



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

Audit final report to the Finance & Audit
Committee for the year ended June 30, 2024



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, 2024.

The enclosed final communication includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also communicate 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.

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

Prepared as at August 23, 2024 for the August 27, 2024

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Audit at a glance

Preliminary materiality was set at \$128,000 (2023 - \$127,000) based on preliminary expenses. Final materiality was reduced to \$125,000 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 2024

END DATE

September 2024



Status of the audit

We have substantially completed our audit of the year ended June 30, 2024 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.

The scope of the work performed was substantially the same as that described in our Planning Communication to the Finance & Audit Committee dated July 23, 2024.



Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Society's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. A summary of the key discussion points are below:

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>
Contingent liability	Based on discussions with management, there is a potential contingency.	<p>A contingent liability is recorded at year end as a result of a statement of claim filed against the Society during the year. Note disclosure has been included in the financial statements disclosing broad details of the matter.</p> <p>We have reviewed the statement of claim, discussed the matter with management and corresponded with legal counsel. We obtained management's estimate of the contingent liability based on correspondence with legal counsel.</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 communicate 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 unadjusted differences noted during the course of our audit engagement:

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
To adjust for straight line rent expense	71,389				(71,389)		71,389
To reverse sponsorship funding setup as both deferred revenue and receivable at year end	22,500			(22,500)	22,500		
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	93,889	-	-	(22,500)	(48,889)	-	71,389
Effect of Previous Year's Errors				-	-	6,221	(6,221)
Likely Aggregate Misstatements				(22,500)	(48,889)	6,221	65,168

Adjusted differences

Summary of adjusted differences

The following are the adjusting journal entries posted during the course of the audit, including client proposed journal entries.

Number	Date	Name	Account No	Debit	Credit
1	2024-06-30	Accrued Liabilities	21100		2,878.59
1	2024-06-30	Professional Services - Legal Fees	56920	2,878.59	
Client proposed JE to record legal expense accruals.					
2	2024-06-30	Accrued Liabilities	21100		100,000.00
2	2024-06-30	Professional Services	56900	100,000.00	
Client proposed JE to top up accrual.					
3	2024-06-30	Accum. Dep'n - Leaseholds	15650	5,498.92	
3	2024-06-30	Operating Fund - Dep'n Contra	31010	5,498.92	
3	2024-06-30	Capital Equity	33000		5,498.92
3	2024-06-30	Amortization - Leasehold	56290		5,498.92
Client proposed JE to adjust amortization to cost.					
4	2024-06-30	Accrued Liabilities	21100	2,443.88	
4	2024-06-30	Accrued Liabilities	21100	94.68	
4	2024-06-30	Accrued Liabilities	21100	1,936.92	
4	2024-06-30	Accrued Liabilities	21100		24,769.25
4	2024-06-30	Payroll - Bonus (Recoveries)	56810	24,769.25	
4	2024-06-30	Payroll - Pension Contribution	56850		1,936.92
4	2024-06-30	Professional Services - Audit Fees	56910		94.68
4	2024-06-30	Professional Services - Legal Fees	56920		2,443.88
Client proposed JE to adjust accrued liabilities.					
5	2024-06-30	Def Capital Contrib - IT Purchases	24750		17,349.80
5	2024-06-30	Def Capital Contrib - IT Purchases	24750	3,122.01	
5	2024-06-30	Miscellaneous Revenue	41500	17,349.80	
5	2024-06-30	Amortiz of Deferred Capital Contrib	41550		3,122.01
To record deferred capital contribution for fiscal 2024 capital asset additions					
6	2024-06-30	Retained Earnings - Previous Year	31000		32,056.00
6	2024-06-30	Capital Equity	33000	32,056.00	
To adjust 'Invested in Capital Asset' to actual					



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.	A contingent liability is accrued and disclosed in the notes to the financial statements.
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

COMMUNICATION

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





How the firm's system of quality management (SoQM) supports the consistent performance of quality audit engagements

The firm is committed to maintaining high standards of audit quality that meet stakeholders' expectations and serve the public interest. We foster a culture where audit quality is at the center of our strategy and priorities. All partners and staff are accountable for performing quality engagements and upholding professional ethics, values, and attitudes.

The firm invested significant time and resources to establish and operate a SoQM that complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB). The SoQM ensures the firm and its personnel meet professional standards, legal and regulatory requirements, and conduct engagements accordingly, with reports issued appropriately for the circumstances.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:



Standard for Audit Quality



CSQM 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.



Establishing and improving the firm's SoQM

In establishing and continuously improving our firm's SoQM, we carried out the following for each of the SoQM components:

OBJECTIVES

We established the quality objectives required by CSQM1 in the core components of our SoQM and any additional quality objectives as appropriate.

QUALITY RISKS

We identified the quality risks that may adversely affect achieving these objectives. These consider the nature and circumstances of the firm and the engagements it performs and the conditions, events or circumstances that may impact its SoQM.

RESPONSES

We designed and implemented appropriate responses (policies, procedures and controls) to mitigate the assessed quality risks to an acceptable level.

MONITORING

We monitor the design, implementation and operating effectiveness of the firm's SoQM to identify areas for improvement. Root cause analysis is performed on deficiencies identified and remedial actions are implemented on a timely basis. This robust monitoring and remediation process is important for continuous improvement in quality processes.

On at least an annual basis the firm evaluates whether these deficiencies have a severe and/or pervasive impact on the achievement of the quality objectives in the SoQM.

We identify emerging developments and changes in the circumstances of the firm or its engagements and adapt the SoQM to respond to such changes.

Evaluating SoQM:

Our annual SoQM evaluation involves reviewing information about the system's design, implementation, and operation through monitoring activities. It includes testing response effectiveness, reviewing findings from inspections, and other relevant SoQM information. Using professional judgment, we assess whether identified findings represent deficiencies in the SoQM, investigating their root causes and evaluating their severity and pervasiveness.



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. 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.

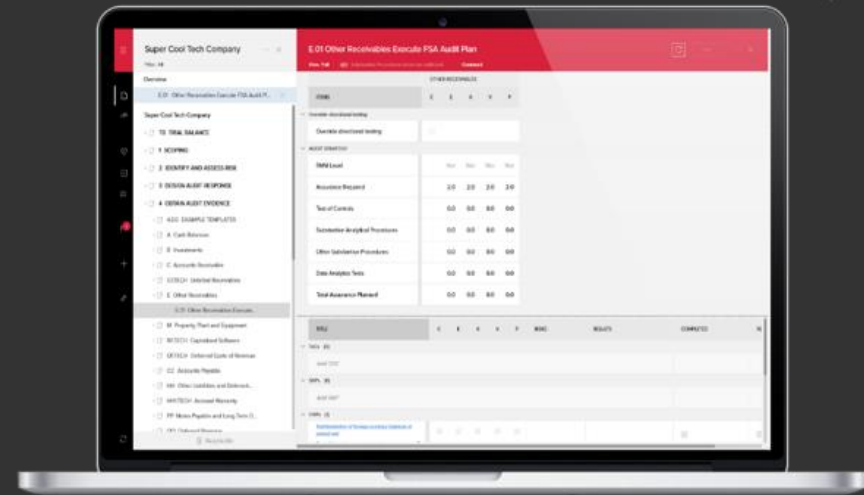
APT Next Gen

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.

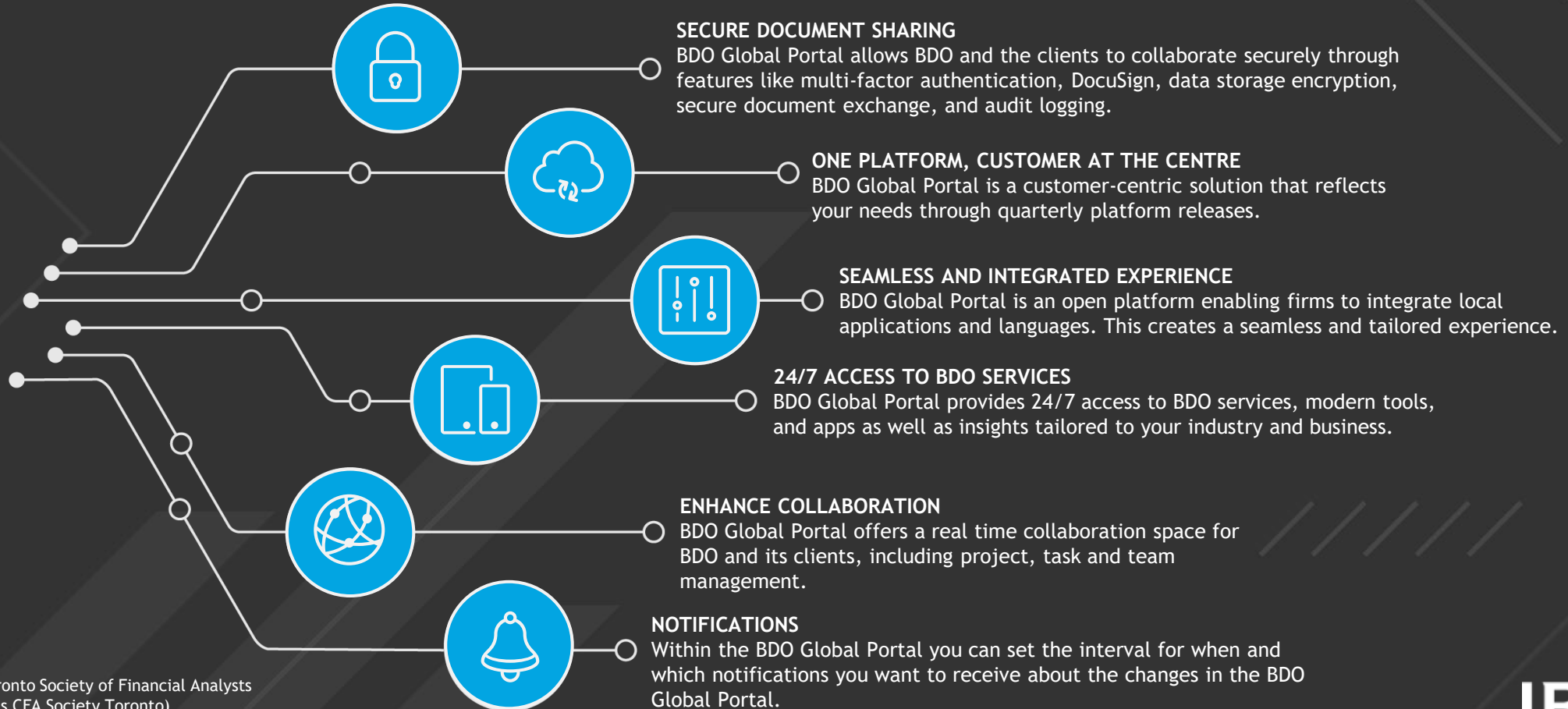
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





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.

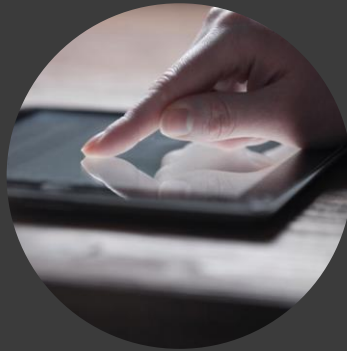




Recommended Resource

Staying in the know with knowledge and perspective

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](#)

The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

[STAY ON TOP OF TAXES](#)

Trending topics



As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

[EXPLORE NOW](#)

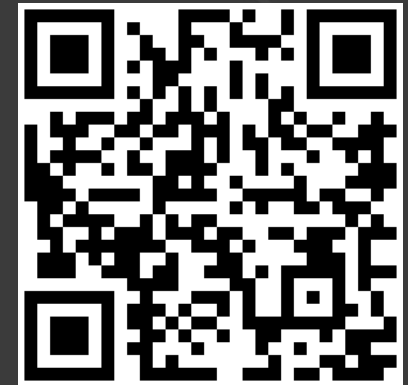
Spotlight on ESG



Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all of your stakeholders. Organizations, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

ESG Insights



Sector insights at your convenience

[EXPLORE NOW](#)

Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation letter



Appendix A: Independent auditor's report

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



Appendix B: Representation letter

CFA Society Toronto
120 Adelaide Street West, Suite 2205
Toronto, ON
M5H 1T1

September 11, 2024

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

This representation letter is provided in connection with your audit of the financial statements of CFA Society Toronto for the year ended June 30, 2024, 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 June 19, 2024, 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.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements 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.
- 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 is an actual outstanding litigation and claims, disclosure is required in the financial statements and considered sufficient.

Yours truly,

Signature

Position

Signature

Position

CFA Society Toronto

Year End: June 30, 2024

Journal Entries

Date: 2023-07-01 To 2024-06-30

Prepared by LJP 2024-08-02	Detail Rev AH 2024-08-21	Gen Rev GH 2024-08-22	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

Number	Date	Name	Account No	Debit	Credit
1	2024-06-30	Accrued Liabilities	21100		2,878.59
1	2024-06-30	Professional Services - Legal Fees	56920	2,878.59	
		Client proposed JE to record legal expense accruals.			
2	2024-06-30	Accrued Liabilities	21100		100,000.00
2	2024-06-30	Professional Services	56900	100,000.00	
		Client proposed JE to top up accrual.			
3	2024-06-30	Accum. Dep'n - Leaseholds	15650	5,498.92	
3	2024-06-30	Operating Fund - Dep'n Contra	31010	5,498.92	
3	2024-06-30	Capital Equity	33000		5,498.92
3	2024-06-30	Amortization - Leasehold	56290		5,498.92
		Client proposed JE to adjust amortization to cost.			
4	2024-06-30	Accrued Liabilities	21100	2,443.86	
4	2024-06-30	Accrued Liabilities	21100	94.66	
4	2024-06-30	Accrued Liabilities	21100	1,936.92	
4	2024-06-30	Accrued Liabilities	21100		24,769.25
4	2024-06-30	Payroll - Bonus (Recoveries)	56810	24,769.25	
4	2024-06-30	Payroll - Pension Contribution	56850		1,936.92
4	2024-06-30	Professional Services - Audit Fees	56910		94.66
4	2024-06-30	Professional Services - Legal Fees	56920		2,443.86
		Client proposed JE to adjust accrued liabilities.			
5	2024-06-30	Def Capital Contrib - IT Purchases	24750		17,349.60
5	2024-06-30	Def Capital Contrib - IT Purchases	24750	3,122.01	
5	2024-06-30	Miscellaneous Revenue	41500	17,349.60	
5	2024-06-30	Amortiz of Deferred Capital Contrib	41550		3,122.01
		To record deferred capital contribution for fiscal 2024 capital asset additions			
6	2024-06-30	Retained Earnings - Previous Year	31000		32,056.00
6	2024-06-30	Capital Equity	33000	32,056.00	
		To adjust 'Invested in Capital Asset' to actual			

CFA Society Toronto
Summary of Unadjusted Misstatements
June 30, 2024

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
To adjust for straight line rent expense	71,389				(71,389)		71,389
To reverse sponsorship funding setup as both deferred revenue and receivable at year end	22,500			(22,500)	22,500		
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	93,889	-	-	(22,500)	(48,889)	-	71,389
Effect of Previous Year's Errors				-	-	6,221	(6,221)
Likely Aggregate Misstatements				(22,500)	(48,889)	6,221	65,168

Details of why no adjustment has been made to the financial statements for the above items:
Amount not material to adjust