

**CANADIAN FEDERATION OF MUSIC TEACHERS'
ASSOCIATIONS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the accompanying financial statements of Canadian Federation Of Music Teachers' Associations (the "Association"), which comprise the Statement of Financial Position as at March 31, 2020, and the Statements of Operations and Net Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Federation Of Music Teachers' Associations as at March 31, 2020, and the results of its financial performance and its change in net assets and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association 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 this revenue was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to the revenue, assets and net assets for the year ended March 31, 2020 and the ten month period ended March 31, 2019.

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 Financial Statements section of our report. We are independent of the Association 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 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 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 Association'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 Association'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 the Association 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.

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.

May 29, 2020
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020
(with comparative figures as at March 31, 2019)

	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Trust Fund	Endowment Fund	2020	2019
ASSETS							
Current Assets							
Cash	\$ 63,525	\$ -	\$ -	\$ 11,379	\$ -	\$ 74,904	\$ 73,441
Short-term investments (note 2.d)	87,161	46,828	42,376	7,058	41,338	224,761	223,059
Accounts receivable	5,600	-	-	-	-	5,600	15,594
Due from (to) other funds	898	8,127	(36,648)	28,960	(1,337)	-	-
HST rebate receivable	6,673	-	-	-	-	6,673	6,572
Prepaid expenses	18,639	-	-	-	-	18,639	13,850
TOTAL ASSETS	\$182,496	\$ 54,955	\$ 5,728	\$ 47,397	\$ 40,001	\$330,577	\$332,516
LIABILITIES AND NET ASSETS							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 4,553	\$ -	\$ -	\$ -	\$ -	\$ 4,553	\$ 14,760
Deferred revenue	23,733	-	-	-	-	23,733	26,842
	28,286	-	-	-	-	28,286	41,602
Net assets (page 5)	154,210	54,955	5,728	47,397	40,001	302,291	290,914
TOTAL LIABILITIES AND NET ASSETS	\$182,496	\$ 54,955	\$ 5,728	\$ 47,397	\$ 40,001	\$330,577	\$332,516

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 MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Trust Fund	Endowment Fund	2020	2019
REVENUES							
Fees (page 9)	\$ 100,626	\$ -	\$ -	\$ -	\$ -	\$ 100,626	\$ 101,640
Canada Music Week (page 10)	8,811	-	-	-	-	8,811	8,337
Young Artists (page 11)	-	4,584	-	-	-	4,584	5,275
Awards and Competitions (page 12)	-	-	19,920	-	-	19,920	6,914
Newsletter (page 13)	16,227	-	-	-	-	16,227	10,146
Trust (page 14)	-	-	-	42,702	-	42,702	35,374
Endowment	-	-	-	-	52	52	43
Interest and other	11,882	-	-	-	-	11,882	6,059
TOTAL REVENUES	137,546	4,584	19,920	42,702	52	204,804	173,788
EXPENDITURES							
Program expenditures							
Canada Music Week (page 10)	7,859	-	-	-	-	7,859	8,970
Young Artists (page 11)	-	1,114	-	-	-	1,114	4,731
Awards and Competitions (page 12)	-	-	25,091	-	-	25,091	1,467
Newsletter (page 13)	33,443	-	-	-	-	33,443	26,427
Trust (page 14)	-	-	-	43,883	-	43,883	31,168
Endowment	-	-	-	-	250	250	250
	41,302	1,114	25,091	43,883	250	111,640	73,013

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 MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Trust Fund	Endowment Fund	2020	2019
General and administrative expenditures							
Bank Charges	248	-	-	-	-	248	168
Bonding and insurance	1,520	-	-	-	-	1,520	1,429
New initiatives	8,628	-	-	-	-	8,628	6,724
Office and telephone	8,410	-	-	-	-	8,410	3,739
Professional fees	4,272	-	-	-	-	4,272	3,542
Public relations	1,500	-	-	-	-	1,500	800
Travel and meetings	30,597	-	-	-	-	30,597	42,867
Website	4,512	-	-	-	-	4,512	2,975
	59,687	-	-	-	-	59,687	62,244
Honoraria / administration							
Administration	20,000	-	-	-	-	20,000	16,660
Executive	2,100	-	-	-	-	2,100	2,100
	22,100	-	-	-	-	22,100	18,760
TOTAL EXPENDITURES	123,089	1,114	25,091	43,883	250	193,427	154,017
EXCESS OF REVENUES OVER EXPENDITURES							
(EXPENDITURES OVER REVENUES)	14,457	3,470	(5,171)	(1,181)	(198)	11,377	19,771
NET ASSETS, BEGINNING OF YEAR	139,753	51,485	10,899	48,578	40,199	290,914	271,143
NET ASSETS, END OF YEAR (note 4)	\$ 154,210	\$ 54,955	\$ 5,728	\$ 47,397	\$ 40,001	\$ 302,291	\$ 290,914

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 MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures (page 5)	\$ 11,377	\$ 19,771
Change in non-cash items		
Decrease (increase) in accounts and HST rebate receivable	9,893	(2,841)
Decrease (increase) in prepaid expenses	(4,789)	8,799
Increase (decrease) in accounts payable and accrued liabilities	(10,207)	8,593
Increase (decrease) in deferred revenue	(3,109)	12,073
Increase in cash	3,165	46,395
Cash and short-term investments, beginning of year	296,500	250,105
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 299,665	\$ 296,500
REPRESENTED BY:		
Cash	74,904	73,441
Short-term investments	224,761	223,059
	299,665	296,500

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 MARCH 31, 2020

(with comparative figures for the ten month period ended March 31, 2019)

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 measurable; 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 Awards and Competitions 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 \$224,761 (2019 - 223,059). 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 MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

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.

8. Significant Event

In March 2020, the Provinces in Canada declared a state of emergency in response to the COVID-19 virus. It is unclear what financial impact the COVID-19 virus will have on the Association. The Board of Directors continues to monitor the situation.

9. Comparative balances

Certain of the comparative balances have been reclassified to conform to the current years' presentation.

The following schedules are for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 1 - ANNUAL FEES
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	2020	2019
ANNUAL FEES		
Ontario	\$ 35,216	\$ 37,076
British Columbia	27,249	28,241
Alberta	14,384	13,826
Manitoba	5,208	5,580
Saskatchewan	6,107	6,231
Quebec	3,782	3,060
Nova Scotia	2,976	2,604
New Brunswick	1,705	1,581
Newfoundland	1,891	1,705
Prince Edward Island	1,364	1,023
Yukon	744	713
TOTAL ANNUAL FEES	\$ 100,626	\$ 101,640

This schedule is for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 2 - CANADA MUSIC WEEK
FOR THE YEAR ENDED ENDED MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	2020	2019
REVENUE		
Fee allocation and other	\$ 4,679	\$ 4,482
Sale of promotional materials	383	565
Donations	3,749	3,290
	8,811	8,337
EXPENSES		
Adjudicator	1,230	1,400
Co-coordinator	600	600
Prizes	4,850	4,350
Promotional material	469	1,415
Travel and meeting expense	710	1,205
	7,859	8,970
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	\$ 952	\$ (633)

This schedule is for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 3 - YOUNG ARTISTS
FOR THE YEAR ENDED ENDED MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	2020	2019
REVENUE		
Fee allocation and concerts	\$ 3,649	\$ 4,809
Interest	935	466
	4,584	5,275
EXPENSES		
Travel and honorarium	250	250
Tour expenditures	856	4,397
Other	8	84
	1,114	4,731
EXCESS OF REVENUES OVER EXPENDITURES	\$ 3,470	\$ 544

This schedule is for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 4 - AWARDS AND COMPETITIONS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	2020	2019
REVENUES		
Fee allocation and other	\$ 19,466	\$ 6,564
Interest	454	350
	19,920	6,914
EXPENSES		
Co-coordinator	350	350
Prizes	15,000	500
Adjudicator fees	6,014	-
Travel and miscellaneous	3,727	617
	25,091	1,467
EXCESS OF REVENUES OVER EXPENDITURES	\$ (5,171)	\$ 5,447

This schedule is for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 5 - NEWSLETTER
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	2020	2019
REVENUE		
Advertising	\$ 16,227	\$ 10,146
	16,227	10,146
EXPENSES		
Printing and production	33,443	26,427
	33,443	26,427
EXCESS OF REVENUES OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	\$ (17,216)	\$ (16,281)

This schedule is for information purposes only.

CANADIAN FEDERATION OF MUSIC TEACHERS' ASSOCIATIONS
SCHEDULE 6 - TRUST
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the ten month period ended March 31, 2019)

	2020	2019
REVENUE		
Received in trust	\$ 42,702	\$ 35,374
	42,702	35,374
EXPENSES		
Trust transfers	43,883	31,168
	43,883	31,168
EXCESS OF REVENUES OVER EXPENDITURES	\$ (1,181)	\$ 4,206

This schedule is for information purposes only.