

The Conference Board of Canada

Consolidated financial statements
May 31, 2020



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.

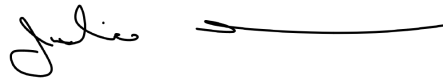
The Finance and Audit Committee is appointed by the Board and is composed of directors who are not employees of the Corporation. The Finance and Audit Committee meets periodically with management and with external auditors to discuss internal controls, auditing matters and financial and reporting issues 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 8, 2020

Independent auditor's report

To the Members of
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, 2020 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 financial position of the Corporation as at May 31, 2020, 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 8, 2020

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



The Conference Board of Canada

Consolidated statement of financial position

[expressed in thousands of dollars]

As at May 31

	2020	2019
	\$	\$
Assets		
Current		
Cash	2,674	2,042
Accounts receivable <i>[note 8]</i>	1,948	3,411
Investments, at fair value <i>[note 3]</i>	9,879	8,555
Prepaid expenses	364	391
Total current assets	14,865	14,399
Tangible capital and intangible assets, net <i>[note 4]</i>	3,469	4,370
	18,334	18,769
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[note 5]</i>	3,016	3,323
Deferred revenue <i>[note 6]</i>	7,006	7,440
Total current liabilities	10,022	10,763
Net assets		
Unrestricted	8,168	7,862
Restricted research fund <i>[note 7]</i>	144	144
Total net assets	8,312	8,006
	18,334	18,769

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

	2020	2019
	\$	\$
Revenue		
Research	13,310	9,361
Convening	5,064	7,365
Education	2,952	4,852
International	3,099	5,246
Publications	5,952	6,286
Gross revenue	30,377	33,110
Interest and other income	328	660
	30,705	33,770
Expenses		
Direct and indirect programs	18,560	23,452
Corporate	11,403	8,921
Amortization	931	964
	30,894	33,337
Excess (deficiency) of revenue over expenses, before the following	(189)	433
Restructuring <i>[note 5]</i>	—	(1,966)
Government Subsidy <i>[note 8]</i>	495	—
Excess (deficiency) of revenue over expenses before research expenses	306	(1,533)
Research expenses <i>[note 7]</i>	—	9
Excess (deficiency) of revenue over expenses for the year	306	(1,542)

See accompanying notes

The Conference Board of Canada

Consolidated statement of changes in net assets

[expressed in thousands of dollars]

Year ended May 31

	Unrestricted	Restricted research fund	Total	Total
		<i>[note 7]</i>	2020	2019
	\$	\$	\$	\$
Net assets, beginning of year	7,862	144	8,006	9,548
Excess (deficiency) of revenue over expenses for the year	306	—	306	(1,542)
Net assets, end of year	8,168	144	8,312	8,006

See accompanying notes

The Conference Board of Canada

Consolidated statement of cash flows

[expressed in thousands of dollars]

Year ended May 31

	2020	2019
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	306	(1,542)
Add (deduct) items not involving cash		
Unrealized gain on investments	(129)	(194)
Amortization	931	964
	1,108	(772)
Net change in non-cash working capital balances related to operations	724	(1,019)
Cash provided by (used in) operating activities	1,832	(1,791)
Investing activities		
Net sale (purchase) of investments	(1,195)	302
Purchase of tangible capital and intangible assets	(5)	(459)
Cash used in investing activities	(1,200)	(157)
Net increase (decrease) in cash during the year	632	(1,948)
Cash, beginning of year	2,042	3,990
Cash, end of year	2,674	2,042

See accompanying notes

The Conference Board of Canada

Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2020

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.

In March 2020, the COVID-19 outbreak was declared a pandemic. The situation continues to be fluid, and ultimate duration and magnitude of the impact on economy and the financial effect on the Corporation are currently being assessed. These impacts include possible impairments of investments and a change in revenue sources, with potential decreases in membership fees offset by government assistance.

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, 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.

During the year, The Niagara Institute 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.

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Notes to consolidated financial statements

[expressed in thousands of dollars]

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Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Research and international project revenue is 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 comprises conferences and networks.

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. Depreciation 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.

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Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2020

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.

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.

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

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.

Change in accounting policy

During the year, the Corporation prospectively adopted the new accounting standard Section 4433, Tangible Capital Assets held by Not-for-profit Organizations of the Handbook as of May 1, 2019, which requires the Corporation to follow the componentization guidelines of Section 3061, Property, Plant and Equipment of the Handbook, and the guidelines for the Impairment of Long-lived Assets of Section 3063 of the Handbook. The guidelines require capital assets to be separated into significant component parts and each component to be amortized in accordance with their useful lives. Partial impairments on tangible capital assets will now need to be considered.

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Notes to consolidated financial statements

[expressed in thousands of dollars]

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In addition, Section 4441, Collections Held by Not-for-profit Organizations of the Handbook was also adopted retrospectively during the year. Collections will continue to be recorded at a nominal value.

The changes did not have impact on these consolidated financial statements.

3. Investments

	2020		2019	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
Cash and guaranteed investment certificates	2,338	2,338	1,897	1,896
Canadian equities	788	775	813	722
US equities and other	1,983	1,481	1,926	1,549
Bonds	4,770	4,643	3,919	3,886
	9,879	9,237	8,555	8,053

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 0.5% to 6.63% [2019 – 0.5% to 6.63%] maturing between June 2020 and April 2078 [2019 – June 2019 and April 2078].

The guaranteed investment certificates yield interest to maturity from 2.1% to 3.4% [2019 – 2.25% to 3.4%] maturing between October 2020 and May 2024 [2019 – June 2019 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.

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Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2020

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% (2019 - 23%) 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.

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

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Tangible capital assets				
Land	621	—	621	621
Building	4,240	3,177	1,063	1,169
Building improvements	799	550	249	311
Furniture and equipment	522	493	29	63
Computer servers	635	621	14	39
Computer hardware	1,105	954	151	150
	7,922	5,795	2,127	2,353
Intangible assets				
Software	170	85	85	—
System technology	2,832	1,575	1,257	2,017
	3,002	1,660	1,342	2,017
	10,924	7,455	3,469	4,370

The land and building and related building improvements are held for sale.

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 \$127 for 2020 [2019 – \$688] and is included in accounts payable and accrued liabilities.

In addition, there are other accruals for termination costs of \$353 in 2020 [2019-nil].

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Notes to consolidated financial statements

[expressed in thousands of dollars]

May 31, 2020

6. Deferred revenue

	2020	2019
	\$	\$
Research	1,423	2,212
Convening	2,208	1,313
Education	—	345
International	911	1,069
Publications	2,464	2,501
	7,006	7,440

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 2020 and in 2019. In addition, nil [2019 – \$9] of the Fund was used to initiate research initiatives. The Fund balance as at May 31, 2020 is \$144 [2019 – \$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. During the 13-week period ended May 31, 2020, the Corporation recognized payroll subsidies of \$495 under the above mentioned program. The subsidies were recorded in accounts receivable on the consolidated statement of financial position.