

# CFA SOCIETY TORONTO AGENDA

120 Adelaide St W, Suite 2205 Toronto, Ontario

27 November 2019

12:00 – 12:30 pm

Conference #: 647-788-4206

Passcode: 7417516

Leader Pin (office): 7027717

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**Type of meeting:** Annual General Meeting

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**Please read:** June 27, 2019 Election Meeting Minutes; Auditor's Report; Financial Statements; Audit Review

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## AGENDA ITEMS

Topic			Presenter	Time allotted
1.	<b>Call to order</b> , welcome, overview of Agenda		R. Cultraro	2 min
2.	<b>June 27, 2019 Election Meeting Minutes</b>	For Decision	R. Cultraro	3 min
3.	<b>Review of the Auditor's Report</b>	For Decision	All	5 min
4.	<b>Review of Financial Statements</b>	For Decision	C. Sheridan	5 min
5.	<b>Appointment of Auditors for FY2020</b>	For Decision	C. Sheridan	10 min
6.	<b>Other Business –</b>		All	5 min

## OTHER INFORMATION

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**Observers/Guests:** All regular members are welcome to attend the Annual General Meeting

### CFA Society Toronto Mission

*Creating opportunities for our members to raise standards and make high quality contributions towards a trustworthy financial community*

# MINUTES

## CFA SOCIETY TORONTO ELECTION MEETING

Wednesday, June 27, 2019 – 120 Adelaide St W, Suite 2205, Toronto

PRESENT: P. Steer; A. Stephenson; G. Cleary-Yu; V. Gracie (phone); B. King (phone); C. Sutton (phone); C. Sutton (phone); M. Jensen (phone); K. Forrest (phone); R. Cultraro (phone)

OFFICE: S. Lemon; N. Summers; H. Mooney

REGRETS: C. Sheridan; S. Balaban

Proxies: 517

The meeting was called to order by Mr. Vadim Gracie, CFA, Chair and President, CFA Society Toronto Board of Directors.

Mr. Gracie appointed Brenda King, CFA, as Secretary of this Meeting and called on her to read the Notice to Members dated 02 June 2019 calling the meeting.

Ms. King read the notice and Mr. Gracie declared the Election Meeting regularly called and properly constituted.

Since a minimum of 517 Regular Members were present, in person or by proxy, Mr. Gracie declared a quorum.

Mr. Gracie called on the Secretary to read the Minutes of the Annual General Meeting of members held on 14 November 2018.

Ms. King moved to dispense with the reading of the Minutes. Seconded by Ms. Sutton. CARRIED.  
Mr. Gracie called upon Ms. King to read the amendments to the Bylaws.

Ms. King moved to dispense with the reading of the bylaws and approve the Bylaw amendments as presented. Seconded by Ms. Stephenson. CARRIED.

Mr. Gracie called upon Ms. King to read the *Report of the Nominating Committee* regarding the Directors and to report any further nominations received.

Ms. King read the report and noted no other nominations were received. Ms. King moved to elect the slate of Directors presented by the Nominating Committee. Seconded by Ms. Steer. CARRIED.

Mr. Gracie called on Ms. King to read the *Report of the Nominating Committee* regarding the Officers.

Ms. King read the report and moved to elect the slate of Officers as presented by the Nominating Committee. Seconded by Ms. Cleary-Yu. CARRIED.

Mr. Gracie asked if there was any further business. There being no further business Mr. Gracie asked for a motion for adjournment. Ms. King moved that the meeting be adjourned. Seconded by Ms. Steer. CARRIED.

Mr. Gracie declared the meeting adjourned and called on the Directors present to stand and be acknowledged.

**The Toronto Society of Financial  
Analysts**  
(operating as CFA Society Toronto)  
**Financial Statements**  
For the Year Ended June 30, 2019

**The Toronto Society of Financial Analysts**  
**(operating as CFA Society Toronto)**  
**Financial Statements**  
**For the Year Ended June 30, 2019**

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of The Toronto Society of Financial Analysts (operating as CFA Society Toronto) (the "Society"), which comprise the statement of financial position as at June 30, 2019, 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 Society as at June 30, 2019, and its results of 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 Society 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.

### Other Matter

The prior period comparative information was audited by another auditor who expressed an unmodified opinion on that financial information in their report dated August 27, 2018.

### 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

*BDO Canada LLP*

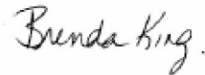
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
August 22, 2019

**The Toronto Society of Financial Analysts**  
 (operating as CFA Society Toronto)  
**Statement of Financial Position**

June 30	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 276,605	\$ 681,078
Short-term investments (Note 2)	2,706,611	1,573,053
Accounts receivable	191,982	187,679
Prepaid expenses	163,787	73,705
	3,338,985	2,515,515
Long-term investment (Note 2)	-	304,068
Capital assets (Note 3)	801,859	990,370
Intangible assets (Note 4)	222,511	259,380
	\$ 4,363,355	\$ 4,069,333
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 420,052	\$ 359,890
Unearned revenue (Note 6)	782,865	653,608
	1,202,917	1,013,498
Deferred capital contributions (Note 7)	128,277	61,401
Deferred lease inducements (Note 8)	605,901	729,134
	1,937,095	1,804,033
<b>Net Assets</b>		
Investment in capital assets (Note 9)	340,456	519,702
Stabilization reserve	940,000	940,000
Opportunities and technology reserve	371,300	371,300
Event cancellation reserve	100,000	100,000
Capital expenditures reserve	412,500	212,500
Unrestricted funds	262,004	121,798
	2,426,260	2,265,300
	\$ 4,363,355	\$ 4,069,333

On behalf of the Board:  
  
 Director

  
 Director



**The Toronto Society of Financial Analysts**  
 (operating as CFA Society Toronto)  
**Statement of Operations**

<b>For the year ended June 30</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Membership dues	\$ 1,869,718	\$ 1,768,500
Program and sponsorship revenue	824,051	855,974
CFA Institute discretionary grants	610,512	561,467
Membership placement services	185,055	245,887
Facility services	86,546	74,474
Interest and miscellaneous income	64,747	43,887
Candidate education	43,594	7,368
Other member services	13,239	21,377
Member operations revenue	-	37,150
	<u>3,697,462</u>	<u>3,616,084</u>
<b>Expenses</b>		
Salaries and related benefits	1,516,631	1,343,880
Program expenses	518,197	564,944
Member operations expenses	403,225	351,976
Amortization of capital and intangible assets	326,811	291,790
Rent and utilities (Note 8)	297,272	290,975
Professional services	152,726	220,328
Telecommunications and website	147,795	168,939
Marketing and development	91,028	127,911
Office and general	60,739	52,624
Meetings, conferences and honoraria	22,078	48,646
Moving costs	-	339
	<u>3,536,502</u>	<u>3,462,352</u>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 160,960</b>	<b>\$ 153,732</b>

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

**The Toronto Society of Financial Analysts**  
 (operating as CFA Society Toronto)  
**Statement of Financial Position**

June 30	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 276,605	\$ 681,078
Short-term investments (Note 2)	2,706,611	1,573,053
Accounts receivable	191,982	187,679
Prepaid expenses	163,787	73,705
	3,338,985	2,515,515
Long-term investment (Note 2)	-	304,068
Capital assets (Note 3)	801,859	990,370
Intangible assets (Note 4)	222,511	259,380
	\$ 4,363,355	\$ 4,069,333
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 420,052	\$ 359,890
Unearned revenue (Note 6)	782,865	653,608
	1,202,917	1,013,498
Deferred capital contributions (Note 7)	128,277	61,401
Deferred lease inducements (Note 8)	605,901	729,134
	1,937,095	1,804,033
<b>Net Assets</b>		
Investment in capital assets (Note 9)	340,456	519,702
Stabilization reserve	940,000	940,000
Opportunities and technology reserve	371,300	371,300
Event cancellation reserve	100,000	100,000
Capital expenditures reserve	412,500	212,500
Unrestricted funds	262,004	121,798
	2,426,260	2,265,300
	\$ 4,363,355	\$ 4,069,333

On behalf of the Board:  
*Vicki J. Corack* Director

*Brenda King*  
 \_\_\_\_\_ Director

**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Statement of Changes in Net Assets**

For the year ended June 30, 2019

	Investment in capital assets	Stabilization reserve	Opportunities and technology reserve	Event cancellation reserve	Capital expenditures reserve	Unrestricted	Total
Balance, beginning of the year	\$ 519,702	\$ 940,000	\$ 371,300	\$ 100,000	\$ 212,500	\$ 121,798	\$ 2,265,300
Excess (deficiency) of revenues over expenses (Note 9)	(200,834)	-	-	-	-	361,794	160,960
Transfer to (from) internally restricted funds	-	-	-	-	200,000	(200,000)	-
Investment in capital assets (Note 9)	21,588	-	-	-	-	(21,588)	-
<b>Balance, end of the year</b>	<b>\$ 340,456</b>	<b>\$ 940,000</b>	<b>\$ 371,300</b>	<b>\$ 100,000</b>	<b>\$ 412,500</b>	<b>\$ 262,004</b>	<b>\$ 2,426,260</b>

For the year ended June 30, 2018

	Investment in capital assets	Stabilization reserve	Opportunities and technology reserve	Event cancellation reserve	Capital expenditures reserve	Unrestricted	Total
Balance, beginning of the year	\$ 465,502	\$ 865,000	\$ 371,300	\$ 100,000	\$ 112,500	\$ 197,266	\$ 2,111,568
Excess (deficiency) of revenues over expenses (Note 9)	(167,284)	-	-	-	-	321,016	153,732
Transfer to (from) internally restricted funds	-	75,000	-	-	100,000	(175,000)	-
Investment in capital assets (Note 9)	221,484	-	-	-	-	(221,484)	-
<b>Balance, end of the year</b>	<b>\$ 519,702</b>	<b>\$ 940,000</b>	<b>\$ 371,300</b>	<b>\$ 100,000</b>	<b>\$ 212,500</b>	<b>\$ 121,798</b>	<b>\$ 2,265,300</b>

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

**The Toronto Society of Financial Analysts**  
 (operating as CFA Society Toronto)  
**Statement of Cash Flows**

<b>For the year ended June 30</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses for the year	\$ 160,960	\$ 153,732
Items not affecting cash:		
Amortization of capital and intangible assets	326,811	291,790
Amortization of deferred capital contributions	(12,967)	(11,496)
Amortization of deferred lease inducements	(123,233)	(123,233)
	<u>351,571</u>	<u>310,793</u>
Changes in non-cash working capital:		
Accounts receivable	(4,303)	69,842
Prepaid expenses	(90,082)	69,416
Accounts payable and accrued liabilities	60,156	(337,254)
Unearned revenue	129,266	(30,804)
	<u>446,608</u>	<u>81,993</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(2,409,703)	(1,774,323)
Proceeds from sale of investments	1,580,209	1,749,754
Purchase of capital assets	(25,980)	(7,305)
Purchase of intangible assets	(75,451)	(214,179)
	<u>(930,925)</u>	<u>(246,053)</u>
<b>Cash flows from financing activities</b>		
Additions of deferred capital contributions	<u>79,844</u>	-
<b>Net decrease in cash</b>	<b>(404,473)</b>	<b>(164,060)</b>
<b>Cash, beginning of the year</b>	<u><b>681,078</b></u>	<u><b>845,138</b></u>
<b>Cash, end of the year</b>	<u><b>\$ 276,605</b></u>	<u><b>\$ 681,078</b></u>

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

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# The Toronto Society of Financial Analysts (operating as CFA Society Toronto) Notes to Financial Statements

June 30, 2019

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## 1. Significant Accounting Policies

### Nature and Purpose of Organization

The Society (operating as CFA Society Toronto) (the "Society") 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 have 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.

### Basis of Accounting

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 policies.

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**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

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**1. Significant Accounting Policies (continued)**

**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 recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

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

Program, sponsorship and facility services revenues are collected by the Society and are 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 members 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.

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**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

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**1. Significant Accounting Policies (continued)**

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

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**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

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**1. Significant Accounting Policies (continued)**

**Financial Instruments**

The Society initially measures its financial assets and financial liabilities at fair value and subsequently measures them at amortized cost. Financial assets include cash, investments and accounts receivable. Financial liabilities include accounts payable and accrued liabilities.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.



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**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

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**1. Significant Accounting Policies (continued)**

**Capital Assets**

Purchased assets meeting the criteria for recognition of capital assets are capitalized at the date possession of the asset occurs. Included in the capitalized amounts are costs directly attributable to preparing the asset for its intended use.

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	<b>Method</b>	<b>Rate</b>
Computer equipment	Straight-line	3 years
Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	Life of the lease

Capital assets are amortized once put into use.

When changes in circumstances give rise to indications of an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition, management will test for impairment. An impairment loss is recorded if the fair value of the asset exceeds its carrying value. Impairment losses are recognized in the period realized.

**Intangible Assets**

Intangible assets consist of computer software and website design which are amortized over three years on a straight-line basis.

**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, computer equipment, website design and computer software purchases. The leasehold improvements are amortized on a straight-line basis over the term of the lease and are netted against rent and utilities on the statement of operations.

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**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

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**1. Significant Accounting Policies (continued)**

<b>Deferred Lease Inducement</b>	Deferred lease inducements consist 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 are netted against rent and utilities on the statement of operations.
<b>Use of Estimates</b>	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.
<b>Contributed Services</b>	Volunteers contribute many hours per year to assist the Society in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

**2. Investments**

Short-term investments are comprised of guaranteed investments certificates and savings accounts with interest rates from 1.50% to 2.68% (2018 - 1.20% to 2.05%) and maturity dates from August 6, 2019 to November 7, 2019 (2018 - August 4, 2018 to June 25, 2019).

Long-term investment, in the prior year, was comprised of a guaranteed investments certificate with interest rate of 1.50% and a maturity date of August 4, 2019.

**3. Capital Assets**

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 346,638	\$ 285,803	\$ 331,047	\$ 227,881
Furniture and fixtures	284,625	253,083	274,236	240,887
Leasehold improvements	1,022,643	313,161	1,022,643	168,788
	<u>1,653,906</u>	<u>852,047</u>	<u>1,627,926</u>	<u>637,556</u>
		<u>\$ 801,859</u>		<u>\$ 990,370</u>

**4. Intangible Assets**

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 271,920	\$ 95,955	\$ 214,179	\$ 21,647
Website design	130,632	84,086	112,922	46,074
	<u>402,552</u>	<u>180,041</u>	<u>327,101</u>	<u>67,721</u>
		<u>\$ 222,511</u>		<u>\$ 259,380</u>

**5. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities are government remittances of \$2,300 (2018 - \$2,210).

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**The Toronto Society of Financial Analysts**  
(operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

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**6. Unearned Revenue**

	<u>2019</u>	<u>2018</u>
Balance - beginning of year	\$ 653,608	\$ 684,412
Additions during the year	3,222,146	2,594,866
Amortized to revenue	<u>(3,092,889)</u>	<u>(2,625,670)</u>
Balance - end of year	<u>\$ 782,865</u>	<u>\$ 653,608</u>

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**7. Deferred Capital Contributions**

Deferred capital contributions represents the unamortized amount of contributions received for the purchase of capital assets.

The changes in the deferred capital contributions balance reported for the year are as follows:

	<u>2019</u>	<u>2018</u>
Balance - beginning of year	\$ 61,401	\$ 72,897
Additions during the year	79,843	-
Amortized to revenue	<u>(12,967)</u>	<u>(11,496)</u>
Balance - end of year	<u>\$ 128,277</u>	<u>\$ 61,401</u>

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**The Toronto Society of Financial Analysts**  
 (operating as CFA Society Toronto)  
**Notes to Financial Statements**

**June 30, 2019**

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**8. Deferred Lease Inducements**

In fiscal 2017, 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 term of the lease.

The changes in deferred lease inducements are as follows:

	2019			2018	
	Leasehold improvements	Rent allowance	Total	Total	
Balance - beginning of year	\$ 668,647	\$ 60,487	\$ 729,134	\$	852,367
Less lease inducements recognized in the year	(113,010)	(10,223)	(123,233)	(123,233)	(123,233)
Balance - end of year	<u>\$ 555,637</u>	<u>\$ 50,264</u>	<u>\$ 605,901</u>	<u>\$</u>	<u>729,134</u>

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**The Toronto Society of Financial Analysts**  
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**9. Investment In Capital Assets**

Net assets invested in capital assets are calculated as follows:

	<u>2019</u>	<u>2018</u>
Capital assets (Note 3)	\$ 801,859	\$ 990,370
Intangible assets (Note 4)	222,511	259,380
Deferred lease inducement relating to leasehold improvements (Note 8)	(555,637)	(668,647)
Deferred capital contribution (Note 7)	<u>(128,277)</u>	<u>(61,401)</u>
	<u>\$ 340,456</u>	<u>\$ 519,702</u>

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

	<u>2019</u>	<u>2018</u>
<b>Excess of expenditures over revenues</b>		
Amortization of capital and intangible assets	\$ (326,811)	\$ (291,790)
Amortization of deferred lease inducements	113,010	113,010
Amortization of deferred capital contributions	<u>12,967</u>	<u>11,496</u>
	<u>\$ (200,834)</u>	<u>\$ (167,284)</u>
<b>Investment in capital assets</b>		
Capital and intangible assets acquired	\$ 101,431	\$ 221,484
Additions to deferred capital contributions	<u>(79,843)</u>	<u>-</u>
	<u>\$ 21,588</u>	<u>\$ 221,484</u>

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**10. Commitments**

The Society is committed to lease office premises and equipment lease under separate lease agreement ending May 31, 2024 and May 11, 2024 respectively. Future minimum lease payments, including estimated operating costs and realty taxes are approximately as follows:

2020	\$ 441,300
2021	449,000
2022	451,000
2023	451,000
2024	<u>415,000</u>
	<u>\$ 2,207,300</u>

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**11. Financial Instruments and Risk Management**

The Society is exposed to financial risks through transactions in financial instruments.

Credit risk associated with 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.

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. 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 currency risk, liquidity risk and market risk.

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**12. Comparative Figures**

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