The Conference Board of Canada

Consolidated financial statements

May 31, 2023

Building a better working world

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 auditor's 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 auditor, 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

Elena Bowes
Chief Financial Officer

November 3, 2023

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 statement of financial position as at May 31, 2023, 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 statement of financial position of the Corporation as at May 31, 2023, 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
November 3, 2023

The Conference Board of Canada

Consolidated statement of financial position

[expressed in thousands of dollars]

As at May 31

	2023	2022
	$	$
Assets		
Current		
Cash	**2,149**	2,688
Accounts receivable *[note 8]*	**1,077**	740
Investments, at fair value *[note 3]*	**16,156**	17,675
Prepaid expenses	**629**	624
Total current assets	**20,011**	21,727
Tangible capital and intangible assets, net *[note 4]*	**1,488**	1,265
	21,499	22,992
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**1,191**	1,756
Deferred revenue *[note 5]*	**5,114**	6,031
Total current liabilities	**6,305**	7,787
Net assets		
Unrestricted	**15,194**	15,118
Restricted research fund *[note 6]*	**—**	87
Total net assets	**15,194**	15,205
	21,499	22,992

See accompanying notes

On behalf of the Board:

Susan Black

Director

Director

The Conference Board of Canada

Consolidated statement of operations

[expressed in thousands of dollars]

Year ended May 31

	2023	2022
	$	$
Revenue		
Research	**12,587**	12,307
Publications	**5,420**	5,345
Councils	**3,536**	3,439
Other convening	**383**	572
	21,926	21,663
Expenses		
Salaries and benefits	**17,389**	17,257
Professional services and consultants	**2,675**	2,413
General and administrative	**791**	1,006
Amortization *[note 4]*	**355**	724
Travel and meetings	**904**	373
Marketing	**314**	263
	22,428	22,036
Deficiency of revenue over expenses before the undernoted items	**(502)**	(373)
Other income (expenses)		
Interest and dividend Income	**531**	326
Unrealized loss (gain) on Investments	**47**	(406)
Government subsidy *[note 7]*	**—**	461
Gain on sale *[note 4]*	**—**	3,261
Excess of revenue over expenses for the year, before research reserve fund	**76**	3,269
Research expenses *[note 6]*	**87**	57
Excess (deficiency) of revenue over expenses for the year	**(11)**	3,212

See accompanying notes

Consolidated statement of changes in net assets

[expressed in thousands of dollars]

Year ended May 31

	Unrestricted	Restricted research fund *[note 6]*	Total 2023	Total 2022
	$	$	$	$
Net assets, beginning of year	**15,118**	**87**	**15,205**	11,993
Excess (deficiency) of revenue over expenses for the year	**76**	**(87)**	**(11)**	3,212
Net assets, end of year	**15,194**	**—**	**15,194**	15,205

See accompanying notes

The Conference Board of Canada

Consolidated statement of cash flows

[expressed in thousands of dollars]

Year ended May 31

	2023	2022
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**(11)**	3,212
Add (deduct) items not involving cash		
Unrealized loss (gain) on investments	**(47)**	406
Amortization	**355**	724
Gain on disposal of property	**—**	3,457
	297	7,799
Net change in non-cash working capital balances related to operations	**(1,824)**	(665)
Cash provided by (used in) operating activities	**(1,527)**	7,134
Investing activities		
Net proceeds/(purchases) of investments	**1,566**	(7,295)
Purchase of tangible capital and intangible assets	**(578)**	(595)
Cash provided by (used in) investing activities	**988**	(7,890)
Net decrease in cash during the year	**(539)**	(756)
Cash, beginning of year	**2,688**	3,444
Cash, end of year	**2,149**	2,688

See accompanying notes

Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2023

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, 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*.

Basis of consolidation

The consolidated financial statements include the accounts of The Conference Board of Canada and NAERIC Centre for International Studies, also a not-for-profit organization, which provides executive leadership development courses. All significant intercompany transactions and balances are eliminated upon consolidation. The NAERIC Centre for International Studies was dissolved in January 2022.

Revenue recognition

Research and international

Revenue is recognized over time based on the nature of the underlying contract:

Fixed price contracts are recognized using the estimated percentage of completion method, which uses the actual costs incurred and the estimated costs to complete.

Non-fixed price contracts are recognized as time and materials are incurred, using rates identified in the contract.

Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2023

Publications and councils

Subscription and membership fees are prorated over the life of the subscription period.

Other convening

Revenue is recognized for fee-paid services for other convening, consisting of conferences and educational courses, based on when the related service is provided.

Investment income

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.

Deferred revenue

Billings in excess of revenue recognized for research, publications, councils and other convening are recorded as deferred revenue and recognized as services are subsequently provided.

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	
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.

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.

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 as 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.

Accounts receivable, 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 revenue 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.

Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2023

3. Investments

Investments consists of the following:

	2023		2022	
	Fair value $	**Cost** $	**Fair value** $	**Cost** $
Cash and guaranteed investment certificates	**7,206**	**7,206**	7,852	7,852
Canadian equities	**2,163**	**1,935**	2,439	2,035
US equities and other	**2,998**	**2,389**	2,652	2,243
Bonds	**3,789**	**4,062**	4,732	5,003
	16,156	**15,592**	17,675	17,133

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 0% to 10.6% [2022 – 1.1% to 6.63%] maturing between June 2023 and April 2078 [2022 – April 2023 and April 2078].

The guaranteed investment certificates yield interest to maturity from 2.25% to 2.70% [2022 – 0.55% to 3.4%] maturing between August 2023 and September 2023 [2022 – June 2022 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 19% [2022 – 15%] 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.

Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2023

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

	2023			2022
	Cost $	Accumulated amortization $	Net book value $	Net book value $
Tangible capital assets				
Computer servers	**634**	**634**	—	—
Computer hardware	**1,328**	**1,212**	**116**	117
	1,962	**1,846**	**116**	117
Intangible assets				
Software	**315**	**243**	**72**	50
System technology	**4,254**	**2,954**	**1,300**	1,098
	4,569	**3,197**	**1,372**	1,148
	6,531	**5,043**	**1,488**	1,265

On September 8, 2021, the land, building and related building improvements and furniture and equipment were sold for $6,718, net of adjustments and a net gain on disposal of $3,261 was recognized.

Amortization of $355 was charged to the consolidated statement of operations during the year [2022 – $724].

5. Deferred revenue

Deferred revenue consists of the following:

	2023 $	2022 $
Research	**1,272**	2,204
Publications	**2,412**	2,240
Councils	**1,430**	1,586
Other convening	**—**	1
	5,114	6,031

Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2023

6. 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 2023 [2022 – nil]. In 2023, funding of $87 [2022 – $57] was used to initiate research initiatives. The Research fund balance as at May 31, 2023 is nil [2022 – $87].

7. 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, 2023, the Corporation recognized no payroll subsidies [2022 – $461] under the above-mentioned program. No amounts remained uncollected at year-end [2022 – nil].

8. Comparative information

Certain 2022 comparative information has been reclassified to conform with the consolidated financial statements presentation adopted in the current year. Specifically, the Corporation's revenue and expenses were broken down into different consolidated statement of operations categories which resulted in new line items.

Such reclassifications do not affect the previously reported statement of operations. These changes have been made to improve the quality of information presented.