The Toronto Society of Financial Analysts
(operating as CFA Society Toronto)
Financial Statements
For the Year Ended June 30, 2021

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Contents

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Independent Auditor's Report

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, 2021, 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, 2021, 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.

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
October 13, 2021

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

June 30	2021	2020
Assets		
Current		
Cash	$ 218,014	$ 191,626
Short-term investments (Note 2)	2,730,838	1,294,477
Accounts receivable	174,587	80,261
Prepaid expenses	106,890	117,358
	3,230,329	1,683,722
Long-term investments (Note 2)	-	1,400,000
Capital assets (Note 3)	453,414	615,229
Intangible assets (Note 4)	176,795	188,225
	$ 3,860,538	$ 3,887,176
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	$ 450,322	$ 453,023
Unearned revenue (Note 5)	225,791	349,700
	676,113	802,723
Deferred capital contributions (Note 6)	194,574	167,215
Deferred lease inducements (Note 7)	359,435	482,668
Government loan (Note 8)	40,000	-
	1,270,122	1,452,606
Net Assets		
Investment in capital assets (Note 9)	106,018	193,612
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	412,500
Unrestricted funds	660,598	417,158
	2,590,416	2,434,570
	$ 3,860,538	$ 3,887,176

On behalf of the Board:

_______________ Director   _______________ Director

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

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

For the year ended June 30	2021	2020
Revenue		
Membership dues	**$ 1,997,315**	$ 2,002,741
CFA Institute discretionary grants	**659,792**	677,076
Program and sponsorship revenue	**223,303**	630,202
Interest and miscellaneous income (Note 8 and 12)	**147,470**	121,099
Membership placement services	**123,400**	119,385
Facility services	**59,178**	75,228
Candidate education	**13,854**	13,541
Other member services	**11,238**	13,576
	3,235,550	3,652,848
Expenses		
Salaries and related benefits	**1,688,265**	1,700,730
Rent and utilities (Note 7)	**298,736**	292,618
Amortization of capital and intangible assets	**281,875**	345,346
Member operations expenses	**239,945**	359,253
Professional services	**224,700**	205,267
Telecommunications and website	**177,844**	195,664
Marketing and development	**101,061**	106,202
Program expenses	**35,197**	372,632
Office and general	**25,599**	48,567
Meetings, conferences and honoraria	**6,482**	18,259
	3,079,704	3,644,538
Excess of revenues over expenses for the year	**$ 155,846**	$ 8,310

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

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

For the year ended June 30, 2021

	Investment in capital assets	Stabilization reserve	Opportunities and technology reserve	Event cancellation reserve	Capital expenditures reserve	Unrestricted	Total
Balance, beginning of the year	**$ 193,612**	**$ 940,000**	**$ 371,300**	**$ 100,000**	**$ 412,500**	**$ 417,158**	**$ 2,434,570**
Excess (deficiency) of revenues over expenses (Note 9)	**(98,784)**	**-**	**-**	**-**	**-**	**254,630**	**155,846**
Investment in capital assets (Note 9)	**11,190**	**-**	**-**	**-**	**-**	**(11,190)**	**-**
Balance, end of the year	**$ 106,018**	**$ 940,000**	**$ 371,300**	**$ 100,000**	**$ 412,500**	**$ 660,598**	**$ 2,590,416**

For the year ended June 30, 2020

	Investment in capital assets	Stabilization reserve	Opportunities and technology reserve	Event cancellation reserve	Capital expenditures reserve	Unrestricted	Total
Balance, beginning of the year	$ 340,456	$ 940,000	$ 371,300	$ 100,000	$ 412,500	$ 262,004	$ 2,426,260
Excess (deficiency) of revenues over expenses (Note 9)	(183,380)	-	-	-	-	191,690	8,310
Investment in capital assets (Note 9)	36,536	-	-	-	-	(36,536)	-
Balance, end of the year	$ 193,612	$ 940,000	$ 371,300	$ 100,000	$ 412,500	$ 417,158	$ 2,434,570

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

For the year ended June 30	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses for the year	**$ 155,846**	$ 8,310
Items not affecting cash:		
Amortization of capital and intangible assets	**281,875**	345,346
Amortization of deferred capital contributions	**(70,081)**	(48,956)
Amortization of deferred lease inducements	**(123,233)**	(123,233)
Loan forgiveness of government loan (Note 8)	**(20,000)**	-
	224,407	181,467
Changes in non-cash working capital:		
Accounts receivable	**(94,326)**	111,721
Prepaid expenses	**10,469**	46,429
Accounts payable and accrued liabilities	**(2,700)**	32,969
Unearned revenue	**(123,909)**	(433,165)
	13,941	(60,579)
Cash flows from investing activities		
Purchase of investments	**(2,859,082)**	(4,756,276)
Proceeds from sale of investments	**2,822,719**	4,768,412
Purchase of capital assets	**(7,506)**	(21,840)
Purchase of intangible assets	**(101,124)**	(102,587)
	(144,993)	(112,291)
Cash flows from financing activities		
Additions of deferred capital contributions	**97,440**	87,891
Proceeds from government loan	**60,000**	-
	157,440	87,891
Net increase (decrease) in cash	**26,388**	(84,979)
Cash, beginning of the year	**191,626**	276,605
Cash, end of the year	**$ 218,014**	$ 191,626

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

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 secures 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.

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.

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.

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 the statement of operations. 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 the statement of operations.

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:

	Method	**Rate**
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.

1. Significant Accounting Policies (continued)

Deferred Lease Inducement	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.
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.
Contributed Services	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.
Government Assistance	The Society makes periodic applications for financial assistance under the government incentive programs. Government subsidies received during the year are accounted as revenue in the year they relate.

2. Investments

	2021	2020
High interest savings accounts	**$ 809,700**	$ 767,077
Guaranteed investments certificates	**1,921,138**	527,400
Total short-term investments	**$ 2,730,838**	$ 1,294,477
Guaranteed investments certificates	**$ -**	$1,400,000
Total long-term investments	**$ -**	$1,400,000

Short-term investments are comprised of guaranteed investments certificates with interest rates from 0.55% to 2.27% (2020 - 2.06% to 2.11%) and maturity dates from October 21, 2021 to April 7, 2022 (2020 - October 21, 2020 to November 16, 2020).

In 2020, long-term investments were comprised of guaranteed investments certificates with interest rates from 2.11% to 2.17% and maturity dates from October 21, 2021 to November 15, 2021.

3. Capital Assets

	2021		2020	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computer equipment	**$ 355,067**	**$ 338,512**	$ 347,561	$ 326,316
Furniture and fixtures	**285,105**	**275,868**	285,105	265,545
Leasehold improvements	**1,032,768**	**605,146**	1,032,768	458,344
	1,672,940	**1,219,526**	1,665,434	1,050,205
		$ 453,414		$ 615,229

4. Intangible Assets

	2021		2020	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computer software	**$ 316,476**	**$ 259,430**	$ 277,739	$ 188,498
Website design	**289,788**	**170,039**	227,401	128,417
	606,264	**429,469**	505,140	316,915
		$ 176,795		$ 188,225

5. Unearned Revenue

	2021	2020
Balance - beginning of year	**$ 349,700**	$ 782,865
Additions during the year	**2,637,132**	2,660,482
Recognized in revenue	**(2,761,041)**	(3,093,647)
Balance - end of year	**$ 225,791**	$ 349,700

6. 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:

	2021	2020
Balance - beginning of year	**$ 167,215**	$ 128,277
Additions during the year	**97,440**	87,891
Recognized in revenue	**(70,081)**	(48,953)
Balance - end of year	**$ 194,574**	$ 167,215

7. 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:

	2021			**2020**
	Leasehold improvements	**Rent allowance**	**Total**	Total
Balance - beginning of year	**$ 442,627**	**$ 40,041**	**$ 482,668**	$ 605,901
Less lease inducements recognized in the year	**(113,010)**	**(10,223)**	**(123,233)**	(123,233)
Balance - end of year	**$ 329,617**	**$ 29,818**	**$ 359,435**	$ 482,668

8. Government Loan

The Society received the $60,000 (2020 - $Nil) Canada Emergency Business Account ("CEBA") loan to finance qualifying non-deferrable expenses during COVID-19. The loan is non-interest bearing with no scheduled payments until December 31, 2022. If $40,000 of the loan has been repaid by that date, the remaining $20,000 will be forgiven. If the $40,000 in loan payments have not been made by December 31, 2022, the full loan balance will be converted to a 5% interest bearing loan to be repaid in monthly installments over a three year period ending December 31, 2025. The $40,000 is expected to be repaid in full by December 31, 2022, therefore during the year $20,000 (2020 - $Nil) forgivable portion has been recorded as interest and miscellaneous income in the statement of operations. The remaining $40,000 has been recorded at its fair value at the date the loan was received.

9. Investment In Capital Assets

Net assets invested in capital assets are calculated as follows:

		2021		2020
Capital assets (Note 3)	$	**453,414**	$	615,229
Intangible assets (Note 4)		**176,795**		188,225
Deferred lease inducement relating to leasehold improvements (Note 7)		**(329,617)**		(442,627)
Deferred capital contribution (Note 6)		**(194,574)**		(167,215)
	$	**106,018**	$	193,612

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

		2021		2020
Excess of expenditures over revenues				
Amortization of capital and intangible assets	$	**(281,875)**	$	(345,346)
Amortization of deferred lease inducements (Note 7)		**113,010**		113,010
Amortization of deferred capital contributions (Note 6)		**70,081**		48,956
	$	**(98,784)**	$	(183,380)
Investment in capital assets				
Capital and intangible assets acquired	$	**108,630**	$	124,427
Additions to deferred capital contributions (Note 6)		**(97,440)**		(87,891)
	$	**11,190**	$	36,536

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:

2022	$ 442,000
2023	442,000
2024	406,000
	$ 1,290,000

11. Financial Instruments and Risk Management

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's exposure to 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.

12. COVID-19 Impact

On March 11, 2020, the World Health Organization ("WHO") declared the COVID-19 outbreak as a global pandemic, based on the rapid increase in exposure globally.

The Society has continued operating virtually and continues to receive funding from membership dues, grants, and program and sponsorships.

The Society applied for the Canada Emergency Wage Subsidy ("CEWS") and Canada's 10% Temporary Wage Subsidy for Employers ("TWS") from the Government of Canada. The total amount of CEWS and TWS applied for and and recorded as interest and miscellaneous income in the statement of operations in the statement of operation was $20,873 (2020 - $18,431). The Society has also received the CEBA loan as disclosed in Note 8.

There could be further impacts on the Society from COVID-19 that could affect the timing and amounts recognized in the Society's financial results. The full potential impact of the ongoing pandemic on the Society is not known at this time.