



The Conference Board
of Canada

Le Conference Board
du Canada

Consolidated Financial Statements
Year ended May 31, 2015

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. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. 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 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 of the Corporation is responsible for reviewing and approving the consolidated financial statements and ensures management fulfils 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.



Daniel F. Muzyka
President and Chief Executive Officer



Joanne Mortimore
Vice-President and Chief Financial Officer

October 20, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of The Conference Board of Canada

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Conference Board of Canada, which comprise the consolidated statement of financial position as at May 31, 2015, the consolidated statements of operations, changes in net assets, and cash flows for the year ended May 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Conference Board of Canada as at May 31, 2015 and its consolidated results of operations, changes in net assets and its consolidated cash flows for the year ended May 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal Requirements

As required by the *Canada Not-for-profit Corporations Act*, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis prescribed by the law.

Ernst & Young LLP

Ottawa, Canada
October 20, 2015

Chartered Professional Accountants
Licensed Public Accountants



Consolidated Statements of Financial Position


As at May 31,
(thousands)

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash		3,885	4,732
Accounts receivable		6,208	4,992
Short-term investments		9,371	9,816
Prepaid expenses		1,154	948
		<u>20,618</u>	<u>20,488</u>
Tangible capital and intangible assets	3	4,161	4,361
		<u>24,779</u>	<u>24,849</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities		5,750	5,399
Deferred revenue	4	7,070	7,541
		<u>12,820</u>	<u>12,940</u>
Net assets			
Unrestricted		10,887	10,542
Restricted for research fund		1,072	1,367
	7	<u>11,959</u>	<u>11,909</u>
Commitments	6		
		<u>24,779</u>	<u>24,849</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:


Director


Director

Consolidated Statements of Operations

Year ended May 31,
(thousands)

	2015	2014
	\$	\$
REVENUE		
Research	11,184	9,351
Convening	9,963	9,934
Education	8,005	7,225
International	6,854	6,061
Publications	6,643	6,394
	<u>42,649</u>	<u>38,965</u>
Interest and other income	184	203
	<u>42,833</u>	<u>39,168</u>
 EXPENSES		
Direct and indirect programs	34,402	31,666
Corporate	7,338	6,510
Depreciation and amortization	748	672
	<u>42,488</u>	<u>38,848</u>
 Excess of revenue over expenses, before research expenses	345	320
 Research expenses	<u>295</u>	<u>644</u>
 Excess (deficiency) of revenue over expenses	<u>50</u>	<u>(324)</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Year ended May 31, 2015 (thousands)	Unrestricted \$	Restricted for research fund (note 7) \$	Total \$
Net assets, beginning of year	10,542	1,367	11,909
Excess (deficiency) of revenue over expenses	<u>345</u>	<u>(295)</u>	<u>50</u>
Net assets, end of year	<u>10,887</u>	<u>1,072</u>	<u>11,959</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended May 31,
(thousands)

	2015	2014
	\$	\$
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	50	(324)
Depreciation and amortization	748	672
	<u>798</u>	<u>348</u>
Changes in non-cash components of operating working capital	<u>(1,542)</u>	<u>(2,044)</u>
	<u>(744)</u>	<u>(1,696)</u>
INVESTING ACTIVITIES		
Net sales of investments	445	373
Purchase of tangible capital and intangible assets	<u>(548)</u>	<u>(754)</u>
	<u>(103)</u>	<u>(381)</u>
Net decrease in cash during the year	(847)	(2,077)
Cash, beginning of year	<u>4,732</u>	<u>6,809</u>
Cash, end of year	<u><u>3,885</u></u>	<u><u>4,732</u></u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended May 31, 2015 (in thousands, unless otherwise stated)

1. INCORPORATION AND OBJECTIVES

The Conference Board of Canada (the “Corporation”) is incorporated under the name AERIC Inc. and 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 licence 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 indicated below:

- 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, analyse 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, and to encourage and promote the sound development of Canadian industry.

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 Corporation and The Niagara Institute 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 Institut du Quebec. All significant intercompany transactions and balances are eliminated.

Notes to Consolidated Financial Statements (continued)

Year ended May 31, 2015 (in thousands, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Research and international project revenues are recognized based on the estimated percentage of work completed which is measured based on costs incurred.

Revenue is recognized for fee-paid services including conferences and education based on when the related service is provided. Network 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 is comprised of conferences and networks.

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

Tangible capital and intangible assets

Tangible capital and intangible assets are recorded at cost. Depreciation is calculated by the straight-line method. The estimated useful lives of the assets are:

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 have been capitalized. The non-qualifying development costs for the project have been expensed in the year in which they occurred. The project will be amortized on a straight-line basis over five years.

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

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the 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.

Notes to Consolidated Financial Statements (continued)

Year ended May 31, 2015 (in thousands, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such financial instruments at fair value.

The Corporation's financial assets consist of accounts receivable and investments which are comprised of Canadian dollar government, government-guaranteed and bank fixed-income securities. Realized investment income, including realized gains or losses and amortization of purchase premiums and discounts are recognized in the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

3. TANGIBLE CAPITAL AND INTANGIBLE ASSETS

May 31, 2015	Cost \$	Accumulated depreciation \$	Net book value \$	Net book value 2014 \$
Tangible capital assets:				
Land	621	—	621	\$ 621
Building	4,240	2,625	1,615	1,734
Building additions	986	618	368	383
Furniture and equipment	1,684	1,214	470	512
Computer servers	635	202	433	482
Computer hardware	1,686	1,193	493	473
	9,852	5,852	4,000	4,205
Intangible assets:				
Software	890	772	118	156
System technology	43	—	43	—
	10,785	6,624	4,161	4,361

Notes to Consolidated Financial Statements (continued)

Year ended May 31, 2015 (in thousands, unless otherwise stated)

4. DEFERRED REVENUE

	2015	2014
	\$	\$
Research	609	1,054
Convening	2,699	2,976
Education	582	600
International	423	287
Publications	2,757	2,624
	<u>7,070</u>	<u>7,541</u>

5. FINANCIAL RISKS

The Corporation manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Corporation does not enter into transactions involving financial instruments, including derivative financial instruments, for speculative or trading purposes.

The Corporation believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Corporation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The fixed income securities yield interest between 1.2% and 2.1% (May 31, 2014 -1.4% and 2.2%) and have maturities ranging from June 2015 to August 2017 (June 2014 to April 2016). It is the Corporation's policy to only invest in debt of counterparties with AAA investment ratings.

6. COMMITMENTS

The approximate future minimum payments for operating lease obligations related to buildings and office equipment are as follows:

2016	\$297
2017	\$246
2018	\$123
2019	\$83
2020	\$15

Notes to Consolidated Financial Statements (continued)

Year ended May 31, 2015 (in thousands, unless otherwise stated)

7. OBJECTIVES, POLICIES AND PROCESSES FOR MANAGING CAPITAL

The Corporation defines its capital as unrestricted net assets. The Corporation's objectives in managing its capital are to provide sufficient liquidity to fund its operations and to safeguard its ability to continue to operate as a going concern in providing programs and services consistent with its objectives (note 1).

Although there are no externally imposed capital requirements, the Corporation maintains an internally restricted Research Fund of which the purpose is to support future research projects that are central to The Corporation's mission and the public interests it serves. The Board of Directors approves all projects supported by the fund. Similarly, allocation to the fund is approved by the Board of Directors and is 100% of the excess of revenues over expenses (excluding research expenses which are supported by the Research Reserve Fund) for the year, after setting aside an amount to provide an appropriate level of unrestricted net assets in support of The Corporation's future operations. In accordance with the above, during the fiscal year 2015, nil (2014 - nil) was allocated to the fund. In addition, \$295 (2014 - \$644) of the fund was used to initiate research initiatives. The fund balance at May 31, 2015 is \$1,072 (2014 - \$1,367).

8. COMPARATIVE FIGURES

Certain of the comparative year's figures have been reclassified in order to conform with the presentation adopted in the current year.