STANDARDS COUNCIL OF CANADA

FINANCIAL RESULTS

In 2017–2018, SCC's total revenue (excluding federal government funding) was $10.5 million, which was 7 per cent higher than the $9.8 million recorded during 2016–2017. The increase from last year was primarily due to an increase of $0.4 million in royalty revenues from the sale of standards and an increase of $0.3 million in Accreditation Services revenue.

Royalties from the sale of standards totaled $1.6 million, which was an increase of 28 per cent from last year's $1.2 million. This increase is due to a higher than usual volume on the sales on standards. Royalty sales this year benefited from the release of a new standard: ISO 17025, *General requirements for the competence of testing and calibration laboratories.* These revenues are subject to fluctuation due to changes in standards as well as overall economic activity.

Revenue from Accreditation Services fees was $8.0 million, which increased by 3 per cent, from the $7.8 million recorded during 2016–2017. Assessment-related revenue was $3.7 million from over 460 assessment activities performed during 2017–2018. Annual fees and application fees revenue increased by $0.1 million; primarily due to customer growth and a higher volume of accreditation scope extensions.

Revenue from innovative services, delegate support and other income amounted to $1.0 million, which increased by $0.2 million or 25% from the $0.8 million recognized during the prior fiscal year. This increase was due to additional participation in SCC's delegate support program as well as one-time contributions for participating in the Pacific Area Standards Congress (PASC), the Pan American Standards Commission (COPANT) and ISO's Committee on Conformity Assessment (CASCO) meetings hosted by SCC during 2017 in Vancouver.

Expenses for 2017–2018 were $23.9 million, which was $2.1 million higher than last fiscal year's expenses of $21.8 million. Year-over-year increases were:

- Salaries and benefits expenses were $1.7 million higher than in the previous fiscal year, largely the result of planned staffing increases related to SCC's Innovation program.
- Travel, Conferences and Events and Hospitality expenses were $0.4 million higher than in the previous fiscal year due to hosting the Pacific Area Standards Congress (PASC), the Pan American Standards Commission (COPANT) and ISO's Committee on Conformity Assessment (CASCO) meetings hosted by SCC earlier this year in Vancouver.
- Amortization costs were $0.1 million higher than in the previous fiscal year due to the launch of SCC's Business Management System (BMS) for accreditation workflow, document management, customer management and scheduling.

Partially offsetting these increases were year-over-year decreases:

- Bad debt expenses decreased by $0.1 million resulting from an initiative to reduce outstanding and aged receivables which reduced the Allowance for Doubtful Accounts.

Federal government funding of $13.8 million was recognized during 2017–2018 and was $3.3 million higher than the $10.5 million recognized during 2016–2017. The year-over-year variance is primarily due to approved program funding: $0.5 million increase in funding related to SCC's Infrastructure: Laying the Foundation initiative, $2.1 million of new funding for SCC's Innovation program and an increase of $0.8 million on reimbursable one-time expenses. Partially offsetting this increase was a decrease of $0.1 million for the end of funding for SCC's Canadian Free Trade Agreement initiative.

The overall net annual surplus of $0.4 million during 2017–2018 was a $2.5 million improvement over the $2.0 million deficit budgeted for the same time period due to the following:

- Salaries and Benefits, excluding reimbursable one-time costs, were $0.9 million lower than budget due to a lower than expected obligation rate on salary costs as well as unplanned vacancies and a longer than expected duration to fill some senior management level vacancies.
- Revenues exceeded budget by $0.5 million primarily due to an increase in royalty related revenue.
- Professional fees were lower than budget by $0.5 million due to timing of work performed under contractual commitments, primarily from the Infrastructure-related initiative. The necessary contractual arrangements were all put in place during the year but some work performed will now happen in the next fiscal period.
- Amortization costs were lower than budget by $0.4 million due to the delayed launch of SCC's Business Management System (BMS) which officially went into production later than planned.

At March 31, 2018, SCC's accumulated surplus was $4.3 million. The balance is planned for reinvestment into the organization's strategic investments to advance SCC's key priorities.

FINANCIAL OVERVIEW 2013–2014 TO 2017–2018

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018 BUDGET	2017-2018 ACTUAL
REVENUE						
Accreditation fees	6,627,001	6,689,077	7,288,407	7,750,273	8,063,400	8,008,784
Royalties from standards sales	866,856	1,032,148	1,397,631	1,234,018	1,200,000	1,578,477
Innovative services	659,081	405,140	385,346	311,108	164,800	227,087
Delegate support contributions	81,163	143,000	185,591	342,454	300,000	407,686
Other Income	689,444	281,151	263,170	187,326	275,400	326,045
	$ 8,923,545	**$ 8,550,516**	**$ 9,520,145**	**$ 9,825,179**	**$ 10,003,600**	**$ 10,548,079**
EXPENSES (RESTATED)						
Accreditation Services	5,016,755	4,751,161	5,090,102	5,458,679	6,042,600	5,770,228
Standards Solutions and Strategy	7,160,327	8,008,512	7,419,560	8,350,050	10,184,000	9,080,271
Management and Administrative Services	7,545,819	7,663,053	8,129,030	8,020,916	8,606,000	9,089,755
	$ 19,722,901	**$ 20,422,726**	**$ 20,638,692**	**$ 21,829,645**	**$ 24,832,600**	**$ 23,940,254**
DEFICIT BEFORE PARLIAMENTARY APPROPRIATIONS	**(10,799,356)**	**(11,872,210)**	**(11,118,547)**	**(12,004,466)**	**(14,829,000)**	**(13,392,175)**
Parliamentary Appropriations	8,081,241	12,889,535	10,194,937	10,515,380	12,785,000	13,828,495
SURPLUS/(DEFICIT)	**$ (2,718,115)**	**$ 1,017,325**	**$ (923,610)**	**$ (1,489,086)**	**$ (2,044,000)**	**$ 436,320**

ENTERPRISE RISK MANAGEMENT

SCC's overall risks are annually determined as part of its corporate planning process. The organization uses the international standard ISO 31000, *Risk Management – Principles and Guidelines*, to guide its risk management process and ensure SCC has appropriate risk mitigation strategies in place.

Corporate risks are linked directly to the organization's performance. These indicators are closely monitored and updated using SCC's corporate risk and performance reporting framework. This framework is updated and regularly reported to both management and SCC's Governing Council. As part of SCC's risk management plan, the organization also reviews salient quarterly financial impacts, with a view to assessing these impacts against ongoing corporate risk areas.

During fiscal year 2017–2018, SCC's key areas of focus included:

- disciplined execution of key strategic objectives
- continued implementation of an integrated information management/ information technology (IM/IT) business management solution
- achieving Accreditation Services targets: both planned assessments and fee structure adjustments

SCC continues to experience an accumulated surplus in funds because of spending and contract delays, however the organization has implemented forecasting improvements to mitigate any risks in carrying out the organization's planned objectives. Due to some delays in the areas of contractual commitments, SCC is expecting the surplus of funds to carry into fiscal 2018–2019. Further, SCC's Corporate Plan calls for a reduction to this Accumulated Surplus to closer to our minimum required $1 million. Adjustments to contract monitoring and process enablement in working with SCC's key partners are beginning to accelerate the start and sustainment of work on priority contracts. Financial forecasting and system enhancements have led to higher assurance of program delivery timing, improvements in predictability, and a future decline in surplus funds. SCC does not foresee any excess funds over its five year Corporate Plan but is in fact engaging in cost saving efforts to achieve its balanced outlook.

SCC remains focused on carefully monitoring the delivery of its integrated and modernized IM/IT solutions to upgrade essential tools needed to effectively deliver on key areas of SCC's programing. SCC completed the initial stages of its Business Management Solution (BMS) project last year and will oversee implementation to additional customers during fiscal 2018–19.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements and all information in the Annual Report are the responsibility of SCC. The financial statements were prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

SCC management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. These controls and procedures are also designed to provide reasonable assurance that transactions are in accordance with the objectives of SCC's Governing Council, and are within SCC's mandate as stated in the *Standards Council of Canada Act*.

SCC's Governing Council, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. Comprised solely of Council members, the Audit Committee meets with management to review the financial statements on a quarterly basis and audited financial statements annually and reports on them to the Governing Council.

The Auditor General of Canada, the external auditor of SCC, conducts an independent audit, in accordance with Canadian generally accepted auditing standards, and expresses an opinion on the financial statements. The Office of the Auditor General of Canada has full and free access to financial management of SCC and meets with SCC when required.

CHANTAL GUAY, ING., P.ENG.
Chief Executive Officer

JASON HERGERT, CPA, CA
Chief Financial Officer

Ottawa, Canada
June 7, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	$ 2,207,000	$ 1,757,216
Accounts receivable (Note 5)	2,025,311	3,715,833
Federal government departments and agencies receivable (Note 15)	166,527	430,508
Parliamentary appropriations receivable (Note 15)	1,043,495	241,380
	5,442,333	**6,144,937**
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	2,786,909	2,994,781
Deferred contributions (Note 8)	14,436	84,774
Deferred revenue (Note 9)	1,601,603	2,133,759
Deferred lease inducement	960,341	1,037,168
	5,363,289	**6,250,482**
NET FINANCIAL ASSETS/(NET DEBT)	**79,044**	**(105,545)**
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	3,053,639	2,759,781
Prepaid expenses	1,153,455	1,195,582
	4,207,094	**3,955,363**
ACCUMULATED SURPLUS	**$ 4,286,138**	**$ 3,849,818**

Contractual rights (Note 13). Contractual commitments (Note 14).
The accompanying notes are an integral part of these financial statements.

APPROVED BY THE GOVERNING COUNCIL:

KATHY MILSOM
Chair

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31

	2018 BUDGET (NOTE 16)	2018	2017
REVENUES FROM OPERATIONS			
Accreditation services fees	$8,063,400	$8,008,784	$7,750,273
Royalties from sales of standards (Note 10)	1,200,000	1,578,477	1,234,018
Innovative services	164,800	227,087	311,108
Delegate support contributions	300,000	407,686	342,454
Other income	275,400	326,045	187,326
	10,003,600	**10,548,079**	**9,825,179**
EXPENSES (NOTE 12)			
Accreditation Services	6,042,600	5,770,228	5,458,679
Standards Solution & Strategy	10,184,000	9,080,271	8,350,050
Management and Administrative Services	8,606,000	9,089,755	8,020,916
	24,832,600	**23,940,254**	**21,829,645**
DEFICIT BEFORE PARLIAMENTARY APPROPRIATIONS	**(14,829,000)**	**(13,392,175)**	**(12,004,466)**
Parliamentary appropriations	12,785,000	13,828,495	10,515,380
(DEFICIT)/SURPLUS	**(2,044,000)**	**436,320**	**(1,489,086)**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**3,688,000**	**3,849,818**	**5,338,904**
ACCUMULATED SURPLUS, END OF YEAR	**$ 1,644,000**	**$ 4,286,138**	**$ 3,849,818**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN (NET DEBT)/NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31

	2018 BUDGET (NOTE 16)	2018	2017
Total (Deficit)/Surplus	$ (2,044,000)	436,320	$ (1,489,086)
Acquisition of tangible capital assets	(702,000)	(690,040)	(551,516)
Loss on disposal of tangible capital assets	–	5,822	–
Amortization of tangible capital assets	760,000	390,360	285,235
Decrease/(Increase) in prepaid expenses	(10,000)	42,127	(58,612)
(DECREASE)/INCREASE IN NET FINANCIAL ASSETS	**(1,996,000)**	**184,589**	**(1,813,979)**
(Net Debt)/Net Financial Assets at beginning of year	(265,000)	(105,545)	1,708,434
(NET DEBT)/NET FINANCIAL ASSETS AT END OF YEAR	**$ (2,261,000)**	**$ 79,044**	**$ (105,545)**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31

	2018	2017
NET CASH FROM OPERATIONS		
Total Surplus/(Deficit)	$ 436,320	$ (1,489,086)
Adjustments for non-cash items:		
Amortization of tangible capital assets	390,360	285,235
Loss on disposal of tangible capital assets	5,822	0
Changes in:		
Prepaid expense	42,127	(58,612)
Deferred revenue	(532,156)	(269,212)
Deferred lease inducement	(76,827)	(76,827)
Accounts receivable	1,690,522	215,933
Federal government departments and agencies receivable	263,981	(86,373)
Parliamentary appropriations receivable	(802,115)	124,557
Accounts payable and accrued liabilities	(324,272)	675,779
Deferred contributions	(70,338)	(12,511)
Cash provided by/(used in)	**1,023,424**	**(691,117)**
CAPITAL TRANSACTIONS		
Additions of tangible capital assets	(573,640)	(551,516)
Cash applied to capital transactions	**(573,640)**	**(551,516)**
Net increase/(decrease) in cash	449,784	(1,242,633)
Cash and cash equivalents, beginning of the year	1,757,216	2,999,849
CASH AND CASH EQUIVALENTS, END OF THE YEAR	**$ 2,207,000**	**$ 1,757,216**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

1. AUTHORITY, MANDATE AND ACTIVITIES

Standards Council of Canada (SCC) was created by Parliament as a corporation under the *Standards Council of Canada Act* in 1970 (revised in 2006) to be the national coordinating body for voluntary standardization. SCC is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and, for the purposes of the *Income Tax Act*, is deemed to be a registered charity.

SCC's mandate is to promote voluntary standardization activities in Canada, where standardization is not expressly provided for by law, in order to advance the national economy, support sustainable development, benefit the health, safety and welfare of workers and the public, assist and protect consumers, facilitate domestic and international trade and further international cooperation in relation to standardization.

In carrying out its mandate, SCC is engaged in the following activities:

- Foster quality, performance and technological innovation in Canadian goods and services through standards-related activities.
- Develop prioritized standards-related strategies and long-term objectives to advance Canada's economy; support sustainable development; benefit the health, safety and welfare of citizens; and assist and protect consumers.
- Accredit organizations engaged in standards development and conformity assessment.

- Represent Canada's interests internationally and regionally through membership in the International Organization for Standards (ISO), the International Electrotechnical Commission (IEC) and various regional standardization organizations.
- Approve National Standards of Canada (NSCs).
- Provide innovative services, advice and assistance to the Government of Canada in the negotiation of standardization-related aspects of international trade and mutual recognition agreements.
- Work with international standards bodies to develop agreements that facilitate trade.
- Foster and promote a better understanding of the benefits and usage of standards and accreditation services.
- Act as the premiere source to collect and distribute information on standards activities.

In July 2015, the Council was issued a directive (P.C. 2015-1109) pursuant to section 89 of the Financial Administration Act to align its travel, hospitality, conference and event expenditure policies and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in SCC's next corporate plan. SCC has completed the alignment required by the section 89 directive.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies used in these financial statements follows:

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Canadian Public Sector Accounting Board.

b) Cash and Cash Equivalents

Consistent with the *Standards Council of Canada Act* and associated by-laws, SCC maintains a bank account in a chartered bank of Canada in which all receipts are deposited and through which all of SCC's financial business takes place. Funds surplus to immediate operating requirements are invested in bank certificates with a chartered bank bearing the current interest rate and are cashable at any time.

c) Tangible Capital Assets

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the assets:

Furniture: 5 years
Equipment (including software): 4 years
Leasehold improvements: Lesser of term of the lease or expected useful life

d) Prepaid Expenses

Prepaid expenses include membership dues and are charged to expenses over the periods expected to benefit from them.

e) Revenue Recognition, Deferred Revenue and Deferred Contributions

Accreditation services fees revenues are derived from application fees, annual accreditation fees and assessment fees. Application fees are recognized as revenue when the application is made. The annual portion of accreditation fees is calculated and invoiced based on customer accreditation agreements and the fees received or receivable are recorded as deferred revenue and then amortized to revenue on a straight-line basis over the period to which the fee applies–which is one year, based on the start of SCC's fiscal year of April 1. Funds received or receivable in respect of conformity assessment fees are recognized as revenue at the time the related services are provided.

Royalties from sales of standards are recognized as revenue in the period during which the related sales have occurred.

Innovative Services are fees that SCC collects in exchange for providing standards related solutions and expertise to other companies. The rights to collect Innovative Services fees are created via contracts and revenue is recognized when work is completed.

Delegate support contributions are funding received from third parties that are restricted for use with helping to pay for delegate participation on technical committees. This funding received from third parties is initially recorded as "Deferred Contributions" and is recognized as delegate support contributions revenue when the related expenditures are incurred.

f) Deferred Lease Inducement

SCC has received funds from its landlord to pay the cost of tenant improvements made to its office space. Additionally, SCC has received the benefit of tenant inducements related to its office space lease. The value of these items, calculated based on provisions in the lease agreement, is recorded as a deferred lease inducement. It is amortized on a straight line basis over the duration of the lease and is recognized on the Statement of Operations as a reduction of rent expense.

g) Expenses

Expenses are reported on an accrual basis to ensure that the cost of all goods and services consumed in the year is expensed.

h) Parliamentary Appropriations

The Government of Canada provides funding to SCC. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

i) Pension Benefits

SCC employees are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required from both the employees and SCC to cover current service costs. Pursuant to legislation currently in place, SCC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of SCC.

j) Employee Benefit Plan

SCC sponsors an employee benefit plan for health, dental, life and long-term disability insurance through a third-party provider. SCC's contributions to the plan are recorded at cost and charged to salaries and benefit expenses in the year incurred. These contributions represent SCC's total obligation to the employee benefit plan. This plan does not require SCC to make further contributions for any future unfunded liabilities of the employee benefit plan.

k) Vacation Pay

Vacation pay is expensed as the benefit accrues to employees under their respective terms of employment. The liability for unused vacation benefit is calculated at the salary levels in effect at the end of the fiscal year.

l) Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the recorded and disclosed amounts of assets, liabilities, and contingent liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life expectancy of tangible capital assets, certain employee-related liabilities, the accrual for assessment fees as well as contingent liabilities.

Estimates are based on the best information available at the time of financial statement preparation and are reviewed quarterly to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

m) Related Party Transactions

SCC is related, in terms of common ownership, to all Government of Canada departments, agencies and Crown corporations. SCC enters into transactions with these entities, in the normal course of business, that are measured at the exchange amount. Related party receivables are recorded at SCC's normal terms whereby invoices are due within 30 days. Related party payables are recorded at terms agreed upon with its vendors and are usually due within 30 days of invoicing or upon receipt of invoice.

Related parties also include key management personnel (KMP) having authority and responsibility for planning, directing and controlling the activities of SCC, as well as their close family members. SCC has defined its KMP to be its Vice-Presidents, its Chief Executive Officer and its members of Governing Council. Transactions with KMP are measured at the exchange amount.

3. ADOPTION OF NEW PUBLIC SECTOR ACCOUNTING STANDARDS

The Public Sector Accounting Board (PSAB) issued five new accounting standards effective for fiscal years beginning on or after 1 April 2017. The new accounting standards are Related Party Disclosures (PS2200), Contingent Assets (PS3320), Assets (PS3210), Contractual Rights (PS3380) and Inter-entity Transactions (PS3420). The adoption of these standards only impacted note disclosure and did not result in any significant changes other than the creation of note 2m) to describe the accounting policy for related party transactions, and Note 13 for contractual rights.

4. ACCUMULATED SURPLUS

SCC is subject to the *Standards Council of Canada Act* and the *Financial Administration Act* (FAA) and any directives issued pursuant to the FAA. These Acts affect how SCC manages its capital; one of SCC's objectives is to effectively manage actual costs to budget on an annual basis and to ensure that it has adequate capital to deliver its mandate and to ensure that it continues as a going concern.

SCC targets to maintain a level of accumulated surplus that helps to minimize the impact of financial risks on the organization. SCC's goal is to maintain an accumulated surplus target of $1.0 million. SCC has determined that this target level of accumulated surplus allows the organization to remain financially sustainable.

SCC is prohibited from issuing its own capital or its own debt to meet any financial requirements and is not subject to externally imposed minimum capital requirements. Its capital management is granted annually through the approval of its Corporate Plan and Operating and Capital Budget.

5. FINANCIAL INSTRUMENTS

SCC's financial instruments consist of cash and cash equivalents, accounts receivable, federal government departments and agencies receivable, accounts payable and accrued liabilities. For the year ended March 31, 2018, SCC's cash and cash equivalents balance of $2,207,000 is all cash (March 31, 2017 was $1,757,216 and was all cash). All accounts receivable, accounts payable and accrued liabilities are incurred in the normal course of business. All are generally due within 30 days. The carrying value of each financial instrument approximates its fair value because of the short maturity of the instruments. All financial assets and financial liabilities are measured at cost or amortized cost.

In the normal course of business, SCC is primarily exposed to credit risk and liquidity risk. There has been no change to the level of risk compared to the prior year and no changes to SCC's risk management practices. SCC's exposure and strategies to mitigate these risks are noted below:

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument leading to a financial loss. The maximum exposure that SCC has to credit risk is in relation to its cash and cash equivalents, accounts receivable and federal government departments and agencies receivable. The carrying amount of these financial assets represents the maximum credit risk exposure at the Statement of Financial Position date.

Cash and cash equivalents are held at a reputable Canadian bank. Credit is granted to customers in accordance with existing accreditation program policies and is automatically granted to employees for travel and also to government departments, agencies, Crown corporations, and government business enterprises. There is minimal potential risk of loss related to these receivables. SCC does not hold any collateral as security. There is no concentration of credit risk with any one customer.

As at March 31, the aging of SCC's receivables is as follows:

NON-RELATED PARTY ACCOUNTS RECEIVABLE
(ACCOUNTS RECEIVABLE):

	TOTAL	CURRENT	30-60 DAYS	60-90 DAYS	90-120 DAYS	>120 DAYS
2018	$ 2,025,311	$ 1,694,178	$ 141,245	$ 105,690	$ 7,874	$ 76,324
2017	$ 3,715,833	$ 3,480,160	$ 163,571	$ 34,470	$ 27,543	$ 10,089

RELATED PARTY ACCOUNTS RECEIVABLE
(FEDERAL GOVERNMENT DEPARTMENTS AND AGENCIES AND PARLIAMENTARY APPROPRIATIONS RECEIVABLE):

	TOTAL	CURRENT	30-60 DAYS	60-90 DAYS	90-120 DAYS	>120 DAYS
2018	$ 1,210,022	$ 1,101,627	$ 38,204	$ 11,320	$ 31,546	$ 27,325
2017	$ 671,888	$ 551,964	$ 59,464	$ 34,671	$ 2,974	$ 22,815

SCC assesses the requirement for an allowance for bad debts by considering the age of the outstanding receivable and the likelihood of collection.

An account receivable is considered to be impaired and is either written-off or provided for when SCC determines that collection is unlikely and appropriate approvals for the write-down have been obtained.

At March 31, 2018, the allowance for bad debts is estimated at $75,421 (March 31, 2017 was $118,942). The following table provides a reconciliation of the allowance for the year.

	MARCH 31, 2018	MARCH 31, 2017
Balance, beginning of year	$ 118,942	$ 41,910
(Reversals)/Charges for the year	(679)	122,013
Bad debt (write-offs)	(42,842)	(44,981)
BALANCE, END OF YEAR	**$ 75,421**	**$ 118,942**

Liquidity Risk

Liquidity risk can occur should SCC have difficulty in meeting its obligations associated with financial liabilities. SCC's financial liabilities have contractual maturities of less than 365 days. SCC's objective is to maintain sufficient cash and cash equivalents through drawdown of its voted parliamentary appropriations, collection of accreditation fees and other services, in order to meet its operating requirements. SCC manages liquidity risk through a detailed annual planning and monthly cash flow planning and billing process, which is structured to allow for sufficient liquidity from one billing period to the next. SCC's financial liabilities are not significantly exposed to liquidity risk.

Market Risk

Market risk occurs when the fair value of future cash flows of a financial instrument fluctuates due to changes in financial markets. Market risk is comprised of: interest risk, currency risk and other price risks such as equity risk. SCC's financial instruments are not significantly exposed to market risk.

6. TANGIBLE CAPITAL ASSETS

MARCH 31, 2018

	FURNITURE	EQUIPMENT	LEASEHOLD IMPROVEMENTS	2018 TOTAL
COST				
Opening Balance	917,855	3,337,321	934,436	5,189,612
Additions	2,082	668,158	19,800	690,040
Disposals	(9,704)	(45,894)	–	(55,598)
Closing Balance	**$ 910,233**	**$ 3,959,585**	**$ 954,236**	**$ 5,824,054**
ACCUMULATED AMORTIZATION				
Opening Balance	(566,376)	(1,756,915)	(106,540)	(2,429,831)
Amortization	(104,439)	(224,596)	(61,325)	(390,360)
Disposals	3,882	45,894	–	49,776
Closing Balance	**$ (666,933)**	**$ (1,935,617)**	**$ (167,865)**	**$ (2,770,415)**
NET BOOK VALUE	**$ 243,300**	**$ 2,023,968**	**$ 786,371**	**$ 3,053,639**

MARCH 31, 2017

	FURNITURE	EQUIPMENT	LEASEHOLD IMPROVEMENTS	2017 TOTAL
COST				
Opening Balance	868,821	2,877,520	934,436	4,680,777
Additions	49,034	502,482	–	551,516
Disposals	–	(42,681)	–	(42,681)
Closing Balance	**$ 917,855**	**$ 3,337,321**	**$ 934,436**	**$ 5,189,612**
ACCUMULATED AMORTIZATION				
Opening Balance	(450,259)	(1,691,804)	(45,214)	(2,187,277)
Amortization	(116,117)	(107,792)	(61,326)	(285,235)
Disposals	–	42,681	–	42,681
Closing Balance	**$ (566,376)**	**$ (1,756,915)**	**$ (106,540)**	**$ (2,429,831)**
NET BOOK VALUE	**$ 351,479**	**$ 1,580,406**	**$ 827,896**	**$ 2,759,781**

The Equipment category includes $1,312,890 of assets under development at March 31, 2017 which were not being amortized at the time.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	MARCH 31, 2018	MARCH 31, 2017
Vendor payables and accrued liabilities	$ 1,542,066	$ 1,664,748
Salaries and benefits payable	1,049,242	1,159,972
Accrued vacation pay	195,601	170,061
	$ 2,786,909	**$ 2,994,781**

8. DEFERRED CONTRIBUTIONS

Changes made to the balance of this account are as follows:

	MARCH 31, 2018	MARCH 31, 2017
Balance, beginning of year	$ 84,774	$ 97,285
Add: Contributions received	326,950	328,823
Less: Contributions recognized	(397,288)	(341,334)
	$ (70,338)	$ (12,511)
BALANCE, END OF YEAR	**$ 14,436**	**$ 84,774**

9. DEFERRED REVENUE

Changes made to the balance of this account are as follows:

	MARCH 31, 2018	MARCH 31, 2017
Balance, beginning of year	$ 2,133,759	$ 2,402,970
Add: Annual fees due per accreditation agreements	3,739,858	3,815,488
Less: Annual fees recognized into revenue	(4,272,014)	(4,084,699)
	$ (532,156)	**$ (269,211)**
BALANCE, END OF YEAR	**$ 1,601,603**	**$ 2,133,759**

10. ROYALTIES FROM SALES OF STANDARDS

Royalties related to the sale of standards are generated from ISO and the IEC since SCC is a member body. Additionally, SCC earns royalties on the sale of standards from independent distributors through National Copyright Exploitation Agreements.

Since April 1, 1998, SCC has outsourced to an independent agent the fulfillment of sales made over its StandardsStore.ca website. This agreement requires the payment of royalties to SCC based on a revenue-sharing agreement of net sales.

11. PENSION AND EMPLOYEE BENEFITS

Pension Benefits

SCC and all eligible employees contribute to the Public Service Pension Plan. Pension benefits accrue up to a maximum period of 35 years at a rate of two per cent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are fully indexed to the increase in the Consumer Price Index.

SCC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada. SCC's and employees' contributions to the Plan for the year were as follows:

	MARCH 31,2018	MARCH 31,2017
SCC's contribution	$1,127,424	$1,111,673
Employees' contributions	$ 970,174	$ 863,465

The rates of contribution to the Plan are determined on a calendar-year basis and were as follows:

	2018	2017
EMPLOYEES (PRE-2013) – CURRENT SERVICE		
On earnings up to yearly maximum pensionable earnings (YMPE)	**9.83%**	9.47%
On earnings exceeding YMPE: 2018 – $55,900 2017 – $55,300	**12.13%**	11.68%
EMPLOYEES (POST 2013) – CURRENT SERVICE		
On earnings up to yearly maximum pensionable earnings	**8.77%**	8.39%
On earnings exceeding YMPE: 2018 – $55,900 2017 – $55,300	**10.46%**	9.94%
EMPLOYER – EXPRESSED AS A MULTIPLE OF EMPLOYEE CONTRIBUTIONS		
For pre-2013 employee contributions on current and elective service on single-rate employee contributions	**1.01**	1.01
For pre-2013 employee elective service on double-rate contributions	**0.01**	0.01
For post 2013 employee contributions on current and elective service on single-rate employee contributions	**1.00**	1.00
For post 2013 employee elective service on double-rate employee contributions	**nil**	nil
For existing Retirement Compensation Arrangement on earnings that exceed: 2018 – $164,700 2017 – $163,100	**3.20**	7.74

Employee Benefits

For the year ended March 31, 2018, SCC paid $823,288 for its employees benefits plan (March 31, 2017 was $693,527).

12. EXPENSES

	MARCH 31,2018	MARCH 31,2017
Salaries and employee benefits	13,567,503	11,878,674
Professional and special services	4,978,706	4,995,854
Travel	1,973,326	1,862,893
Memberships in international organizations	1,219,291	1,180,401
Office accommodation	661,306	722,870
Amortization of tangible capital assets	390,360	285,235
Hospitality	265,674	75,037
Conferences & Events	250,660	114,943
Telecommunications and postage	144,361	125,357
Office supplies	117,730	125,181
Offsite Storage & Other	85,016	101,320
Insurance	90,598	67,276
Repair & Upkeep	63,378	63,525
Bank Charges	52,520	32,055
Publications and printing	41,150	27,905

	MARCH 31,2018	MARCH 31,2017
Rental of office equipment	32,497	41,942
Loss on disposal of tangible capital assets	5,822	–
Public relations	1,035	7,164
Bad debts expense	(679)	122,013
	$ 23,940,254	**$ 21,829,645**

13. CONTRACTUAL RIGHTS

SCC has signed contractual agreements with its accreditation services customers. The multi-year accreditation services contracts include an annual fee portion that is payable yearly. As at March 31, 2018 SCC had contractual rights to $2,468,293 of uncollected annual fees pertaining to fiscal year 2018-2019 (March 31, 2017 was $2,077,306 pertaining to fiscal year 2017–2018).

SCC also has contractual agreements to collect royalty fees from ISO, IEC and various other standards sellers like the Canadian Standards Association, Camelot Clarivate and Information Handling Services (IHS). Agreements cover the fiscal year 2018–2019 and are renewed upon expiry at similar terms. Since the revenue from these contracts is based on the volume of sales, the value of the contracts fluctuates, but is expected to approximate $1.4 million which is similar to SCC's average over the past three years.

14. CONTRACTUAL COMMITMENTS

SCC signed a 15 year office lease, effective July 2015.

SCC entered into agreements to lease office equipment. The future minimum annual rental payments under these agreements, exclusive of operating expense and property tax, are included in the table below.

SCC has also entered into contracts with several Standards Development Organizations (SDOs) to assist with standardization initiatives.

MARCH 31, 2018

	OFFICE SPACE	OFFICE EQUIPMENT	STANDARDIZATION INITIATIVES	TOTAL
2018–2019	$ 346,068	$ 5,970	$ 1,097,027	$ 1,449,065
2019–2020	346,068	840	370,062	716,970
2020–2021	373,386	–	–	373,386
2021–2022	400,704	–	–	400,704
2021–2023	400,704	–	–	400,704
THEREAFTER	3,232,980	–	–	3,232,980
TOTAL	**$ 5,099,910**	**$ 6,810**	**$ 1,467,089**	**$ 6,573,809**

There are commitments of $86,819 with related parties included in standardization initiatives in 2018–2019.

15. RELATED PARTY TRANSACTIONS

For the year ended March 31, SCC's related party transactions are summarized as follows:

	2018	2017
Revenues	673,611	648,616
Expenses	192,149	247,028
Parliamentary appropriations	13,828,495	10,515,380
Federal government departments and agencies receivable and parliamentary appropriations receivable	1,210,022	671,888
Accounts payable and accrued liabilities	18,338	46,360

Related party revenues were derived primarily from Accreditation services fees while expenses were primarily related to Professional and special services, and Travel.

There were no significant transactions with KMP and their close family members; nor were there any transactions that have occurred at a value different from that which would have been arrived at if the parties were unrelated.

16. BUDGET FIGURES

Budget figures have been provided for comparison purposes. The 2017–18 budget is reflected in the Statements of Operations and the Statements of Change in (Net Debt)/Net Financial Assets. Budget data presented in these financial statements is based upon the 2017–18 figures contained within the 2017–18 to 2021–22 Corporate Plan and internal management budgets approved by Governing Council.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, in order to conform to the presentation changes adopted in fiscal year 2017–2018.