
Consolidated financial statements of Institute of Corporate Directors

June 30, 2024

Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of changes in net assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-13

Independent Auditor's Report

To the Members of
Institute of Corporate Directors

Opinion

We have audited the consolidated financial statements of Institute of Corporate Directors ("ICD"), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ICD as at June 30, 2024, and the results of its operations and its 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of ICD in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 ICD'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 ICD'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 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 ICD to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 ICD to express an opinion on the 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
September 25, 2024

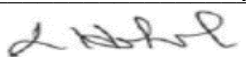
Institute of Corporate Directors
Consolidated statement of financial position
As at June 30, 2024

	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	2 and 13	5,428,979	7,119,963
Investments	3 and 13	3,648,246	4,658,841
Accounts receivable	7	541,038	435,022
Prepaid expenses		444,307	503,514
		10,062,570	12,717,340
Capital assets			
Intangible assets	5	1,555,995	192,093
Long-term investments	6	684,711	250,986
	3	10,313,459	8,285,367
		22,616,735	21,445,786
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3,315,409	3,391,304
Deferred revenue	8	5,659,972	5,578,331
Deferred rent		—	14,446
		8,975,381	8,984,081
Commitments			
	9 and 10		
Net assets			
Invested in capital and intangible assets		2,240,706	443,079
Internally restricted reserve fund	12	4,050,000	2,950,000
Unrestricted		7,350,648	9,068,626
		13,641,354	12,461,705
		22,616,735	21,445,786

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board


_____, Director


_____, Director

Institute of Corporate Directors
Consolidated statement of operations
Year ended June 30, 2024

	Notes	2024 \$	2023 \$
Revenue			
Education and certification		15,291,287	13,711,987
Membership fees		4,358,154	4,071,837
Events		1,689,154	1,455,026
Sponsorship		723,417	793,348
Net investment income	3	1,302,344	1,154,703
		23,364,356	21,186,901
Expenses			
Education and certification		9,677,240	8,985,636
Staff compensation and benefits		6,287,500	5,515,870
Events		1,979,622	1,935,983
Office and other		1,637,918	1,268,079
Marketing and promotion		1,116,372	821,562
Professional fees		735,230	653,650
Rent		387,939	435,042
Amortization - intangible assets		214,666	196,254
Amortization - capital assets		148,220	134,301
		22,184,707	19,946,377
Excess of revenue over expenses		1,179,649	1,240,524

The accompanying notes are an integral part of the consolidated financial statements.

Institute of Corporate Directors
Consolidated statement of changes in net assets
Year ended June 30, 2024

	Invested in capital and intangible assets \$	Internally restricted reserve fund \$	Unrestricted \$	2024 Total \$
Balance, beginning of year	443,079	2,950,000	9,068,626	12,461,705
Excess of revenue over expenses	(362,886)	—	1,542,535	1,179,649
Investment in capital and intangible assets	2,160,513	—	(2,160,513)	—
Interfund transfers	—	1,100,000	(1,100,000)	—
Balance, end of year	2,240,706	4,050,000	7,350,648	13,641,354
	Invested in capital and intangible assets \$	Internally restricted reserve fund \$	Unrestricted \$	2023 Total \$
Balance, beginning of year	600,503	2,950,000	7,670,678	11,221,181
Excess of revenue over expenses	(330,555)	—	1,571,079	1,240,524
Investment in capital and intangible assets	173,131	—	(173,131)	—
Balance, end of year	443,079	2,950,000	9,068,626	12,461,705

The accompanying notes are an integral part of the consolidated financial statements.

Institute of Corporate Directors
Consolidated statement of cash flows
Year ended June 30, 2024

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses	1,179,649	1,240,524
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization - capital assets	148,220	134,301
Amortization - intangible assets	214,666	196,254
Change in fair value of investments	(720,797)	(747,711)
Re-invested investment income	(345,745)	(366,745)
Deferred rent straight lining	(14,446)	(21,669)
Changes in non-cash working capital balances		
Accounts receivable	(106,016)	(382,441)
Prepaid expenses	59,207	(186,910)
Accounts payable and accrued liabilities	(75,895)	1,303,142
Deferred revenue	81,641	223,818
	420,484	1,392,563
Investing activities		
Proceeds from sale of investments	1,386,045	5,657,607
Purchase of investments	(1,337,000)	(5,551,163)
Purchase of capital assets	(1,512,122)	(81,598)
Purchase of intangible assets	(648,391)	(91,533)
	(2,111,468)	(66,687)
(Decrease) increase in cash and cash equivalents during the year	(1,690,984)	1,325,876
Cash and cash equivalents, beginning of year	7,119,963	5,794,087
Cash and cash equivalents, end of year	5,428,979	7,119,963

The accompanying notes are an integral part of the consolidated financial statements.

1. Significant accounting policies

(a) Nature and purpose of organization

The Institute of Corporate Directors ("ICD" or the "Institute") is incorporated under the *Canada Corporations Act* as a non-profit organization and is exempt from income taxes under Section 149(1)(l) of the *Income Tax Act*. Accordingly, there is no provision for income taxes in these consolidated financial statements. The Institute is a not-for-profit, member-based professional association representing Canadian directors and boards across the for-profit, not-for-profit, and government sectors. With more than 17,000 members and a network of eleven chapters, ICD promotes the professionalism and effectiveness of directors by providing professional development activities, including director education and certification, and information and resources, including a board placement service and networking opportunities.

(b) Basis of accounting

These consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Basis of presentation

These consolidated financial statements include the accounts of ICD and the Institute of Corporate Directors, Quebec Chapter ("Quebec Chapter"). The Quebec Chapter was incorporated under the *Canada Corporations Act* effective June 24, 2009. The Institute has control over the Quebec Chapter by virtue of its ability to elect the Quebec Chapter's Board of Directors. All intercompany transactions and balances have been eliminated.

These consolidated financial statements do not include the accounts of Canadian Foundation for Governance Research ("Foundation") (Note 4).

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cashable GICs.

(e) Deferred rent

Deferred rent, which includes free rent periods, is recorded as a liability on the consolidated statement of financial position and recognized as a reduction of rent expense on the straight-line basis over the term of the lease.

(f) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Pooled fund investments are subsequently measured at fair value, with gains and losses reported in the consolidated statement of operations. All other financial instruments are subsequently recorded at cost. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each consolidated statement of financial position date and charged to the financial instrument for those measured at cost.

1. Significant accounting policies (continued)

(g) Capital and intangible assets

Capital assets are recorded at cost, less accumulated amortization. Amortization is determined based on the estimated useful life of the assets as follows:

Leasehold improvements	over the term of lease
Furniture and fixtures	20% declining balance
Computer equipment	3 years straight-line basis
Artwork	5 years straight-line basis

Intangible assets are recorded at cost, less accumulated amortization. Amortization is determined based on the estimated useful life of the assets as follows:

Database software	2 years straight-line basis
Website	3 years straight-line basis
Virtual course development	2 years straight-line basis
CRM/Membership Information System	10 years straight-line basis

(h) Revenue recognition

The Institute follows the deferral method of accounting for contributions, which includes sponsorships.

Unrestricted sponsorship and other contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted sponsorship and other contributions are recognized as revenue in the year in which the related expenses are recognized, or the period to which the contribution relates. Contributions restricted for the purchase of capital or intangible assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital or intangible assets.

Education and certification revenue includes director education courses, certification and cancellation revenue. The Directors Education Program ("DEP") fees are recognized when each module of the program is completed by the individual. Fees for all other education courses are recognized when the program is completed by the individual. Certification revenue is recognized as individuals graduate from the DEP and become certified. Cancellation fees are recognized upon commencement of the cancelled program or course. Memberships in ICD are for a period of one year. Membership fees are recognized as revenue on the straight-line basis during the year to which they apply. Membership fees received in advance are recorded as deferred revenue.

Events revenue is recognized as the related services are rendered and events are held.

In-kind contributions of materials and services are recognized when the product is delivered, or services are rendered, and the fair value can be reasonably estimated. During the year, in-kind contributions recorded in the consolidated statement of operations relating to sponsorship, marketing, professional and consulting fees totaled \$279,500 (\$371,900 in 2023).

Interest income is recognized on an accrual basis.

Deferred revenue represents membership, education program and event fees, as well as restricted contributions, received in the current year that pertain to future fiscal years.

1. Significant accounting policies (continued)

(i) *Use of estimates*

The preparation of consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates and assumptions include those related to the estimated useful lives of capital assets and intangible assets, accrued liabilities, and deferred revenue.

2. Cash and cash equivalents

Included in cash and cash equivalents is \$3,265,380 (\$3,074,753 in 2023) cashable GICs bearing interest per annum ranging from 4.75% to 5.25% (4.25% in 2023) per annum. There is also \$454,660 (\$450,010 in 2023) in GICs bearing interest of 4.2% to 5.15% per annum (1.8% to 4.8% in 2023) related to the Quebec chapter included in cash and cash equivalents in 2024.

3. Investments

	2024 \$	2023 \$
Fixed income		
Short term investment fund	1,530,368	1,833,711
Short term bond fund	2,117,879	2,825,131
Equities		
Canadian dividend fund	1,570,495	1,284,537
Canadian equity fund	4,811,856	3,926,889
Global equity fund	1,994,763	1,381,552
Alternative equities fund	1,936,344	1,692,388
	13,961,705	12,944,208
Classified as short-term investments	3,648,246	4,658,841
Classified as long-term investments	10,313,459	8,285,367

The cost of the long-term investments held by ICD as at June 30, 2024 is \$9,222,473 (\$7,842,754 as at June 30, 2023).

The composition of net investment income for the year is as follows:

	2024 \$	2023 \$
Realized investment income	640,467	462,368
Change in unrealized gains on investments	720,797	747,711
	1,361,264	1,210,079
Less: investment fees	(58,920)	(55,376)
Net investment income for the year	1,302,344	1,154,703

3. Investments (continued)

Long-term investments represent investments in dividend, equity and alternative real estate funds. These are internally restricted in accordance with ICD's investment policy and therefore are intended to have a perpetual time horizon. Alternative Equities Fund is entirely invested in a real estate investment fund. Investment income is re-invested in the portfolio unless required for cash flow needs.

The Institute maintains minimum investments of \$4,050,000 (\$2,950,000 in 2023) to fund the internally restricted reserve fund (Note 12).

4. Canadian Foundation for Governance Research

The Foundation was incorporated without share capital on July 28, 2003 under the Canada Corporations Act and converted to a public foundation in fiscal 2010 with a mission to support research in corporate governance. The Institute is the sole member of the Foundation. As at June 30, 2024, ICD has control over the Foundation by virtue of its ability to elect the Foundation's Board of Directors. However, the majority of these Board members are independent from ICD and establish their own procedures, policies, strategies and overall direction of the Foundation.

These consolidated financial statements do not include the accounts of the Foundation, as the nature of operations of the Foundation is significantly different from that of ICD.

A summary of the financial information for the Foundation as at and for its years ended June 30, 2024 and 2023, are as follows:

	2024	2023
	\$	\$
As at June 30		
Assets	2,913,844	2,832,352
Liabilities	96,217	136,431
Net assets	2,817,627	2,695,921
For the year ended June 30		
Revenue	371,420	454,655
Expenses	249,714	271,377
Excess of revenue over expenses	121,706	183,278
Cash flows used in operating activities	(62,601)	(27,876)
Cash flows used in investing activities	(220,740)	(196,781)

As at June 30, 2024, the assets and net assets of the Foundation include externally restricted endowment funds of \$778,296 (\$778,296 in 2023). The significant accounting policies of the Foundation do not differ significantly from those of ICD.

During the year, the Foundation donated \$150,000 (\$150,000 in 2023) to ICD for support of the not-for-profit program.

During the year, ICD provided management services, which included bookkeeping and office space to the Foundation, the value of which cannot be reasonably estimated and therefore has not been reflected in the accounts of ICD or the Foundation.

5. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
	\$	\$	\$	\$
Leasehold improvements	2,207,685	952,760	1,254,925	66,653
Furniture and fixtures	510,080	279,388	230,692	47,302
Computer equipment	289,804	219,426	70,378	78,138
	3,007,569	1,451,574	1,555,995	192,093

During the year, ICD relocated to a new office space which resulted in a write-off of leasehold improvements relating to the former office space, and an increase in leasehold improvements and furniture and fixtures capital asset due to additions for the new office space.

6. Intangible assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
	\$	\$	\$	\$
Database software	966,528	966,528	—	28,339
CRM	244,250	—	244,250	—
Website	1,002,485	562,024	440,461	182,522
Virtual course development	111,550	111,550	—	40,125
	2,324,813	1,640,102	684,711	250,986

Amortization on the CRM has not yet commenced as it is still in development as at June 30, 2024.

7. Government remittances

Included in accounts receivable is a net receivable of \$364,129 (net receivable of \$297,285 in 2023) owing for government (refunds)/remittances.

8. Deferred revenue

	2024	2023
	\$	\$
Balance, beginning of year	5,578,331	5,354,513
Amounts collected during the year	20,630,775	18,085,178
Revenue recognized during the year	(20,549,134)	(17,861,360)
Balance, end of year	5,659,972	5,578,331

9. Service agreements

The Institute has service agreements signed with the Joseph L. Rotman School of Management, University of Toronto and partner universities to deliver the DEP and the Not-for-profit Program (NFP Program). The amounts payable under the service agreements contain fixed and variable components which vary depending on factors such as the number of courses delivered.

The Quebec Chapter has management and services agreements maturing on March 2026 with fees as follows:

	<u>\$</u>
2025	207,200
2026	<u>159,100</u>
	<u>366,300</u>

10. Commitments

On March 27, 2023, ICD signed a 10-year Offer to Lease, effective April 1, 2024 for new office premises with the following financial commitments (amounts are for the fiscal year):

	<u>\$</u>
2024	47,778
2025-2026	191,110 Per year
2027	194,405
2028-2029	204,290 Per year
2030	205,938
2031-2033	210,880 Per year
2034	<u>158,160</u>
	<u>2,029,720</u>

11. Financial instrument risk exposure and management

In common with other organizations, ICD is exposed to risks that arise from its financial instruments. This note describes ICD's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in ICD's exposure to financial instrument risks, its objectives, policies and processes for managing these risks or the methods used to measure them from previous years, unless otherwise stated in these consolidated financial statements. Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance.

A brief description of management's assessments of these risks is as follows:

(a) General objectives, policies and processes

The Board and management are responsible for the determination of ICD's financial risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, ICD measures and monitors risk through the preparation and review of monthly financial reports by management and quarterly financial reports to the Board.

11. Financial instrument risk exposure and management (continued)

(b) Credit risk

Financial instruments potentially exposed to credit risk include cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents are maintained with 2 financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk. Investments are held by reputable banks, therefore credit risk is considered minimal. Approximately 67% (68% in 2023) of accounts receivable relates to commodity tax receivable. The carrying amount of accounts receivable represents the maximum credit risk exposure.

(c) Investment management risk

Risk management relates to the understanding and active management of risk associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk. The Institute mitigates these risks with an investment policy which establishes target asset mix and diversification of investments within investment categories and set limits on exposure of individual investments.

(d) Market and interest rate risk

The risk associated with investments is the risk associated with the funds in which the funds are invested. The value of the pooled funds changes with the stock market conditions, which are affected by general economic and market conditions. The value of fixed income funds will generally rise if interest rates fall and fall if interest rates rise. To manage market and interest rate exposure, ICD invests surplus cash in various investments, in accordance with its investment policy which is designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. The Institute is in compliance with that policy as at June 30, 2024 (in compliance as at June 30, 2023).

(e) Liquidity risk

Liquidity risk is the risk that ICD will not be able to meet its financial obligations as they fall due. While there is no overall material liquidity risk, there is some liquidity risk associated with the real estate pooled funds managed by Fiera Capital. ICD's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due by maintaining sufficient cash levels and investing a portion of the investments in funds that can be liquidated at any time.

12. Internally restricted reserve fund

The Institute holds an internally restricted reserve fund of \$4,050,000 (\$2,950,000 in 2023). In fiscal 2024, the Board approved a \$1.1 million transfer (nil in 2023) from unrestricted net assets to the internally restricted reserve fund. The purpose of the fund is to segregate sufficient net assets to provide for the costs of extraordinary operational contingencies that may arise in the future. Any use of the funds and transfers into the fund require approval by the Board of Directors.

13. Prior period figures

Certain prior period figures have been reclassified to conform to current year financial statements presentation. Amounts reclassified include cash and cash equivalents and investments.