Mellon. Conference speakers touched upon industry trends and how to best demonstrate value to clients while wealth managers, in turn, learned how to better understand small business mindsets, to best deal with their elderly clients, and to improve on estate planning for the next generation of wealth.

WILL ROBO-ADVISORS DOMINATE WEALTH MANAGEMENT IN THE FUTURE?

Equity Committee, supported by the External Relations & Advocacy Committee • June 13, 2017

We invited three leading industry experts from BMO InvestorLine, EY, and Nest Wealth to this sold-out luncheon to discuss how robo-advisors are being integrated into existing wealth management platforms, and how they are competing for investable assets. Attendees left with a better understanding of the inner workings of robo-advisors, how they are impacting the wealth management industry, key business issues and merits, and who the major players are in this rapidly developing area.



SUMMER SOCIAL

External Relations & Advocacy Committee • June 22, 2017

This summer's sold-out social event brought together members of CFA Society Toronto, Ascend Canada, and the Canadian Chinese Finance Association (CCFA) to promote networking and awareness of these three professional organizations. Attendees learned about each organization and their respective membership services by networking amongst like-minded finance professionals.

2017 ANNUAL APPRECIATION EVENT

Special Event • June 27, 2017



This event is dedicated to our hard-working and devoted volunteers, who help drive the Society's mission to provide exceptional member services such as educational programs, sponsored events, employment postings, and networking opportunities. It was an evening of fun as we recognized our volunteers, who are the backbone of our Society's success.

PADDLE MASTER OF TORONTO: YOU JUST GOT SERVED!

External Relations & Advocacy Committee in partnership with Canadian Institute of Chartered Business Valuators (CICBV) • June 29, 2017

The Society and CICBV joined forces for a night of ping-pong and healthy competition at SPiN Toronto. Members from both organizations enjoyed snacks, drinks, and a fun-filled tournament. Society members Sahil Gupta, CFA and Tansweer Bhayani, CFA were crowned Toronto's Paddle Masters.



4TH ANNUAL LOCAL ETHICS CHALLENGE

The Ethics Challenge was designed to embody the mission of CFA Institute by promoting "the highest standards of ethics, education, and professional excellence." In addition, it focuses on many of the elements of CFA Institute's Future of Finance initiative: Transparency and Fairness, Regulation and Enforcement and Safeguarding the System. Equally as important, it helps prepare those entering the investment profession for the ethical challenges that they will face in the workplace.

The first Ethics Challenge was started by a CFA Society Toronto volunteer in 2014 where three teams, each from the CFA Institute University Affiliation Program in Toronto participated. Last year, the 12 Canadian CFA Societies hosted the first Canadian Ethics Challenge.



Queens University Smith School of Business – (L-R) Wei Xue, Adam Prokop, Carter Smith and Olalekan Akindele

CFA SOCIETY TORONTO AND HILLSDALE CANADIAN INVESTMENT RESEARCH AWARD

CFA Society Toronto and Hillsdale Investment Management Inc. are committed to advancing the knowledge of investment management practices through the publication of quality academic and practitioner-relevant research. Submissions are judged on the potential contribution of their applied research to topics of interest related to Canadian capital markets. Areas of research interest include any aspect of investment management, such as portfolio management, asset valuation, risk management, compliance and performance evaluation. Investment fields include traditional and alternative investments, as well as all asset classes and investment vehicles (e.g., fixed income, equities, derivatives, etc.). Research papers are judged on relevance, importance and the degree to which their research has an impact on practitioner's behavior.



(L-R) Dr. Kobana Abukari, Assistant Professor of Finance at Laurentian and Chris Guthrie, CFA, President and CEO of Hillsdale Investment Management Inc.

CFA INSTITUTE RESEARCH CHALLENGE

The CFA Institute Research Challenge is an annual global equity research competition that provides university students with hands-on mentoring and intensive training in financial analysis. Students gain real-world experience as they assume the role of a research analyst and are tested on their ability to value a stock, write an initiation-of-coverage report, and present their recommendations.



University of Waterloo School of Account & Finance (L-R) Raj Patel, Sophia Chen, Thinisha Gunasekera, Jeannine LiChong, CFA (Industry Mentor), Steve Balaban, CFA (Faculty Advisor), Judy Dong and Talha Siddiqui

UNDERGRADUATE FINANCE & ECONOMIC SCHOLARSHIP AWARDS

This scholarship award is open to all third-year undergraduate students currently enrolled in a finance or economics program at an Ontario university and is intended to reward students who've shown excellence in academics. No prior knowledge or experience with the CFA designation is required.

First Place \$3,000 CAD

Second Place \$2,000 CAD

Third Place \$1,000 CAD



Andrea Koop (2nd place winner) from University of Toronto Mississauga, and Mike Duhamel, Volunteer Relations Manager, CFA Society Toronto (1st and 3rd were unable to attend)

FINANCIAL JOURNALISM AWARDS

On March 28, 2017 CFA Society Toronto announced the winners of the three award categories at this year's Financial Journalism Awards reception. The Financial Journalism Awards were created to acknowledge the contributions of Canadian-based financial publications and journalists who show true commitment to high professional standards through their contributions towards improving transparency, strengthening investor education, and supporting the Society's efforts to shape a trustworthy, forward-thinking financial industry that better serves society. The three award categories are: Publication of the Year, Journalist of the Year, and The Spirit of the Future of Finance.

The winners for this year's Financial Journalism Awards are:

PUBLICATION OF THE YEAR	JOURNALIST OF THE YEAR	THE SPIRIT OF THE FUTURE OF FINANCE
<i>Advisor's Edge</i>	Dan Bortolotti, <i>MoneySense</i>	<i>"How Banned IIROC & MFDA Advisors Can Still Sell Insurance,"</i> Melissa Shin, <i>Advisor's Edge</i>

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FINANCIAL STATEMENTS

Independent Auditor's Report

August 28, 2017

To the Members of
The Toronto Society of Financial Analysts
(operating as CFA Society Toronto)

We have audited the accompanying financial statements of The Toronto Society of Financial Analysts (operating as CFA Society Toronto), which comprise the statement of financial position as at June 30, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant 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 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.

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, the financial statements present fairly, in all material respects, the financial position of The Toronto Society of Financial Analysts (operating as CFA Society Toronto) as at June 30, 2016 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP
400 Bradwick Drive, Suite 100, Concord, Ontario, Canada L4K 5V9
T: +905 326 6800, F: +905 326 5339

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership

The accompanying notes are an integral part of these financial statements.

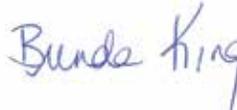
Statement of Financial Position

As at June 30, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash	717,895	1,000,619
Restricted cash (note 4)	127,243	102,034
Investments (note 3)	1,751,496	966,660
Accounts receivable	257,521	97,310
Prepaid expenses	143,121	170,243
	2,997,276	2,336,866
Investments (note 3)	101,056	859,854
Capital assets (note 5)	1,215,574	205,148
Intangible assets – net of accumulated amortization of \$8,440 (2016 - \$62,586)	104,482	48,284
	4,418,388	3,450,152
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	570,698	515,877
Unearned revenue	684,412	640,629
Due to Canadian Advocacy Council (note 7)	126,446	93,875
	1,381,556	1,250,381
Deferred capital contributions (note 8)	72,897	5,814
Deferred lease inducement (note 9)	852,367	139,649
	2,306,820	1,395,844
Net assets		
Investment in capital assets (note 9)	538,399	142,124
Stabilization reserve	865,000	715,000
Opportunities and technology reserve	371,300	500,000
Event cancellation reserve	100,000	100,000
Capital expenditures reserve	112,500	375,000
Unrestricted	124,369	222,184
	2,111,568	2,054,308
	4,418,388	3,450,152

Approved by the Board of Directors

Director 

Director 

The accompanying notes are an integral part of these financial statements.

Statement of Operations

For the year ended June 30, 2017

	2017 \$	2016 \$
Revenues		
Membership dues	1,389,915	1,348,739
Program and sponsorship revenue	891,188	849,665
CFA Institute discretionary grants	515,975	498,226
Membership placement services	297,520	315,810
Member operations revenue	140,719	87,002
Other member services	45,392	25,273
Interest and miscellaneous income	34,163	35,501
Facility services	22,967	24,872
Candidate education	5,274	65,030
	3,343,113	3,250,118
Expenditures		
Salaries and related benefits	1,296,774	1,359,574
Program expenses	649,270	589,799
Member operations expenses	391,798	342,530
Professional services	229,606	187,804
Telecommunications and website	149,392	109,034
Rent and utilities	141,084	236,358
Amortization of capital and intangible assets	136,176	114,936
Loss on disposal of capital assets	81,047	-
Marketing and development	79,493	122,567
Office and general	53,247	55,184
Moving costs	51,548	-
Meetings, conferences and honoraria	26,418	33,893
	3,285,853	3,151,679
Excess of revenues over expenditures for the year	57,260	98,439

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

For the year ended June 30, 2017

	2017						
	Investment in capital assets	Stabilization reserve	Opportunities and technology reserve	Event cancellation reserve	Capital expenditures reserve	Unrestricted	Total
	\$	\$	\$	\$	\$	\$	\$
Balance - Beginning of year	142,124	715,000	500,000	100,000	375,000	222,184	2,054,308
Excess (deficiency) of revenues over expenditures for the year (note 10)	(87,080)	-	-	-	-	144,340	57,260
Transfer to (from) internally restricted funds	-	150,000	(128,700)	-	-	241,200	-
Investment in capital assets (note 10)	483,355	-	-	-	(262,500)	(483,355)	-
Balance - End of year	538,399	865,000	371,300	100,000	112,500	124,369	2,111,568

	2016						
	Investment in capital assets	Stabilization reserve	Opportunities and technology reserve	Event cancellation reserve	Capital expenditures reserve	Unrestricted	Total
	\$	\$	\$	\$	\$	\$	\$
Balance - Beginning of year	140,720	715,000	500,000	100,000	300,000	200,149	1,955,869
Excess (deficiency) of expenditures over revenues for the year (note 10)	(70,413)	-	-	-	-	168,852	98,439
Transfer to internally restricted funds	-	-	-	-	75,000	(75,000)	-
Investment in capital assets (note 10)	71,817	-	-	-	-	(71,817)	-
Balance - End of year	142,124	715,000	500,000	100,000	375,000	222,184	2,054,308

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended June 30, 2017

	2017	2016
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	57,260	98,439
Items not involving cash		
Write-off of deferred lease inducements	(98,777)	-
Loss on disposal of capital assets	81,047	-
Amortization of capital and intangible assets	136,176	114,936
Amortization of deferred capital contributions	(6,273)	(7,973)
Amortization of deferred lease inducements	(61,411)	(53,087)
	<u>108,022</u>	<u>152,315</u>
Changes in non-cash working capital		
Accounts receivable	(86,855)	45,007
Prepaid expenses	27,122	(78,080)
Accounts payable and accrued liabilities	(166,365)	217,805
Unearned revenue	43,783	89,582
	<u>(74,293)</u>	<u>426,629</u>
Financing activities		
Additions to deferred lease inducements	87,414	-
Investing activities		
Purchase of investments	(1,004,755)	(1,376,562)
Proceeds from sale of investments	978,717	1,350,099
Purchase of capital assets	(206,064)	(30,000)
Purchase of intangible assets	(71,105)	(41,817)
Restricted cash	(25,209)	(19,910)
Due to Canadian Advocacy Council	32,571	33,697
	<u>(295,845)</u>	<u>(84,493)</u>
Change in cash during the year	(282,724)	342,136
Cash - Beginning of year	1,000,619	658,483
Cash - End of year	717,895	1,000,619
Non-cash transactions		
Leasehold improvements capitalized through deferred lease inducements	785,492	-
Leasehold improvements capitalized not yet paid	221,186	-
Deferred capital contributions not yet received	73,356	-

Notes to Financial Statements

June 30, 2017

1. Nature of operations

The Toronto Society of Financial Analysts (the Society), operating as CFA Society Toronto, was incorporated by letters patent under the Corporations Act of the Province of Ontario on June 30, 1970 as a not-for-profit corporation. The purposes of the Society are:

- to provide and maintain an organization for those persons who are directly or indirectly engaged in financial analysis as related to securities investment and to advance and protect generally the status, welfare and interests of such persons;
- to formulate and promote high standards of ethics in financial analysis;
- to educate and inform financial analysts as to techniques, standards and developments with regard to financial analysis, securities and securities markets in order that they might serve the public more competently;
- to hold or sponsor conferences, seminars, courses and workshops or otherwise disseminate information and ideas among members of the Society and to the public relating to financial analysis as related to securities investment; and
- to publicize information regarding financial and security analysis in order to promote public understanding of its role and usefulness.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), Part III of the Chartered Professional Accountants of Canada Handbook, as issued by the Canadian Accounting Standards Board. The financial statements reflect the following significant accounting policies..

Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the period in which the related expenditures are incurred.

Membership dues are collected by the CFA Institute and distributed to the Society. Revenue is recognized as revenue in the period to which it relates.

Program, sponsorship and facility services revenues are collected by the Society and recognized as revenue on the date the event occurs, or if applicable, over the term of the agreement.

CFA Institute discretionary grants are recognized as revenue when revenue is received or receivable.

Member operations, membership placement services, candidate education revenues and other member services are recognized as revenue as the related services are provided.

Interest is calculated on the daily balance and is recognized as revenue at the end of each month.

Net assets

The financial statements have been prepared in a manner that segregates net asset balances as follows:

- Investment in capital assets represents the Society's net investment in capital assets purchased with Society funds, less accumulated amortization thereon since acquisition.
- Stabilization reserve represents an internally restricted fund to ensure the continuity of the Society by providing a liquidity reserve.
- Opportunities and technology reserve represents an internally restricted fund for new initiatives and opportunities as they arise. This fund will ensure new initiatives can be pursued in the absence of funding availability in the current year's budget.
- Event cancellation reserve represents an internally restricted fund to be drawn on when a major event needs to be cancelled due to poor attendance or unforeseen circumstances.
- Capital expenditures reserve represents an internally restricted fund to finance any capital projects that are considered necessary without the need to fund such a project entirely from the current year's operating budget.

Unrestricted comprises the remaining excess of revenues over expenditures from operations that are available for general use.

Financial instruments and risk management

The Society initially measures its financial assets and financial liabilities at fair value and subsequently measures them at amortized cost.

Credit risk associated with cash, short-term investments, restricted cash and investments is minimized substantially by ensuring these assets are invested in financial obligations of major financial institutions that have been accorded investment grade ratings by a primary rating agency. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the investment policy of the Society. Credit risk associated with accounts receivable is reduced by monitoring overdue accounts receivable.

Notes to Financial Statements (continued)

June 30, 2017

Liquidity risk is the risk the Society cannot repay its obligations when they come due. The Society has liquidity risk in accounts payable and accrued liabilities and due to Canadian Advocacy Council (CAC) of \$609,752 (2015 - \$358,250).

The Society reduces its exposure to liquidity risk by ensuring it documents when authorized payments come due and holding assets that can be readily converted into cash. In the opinion of management the liquidity risk exposure of the Society is low.

It is management's opinion that the Society is not exposed to significant interest rate risk, currency risk, liquidity risk and market risk.

Cash

Cash consists of cash balances with major financial institutions.

Capital assets

The costs of capital assets are capitalized on meeting the criteria for recognition as capital assets, otherwise, costs are expensed as incurred. The cost of capital assets comprises their purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are stated at cost less accumulated amortization and accumulated impairment losses, if any.

The Society provides for amortization using methods and rates designed to amortize the cost of the capital and intangible assets over their estimated useful lives. Amortization is provided on a straight-line basis, over the following periods:

Furniture and fixtures	5 years
Computer equipment	3 years

Amortization of leasehold improvements is recorded over the remaining term of the lease.

Intangible assets

Intangible assets consist of website design which is amortized over three years on a straight-line basis.

Impairment of long-lived assets

An impairment charge is recognized for long-lived assets, including intangible assets with definite lives, whenever an event or change in circumstance causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the asset and its carrying value.

Deferred capital contributions

Deferred capital contributions consist of capital purchases funded by the CFA Institute and are amortized on a straight-line basis over the estimated useful life of the asset for furniture and fixtures, website and computer equipment purchases. The leasehold improvements are amortized on a straight-line basis over the term of the lease and netted against rent and utilities on the statement of operations for leasehold improvements.

Deferred lease inducement

Deferred lease inducements consists of leasehold improvement reimbursements and rent allowances from the landlord, and are amortized on a straight-line basis over the term of the lease and netted against rent and utilities on the statement of operations.

Contributed services

The work of the Society is dependent on the voluntary service of many members. The value of donated services is not recognized in these financial statements.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the current estimates.

3. Investments

	Interest rate %	Maturity date	2017 \$	2016 \$
Current				
Savings accounts			37,595	8,765
Guaranteed investment certificates	1.05 to 1.85	July 31, 2017 to March 16, 2018	1,713,901	957,895
			1,751,496	966,660
Long-term				
Guaranteed investment certificate	1.60	November 2, 2018	101,056	859,854
			1,852,552	1,826,514

4. Restricted cash

Restricted cash comprises a balance held in trust for the CAC in the amount of \$126,446 (2016 - \$93,875) (note 7) and the Toronto Options and Futures Society in the amount of \$797 (2016 - \$8,159) to be used towards conferences, events or other work related to derivatives and risk management.

5. Capital assets

	2017		2016	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and fixtures	272,476	228,799	43,677	29,509
Leasehold improvements	1,022,643	24,409	998,234	121,632
Computer equipment	325,502	151,839	173,663	54,007
	1,620,621	405,047	1,215,574	205,148

Notes to Financial Statements (continued)

June 30, 2017

6. Accounts payable and accrued liabilities

	2017 \$	2016 \$
Accounts payable and accrued liabilities	568,222	513,293
Government remittances	2,476	2,584
	<u>570,698</u>	<u>515,877</u>

7. Due to Canadian Advocacy Council

The Society performs back office services for the CAC and the balance represents unspent amounts received from the CAC. The CAC is the primary obligor undertaking its activities and the Society bears no risk in the activities of the CAC. The activities of the CAC, which are set out below, are not recorded in the statement of operations:

	2017 \$	2016 \$
Balance - Beginning of year	93,875	60,178
Receipts	126,693	145,492
Disbursements	(94,122)	(111,795)
Balance - End of year	<u>126,446</u>	<u>93,875</u>

8. Deferred capital contributions

			2017		2016	
	Leasehold improvements \$	Furniture and fixtures \$	Website \$	Computer Equipment \$	Total \$	Total \$
Opening balance	-	3,655	2,159	-	5,814	13,787
Additions during the year	65,565	5,809	-	3,982	73,356	-
Amortized to expense	(1,496)	(2,397)	(2,159)	(221)	(6,273)	(7,973)
Closing balance	<u>62,069</u>	<u>7,067</u>	<u>-</u>	<u>3,761</u>	<u>72,897</u>	<u>5,814</u>

9. Deferred lease inducements

During the year, at the landlord's request, the Society relocated its premises. The original lease agreement was due to expire on December 31, 2018. On February 6, 2017, the Society entered into a new agreement, which extended its office space lease for an additional 65 months to May 21, 2024. The office relocation required the Society to incur moving costs and invest in leasehold improvements. However, the Society received leasehold improvement reimbursements and rent allowances to offset the outlays. The deferred lease inducements are being amortized on a straight-line basis over the time of the lease.

			2017	2016
	Leasehold improvements \$	Rent allowance \$	Total \$	Total \$
Opening balance	111,308	28,341	139,649	192,736
Write-offs during the year	(74,205)	(24,572)	(98,777)	-
Additions during the year	800,492	72,414	872,906	-
Amortized to expense	(55,938)	(5,473)	(61,411)	(53,087)
Closing balance	<u>781,657</u>	<u>70,710</u>	<u>852,367</u>	<u>139,649</u>

Notes to Financial Statements (continued)

June 30, 2017

10. Investment in capital assets

Net assets invested in capital assets are calculated as follows:

	2017 \$	2016 \$
Capital assets (note 5)	1,215,574	205,148
Intangible assets	104,482	48,284
Deferred lease inducements relating to leasehold improvements (note 9)	(781,657)	(111,308)
	<u>538,399</u>	<u>142,124</u>

The change in net assets invested in capital assets is calculated as follows:

Excess of expenditures over revenues		
Write-off of deferred lease inducements relating to leasehold improvements	74,205	-
Amortization of capital and intangible assets	(136,176)	(114,936)
Amortization of deferred lease inducement	55,938	44,523
Loss on disposal of capital assets	(81,047)	-
	<u>(87,080)</u>	<u>(70,413)</u>
Investment in capital assets		
Capital and intangible assets acquired	1,283,847	71,817
Deferred lease inducements relating to leasehold improvements	(800,492)	-
	<u>483,355</u>	<u>(71,817)</u>

11. Commitment

The Society is committed to lease office premises under a lease ending May 21, 2024. Future minimum lease payments, including estimated operating costs and realty taxes are approximately as follows:

	\$
2018	387,000
2019	390,000
2020	394,000
2021	403,000
2022	405,000
Thereafter	<u>774,478</u>
	<u>2,753,478</u>

12. Subsequent event

Subsequent to year-end on July 13, 2017, the CAC was incorporated under the name of the CFA Societies of Canada Inc. under the Canada Not-for-profit Corporations Act. The CAC administration and activities will be transferred to CFA Societies of Canada Inc. in fiscal 2018.

13. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's financial statement presentation.



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