Financial statements of

Canadian Investor Protection Fund

December 31, 2023

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December 31, 2023

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Independent Auditor's Report

To the Members and Board of Directors of the
Canadian Investor Protection Fund

Opinion

We have audited the financial statements of the Canadian Investor Protection Fund (the "Organization"), which comprise the balance sheet as at December 31, 2023, and the statements of revenues and expenses and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, 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 ("Canadian GAAS"). 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 Organization 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 audit opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 1 to the financial statements, which explains that the Organization was formed on January 1, 2023, through a statutory amalgamation of the former Canadian Investor Protection Fund and the MFDA Investor Protection Fund and that the comparative figures presented for December 31, 2022 are unaudited. Our opinion is not modified in respect of this matter.

As part of our audit of the financial statements for the year ended December 31, 2023, we were not engaged to audit, review, or apply any procedures to the financial statements for the year ended December 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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

Those charged with governance are responsible for overseeing the Organization'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 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 GAAS 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 based on these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 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.
- 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 Organization’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 Organization 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 27, 2024

Canadian Investor Protection Fund

Balance Sheet

as at December 31, 2023

(In thousands of dollars)

	2023	2022 (Unaudited)
	$	**$**
Assets		
Current assets		
Cash	**3,572**	2,851
Prepaid insurance and recoverables	**812**	836
Investments, at fair value (Note 5)	**597,478**	568,802
Member assessments receivable	**3,759**	3,267
	605,621	575,756
Tangible capital assets (Note 6)	**119**	213
Software development (Note 6)	**217**	171
	605,957	576,140
Liabilities		
Current liabilities		
Payables and accruals	**918**	980
Deferred lease inducements	**27**	29
	945	1,009
Long-term deferred lease inducements	**-**	27
Employee future benefits (Note 8)	**8,027**	8,008
	8,972	9,044
Fund balances		
Investment Dealer Fund	**543,309**	516,480
Mutual Fund Dealer Fund	**53,340**	50,232
Investment in Capital Assets Fund	**336**	384
	596,985	567,096
	605,957	576,140

Approved by the Board

A. Ferrari

________________________________ Director

________________________________ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Investor Protection Fund

Statement of Revenues and Expenses and Changes in Fund Balances
for the year ended December 31, 2023
(In thousands of dollars)

	Investment Dealer Fund	Mutual Fund Dealer Fund	Investment in Capital Assets Fund	2023 Total	2022 Total (unaudited)
	$	$	$	$	$
Revenues					
Regular assessments	13,347	1,702	-	**15,049**	14,201
Assessments for capital deficiencies	61	-	-	**61**	20
Assessments for asset location	412	-	-	**412**	260
Investment and other income (Note 9)	11,906	1,691	-	**13,597**	11,457
	25,726	3,393	-	**29,119**	25,938
Expenses					
Salaries and employee benefits (Note 8)	5,817	576	-	**6,393**	5,710
Bank lines of credit fees and insurance premium	2,457	530	-	**2,987**	3,091
Other operating costs	460	43	-	**503**	624
Directors' fees, travel and education	514	51	-	**565**	544
Professional fees	592	121	-	**713**	568
Occupancy	379	37	-	**416**	368
Communications	315	26	-	**341**	347
Computer server hosting and maintenance	351	24	-	**375**	334
Pension and other employment benefits (Note 8)	378	-	-	**378**	283
Amortization of tangible capital assets				**-**	
and software development	-	-	271	**271**	178
Custodial and investment management fees	124	124	-	**248**	249
Total expenses before the undernoted item	11,387	1,532	271	**13,190**	12,296
Integration costs (Note 11)	759	89	-	**848**	2,905
	12,146	1,621	271	14,038	15,201
Excess (deficiency) of revenues over expenses before the undernoted item	13,580	1,772	(271)	**15,081**	10,737
Unrealized gains (losses) on investments	13,720	1,336	-	**15,056**	(40,093)
Excess (deficiency) of revenues over expenses	27,300	3,108	(271)	**30,137**	(29,356)

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Investor Protection Fund

Statement of Cash Flows
for the year ended December 31, 2023
(In thousands of dollars)

	2023	2022 (unaudited)
	$	$
Operating activities		
Excess (deficiency) of revenues over expenses	**30,137**	(29,356)
Items not affecting cash		
Amortization of tangible capital assets and software development	**271**	178
Amortization of deferred lease inducements	**(29)**	(29)
Interest accrued	**283**	324
Bond premium amortization	**3,549**	4,744
Unrealized (gains) losses on investments	**(15,056)**	40,093
Unrealized (gains) losses on mutual funds	**(68)**	490
Realized loss on investments	**5**	4
Employee future benefits remeasurements	**(248)**	1,605
Changes in non-cash working capital		
Prepaid insurance and recoverables	**24**	(1)
Member assessments receivable	**(492)**	(95)
Provisions for claims and related expenses	**-**	(24)
Payables and accruals	**(62)**	188
Employee future benefits	**19**	(1,633)
	18,333	16,488
Investing activities		
Purchases of capital assets	**(223)**	(222)
Purchases of investments	**(108,271)**	(104,097)
Proceeds from maturities and sales of investments	**90,882**	88,523
	(17,612)	(15,796)
Increase in cash during the year	**721**	692
Cash, beginning of year	**2,851**	2,159
Cash, end of year	**3,572**	2,851

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Organization, amalgamation and impact of accounting policy alignment

The Canadian Investor Protection Fund ("CIPF") was formed on January 1, 2023, through a statutory amalgamation of the Canadian Investor Protection Fund ("Former CIPF") and the MFDA Investor Protection Corporation ("MFDA IPC"). The amalgamated entity retained the CIPF name in English and the French name was changed to Fonds canadien de protection des investisseurs ("FCPI"). The first fiscal year end of CIPF is December 31, 2023.

On August 3, 2021, the Canadian Securities Administrators ("CSA") published its position paper proposing to establish a new self-regulatory organization ("SRO"), that will provide enhanced regulation of the investment industry, by integrating the two existing SROs, the Investment Industry Regulatory Organization of Canada ("IIROC") and the Mutual Fund Dealers Association of Canada ("MFDA"). The CSA position paper included combining the two investor protection funds, Former CIPF and the MFDA IPC, into an integrated fund independent of the new SRO. On January 1, 2023, the operations of IIROC and the MFDA were combined through a statutory amalgamation to form New Self-Regulatory Organization ("New SRO"), which changed its name to Canadian Investment Regulatory Organization ("CIRO") on June 1, 2023.

The purpose of CIPF is to protect customers who have suffered financial loss due to the insolvency of a dealer Member of CIRO, the national SRO that oversees all Investment Dealers, Mutual Fund Dealers and trading activity on Canada's debt and equity marketplaces. CIPF maintains two segregated funds; the Investment Dealer Fund and the Mutual Fund Dealer Fund, designed to provide coverage to eligible customers of CIRO Investment Dealer Members and Mutual Fund Dealer Members, respectively. Coverage is provided to customers of Dealer Members in accordance with CIPF's Coverage Policy. Throughout these financial statements, the reference to Member means a Dealer Member of CIRO.

Former CIPF and the MFDA IPC were incorporated as corporations without share capital under provisions of Part II under the *Canada Corporations Act*. These corporations transitioned to the new *Canada Not-for profit Corporations Act* in 2014. CIPF is a not-for-profit member corporation, as described in Section 149(1)(l) of the *Income Tax Act* (Canada) and, as such, is not subject to either federal or provincial income taxes.

Former CIPF and IIROC executed an industry agreement (the "Industry Agreement") effective September 29, 2008 to address information-sharing and collaborative practices between the two organizations. Similarly, MFDA IPC and MFDA entered into two agreements (i) on July 1, 2005, to define the areas of assistance provided by the MFDA to MFDA IPC, which included administrative, corporate secretarial and other support services (the "Services Agreement"); and (ii) on October 1, 2009, an information sharing agreement (the "Information Sharing Agreement"), collectively the ("MFDA IPC Agreements"). Effective January 1, 2023, an agreement (the "Transitional Agreement") was entered into between CIRO and CIPF that provided for the continued force and effect of the Industry Agreement and MFDA IPC Agreements, in accordance with their respective terms as amended or supplemented by the Transitional Agreement. The Transitional Agreement continues to be in effect as the parties are in the process of negotiating an agreement that will replace these agreements going forward (the "Cooperative Operating Agreement").

The combination of Former CIPF and MFDA IPC is accounted for as a merger in accordance with Section 4449, Combinations by Not-for-profit Organizations in Part III of the Chartered Professional Accountant Canada Handbook – Accounting. The prior year comparative figures are unaudited and disclose the aggregated results for Former CIPF and MFDA IPC when they were operating independently. MFDA IPC had a prior year-end of June 30, and therefore, the stub period financial statements were prepared to obtain financial activity for the period from January 1, 2022 to December 31, 2022. The aggregated results included the following adjustments to align prior accounting policies with those of the combined organization.

(In thousands of dollars, unless otherwise noted)

1. Organization, amalgamation and impact of accounting policy alignment (continued)

At the combination date of January 1, 2023, the principal components of the balance sheet are as follows:

	Former CIPF	MFDA IPC	Adjustments	Total
	$	$	$	$
Assets				
Cash	2,156	514	181	2,851
Investments	519,229	52,512	(2,939)	568,802
Other assets	3,897	356	(150)	4,103
	525,282	53,382	(2,908)	575,756
Capital assets	384	-	-	384
	525,666	53,382	(2,908)	576,140
Liabilities				
Current liabilities				
Payables and accruals	738	242		980
Deferred lease inducements	29			29
	767	242	-	1,009
Long-term deferred lease inducements	27			27
Employee future benefits	8,008	-	-	8,008
	8,802	242	-	9,044
Fund balances				
Investment Dealer Fund	516,480	-	-	516,480
Mutual Fund Dealer Fund	-	53,140	(2,908)	50,232
Investment in Capital Assets Fund	384		-	384
	516,864	53,140	(2,908)	567,096
	525,666	53,382	(2,908)	576,140

(In thousands of dollars, unless otherwise noted)

1. Organization, amalgamation and impact of accounting policy alignment (continued)

For the year ended December 31, 2022, the principal components of the statement of revenues and expenses and changes in fund balances are as follows:

	Former CIPF - General Fund	Former CIPF - Investment in Capital Assets Fund	Former CIPF - Total	MFDA IPC (unaudited)	Adjustments	Total (unaudited)
	$	$	$	$	$	$
Total revenues	23,539	-	23,539	2,399	-	25,938
Total expenses before the undernoted items	10,712	178	10,890	1,406	-	12,296
Integration costs	1,406	-	1,406	1,499	-	2,905
Total expenses before the undernoted items	12,118	178	12,296	2,905	-	15,201
Excess (deficiency) of revenues over expenses before the undernoted item	11,421	(178)	11,243	(506)	-	10,737
Unrealized lossess on investments	(36,184)	-	(36,184)	-	(3,909)	(40,093)
Deficiency of revenues over expenses	(24,763)	(178)	(24,941)	(506)	(3,909)	(29,356)
Fund balances, beginning of year	539,860	340	540,200	53,646	1,001	594,847
Deficiency of revenues over expenses	(24,763)	(178)	(24,941)	(506)	(3,909)	(29,356)
Transfer to the Investment in Capital Assets Fund for addtions	(222)	222	-	-	-	-
Employee future benefits remeasurements	1,605	-	1,605	-	-	1,605
Fund balances, end of year	516,480	384	516,864	53,140	(2,908)	567,096

The adjustments included above for aligning the MFDA IPC's accounting policies and financial statement presentation are as follows:

- The fixed income securities, that were previously measured at amortized cost by MFDA IPC, are measured at fair value. The differences between fair value and amortized cost as at December 31, 2022 are $2,908. The resulting differences between fair value and amortized cost during the 2022 year of $3,909 are recorded as unrealized gains and losses on investments in the Statement of Revenues and Expenses and Changes in Fund Balances. Cumulative resulting differences between fair value and amortized cost from prior years of $1,001 was recorded in the Mutual Fund Dealer Fund, beginning of year balance in that Statement of Revenues and Expenses and Changes in Fund Balance.

- Cash balances in investment accounts of $181, that were previously presented as investments by MFDA IPC, are presented as cash;

- Accrued interest amounts on the fixed income securities of $150, that were previously presented as interest receivable by MFDA IPC, are presented as investments.

2. Statement of compliance with Canadian accounting standards for not-for-profit organizations

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants Canada Handbook – Accounting.

3. Summary of significant accounting policies

The significant accounting policies are as follows:

Funds

CIPF maintains two segregated funds, the Investment Dealer Fund and the Mutual Fund Dealer Fund, and a third fund, Investment in Capital Assets Fund.

3. Summary of significant accounting policies (continued)

Investment Dealer Fund and Mutual Fund Dealer Fund

CIPF is funded by assessments levied on Members of CIRO. The purpose of the Investment Dealer Fund and Mutual Fund Dealer Fund is to provide protection to customers of Members who, in accordance with the CIPF Coverage Policy, have suffered or may suffer financial loss as a result of the insolvency of a Member, all on such terms and conditions as may be determined by CIPF in its sole discretion. The Investment Dealer Fund and Mutual Fund Dealer Fund are also used to finance CIPF's operating activities.

In the event of a Member insolvency, the claims against CIPF are limited to the financial losses suffered by eligible customers of Members for the failure of the Member to return or account for customer property solely as a result of the insolvency of a Member. For each of the Investment Dealer Fund and Mutual Fund Dealer Fund, CIPF maintains a general fund, lines of credit and insurance to pay customer claims of insolvent Members. In the event that CIPF would be unable to satisfy claims on a fund in their entirety, the CIPF Board of Directors ("Board") would determine the period over which to assess Members of the respective fund to make up the shortfall.

The Investment Dealer Fund is available to satisfy potential claims for coverage under the CIPF Coverage Policy by customers of Members duly registered under Canadian securities legislation in the category of "investment dealer" or in the categories of both "investment dealer" and "mutual fund dealer" ("Dually Registered Investment Dealer"). The Mutual Fund Dealer Fund is available to satisfy potential claims for coverage under the CIPF Coverage Policy by customers of Members duly registered under Canadian securities legislation in the category of "mutual fund dealer" ("Mutual Fund Dealer").

Investment in Capital Assets Fund

The Investment in Capital Assets Fund represents CIPF's unamortized balance of its capital assets and intangible assets.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant areas requiring the use of estimates are recovery of (provision for) claims and/or related expenses, and employee future benefits obligation. Actual results could differ from those estimates.

Financial instruments

CIPF's financial instruments consist of cash, investments, Member assessments receivable, and payables and accruals.

CIPF initially measures its financial instruments at fair value. Subsequently, all financial instruments are recorded at amortized cost, except for investments which are recorded at fair value.

Cash

Cash includes cash on hand and cash balances in bank and investment accounts.

Investments

Investments are comprised of fixed income securities that are Canadian and provincial government bonds and a small percentage of mutual funds, that invest primarily in fixed income corporate debt instruments, and are carried at fair value. Unrealized gains and losses on mutual funds are recorded in investment income. Gains and losses on fixed income securities resulting from the difference between fair value and amortized cost are recorded as unrealized gains (losses) on investments in the Statement of Revenues and Expenses and Changes in Fund Balances. Accrued interest on the fixed income securities is included in Investments.

3. Summary of significant accounting policies (continued)

Assessments

The assessment structure and models of the predecessor organizations continue to apply, with necessary modifications.

Regular assessment amounts are set by the Board annually based on target assessments for the funds and are payable by Members each quarter. Regular assessments to Investment Dealer Members and Mutual Fund Dealer Members are paid into the Investment Dealer Fund and Mutual Fund Dealer Fund, respectively.

Investment Dealer Fund

The amount assessed for the Investment Dealer Fund by the Board is allocated to each Investment Dealer Member based on a differential rate, which is derived from a Member's risk relative to other Investment Dealer Members. Regular assessments are subject to a minimum and maximum amount. New Investment Dealer members pay twice their regular assessment for the first three years of membership. Additional assessments are paid by Investment Dealer Members that have incurred capital deficiencies. Assessments for asset location are assessed on Investment Dealer Members that have a high degree of asset location risk.

The Industry Agreement and CIPF Investment Dealer Assessment Policy provide for a limit on assessments in any quarter such that no Investment Dealer Member shall be assessed more than 1/4% of its aggregate gross revenue for the preceding four quarters (maximum amount) unless an additional amount is required to either cover operational expenses or to permit CIPF to meet the obligations under its bank lines of credit maintained for the Investment Dealer Fund. This limit does not apply to the minimum, new Investment Dealer Member and capital deficiency assessments.

Investment Dealer regular assessments, assessments for capital deficiencies and assessments for asset location are recorded in these financial statements when they are assessed. As provided for in the Industry Agreement, the assessments are collected by CIRO on behalf of CIPF. CIRO is required, under the terms of the Industry Agreement, to pay to CIPF the amount of the assessments (whether or not collected from Members).

Mutual Fund Dealer Fund

Mutual Fund Dealer Fund assessments are calculated as a percentage of the two-year average Assets Under Administration (AUA) based on AUA data reported by Mutual Fund Dealer Members. Regular assessments are subject to minimum amounts depending upon type of dealer level.

All Mutual Fund Dealer Members are required to pay an assessment to the Mutual Fund Dealer Fund. The assessment is collected by CIRO and remitted to CIPF under the terms of the Services Agreement.

While CIRO is recognized as a self-regulatory organization of which Mutual Fund Dealers operating in the Province of Québec are required to be Members, those Mutual Fund Dealers are not required to contribute to the Mutual Fund Dealer Fund in respect of customer accounts located in Québec for the purposes of CIPF's Coverage Policy. Accordingly, these Customer Accounts will not be eligible for coverage by CIPF.

Investment income

Investment income includes interest earned, net of any amortization of bond premiums or discounts using the effective interest rate method, dividends and income distributions from mutual funds, and realized and unrealized gains and losses from mutual funds. Unrealized gains and losses on fixed income securities are recorded on the Statement of Revenues and Expenses and Changes in Fund Balances.

Allocation of Expenses

CIPF maintains two segregated funds designed to provide coverage to eligible customers of Investment Dealer Members and Mutual Fund Dealer Members.

Canadian Investor Protection Fund

Notes to the financial statements

December 31, 2023

(In thousands of dollars, unless otherwise noted)

3. Summary of significant accounting policies (continued)

To facilitate proper assessment allocations, direct costs are separately captured for the Investment Dealer Fund and Mutual Fund Dealer Fund with indirect costs being allocated to each fund using a cost allocation model approved by the Board. This allocation method is used for both operating and integration costs.

Provision for claims and/or related expenses

Provision for claims from customers of insolvent Members is recorded when CIPF is notified of potential claims and CIPF makes a determination that the claims are eligible under the CIPF Coverage Policy. Provision for related expenses, such as trustee's fees, legal fees, hearing costs and other administrative costs, is recorded when a reliable estimate can be made of the costs to administer the potential claims. Recoveries of amounts paid or accrued with respect to customers' claims and administrative costs are recorded when reasonably determinable. No amounts are set aside to cover possible losses and customer claims that could arise from future insolvencies.

Tangible capital assets and software development

Tangible capital assets and software development are recorded at cost and are amortized in the Investment in Capital Assets Fund on the following basis:

Office furniture and equipment	Straight-line method over 5 years
Leasehold improvements	Straight-line method over the term of the lease
Computers	Straight-line method over 3 years
Software development	Straight-line method over 3 years

Deferred lease inducements

Deferred lease inducements are taken into income over the term of the lease.

Employee future benefits

CIPF accrues for its obligations under employee future benefit plans and the related costs as follows:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care costs.
- Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. These differences between actual results and actuarial assumptions are recognized directly in the Investment Dealer Fund balance in the Balance Sheet and reported as employee future benefits remeasurements as a separate item in the Statement of Revenues and Expenses and Changes in Fund Balances.
- Past service costs for plan amendments are immediately recognized as employee future benefits remeasurements in the Statement of Revenues and Expenses and Changes in Investment Dealer Fund Balance.

(In thousands of dollars, unless otherwise noted)

4. Fund information

Balance Sheet

	Investment Dealer Fund	Mutual Fund Dealer Fund	Investment in Capital Assets Fund	2023
	$	$	$	$
Assets				
Current assets				
Cash	2,430	1,142	-	3,572
Prepaid insurance and recoverables	649	163	-	812
Investments, at fair value (Note 5)	545,749	51,729	-	597,478
Member assessments receivable	3,448	311	-	3,759
	552,276	53,345	-	605,621
Tangible capital assets (Note 6)	-	-	119	119
Software development (Note 6)	-	-	217	217
	552,276	53,345	336	605,957
Liabilities				
Current liabilities				
Payables and accruals	913	5	-	918
Deferred lease inducements	27	-	-	27
	940	5	-	945
Employee future benefits (Note 8)	8,027	-	-	8,027
	8,967	5	-	8,972
Fund balances				
Investment Dealer Fund	543,309	-	-	543,309
Mutual Fund Dealer Fund	-	53,340	-	53,340
Investment in Capital Assets Fund	-	-	336	336
	543,309	53,340	336	596,985
	552,276	53,345	336	605,957

(In thousands of dollars, unless otherwise noted)

4. Fund information (continued)

	Former CIPF - General Fund	MFDA IPC (unaudited)	Former CIPF - Investment in Capital Assets Fund	2022 (unaudited)
	$	$	$	$
Assets				
Current assets				
Cash	2,156	695	-	2,851
Prepaid insurance and recoverables	669	167	-	836
Investments, at fair value (Note 5)	519,229	49,573	-	568,802
Member assessments receivable	3,228	39	-	3,267
	525,282	50,474	-	575,756
Tangible capital assets (Note 6)	-	-	213	213
Software development (Note 6)	-	-	171	171
	525,282	50,474	384	576,140
Liabilities				
Current liabilities				
Payables and accruals	738	242	-	980
Deferred lease inducements	29	-	-	29
	767	242	-	1,009
Long-term deferred lease inducements	27	-	-	27
Employee future benefits (Note 8)	8,008	-	-	8,008
	8,802	242	-	9,044
Fund balances				
Investment Dealer Fund	516,480	-	-	516,480
Mutual Fund Dealer Fund	-	50,232	-	50,232
Investment in Capital Assets Fund	-	-	384	384
	516,480	50,232	384	567,096
	525,282	50,474	384	576,140

5. Investments

The Board approves investment policies for each of the Investment Dealer Fund and Mutual Fund Dealer Fund. In accordance with the Board-approved investment policies, investments are held until maturity, unless directed by the Board or to make a payment in accordance with the mandate of CIPF.

Investment Dealer Fund

The Investment Dealer Fund investments are held by CIBC Mellon Global Securities Services Company as custodian. All investments must be in highly liquid Canadian or provincial government guaranteed debt obligations that mature over a 7-year period

The following table discloses the fair value, maturity and average yields to maturity of CIPF's Investment Dealer Fund investments at December 31, 2023. The weighted average yield to maturity of the portfolio at December 31, 2023 is 3.80% (2022 – 3.94%).

(In thousands of dollars, unless otherwise noted)

5. Investments (continued)

	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	2023 Total fair value	2022 Total fair value
	$	$	$	$	$	$
Canada bonds	12,926	28,720	69,303	35,135	146,084	153,315
Yield	4.90%	3.67%	3.17%	3.06%	3.40%	3.50%
Canada Housing Trust bonds	40,685	36,909	4,408	48,581	130,583	110,010
Yield	5.02%	4.34%	3.45%	3.40%	4.17%	4.25%
Provincial bonds	21,739	85,165	71,703	90,475	269,082	255,904
Yield	5.13%	4.02%	3.56%	3.58%	3.84%	4.07%
	75,350	150,794	145,414	174,191	545,749	519,229

Mutual Fund Dealer Fund

The Mutual Fund Dealer Fund fixed income securities are held by CIBC Trust Corporation as custodian. The mutual funds are primarily invested in fixed income corporate debt instruments. Investments must be in highly liquid Canadian or provincial government guaranteed debt obligations that mature over a 10-year period except for up to 10% of the portfolio which may be invested in certain corporate fixed income instruments.

The following table discloses the fair value, maturity and average yields to maturity of CIPF's Mutual Fund Dealer Fund treasury bills and bonds as at December 31, 2023. The weighted average yield to maturity of the portfolio at December 31, 2023, is 3.95 % (2022 – 4.06%).

	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	2023 Total fair value	2022 (unaudited) Total fair value
	$	$	$	$	$	$
Canada bonds	2,718	-	-	-	2,718	2,598
Yield	5.10%				5.10%	4.30%
Canada Housing Trust bonds	4,845	4,822	4,384	-	14,051	18,362
Yield	5.02%	3.96%	3.44%		4.16%	4.13%
Provincial bonds	-	4,348	3,934	22,200	30,482	24,565
Yield		3.85%	3.64%	3.75%	3.75%	3.99%
	7,563	9,170	8,318	22,200	47,251	45,525
Mutual funds					4,478	4,048
Total investments					51,729	49,573

(In thousands of dollars, unless otherwise noted)

6. Tangible capital assets and software development

			2023
	Cost	Accumulated amortization	Net book value
	$	$	$
Office furniture and equipment	332	327	5
Leasehold improvements	591	521	70
Computers	219	175	44
Tangible capital assets	1,142	1,023	119
Software development	1,860	1,643	217

			2022
	Cost	Accumulated amortization	Net book value
	$	$	$
Office furniture and equipment	332	307	25
Leasehold improvements	591	444	147
Computers	279	238	41
Tangible capital assets	1,202	989	213
Software development	1,677	1,506	171

7. Committed bank lines of credit and insurance

CIPF has committed lines of credit and insurance for each of the Investment Dealer Fund and Mutual Fund Dealer Fund. The lines of credit are guaranteed by CIRO.

Investment Dealer Fund

CIPF has committed lines of credit provided by two Canadian chartered banks totalling $125 million (2022 – $125 million) to be used in the event of a claim against the Investment Dealer Fund. CIPF has also arranged insurance in the amount of $160 million (2022 – $160 million) in the annual aggregate, in respect of losses to be paid from the Investment Dealer Fund in excess of $200 million (2022 – $200 million), and a second layer of insurance in the amount of $280 million (2022 – $280 million) in respect of losses to be paid in excess of $360 million (2022 – $360 million) in the event of an Investment Dealer Member insolvency.

Mutual Fund Dealer Fund

CIPF has a $30 million (2022 - $30 million) committed line of credit provided by a Canadian chartered bank which may be used in the event of a claim against the Mutual Fund Dealer Fund.

CIPF has also arranged insurance in the amount of $20 million (2022 - $20 million) in the annual aggregate, in respect of losses to be paid from the Mutual Fund Dealer Fund in excess of $30 million, and a second layer of insurance in the amount of $20 million (2022 - $20 million), in respect of losses to be paid in excess of $50 million in the event of a Mutual Fund Dealer Member insolvency.

(In thousands of dollars, unless otherwise noted)

8. Employee future benefits

CIPF has the following defined benefit pension plans:

- pension benefits to a retired employee since September 1, 1998. This pension benefit plan is not registered under the *Income Tax Act* (Canada), nor is it funded.
- a Supplementary Executive Retirement Plan (SERP) for certain retired executives, effective April 9, 2002. This plan is not registered under the *Income Tax Act* (Canada), nor is it funded.

CIPF also provides extended health benefits on retirement to full-time permanent employees who retire on or after age 55 with service greater than ten years and who qualified for the benefits prior to December 31, 2024. Those who do not qualify by December 31, 2024, will no longer become eligible for these benefits. These extended health benefits terminate at age 75. This plan is not funded.

Actuarial valuations of the pension plans are completed annually, and the most recent actuarial valuation of the pension plans for accounting purposes was made on December 31, 2023. Actuarial valuations of the health benefit plan are completed every three years, and the most recent actuarial valuation of the health benefit plan for accounting purposes was made on December 31, 2022.

CIPF's benefit plan expense is recorded in pension and other employment benefits expenses.

The significant actuarial assumptions adopted in measuring CIPF's accrued benefit obligations are as follows:

	Pension and health benefit plans	
	2023	2022
	%	%
Discount rate	**4.6**	4.9

For measurement purposes, medical and drug claims assumed to increase by 10% in 2024, grading down to 5.0% over five years and dental claims assumed to increase by 8% in 2024, grading down to 5% per year over three years.

In addition to these plans, the salaries and employee benefits expense on the Statement of Revenues and Expenses and Changes in Fund Balances includes $0.29 million (2022 – $0.25 million) related to CIPF's contribution to the Group RSP plan.

(In thousands of dollars, unless otherwise noted)

9. Investment and other income

Investment and other income comprise the following:

			2023
	Investment Dealer Fund	Mutual Fund Dealer Fund	Total
	$	$	$
Interest income	15,429	1,254	16,683
Amortization of bond premiums and discounts	(3,526)	(20)	(3,546)
Distributions from mutual funds	-	394	394
Realized gains (loss) on investments	-	(5)	(5)
Unrealized gain (loss) on mutual funds	-	68	68
Other	3		3
Total	11,906	1,691	13,597

			2022 (unaudited)
	Former CIPF - General Fund	MFDA IPC	Total
	$	$	$
Interest income	15,290	1,127	16,417
Amortization of bond premiums and discounts	(4,659)	(85)	(4,744)
Distributions from mutual funds	-	248	248
Realized gain (loss) on investments	-	(4)	(4)
Unrealized gain (loss) on mutual funds	-	(490)	(490)
Recovery of provision (Note 12)	-	24	24
Other	6	-	6
Total	10,637	820	11,457

10. Expense allocation

The Board approved an allocation method for both operating and integration costs to facilitate proper assessment allocations between the Investment Dealer Fund and Mutual Fund Dealer Fund. Direct costs are separately captured for the Investment Dealer Fund and Mutual Fund Dealer Fund with indirect costs being allocated to each fund using a cost allocation model based on the respective costs of the predecessor organizations. In 2023, indirect costs were allocated 91% and 9% to the Investment Dealer Fund and Mutual Fund Dealer Fund, respectively.

11. Integration costs

The costs related to the amalgamation and integration of Former CIPF and MFDA IPC include: costs for contract and additional staffing resources to focus on the amalgamation; a portion of legal and other professional fees for corporate matters and to negotiate the new Cooperative Operating Agreement; additional time commitments by Board members; run-off insurance for the Directors; and costs associated with broader communication and executive search.

(In thousands of dollars, unless otherwise noted)

11. Integration costs (continued)

Integration costs in 2023 and the prior year were as follows:

			2023
	Investment Dealer Fund	Mutual Fund Dealer Fund	Total
	$	$	$
Legal and other professional fees	238	37	275
Insurance	-	-	-
Directors' fees and expenses	15	2	17
Personnel/Consulting	449	44	493
Branding and CEO search	57	6	63
Total	759	89	848

			2022 (unaudited)
	Former CIPF	MFDA IPC	Total
	$	$	$
Legal and other professional fees	882	694	1,576
Insurance	160	148	308
Directors' fees and expenses	156	86	242
Personnel/Consulting	113	471	584
Branding and CEO search	95	100	195
Total	1,406	1,499	2,905

The integration costs will be recovered by CIPF from Members in accordance with CIPF Investment Dealer Assessment Policy and CIPF Mutual Fund Dealer Assessment Policy, both as of January 1, 2023 and amended August 25, 2023.

In addition to the above, $148 of integration costs were incurred by MFDA IPC in calendar year 2021. The total integration costs that were incurred and will be recovered by the Investment Dealer Fund and Mutual Fund Dealer Fund are $2,165 and $1,736, respectively.

12. Provision for claims and related expenses

As at December 31, 2023, there were no Member insolvencies. A Court Order was issued on August 3, 2023, discharging the bankruptcy of the Mutual Fund Dealer Member insolvency, W.H. Stuart Mutuals Ltd.

The provision for claims and related expenses and the change in provision during the year and payments made for this insolvency are as follows:

	2023	2022 (unaudited)
	CIPF	MFDA IPC
	$	$
Provision balance, beginning of the year	-	24
Recovery of provision during the year (Note 9)	-	(24)
Provision balance, end of year	-	-

(In thousands of dollars, unless otherwise noted)

13. Lease commitments

At December 31, 2023, CIPF has future minimum annual lease commitments of $319 (2022 – $471) for office space and information technology services as follows:

	$
2024	**255**
2025	**34**
2026	**24**
2027	**6**
	319

CIPF is also committed to operating costs and taxes with respect to the office lease, which approximates $220 until the expiry of the office lease on November 30, 2024.

14. Financial instruments

The fair value of a financial instrument is the estimated amount CIPF would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair value of cash, Member assessments receivable, and payables and accruals approximates their carrying value due to the immediate or short-term nature of these financial instruments.

The fair value of CIPF's fixed income investments is determined by reference to published bid price quotations at year-end. These investments have maturity dates and effective interest rates as disclosed in Note 5.

Risk management

Risk management relates to the understanding and active management of risks associated with invested assets. Investments can be exposed to interest rate, liquidity, credit, market and currency risk. CIPF manages its exposure to the risks associated with its investment portfolios by following the Board-approved investment policies (one for the Investment Dealer Fund and a policy for the Mutual Fund Dealer Fund).

The Investment Dealer Fund investment policy restricts the types and amounts of its eligible investments and requires dealing with highly rated counterparties. The Investment Dealer Fund investment policy requires that at least 50% of investments be held in Government of Canada issued or guaranteed securities, with the balance in provincial or territorial government issued or guaranteed securities.

The Investment Dealer Fund investment policy provides for minimum and maximum exposures to any one province or territory to diversify exposures to provincial and territorial credit. The investment policy minimum and maximum exposures to any one province or territory, including entities guaranteed by that province or territory, in relation to the provincial and territorial unamortized book value, are as follows:

Ontario - 35% to 55%
Quebec - 20% to 40%
British Columbia and Alberta combined - 10% to 20%
All other provinces and territories combined - 10% to 20%

The policy provides for investing in a laddered portfolio with a maximum term to maturity of 7 years.

The Mutual Fund Dealer Fund investment policy provides that investments must be in highly liquid Canadian or provincial government guaranteed debt obligations that mature over a 10-year period except for up to 10% of the portfolio which may be invested in certain corporate fixed income instruments (or pooled funds or similar investment vehicles comprised primarily of such instruments) measured on the basis of market value, denominated and payable in Canadian dollars.

14. Financial instruments (continued)

The Mutual Fund Dealer Fund investment policy limits the exposure to individual investments, such as limiting the maximum portfolio exposure to a single province to 20%.

Significant risks that are relevant to CIPF's investments are as follows:

Interest rate risk
Interest rate risk is the risk that the fair value of investments will fluctuate due to changes in market interest rates. CIPF manages the interest rate risk exposure of its investment portfolios by following the investment policies described above and by holding all fixed income investments until maturity and mutual funds for the long term, unless required to make a payment in accordance with the mandate of CIPF or as directed by the Board.

An immediate hypothetical 100 basis point increase/decrease in interest rates would decrease/increase the fair value of the investments by $18.2 million for the Investment Dealer Fund (2022 – $16.8 million) and $1.9 million for the Mutual Fund Dealer Fund (2022 - $1.7 million).

Liquidity risk
Liquidity risk is the risk that CIPF will not be able to meet its cash outflow commitments as they fall due. This includes the risk of being forced to sell assets at depressed prices resulting in realized losses on sale. CIPF manages the liquidity risk exposure by following the investment policies described above and by maintaining lines of credit of $125 million (2022 – $125 million) for its Investment Dealer Fund and $30 million (2022 - $30 million) for its Mutual Fund Dealer Fund.

Credit risk
Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations. CIPF manages the credit risk exposure of its investment portfolio by following the investment policies described above. At December 31, 2023 and 2022, all fixed income investments were in securities issued by counterparties that met or exceeded the minimum credit rating of "A" as rated by two nationally recognized rating agencies (DBRS Limited and Standard & Poor's).

Market risk
Market risk is the risk that the fair value of investments will fluctuate as a result of changes in market conditions, whether these changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. CIPF manages the market risk exposure of its investment portfolios by following the investment policies described above.

Currency risk
Currency risk is the risk that the fair value of investments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. All assets and liabilities of CIPF are denominated in Canadian dollars and as such are not subject to currency risk.

15. Comparative figures

The comparative figures are unaudited and certain figures have been reclassified to conform to the presentation adopted for the current year.