



The Toronto Society of Financial Analysts (Operating as CFA Society Toronto)

Audit final report to the Audit and Finance Committee for
the year ended June 30, 2023

START



To the Audit and Finance Committee of The Toronto Society of Financial Analysts (Operating as CFA Society Toronto)

We are pleased to provide you with the results of our audit of The Toronto Society of Financial Analysts (Operating as CFA Society Toronto) (the “Society”) financial statements for the year ended June 30, 2023.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

August 30, 2023



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For the year ended June 30, 2023



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Audit at a glance

Preliminary materiality was set \$100,000 based on 3% of interim results, prorated for the year. Final materiality increased to \$127,000 based on actual year end results.

We are not aware of any fraud affecting the Society. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between The Society and our Firm that may reasonably be thought to bear on our independence.

LEAD
PARTNER
ON YOUR
AUDIT

Glen Horne

Email: ghorne@bdo.ca

Direct: 416 369 3054

START
DATE

June 2023

END DATE

September 2023



Status of the audit

We have substantially completed our audit of the year ended June 30, 2023 financial statements, pending completion of the following items:

- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to the financial statements' approval date
- ▶ Approval of financial statements by the Board of Directors

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.



Audit findings

Financial statement areas	Risks noted	Audit findings
Revenue recognition	There is a risk that revenue may be incorrectly deferred into future periods in order to reduce surplus, or recognized in the current year in order to reduce deficit	<p>Revenue was substantively tested and agreed to supporting documentation to ensure that the amounts were appropriately recorded and received. Testing was completed to ensure amounts were recognized as revenue in the statement of operations or appropriately deferred on the statement of financial position.</p> <p>Deferred membership and deferred other revenue were separately tested to verify cash was received, appropriate revenue was recognized, and remaining deferred balance recalculated to identify deviations.</p> <p>All audit testing in this area was executed as planned and no errors or concerns were noted.</p>
Management override of controls	Management is in the unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records to prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	<p>We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <p>We also obtained an understanding of the business rationale for significant transactions that we became aware of that were outside the normal course of operations for the Society, or that otherwise appeared to be unusual given our understanding of the Society and its environment.</p> <p>We reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represented a risk of material misstatement.</p> <p>All audit testing in this area was executed as planned and no errors were noted.</p>



Internal control matters

During the audit, we performed the following procedures regarding the Society's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Society's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.



Unadjusted differences

Summary of unadjusted differences

The following is a summary of uncorrected misstatements noted during the course of our audit engagement:

Nature of Error/Estimate	Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
To adjust for straight line rent expense		(6,221)	13,008	(6,787)

Summary of adjusted differences

There were no proposed adjusting journal entries during the course of the audit and there was one client proposed entry.

Summary of disclosure omissions

There were no disclosure omissions noted in the financial statements.



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.	No items noted.
Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern.	There were no going concern matters noted.
Disagreements with management about matters that, individually or in the aggregate, could be significant to the entity's financial statements or our audit report.	There were no disagreements with management.
Matters involving non-compliance with laws and regulations.	No legal or regulatory non-compliance matters were noted.
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	No items noted.
Management consultation with other accountants about significant auditing and accounting matters.	No items noted.



How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

REPORT

Communicate our opinion and details of matters on which we are required to report



New Standard for Audit Quality



ISQM 1

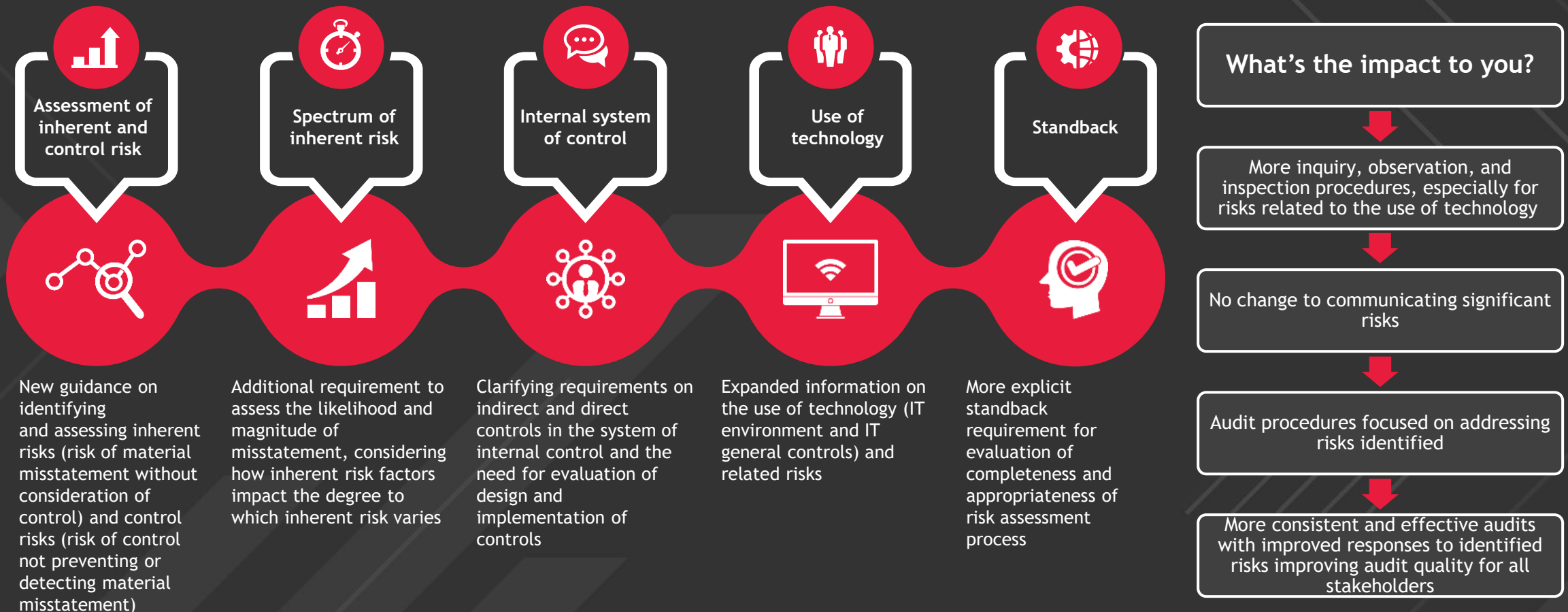
The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)



Updates to our audit process

Canadian Auditing Standard 315, *Identifying and Assessing the Risks of Material Misstatement*, was significantly revised with a greater focus on more robust risk identification, assessment and response procedures. The standard is effective for periods beginning on or after December 15, 2021. Key enhancements include:





Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization. Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



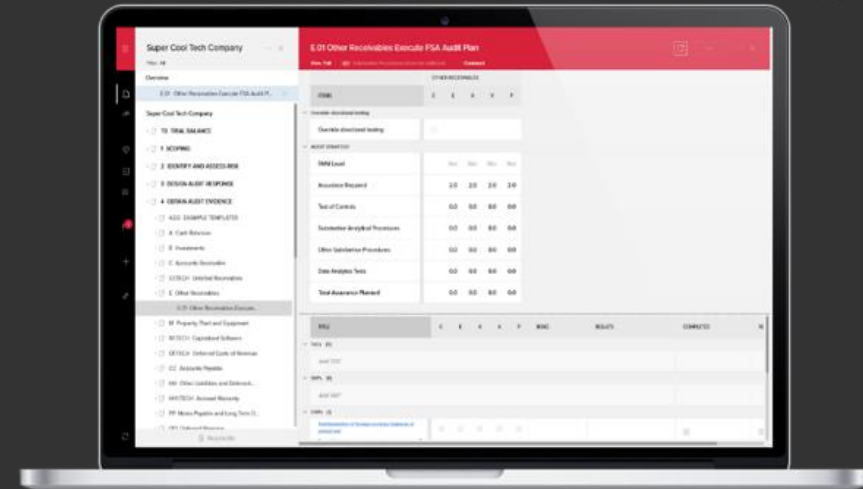
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

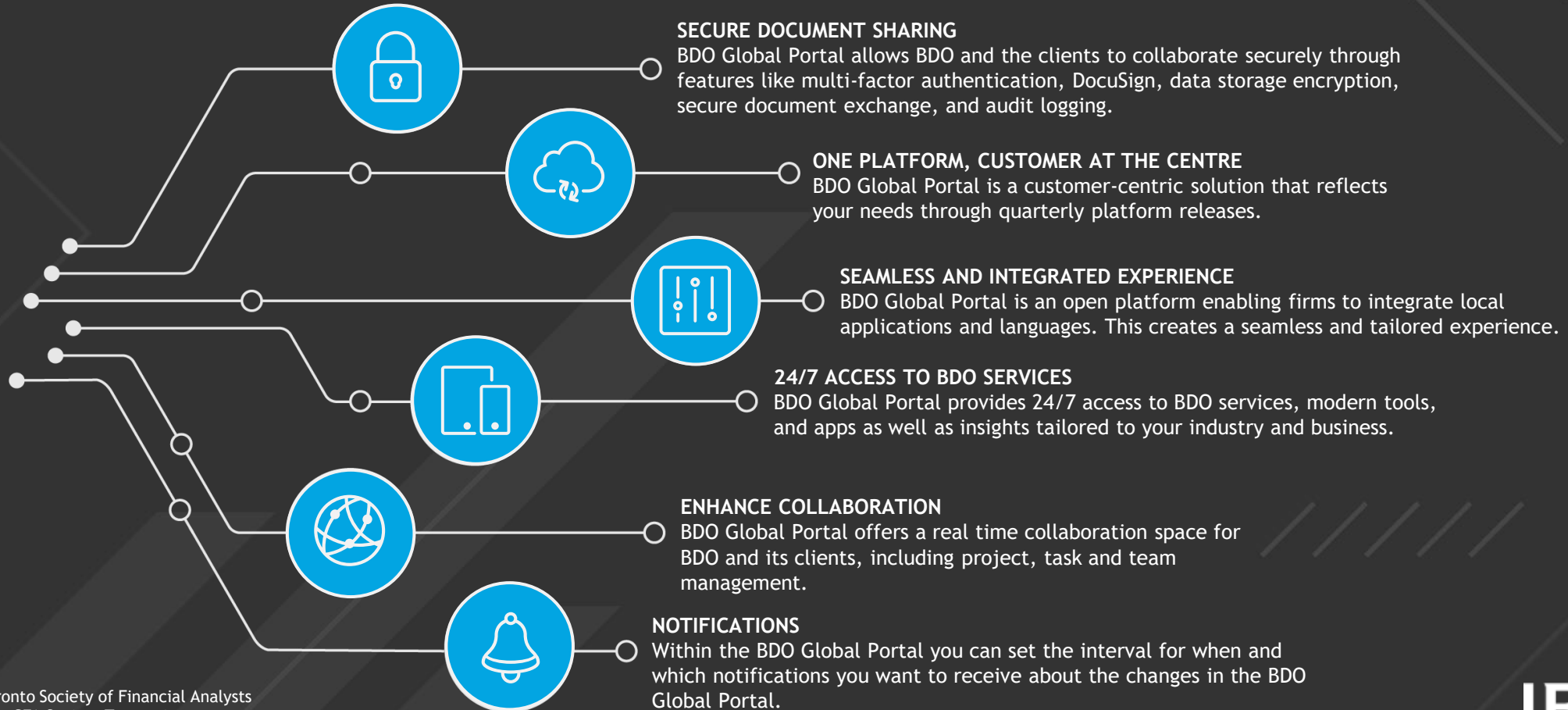
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Global Portal

BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.





Recommended resources

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

**ACCESS OUR
KNOWLEDGE CENTRE**

2023 Federal Budget



Understand the key elements of the 2023 Federal Budget and how it will impact you and your business

STAY ON TOP OF TAXES

7 powerful steps to financial audit readiness



Getting and staying prepared for an audit simplifies the process, cuts turnaround time, and improves your chances of overall success. Learn how you can be audit ready.

7 STEPS



Spotlight on sustainability

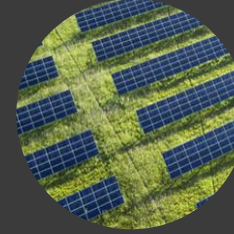
Fast-moving world events are pushing sustainability up the agenda of Canadian organizations. Now organizational leaders, investors, and customers are responding on three fronts: environmental, social, and governance (ESG).

Regulators and issuers of standards are doing their part by supporting sustainability in the reporting ecosystem. Increasingly, organizations will need to go beyond the financials—and demonstrate sustainability with non-financial metrics.

5 reasons why businesses should care about ESG

[SEE 5 REASONS](#)

How climate change became a business issue worth reporting

[READ ARTICLE](#)

10 Questions about sustainability reporting

[EXPLORE QUESTIONS](#)

Accounting for going green

[LEARN MORE](#)

Why CFOs should make sustainability a part of their financial reporting today

[BUILD BACK SUSTAINABLY](#)

Rethinking sustainability: the ESG roadmap

[SEE ROADMAP](#)



Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation letter
- ▶ Appendix C: Spotlight on Not-for-profit



Appendix A: Independent auditor's report

Please see the independent auditor's report included in the draft financial statements.



Appendix B: Representation letter

The Toronto Society of Financial Analysts (operating as CFA Society Toronto)
120 Adelaide Street West, Suite 2205
Toronto, ON
M5H 1T1

Report Date

BDO Canada LLP
Chartered Professional Accountants
222 Bay Street, Suite 2200
Toronto, Ontario, M5K 1H6
Canada
60 Columbia Way
Suite 300

This representation letter is provided in connection with your audit of the financial statements of The Toronto Society of Financial Analysts (operating as CFA Society Toronto) for the year ended June 30, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 27, 2021, for the preparation of the financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Accounting Standards for Not-for-Profit Organizations.
- All events subsequent to the date of the financial statements and for which Canadian Accounting Standards for Not-for-Profit Organizations require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- Management is reasonably certain that it will repay the Canada Emergency Business Account loan, total of \$40,000, by December 31, 2023 to qualify for forgiveness of \$20,000 of the loan balance.

Yours truly,

Signature

Position

Signature

Position

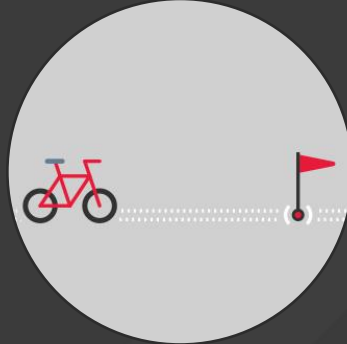
Appendix C: Spotlight on not-for-profit

Sector insights to shape your organization

Our not-for-profit leaders are thinking about the big questions facing the sector—from fulfilling your mission with limited resources to staying compliant with regulation. Our team combines sector-leading assurance, advisory, and tax expertise to bring you key insights.

For more on these and other key issues facing your business, please reach out to your engagement partner. They will be happy to put you in touch with the BDO professional who can best help you.

Navigating your non-profit



Your strategic roadmap to success

[READ REPORT](#)

Board guide to strategic planning



Building a roadmap for your non-profit

[READ REPORT](#)

The BDO Not-for-Profit Resource Centre



Sector insights at your convenience

[EXPLORE NOW](#)