



**CGA Accounting Research Centre and The AFI Section  
DISTINGUISHED SPEAKER SERIES**

**STEVE FORTIN  
McGill University**

*Profile:*

Prof. Steve Fortin has been a faculty member at McGill University, in Montreal, Canada, since July 1999. Prior to joining the faculty at McGill, he worked as an auditor for Deloitte & Touche in Canada for three years, and completed a Ph.D. in Accounting at the University of Waterloo. Prof. Fortin's research interests include the impact of audit quality on security pricing, financial derivatives, and financial accounting. His work has been published in the *Journal of Accounting and Economics* and in *Contemporary Accounting Research*. He has presented his research in numerous conferences and institutions worldwide. Prof. Fortin currently teaches in the Bachelor of Commerce and Graduate Diploma in Public Accounting programs at McGill. He has also been involved in executive training in Canada and Europe. Prof. Fortin is a Chartered Accountant in Canada.

*Topic: «Analyst Forecast Accuracy on GAAP vs. Non-GAAP Financial Measures: Case of Real Estate Investment Trusts»*

*Abstract:*

The Real Estate Investment Trust (REIT) industry extensively reports an industry standardized, non-GAAP summary performance measure, Funds From Operations (FFO), as an alternative to net income. In this study, we explore analysts' relative forecasting ability for FFO and earnings per share (EPS) and contribute to the debate over the usefulness and reliability of non-GAAP performance measures. Contrary to expectation that the heavily regulated GAAP measures are more reliable and more easily understood, we find that analysts are more effective at forecasting FFO than net income. Their forecast errors for EPS are larger than their forecast errors for FFO. We then explore the determinants of these forecast errors and find that forecast errors become larger when managers have more incentives to manipulate a performance measure, when analysts exert larger optimism biases, and when analyst coverage is less extensive.

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**TIME:** 11:30 a.m. FRIDAY, March 23, 2007

**PLACE:** VANIER HALL, Room 063

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