

# The Conference Board of Canada

Consolidated financial statements  
May 31, 2021



## Management's responsibility for financial reporting

The consolidated financial statements have been prepared by management in accordance with accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has ensured that the consolidated financial statements are presented fairly in all material respects. The financial information presented elsewhere in the Annual Report is consistent with that in the consolidated financial statements.

**The Conference Board of Canada** [the "Corporation"] maintains adequate systems of internal accounting and administrative controls consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are appropriately accounted for and adequately safeguarded.

Through its Finance and Audit Committee, the Board of Directors [the "Board"] of the Corporation is responsible for reviewing and approving the consolidated financial statements and ensures management fulfills its responsibilities for financial reporting.

The Finance and Audit Committee is appointed by the Board and is composed of directors who are not employees of the Corporation. The Finance and Audit Committee meets periodically with management and with external auditors to discuss internal controls, auditing matters and financial and reporting issues to satisfy itself that each party is properly discharging its responsibilities. The Finance and Audit Committee reviews the consolidated financial statements and the external auditors' report and also considers, for approval by the Board, the engagement or reappointment of the external auditors. The Finance and Audit Committee reports its findings to the Board for its consideration when approving the consolidated financial statements for issuance.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian auditing standards. Ernst & Young LLP has full and free access to the Finance and Audit Committee.



**Susan Black**  
President and Chief Executive Officer



**Julie Duval**  
Chief Financial Officer

October 26, 2021

# Independent auditor's report

To the Members of the Board of Directors  
**The Conference Board of Canada**

## Opinion

We have audited the consolidated financial statements of **The Conference Board of Canada** [the "Corporation"], which comprise the consolidated balance sheet as at May 31, 2021, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheet of the Corporation as at May 31, 2021, and its consolidated results of operations and its consolidated 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. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 opinion.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole 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 generally accepted auditing standards 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 on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 Corporation'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 Corporation'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 consolidated 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Ottawa, Canada  
October 26, 2021

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants



# The Conference Board of Canada

## Consolidated balance sheet

[expressed in thousands of dollars]

As at May 31

	2021	2020
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	3,444	2,674
Accounts receivable <i>[note 8]</i>	1,638	1,948
Investments, at fair value <i>[note 3]</i>	10,786	9,879
Prepaid expenses	569	364
Assets held for sale, net <i>[note 4]</i>	3,457	—
<b>Total current assets</b>	<b>19,894</b>	<b>14,865</b>
Tangible capital and intangible assets, net <i>[note 4]</i>	1,195	3,469
	<b>21,089</b>	<b>18,334</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 5]</i>	2,524	3,016
Deferred revenue <i>[note 6]</i>	6,572	7,006
<b>Total current liabilities</b>	<b>9,096</b>	<b>10,022</b>
<b>Net assets</b>		
Unrestricted	11,849	8,168
Restricted research fund <i>[note 7]</i>	144	144
<b>Total net assets</b>	<b>11,993</b>	<b>8,312</b>
	<b>21,089</b>	<b>18,334</b>

See accompanying notes

On behalf of the Board:

  
Director

  
Director

## The Conference Board of Canada

### Consolidated statement of operations

[expressed in thousands of dollars]

Year ended May 31

	2021	2020
	\$	\$
<b>Revenue</b>		
Research	12,218	13,310
Convening	3,924	5,064
Education	176	2,952
International	1,743	3,099
Publications	5,477	5,952
<b>Gross revenue</b>	<b>23,538</b>	<b>30,377</b>
Interest and other income	926	328
	<b>24,464</b>	<b>30,705</b>
<b>Expenses</b>		
Direct and indirect programs	12,161	18,560
Corporate	10,326	11,403
Amortization	885	931
	<b>23,372</b>	<b>30,894</b>
Excess (deficiency) of revenue over expenses before the following	1,092	(189)
Government Subsidy [note 8]	2,589	495
<b>Excess of revenue over expenses for the year</b>	<b>3,681</b>	<b>306</b>

See accompanying notes

The Conference Board of Canada

**Consolidated statement of changes in net assets**

[expressed in thousands of dollars]

Year ended May 31

	<b>Unrestricted</b>	<b>Restricted research fund [note 7]</b>	<b>Total 2021</b>	<b>Total 2020</b>
	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	<b>8,168</b>	<b>144</b>	<b>8,312</b>	8,006
Excess of revenue over expenses for the year	<b>3,681</b>	<b>—</b>	<b>3,681</b>	306
<b>Net assets, end of year</b>	<b>11,849</b>	<b>144</b>	<b>11,993</b>	8,312

See accompanying notes

## The Conference Board of Canada

### Consolidated statement of cash flows

[expressed in thousands of dollars]

Year ended May 31

	2021	2020
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	3,681	306
Add (deduct) items not involving cash		
Unrealized gain on investments	(309)	(129)
Amortization	885	931
	<u>4,257</u>	<u>1,108</u>
Net change in non-cash working capital balances related to operations	(876)	724
<b>Cash provided by operating activities</b>	<u>3,381</u>	<u>1,832</u>
<b>Investing activities</b>		
Net purchase of investments	(598)	(1,195)
Purchase of tangible capital and intangible assets	(2,013)	(5)
<b>Cash used in investing activities</b>	<u>(2,611)</u>	<u>(1,200)</u>
<b>Net increase in cash during the year</b>	770	632
Cash, beginning of year	2,674	2,042
<b>Cash, end of year</b>	<u>3,444</u>	<u>2,674</u>

See accompanying notes

## The Conference Board of Canada

### Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2021

#### 1. Incorporation and objectives

The Conference Board of Canada [the “Corporation”] is incorporated under the name AERIC Inc. and under the *Canada Not-for-profit Corporations Act*. It is a corporation without share capital and qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act (Canada)*. An annual license agreement with The Conference Board, Inc. governs the use of the name The Conference Board of Canada.

The objectives of the Corporation are exclusively charitable, scientific and educational as follows:

- [a] To conduct objective scientific research and investigation in the fields of business, economics and public affairs and to make available, through periodicals and other publications, the information resulting from such activities to its members and to other persons, firms, corporations, associations, educational and other institutions to the federal and provincial governments of Canada and any department, bureau or agency thereof, and to the general public;
- [b] To assemble, analyze and disseminate, on a non-political basis, objective information in regard to economic conditions and management experience in Canada and other countries;
- [c] To conduct educational and scientific conferences of executives, professional specialists and others for discussion of economic, business and public affairs; and
- [d] To contribute to the educational and professional training of executives, and in general to encourage and promote the sound development of Canadian industries.

#### 2. Summary of significant accounting policies

##### Basis of preparation

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook – Accounting [the “Handbook”]*.

##### Basis of consolidation

The consolidated financial statements include the accounts of The Conference Board of Canada and The Niagara Institute for International Studies, renamed to NAERIC Centre for International Studies, also a not-for-profit organization, which provides executive leadership development courses. The proportionate consolidation method is used to account for the Corporation’s 50% interest in the joint ventures, The Directors College and L’Institut du Québec. All significant intercompany transactions and balances are eliminated upon consolidation.

NAERIC Centre for International Studies ceased its operations as of May 31, 2020. In addition, the joint ventures with L’Institut du Québec and The Directors College were discontinued as of December 31, 2019.

## The Conference Board of Canada

### Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2021

#### Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Research and international project revenue is recognized over time based on either the estimated percentage of work completed, which is measured based on costs incurred, or based on rates identified in the contract for non-fixed price contracts.

Revenue is recognized for fee-paid services including conferences and education based on when the related service is provided. Council memberships are prorated over the life of the membership based on the number of meetings per year.

Publication subscriptions are prorated over the life of the subscription period.

Convening line of business comprises conferences and councils.

Billings for research, convening, education, international and publications in excess of revenue recognized are recorded as deferred revenue.

Investment income, which is recorded on the accrual basis, includes interest income, dividend income, realized gains or losses on sale of investments and change in unrealized gains or losses on investments.

#### Tangible capital and intangible assets

Tangible capital and intangible assets are recorded at cost. Amortization is calculated using the straight-line method. The estimated useful lives of the assets are as follows:

##### *Tangible capital assets*

Building	40 years
Building improvements	5 to 20 years
Furniture and equipment	5 years
Computer servers	6 years
Computer hardware	3 years

##### *Intangible assets*

Software	2 years
System technology	5 years

The development costs of the internally generated system technology directly attributable to the project and having future economic benefits have been capitalized as incurred, and amortization will commence in the period that the asset becomes operational.

When a tangible capital asset or an intangible asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

## The Conference Board of Canada

### Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2021

Tangible capital and intangible assets are classified as held for sale when management commits to a plan, the asset is available for immediate sale in its present condition, an active program to locate a buyer has been initiated, the sale is probable and expected to be recognized as a sale within one year, the asset is being actively marketed for sale at a price that is reasonable, and it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets held for sale are measured at the lower of their carrying value and their fair value less selling costs and are no longer amortized.

#### Accrued liabilities

Accrued liabilities include provisions, which are recognized when the Corporation has a present legal or constructive obligation as a result of past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of operations.

#### Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital and intangible assets and obligations related to employee future benefits. Actual results could differ from those estimates.

#### Financial instruments

Cash and investments are measured at fair value. Transaction costs incurred on the acquisition of financial instruments that are measured subsequently at fair value are expensed as incurred. Changes in fair value are recognized in the consolidated statement of operations.

The Corporation records accounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

#### Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at year-end. Operating revenues and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses arising from these translations are included in income, except to the extent that they relate to investments, in which case they are recognized in the same manner as investment income.

#### Cash

Cash consists of cash on deposit for day-to-day operation purposes. Cash and investments held for investing rather than operating purposes are classified as investments.

## The Conference Board of Canada

### Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2021

#### 3. Investments

	2021		2020	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
Cash and guaranteed investment certificates	1,813	1,811	2,338	2,338
Canadian equities	1,803	1,515	788	775
US equities and other	2,191	1,638	1,983	1,481
Bonds	4,979	4,859	4,770	4,643
	<b>10,786</b>	<b>9,823</b>	9,879	9,237

The Corporation manages its investment portfolio according to a Statement of Investment Policy, which has established target asset mixes, approved by the Board.

The bonds bear a yield to maturity from 1.25% to 6.63% [2020 – 0.5% to 6.63%] maturing between June 2021 and April 2078 [2020 – June 2020 and April 2078].

The guaranteed investment certificates yield interest to maturity from 0.55% to 3.4% [2020 – 2.1% to 3.4%] maturing between October 2021 and May 2024 [2020 – October 2020 and May 2024].

#### Market risk

Market risk comprises interest rate risk, price risk and foreign currency risk.

##### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the investments. As the Corporation's interest-bearing investments do not generate significant amounts of interest, changes in market interest rates do not have a significant direct effect on the Corporation's income.

##### *Price risk*

Price risk arises as a result of trading equity securities and bonds. Fluctuation in the price risk exposes the Corporation to a risk of loss. The Corporation mitigates this risk through controls to monitor and limit concentration levels.

##### *Foreign currency risk*

Foreign currency risk arises from gains and losses due to fluctuation in foreign currency exchange rates on the Corporation's foreign equity securities. Based on the target asset mix as per internal investment policy, foreign equities represent 20% [2020 – 20%] of the overall investment portfolio. As the Corporation closely monitors its investment mix, the changes in foreign currency rates do not have a significant effect on the Corporation's results.

The Conference Board of Canada

**Notes to consolidated financial statements**

[expressed in thousands of dollars]

May 31, 2021

**Liquidity risk**

Liquidity risk arises as a result of not being able to meet the cash requirements in a timely and cost effective manner. The Corporation matches the timing of investment maturities to projected cash outflows and, as such, liquidity does not present a significant financial risk to the Corporation.

**4. Tangible capital and intangible assets**

	<b>2021</b>		<b>2020</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	<b>Net book value</b>
	\$	\$	\$	\$
<b>Assets held for sale</b>				
Land	2,271	—	2,271	621
Building	4,240	3,274	966	1,063
Building improvements	799	598	201	249
Furniture and equipment	522	503	19	29
	<b>7,832</b>	<b>4,375</b>	<b>3,457</b>	1,962
<b>Tangible capital assets</b>				
Computer servers	635	634	1	14
Computer hardware	1,171	1,035	136	151
	<b>1,806</b>	<b>1,669</b>	<b>137</b>	165
<b>Intangible assets</b>				
Software	215	144	71	85
System technology	3,140	2,153	987	1,257
	<b>3,355</b>	<b>2,297</b>	<b>1,058</b>	1,342
	<b>12,993</b>	<b>8,341</b>	<b>4,652</b>	3,469

As the Corporation has decided to become a virtual-first organization, the land, building and related building improvements and furniture and equipment are held for sale. The sale of these assets was completed on September 8, 2021.

As a result, the assets held for sale of \$3,457 have been reclassified on the consolidated balance sheet to a separate line item at May 31, 2021, with no loss recorded on this reclassification.

## The Conference Board of Canada

### Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2021

#### 5. Restructuring

In the last two years, the Corporation has put in place a restructuring program in order to realign the business. The restructuring program was completed at the end of May 31, 2019. The balance of the restructuring provision is nil for 2021 [2020 – \$127] and is included in accounts payable and accrued liabilities.

In addition, there are other accruals for termination costs of \$229 in 2021 [2020 – \$353].

#### 6. Deferred revenue

	2021	2020
	\$	\$
Research	2,084	1,423
Convening	2,009	2,208
Education	89	—
International	—	911
Publications	2,390	2,464
	<u>6,572</u>	<u>7,006</u>

#### 7. Research fund

Although there are no externally imposed capital requirements, the Board maintains an internally restricted Research Fund, the purpose of which is to support future research projects that are central to the Corporation's mission and the public interests it serves. The Board approves all projects supported by the Research Fund. No amount was allocated to this fund in 2021 or in 2020. In addition, nil [2020 – nil] of the Fund was used to initiate research initiatives. The Research Fund balance as at May 31, 2021 is \$144 [2020 – \$144].

#### 8. Government assistance

In response to the negative economic impact of COVID-19, various government programs have been announced to provide financial relief to affected businesses. The Corporation determined that it qualified for the Canada Emergency Wage Subsidy program under the COVID-19 Economic Response Plan in Canada. For the year ended May 31, 2021, the Corporation recognized payroll subsidies of \$2,589 [2020 – \$495] under the above mentioned program. The subsidies not yet collected were recorded in accounts receivable on the consolidated balance sheet.

#### 9. Comparative information

Certain 2020 comparative information has been reclassified to conform with the consolidated financial statement presentation adopted in the current year.