

FINANCIAL STATEMENTS

**CANADIAN FEDERATION OF MUSIC
TEACHERS' ASSOCIATIONS
(TRUSTEE OF THE CFMTA TRUST)**

March 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Federation of Music Teachers' Associations (Trustee of the CFMTA Trust)

Opinion

We have audited the financial statements of Canadian Federation of Music Teachers' Associations (Trustee of the CFMTA Trust) (the "Association") which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in fund balances 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 section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and the results of operations 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, verification of these revenues 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 revenue, excess (deficiency) of revenue over expenditures, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and fund balances as at April 1, 2018 and March 31 for both the 2021 and 2020 years. The audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Statement 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Report on Other Legal and Regulatory Requirements

The comparative figures for the year ended March 31, 2020 were reported on by another firm of chartered professional accountants who expressed a qualified opinion thereon in their report dated May 29, 2020.

Tompkins Wozny LLP

Vancouver, Canada
July 5, 2021

Chartered Professional Accountants



Canadian Federation of Music Teachers' Associations (Trustee of the CFMTA Trust)

STATEMENT OF FINANCIAL POSITION

As at March 31

	2021					2020	
	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Other Program Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Current							
Cash	83,862	—	—	18,544	—	102,406	74,904
Short-term deposits [note 2]	92,411	50,000	30,000	47,070	5,460	224,941	177,979
Accounts receivable [note 3]	7,236	—	—	—	—	7,236	14,863
Prepaid expenses	18,751	—	—	—	—	18,751	18,639
Inter-fund receivable (payable)	13,517	7,972	(8,639)	(10,830)	(2,020)	—	—
	215,777	57,972	21,361	54,784	3,440	353,334	286,385
Long-term deposits [note 2]	10,000	—	—	—	34,192	44,192	44,192
	225,777	57,972	21,361	54,784	37,632	397,526	330,577
LIABILITIES							
Current							
Accounts payable and accrued liabilities	5,941	—	—	—	—	5,941	4,553
Deferred revenue	22,021	—	—	—	—	22,021	23,733
Due to virtual conference	1,060	—	—	—	—	1,060	—
	29,022	—	—	—	—	29,022	28,286
	29,022	—	—	—	—	29,022	28,286
FUND BALANCES [note 4]	196,056	56,961	20,975	54,761	39,751	368,504	302,291
	225,078	56,961	20,975	54,761	39,751	397,526	330,577

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

Canadian Federation of Music Teachers' Associations (Trustee of the CFMTA Trust)

**STATEMENT OF OPERATIONS AND CHANGES IN
FUND BALANCES**

Year ended March 31

	2021					2020	
	Operating Fund	Young Artists Fund	Awards and Competitions Fund	Other Program Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Annual fees <i>[schedule 1]</i>	101,312	3,166	12,664	—	—	117,142	113,610
Donations	4,250	500	—	37,635	—	42,385	51,392
Event fees	20,835	—	—	—	—	20,835	16,084
Newsletter	14,063	—	—	—	—	14,063	16,596
Other income	394	—	3,433	—	—	3,827	4,355
Interest	2,275	—	—	—	—	2,275	2,767
	143,129	3,666	16,097	37,635	—	200,527	204,804
EXPENDITURES							
Awards, bursaries and prizes	5,400	1,200	500	30,271	250	37,621	64,283
Executive - administrators <i>[note 6]</i>	24,000	—	—	—	—	24,000	20,000
Event costs	18,476	—	—	—	—	18,476	8,588
Newsletter production	16,562	—	—	—	—	16,562	33,443
Office and other	12,911	210	—	—	—	13,121	17,325
Professional fees	9,507	—	—	—	—	9,507	4,272
Website maintenance	5,139	—	—	—	—	5,139	4,294
Executive - honoraria <i>[note 6]</i>	3,600	250	350	—	—	4,200	3,300
Advertising	2,413	—	—	—	—	2,413	679
Travel and meetings	1,570	—	—	—	—	1,570	35,369
Insurance	1,108	—	—	—	—	1,108	1,520
Bank charges	597	—	—	—	—	597	354
	101,283	1,660	850	30,271	250	134,314	193,427
Excess (deficiency) of revenue over expenditures for the year	41,846	2,006	15,247	7,364	(250)	66,213	11,377
Fund balances, beginning of year	154,210	54,955	5,728	47,397	40,001	302,291	290,914
Fund balances, end of year	196,056	56,961	20,975	54,761	39,751	368,504	302,291

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue for the year	66,213	11,377
Changes in other non-cash working capital items		
Accounts receivable	7,627	9,893
Prepaid expenses	(112)	(4,789)
Accounts payable and accruals	1,388	(10,207)
Deferred revenue	(1,712)	(3,109)
Due to virtual conference	1,060	—
Cash provided by operating activities	74,464	3,165
INVESTING ACTIVITIES		
Purchase of term deposits	(46,962)	(1,702)
Cash used in investing activities	(46,962)	(1,702)
Increase in cash in the year	27,502	1,463
Cash, beginning of year	74,904	73,441
Cash, end of year	102,406	74,904

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. NATURE OF BUSINESS

The Canadian Federation of Music Teachers' Associations (Trustee of the CFMTA Trust) (the "Association") is a national organization that encourages and promotes the knowledge and appreciation of music in schools and universities and among the general public of Canada. 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. As such, the Association is not liable to pay corporate income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. There are no significant areas requiring the use of management estimates.

Fund Accounting

The Association follows the restricted fund method for accounting for contributions and has the following funds:

Operating Fund

The Operating Fund accounts for the Association's unrestricted program delivery and administration activities.

Young Artists Fund

The Young Artists Fund reports restricted resources for the Young Artists program.

Awards and Competitions Fund

The Awards and Competitions Fund reports restricted resources for the Awards and Competitions programs.

Other Program Fund

The Other Programs Fund reports donations and other contributions used for specific music programs.

Endowment Fund

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Endowment Fund reports resources contributed for endowment. Investment income earned on endowment funds is reported in the Operating and Young Artists funds in accordance with the restrictions that were imposed by the contributors of the endowment.

Revenue Recognition

All contributions are recognized as revenue of the appropriate fund in the year in which they are received. Any restricted contributions for which there is no restricted fund, the funds are recognized in the Operating Fund using the deferral method.

Annual fees are recognized as revenue proportionally over the fiscal year.

Event fees and newsletter advertising and subscription revenue are recognized when services are performed and collection is reasonably assured.

Interest income earned on the funds is recognized as revenue in the respective fund when earned.

Donation revenue is recorded on a cash basis.

Donation in kind revenue is recorded at fair market value at the time the gift is made.

Measurement of Financial Instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost. Amortized cost approximates fair value due to the short-term nature of these financial instruments.

Financial assets measured at amortized cost include cash, short and long-term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Short-term Deposits

Short-term deposits consist of interest bearing deposits with interest rates from 0.10% to 0.50% which mature between three to 12 months from the date of purchase.

Long-term Deposits

Long-term deposits consist of interest bearing deposits with interest rates of 2.00% with maturities beyond 12 months from the date of purchase.

Capital Assets

The Association had previously expensed capital acquisitions pursuant to Section 4433 of the CPA Canada Handbook with respect to capital assets.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Section 4431 permits not-for-profit organizations with average annual revenues of less than \$500,000 to be excluded from the capitalization and amortization of capital assets.

The Association follows the policy of recording all capital acquisitions as expenditures in the year they are incurred.

3. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Operations and other	2,700	5,600
Interest	3,028	2,590
GST & PST receivable	1,508	6,673
	7,236	14,863

4. INTERNALLY RESTRICTED FUNDS - OPERATING FUND

The Board has internally restricted \$20,000 [2020 - \$20,000] of the Operating Fund for future convention costs.

5. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at March 31, 2021.

Credit Risk

The Association's exposure to credit risk is indicated by the carrying value of its accounts receivable. The Association mitigates this risk by reviewing and monitoring these balances.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Association's interest bearing financial instruments will fluctuate due to changes in the prevailing interest rates. The Association is exposed to interest rate risk on its term deposits and bank deposits.

Liquidity Risk

Liquidity risk is the risk that the Association cannot meet the demand for cash or fund its obligations as they become due. Management minimizes its exposure to liquidity risk by regular monitoring of cash flows.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

6. RELATED PARTY TRANSACTIONS

For the year ended March 31, 2021, executive administrators expense includes \$24,000 [2020 - \$20,000] of fees and honorariums paid to directors. Executive honoraria expense includes \$3,000 [2020 - \$2,100] of fees and honorariums paid to directors.

Amounts paid to related parties were incurred in the normal course of business and are measured at the exchange amount, which is the amount agreed upon by the transacting parties on term and conditions similar to non-related parties.

The amount above includes payments made to the following elected directors during the year:

	2021	2020
	\$	\$
Secretary	12,000	10,000
Treasurer	12,000	10,000
President	2,000	1,350
Vice President (1)	500	—
Vice President (2)	500	—
Vice President (3)	—	750
	27,000	22,100

7. COMPARATIVE FIGURES

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's financial statement presentation.

SCHEDULE OF ANNUAL FEES

Year ended March 31

	2021	2020
	\$	\$
ANNUAL FEES		
Ontario	39,886	39,760
British Columbia	31,635	30,765
Alberta	17,686	16,240
Manitoba	6,697	5,880
Saskatchewan	5,994	6,895
Quebec	4,921	4,270
Nova Scotia	3,219	3,360
New Brunswick	2,294	1,925
Newfoundland	2,220	2,135
Prince Edward Island	1,665	1,540
Yukon	925	840
TOTAL ANNUAL FEES	117,142	113,610

See accompanying notes to the financial statements