

**CANADIAN FEDERATION OF MUSIC TEACHERS'
ASSOCIATIONS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2018

SCRIMGEOUR & COMPANY
CPA PROFESSIONAL CORPORATION

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2018

-1-	Independent Auditor's Report
-2-	Statement of Financial Position
-3- to -4-	Statement of Operations and Net Assets
-5-	Statement of Cash Flows
-6- to -7-	Notes to the Financial Statements
-8-	Schedule 1 - Annual Fees
-9-	Schedule 2 - Canada Music Week
-10-	Schedule 3 - Young Artists
-11-	Schedule 4 - Awards and Competitions
-12-	Schedule 5 - Newsletter
-13-	Schedule 6 - Trust

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Canadian Federation of Music Teachers' Associations:

We have audited the accompanying financial statements of Canadian Federation of Music Teachers' Associations, which comprise the Statement of Financial Position as at May 31, 2018, and the Statements of Operations and Net Assets, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

In common with many charitable organizations, Canadian Federation of Music Teachers' Associations derives revenue from donations, concert fees and sale of promotional items, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to the accounts.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Federation of Music Teachers' Associations as at May 31, 2018, and its financial performance and its cash flows for the years then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

July 4, 2018
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2018**

	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Trust Fund	Endowment Fund	2018	2017
ASSETS							
Current Assets							
Cash	\$ 48,072	\$ -	\$ -	\$ 15,012	\$ -	\$ 63,084	\$ 47,396
Short-term investments (note 2.d)	59,473	42,109	36,520	8,377	40,542	187,021	\$ 187,719
Accounts receivable	14,630	-	-	-	-	14,630	\$ 788
Due from (to) other funds	1,389	8,832	(31,068)	20,983	(136)	-	\$ -
Taxes receivable	4,695	-	-	-	-	4,695	\$ 5,395
Prepaid expenses	22,649	-	-	-	-	22,649	\$ 1,981
TOTAL ASSETS	\$ 150,908	\$ 50,941	\$ 5,452	\$ 44,372	\$ 40,406	\$ 292,079	\$ 243,279
LIABILITIES AND NET ASSETS							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 6,167	\$ -	\$ -	\$ -	\$ -	\$ 6,167	\$ 6,689
Deferred revenue	14,769	-	-	-	-	14,769	13,075
Net assets (page 4)	20,936	50,941	5,452	44,372	40,406	20,936	19,764
TOTAL LIABILITIES AND NET ASSETS	\$ 150,908	\$ 50,941	\$ 5,452	\$ 44,372	\$ 40,406	\$ 292,079	\$ 243,279

Approved on behalf of Management:

Ms. Lois Kerr, Treasurer

Approved on behalf of Management:

Tiffany Wilson, President

The accompanying notes are an integral part of the financial statements

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MAY 31, 2018**

	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Trust Fund	Endowment Fund	2018	2017
REVENUES							
Fees (page 8)	\$ 87,008	\$ -	\$ -	\$ -	\$ -	\$ 87,008	\$ 76,646
Canada Music Week (page 9)	10,154	-	-	-	-	10,154	9,264
Young Artists (page 10)	-	3,881	-	-	-	3,881	8,490
Awards and Competitions (page 11)	-	-	8,063	-	-	8,063	12,800
Newsletter (page 12)	13,346	-	-	-	-	13,346	13,811
Trust (page 13)	-	-	-	24,286	-	24,286	21,835
Endowment	-	-	-	-	318	318	267
Interest and other	6,980	-	-	-	-	6,980	7,763
	117,488	3,881	8,063	24,286	318	154,036	150,876
EXPENDITURES							
Program expenditures							
Canada Music Week (page 9)	10,217	-	-	-	-	10,217	12,490
Young Artists (page 10)	-	250	-	-	-	250	9,189
Awards and Competitions (page 11)	-	-	350	-	-	350	21,550
Newsletter (page 12)	34,958	-	-	-	-	34,958	36,305
Trust (page 13)	-	-	-	14,717	-	14,717	19,765
Endowment	-	-	-	-	250	250	2,144
	45,175	250	350	14,717	250	60,742	101,443

The accompanying notes are an integral part of the financial statements

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MAY 31, 2018**

	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Trust Fund	Endowment Fund	2018	2017
General and administrative expenditures							
Bank Charges	182	-	-	-	-	182	429
Bonding and insurance	1,429	-	-	-	-	1,429	1,911
New initiatives	161	-	-	-	-	161	1,433
Office and telephone	6,888	-	-	-	-	6,888	4,701
Professional fees	3,842	-	-	-	-	3,842	3,942
Public relations	2,100	-	-	-	-	2,100	2,523
Travel and meetings	6,155	-	-	-	-	6,155	78,041
Website	2,809	-	-	-	-	2,809	2,809
	23,566	-	-	-	-	23,566	95,789
Honoraria / administration							
Administration	20,000	-	-	-	-	20,000	22,033
Executive	2,100	-	-	-	-	2,100	2,100
	22,100	-	-	-	-	22,100	24,133
TOTAL EXPENDITURES	90,841	250	350	14,717	250	106,408	221,365
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	26,647	3,631	7,713	9,569	68	47,628	(70,489)
NET ASSETS, BEGINNING OF YEAR	103,325	47,310	(2,261)	34,803	40,338	223,515	294,004
NET ASSETS, END OF YEAR (note 4)	\$ 129,972	\$ 50,941	\$ 5,452	\$ 44,372	\$ 40,406	\$ 271,143	\$ 223,515

The accompanying notes are an integral part of the financial statements

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures (page 4)	\$ 47,628	\$ (70,489)
Change in non-cash items		
Decrease (increase) in accounts receivable	(13,142)	8,800
Decrease (increase) in prepaid expenses	(20,668)	18,766
Increase (decrease) in accounts payable and accrued liabilities	(521)	(11,039)
Increase (decrease) in deferred revenue	1,693	1,674
Increase in cash	14,990	(52,288)
Cash and short-term investments, beginning of year	235,115	287,403
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 250,105	\$ 235,115
REPRESENTED BY:		
Cash	63,084	47,396
Short-term investments	187,021	187,719
	250,105	235,115

The accompanying notes are an integral part of the financial statements

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2018**

1. Nature of business

Canadian Federation of Music Teachers' Associations (the Association) is a national organization that provides funds for music competition prizes and travel. The Association also publishes a newsletter for music teachers. The Association is incorporated under the Canada Business Corporations Act as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act.

2. Significant accounting policies

The accounting policies of the Association are in accordance with Canadian accounting standards appropriate for not-for-profit organizations. Those policies that are considered to be significant are outlined below.

a. Accrual basis of accounting

The Association follows the accrual method of accounting for receipts and disbursements. The accrual basis of accounting recognizes receipts as they become available and measureable; disbursements are recognized as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay. Donation revenue is recorded on a cash basis.

b. Fund accounting

The Association follows the restricted fund method of accounting for contributions. The Operating Fund accounts for the Association's unrestricted program delivery and administration activities. The Young Artists and Special Projects Funds report restricted resources that are to be used for these programs. The Trust Fund reports donations that must be used for a specific charitable purpose. The Endowment Fund reports resources contributed for endowment. Investment income earned on endowment funds is reported in the Operating, Young Artists and Trust Funds in accordance with the restrictions that were imposed by the contributors of the endowment.

c. Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

d. Financial instruments

The Association's short-term investments are recorded at cost and consist of guaranteed investment certificates of \$187,021 (2017 - 187,719). The market value approximates cost and includes cost plus accrued interest,

In addition, the Association's other financial instruments consist of cash, accounts receivable, prepaid expenses, accounts payable and deferred revenue. The carrying values of these financial instruments approximate their fair values due to their short-term natures. Unless otherwise noted, it is the Association's opinion that it is not exposed to significant interest, current or credit risk arising from these financial instruments.

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2018**

3. Basis of presentation

The accompanying financial statements have been prepared on the going concern assumption that the Association will be able to realize its assets and discharge its liabilities in the normal course of operations.

4. Capital management

The Association considers its capital to be the balance maintained in its net assets. The primary objective of the Association is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Association with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Association is not subject to any externally imposed requirements of its capital.

5. Restricted funds

The Board has restricted \$20,000 of the operating fund net assets for future convention costs.

6. Capital assets

The Association does not own any capital assets.

7. Income taxes

Section 149(1)(e) of the Income Tax Act exempts charities such as the Association from income taxes and as such, the Association is not liable to pay corporate income taxes.

The following schedules are for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 1 - ANNUAL FEES
FOR THE YEAR ENDED MAY 31, 2018

	2018	2017
ANNUAL FEES		
Ontario	\$ 30,420	\$ 28,974
British Columbia	24,960	21,186
Alberta	11,882	9,702
Manitoba	4,368	3,740
Saskatchewan	5,304	4,466
Quebec	3,094	2,574
Nova Scotia	2,366	1,936
New Brunswick	1,768	1,562
Newfoundland	1,274	1,012
Prince Edward Island	858	880
Yukon	624	484
	86,918	76,516
Late surcharges	90	130
TOTAL ANNUAL FEES	\$ 87,008	\$ 76,646

This schedule is for information purposes only.

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
 SCHEDULE 2 - CANADA MUSIC WEEK
 FOR THE YEAR ENDED MAY 31, 2018**

	2018	2017
REVENUE		
Fee allocation and other	\$ 4,657	\$ 4,268
Sale of promotional materials	867	436
Donations	4,630	4,560
	10,154	9,264
EXPENSES		
Adjudicator	1,000	1,020
Co-ordinator	600	600
Composer	-	300
Prizes	5,600	5,250
Promotional material	3,017	3,342
Travel and meeting expense	-	1,978
	10,217	12,490
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	\$ (63)	\$ (3,226)

This schedule is for information purposes only.

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
 SCHEDULE 3 - YOUNG ARTISTS
 FOR THE YEAR ENDED MAY 31, 2018**

	2018	2017
REVENUE		
Fee allocation and concerts	\$ 3,343	\$ 7,211
Interest	538	279
Donations	-	1,000
	3,881	8,490
EXPENSES		
Travel and honorarium	250	250
Tour expenditures	-	8,507
Other	-	432
	250	9,189
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	\$ 3,631	\$ (699)

This schedule is for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 4 - AWARDS AND COMPETITIONS
FOR THE YEAR ENDED MAY 31, 2018

	2018	2017
REVENUES		
Fee allocation and other	\$ 7,686	\$ 12,556
Interest	377	244
	8,063	12,800
EXPENSES		
Co-ordinator	350	350
Prizes	-	16,500
Adjudicator fees	-	2,252
Travel and miscellaneous	-	2,448
	350	21,550
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	\$ 7,713	\$ (8,750)

This schedule is for information purposes only.

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 5 - NEWSLETTER
FOR THE YEAR ENDED MAY 31, 2018**

	2018	2017
REVENUE		
Advertising	\$ 13,346	\$ 13,811
	13,346	13,811
EXPENSES		
Printing and production	34,958	36,305
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	\$ (21,612)	\$ (22,494)

This schedule is for information purposes only.

**CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 6 - TRUST
FOR THE YEAR ENDED MAY 31, 2018**

	2018	2017
REVENUE		
Received in trust	\$ 24,286	\$ 21,835
EXPENSES		
Trust transfers	14,717	19,765
EXCESS OF REVENUES OVER EXPENDITURES	\$ 9,569	\$ 2,070

This schedule is for information purposes only.