FINANCIAL EXECUTIVES INTERNATIONAL CANADA / DIRIGEANTS FINANCIERS INTERNATIONAUX DU CANADA

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017

HILBORN LLP

HILBORN LLP

Independent Auditor's Report

To the Members of
Financial Executives International Canada/
Dirigeants Financiers Internationaux du Canada

We have audited the accompanying consolidated financial statements of Financial Executives International Canada/ Dirigeants Financiers Internationaux du Canada, which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Financial Executives International Canada/ Dirigeants Financiers Internationaux du Canada as at June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hilborn LLP

Toronto, Ontario
December 4, 2017

Chartered Professional Accountants
Licensed Public Accountants

FINANCIAL EXECUTIVES INTERNATIONAL CANADA/ DIRIGEANTS FINANCIERS INTERNATIONAUX DU CANADA

Consolidated Statement of Financial Position

June 30	2017 $	2016 $
ASSETS		
Current assets		
Cash	**598,043**	964,284
Portfolio investments	**1,206,339**	1,188,886
Accounts receivable	**177,045**	162,640
Prepaid expenses and deposits	**75,530**	105,602
	2,056,957	2,421,412
Tangible capital assets (note 4)	**32,240**	33,518
Intangible assets (note 5)	**11,797**	28,905
	2,100,994	2,483,835
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	**649,280**	739,077
Dues and fees received in advance	**314,308**	336,846
Deferred revenue	**182,611**	273,533
	1,146,199	1,349,456
Accrued pension liability (note 7)	**130,241**	243,708
	1,276,440	1,593,164
FUND BALANCES		
Fund balances (note 1(b))		
Operating		
Restricted	**410,000**	410,000
Strategic Initiatives	**370,517**	418,248
Invested in capital assets	**44,037**	62,423
	824,554	890,671
	2,100,994	2,483,835

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director

Director

FINANCIAL EXECUTIVES INTERNATIONAL CANADA/ DIRIGEANTS FINANCIERS INTERNATIONAUX DU CANADA

Consolidated Statement of Operations

Year ended June 30	2017 $	2016 $
Revenues		
Events	**962,184**	1,044,956
Membership dues and fees	**681,440**	662,429
National Strategic Partner Program	**349,708**	442,758
CFERF research studies and donations	**207,705**	163,825
Investment income	**17,855**	18,613
Miscellaneous	**10,588**	2,000
	2,229,480	2,334,581
Expenditures		
Compensation	**1,290,136**	1,150,381
Events	**657,005**	634,303
Administration, occupancy and other costs	**356,734**	392,602
National Strategic Partnership Program	**45,545**	60,248
Profile, branding and advocacy	**19,812**	19,376
Pension plan (note 7)	**17,965**	12,786
	2,387,197	2,269,696
Excess of revenues over expenses (expenses over revenues) for year	**(157,717)**	64,885

The accompanying notes are an integral part of these financial statements

FINANCIAL EXECUTIVES INTERNATIONAL CANADA/
DIRIGEANTS FINANCIERS INTERNATIONAUX DU CANADA

Consolidated Statement of Changes in Fund Balances

Year ended June 30, 2017

	Operating - restricted $	Foundation - restricted $	Subtotal $	Operating - Strategic Initiatives $	Capital Assets $	Total 2017 $
Fund balances (deficit), beginning of year	497,650	(87,650)	410,000	418,248	62,423	**890,671**
Excess of expenses over revenues	-	-	-	(157,717)	-	**(157,717)**
Purchase of tangible capital assets	-	-	-	(21,680)	21,680	**-**
Remeasurement gain pension plan (note 7)	-	-	-	91,600	-	**91,600**
Transfer to restricted (note 1 (b))	(19,145)	19,145	-	-	-	**-**
Amortization of tangible capital assets	-	-	-	22,958	(22,958)	**-**
Amortization of intangible capital assets	-	-	-	17,108	(17,108)	**-**
Fund balances (deficit), end of year	478,505	(68,505)	410,000	370,517	44,037	**824,554**

The accompanying notes are an integral part of these financial statements

FINANCIAL EXECUTIVES INTERNATIONAL CANADA/ DIRIGEANTS FINANCIERS INTERNATIONAUX DU CANADA

Consolidated Statement of Changes in Fund Balances

Year ended June 30, 2016

	Operating - restricted $	Foundation - restricted $	Subtotal $	Operating - Strategic Initiatives $	Capital Assets $	Total 2016 $
Fund balances (deficit), beginning of year	506,769	(96,769)	410,000	590,455	65,807	1,066,262
Excess of revenues over expenses	-	-	-	64,885	-	64,885
Purchase of tangible capital assets	-	-	-	(29,498)	29,498	-
Purchase of intangible assets	-	-	-	(1,275)	1,275	-
Remeasurement loss on pension plan (note 7)	-	-	-	(240,476)	-	(240,476)
Transfer to restricted (note 1(b))	(9,119)	9,119	-	-	-	-
Amortization of tangible capital assets	-	-	-	17,261	(17,261)	-
Amortization of intangible capital assets	-	-	-	16,896	(16,896)	-
Fund balances (deficit), end of year	497,650	(87,650)	410,000	418,248	62,423	890,671

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Cash Flows

Year ended June 30	2017 $	2016 $
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	**(157,717)**	64,885
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of tangible capital assets	**22,958**	17,261
Amortization of intangible assets	**17,108**	16,896
	(117,651)	99,042
Change in non-cash working capital items		
Increase (decrease) in accounts receivable	**(14,405)**	61,178
Decrease (increase) in prepaid expenses and deposits	**30,072**	(44,980)
Decrease (increase) in accounts payable and accrued liabilities	**(89,794)**	138,469
Decrease (increase) in dues and fees received in advance	**(22,538)**	10,005
Decrease in deferred revenue	**(90,922)**	(22,447)
	(305,238)	241,267
Cash flows from investing activities		
Net purchases of portfolio investments	**(17,453)**	(14,562)
Purchase of tangible capital assets	**(21,680)**	(29,498)
Purchase of intangible assets	**-**	(1,275)
	(39,133)	(45,335)
Cash flows from financing activities		
Payment towards accrued pension liability	**(21,870)**	-
Net change in cash	**(366,241)**	195,932
Cash, beginning of year	**964,284**	768,352
Cash, end of year	**598,043**	964,284

The accompanying notes are an integral part of these financial statements

Description of organization and basis of presentation

Financial Executives International Canada/Dirigeants Financiers Internationaux du Canada ("FEI Canada") is a not-for-profit membership organization established to connect financial executives through networking, knowledge exchange, advocacy and ethical leadership. It is a registered non-profit organization, which is exempt from income taxes under the Income Tax Act of Canada.

The consolidated financial statements include the accounts of the FEI Canada's controlled foundation, Canadian Financial Executives Research Foundation/Fondation De Recherche Des Dirigeants Financiers Du Canada ("CFERF"). CFERF is separately incorporated and was formed to promote, conduct and sponsor research and publishing projects on business management topics. FEI Canada provides administrative support and management to CFERF and is not remunerated for this support.

FEI Canada is affiliated with chapters throughout Canada, and is affiliated with Financial Executives International in the United States ("FEI"). FEI Canada chapters are independently responsible for funding and managing their operations and, accordingly, the chapters are not consolidated in these financial statements.

1. **Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) **Revenue recognition**

Revenue from membership dues is recognized over the membership year. Initiation fees are recognized on admission to membership. Revenue from National Strategic Partners is recognized over the term of the agreement. Revenue from seminars and conferences is recognized as events are held. Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue from research studies are recognized when surveys are issued and when final research papers are published. Interest income is accrued and recognized pro-rata to maturity. Fair value gains and losses are reflected in investment income in the period in which they arise.

1. **Significant accounting policies (continued)**

(b) **Fund balances**

The consolidated financial statements include the following funds:

Operating

Restricted
The directors have established a reserve to provide for the continuity of ongoing operations. This amount is subject to adjustment upon review by the directors annually.

Strategic Initiatives
This portion of the operating fund is the cumulative excess of operating revenues over expenses less the amount of restricted funds and amounts invested in capital assets. These funds are available to be used for specific projects that provide enduring benefit to FEI Canada as approved by the Board of Directors and to fund current operations as required.

Invested in Capital Assets

This fund records the tangible capital assets and intangible assets used by FEI Canada, net of accumulated amortization and accumulated write-downs.

(c) **Financial instruments**

(i) **Measurement of financial instruments**

FEI Canada initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost, except for bonds quoted in an active market which are subsequently measured at fair value. Changes in fair value are recognized as investment income in the statement of revenues and expenses.

(ii) **Impairment**

At the end of each reporting period, FEI Canada assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. The financial assets are not impaired at the date of the statement of financial position.

1. **Significant accounting policies (continued)**

(d) **Tangible capital assets**

Tangible capital assets, consisting of computer equipment and software and office equipment and leasehold improvements are measured at cost less accumulated amortization and write-downs. The cost of a tangible capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Amortization is provided for on a straight-line basis at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives, which are as follows:

Computer equipment and software	2-3 years
Office equipment and leasehold improvements	5-7 years

A tangible capital asset is written down when it no longer has any long-term service potential to FEI Canada.

(e) **Intangible assets**

Intangible assets consisting of FEI Canada's website are measured at cost less accumulated amortization and accumulated write-downs.

Amortization of the website is provided for on a straight-line basis at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The website is being amortized over three years.

An intangible asset is written down when it no longer has any long-term service potential to FEI Canada.

2. **Use of estimates**

These consolidated financial statements have been prepared from the records of FEI Canada, on the basis of established accounting methods and judgments used by FEI Canada, in accordance with Canadian accounting standards for not-for-profit organizations. Actual results could differ from estimates made by management.

3. Financial instrument risks

The maximum exposure of FEI Canada to credit risk is shown in the table below.

Credit risk results from the possibility that parties may default on their financial obligations. FEI Canada's investment policy restricts investments to securities issued or guaranteed by the Canadian federal government or a provincial government and other investments approved by the Board on the advice of the Audit and Finance Committee. Cash is held on deposit at two major Canadian chartered banks.

Financial assets include the following:

	2017 $	2016 $
Cash	598,043	964,284
Portfolio investments:		
Bonds measured at fair value	-	62,096
GICs measured at amortized cost	1,206,339	1,126,790
Accounts receivable	177,045	162,640
	1,981,427	2,315,810

All GICs are guaranteed by CDIC. Maturities of bonds and GIC's range from three months to three years.

4. Tangible capital assets

			2017
	Cost $	Accumulated Amortization $	Net $
Computer equipment and software	187,218	156,028	31,190
Office equipment and leasehold improvements	42,414	41,364	1,050
	229,632	197,392	32,240

			2016
	Cost $	Accumulated Amortization $	Net $
Computer equipment and software	167,218	134,392	32,826
Office equipment and leasehold improvements	40,734	40,042	692
	207,952	174,434	33,518

5. Intangible assets

			2017
	Cost **$**	**Accumulated Amortization** **$**	**Net** **$**
Website	51,324	39,527	11,797

			2016
	Cost **$**	**Accumulated Amortization** **$**	**Net** **$**
Website	51,324	22,419	28,905

6. Accounts payable and accrued liabilities

	2017 **$**	**2016** **$**
Accounts payable and accrued liabilities	674,905	746,974
Government remittances recoverable	(25,625)	(7,897)
	649,280	739,077

June 30, 2017

7. Pension plan

FEI Canada participates in a multi-employer defined benefit pension plan with FEI and an FEI affiliate for certain of its former employees. The pension plan has been closed to any new employees hired after March 1, 2005. The plan provides benefits based on length of service and last three years' average earnings. FEI Canada is exposed to interest rate risk, price risk and currency risk on its pension assets and obligations, which are denominated in U.S. dollars. The plan assets are held in U.S. funds and the pension benefits are paid to employees in U.S. dollars based on the exchange rate determined under the plan at the date of retirement, adjusted annually.

	2017 $	2016 $
Plan administration expenses	17,965	12,786
Remeasurement (gain)/loss - recognized in the statement of changes in fund balances	(91,600)	240,476
Pension benefit cost for year	(73,635)	253,262

	2017 $	2016 $
The defined benefit plan's funded status at June 30 was:		
Accrued pension obligation	1,140,282	1,171,059
Plan assets at fair value	1,010,041	927,351
Accrued pension obligation in excess of plan assets - Accrued pension obligation per consolidated financial statements	130,241	243,708

The most recent actuarial valuation of accrued pension benefits for accounting purposes was made on June 30, 2017. The group pension plan was curtailed October 1, 2009 to eliminate future accruals and to prohibit future participation after that date. This curtailment is reflected in the current valuation calculations.

7. **Pension plan (continued)**

The significant actuarial assumptions adopted in measuring the accrued pension obligation as at June 30, and the pension expenses are as follows:

	2017	2016
Discount rate for accrued pension obligations and pension benefit cost	4.00%	3.75%
Other information about the Organization's defined benefit pension plan is as follows:		
Retirement benefits paid	$ 68,670	$ 52,651
Employer contributions	$ 21,867	$ -
Asset categories:		
Bonds	35.00%	34.42%
Equities	60.00%	60.32%
Real estate	5.00%	5.26%

8. **Commitments**

FEI Canada is committed to lease payments for its premises until April 30, 2019. Minimum lease payments are as follows:

	$
2018	68,244
2019	74,780
	143,024

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