

CAMMAC
**(Canadian Amateur Musicians/
Musiciens amateurs du Canada)**

ANNUAL FINANCIAL REPORT

Year ended December 31, 2018

CAMMAC

TABLE OF CONTENTS

Year ended December 31, 2018

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS:	
Operations statement	4
Changes in net asset statement	5
Balance sheet	6
Cash flow statement	7
NOTES TO FINANCIAL STATEMENTS	8
OTHER INFORMATION:	
Schedule A - General expenses	16
B - Expenses - Music programs	17
C - Expenses - Rentals	17
D - Financial expenses	17

INDEPENDENT AUDITOR'S REPORT

To the members of
CAMMAC

Opinion with a reserve

We have audited the accompanying financial statements of CAMMAC (the « Organization »), which comprise the balance sheet as at December 31, 2018, and the statements of operations, changes in net asset and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, with the exception of the potential impact of adjustments that may have been necessary if we had been able to audit the full proceeds and proceeds referred to in the paragraph of basis for opinion with a reserve, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion with a reserve

Given that proceeds of activities and donations in cash and goods are made by the organization, it is impossible to establish complete control over them before they are actually received thus, these items of products do not lend themselves to a full audit. As a result, our audit of these products was limited to amounts recorded in the books of the organization and we were not able to determine whether certain adjustments should have been made to revenues, excess revenues over expenses, assets and net assets.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Sainte-Agathe-des-Monts
124, rue Saint-Vincent
Sainte-Agathe-des-Monts
Qc J8C 2B1
T.819 326.3400
F.819 326.8839

Saint-Jérôme
3-4-255, rue de Martigny O.
Saint-Jérôme
Qc J7Y 2G4
T.450 432.8625
F.450 432.8868

Mont-Tremblant
201-969, rue de Saint-Jovite
Mont-Tremblant
Qc J8E 3J8
T.819 425.8691
F.819 425.9266

Sainte-Adèle
1648, boul. de Sainte-Adèle
Sainte-Adèle
Qc J8B 0K2
T.450 229.2987
F.450 229.7749

Lachute
408A, rue Principale
Lachute
Qc J8H 1Y2
T.450 562.3775
F.450 562.1757

Blainville
100-905, boul. Michèle-Bohec
Blainville
Qc J7C 5J6
T.450 971.1550
F.450 971.4646

Rivière-Rouge
709, rue de l'Annonciation Nord
Rivière-Rouge
Qc J0T 1T0
T.819 275.1666
F.819 275.1113

Amyot Gélinas
S.E.N.C.R.L.

SANS FRAIS
1.877 326.3400
info@amyotgelinas.com
amyotgelinas.com

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

*Amyot Gélinas, s.e.n.c.s.l.*¹

Chartered Professional Accountants

Sainte-Agathe-des-Monts

April 9, 2019

¹ CPA auditrice, CA permis de comptabilité publique n° A115332



CAMMAC

OPERATIONS STATEMENT

Year ended December 31

	<u>2018</u>	<u>2017</u>
REVENUES		
General donations and fundraising	\$ 155 411	\$ 245 175
Membership dues	25 567	24 113
Government grants:		
Operations - ministère de la Culture et des Communications	62 118	59 100
MRC d'Argenteuil	5 000	4 000
Emploi et solidarité Québec	-	2 588
Employment Canada	8 235	9 786
Fixed assets	104 637	103 790
Long-term debt interest	77 728	83 372
Other	-	10 604
Fondation du Grand Montréal grants	9 880	-
Music programs	586 496	557 981
CAMMAC Festival	15 080	16 555
Rentals	302 247	303 293
Tuck shop	47 161	35 325
Regional operations	51 463	52 052
Other	<u>223</u>	<u>70</u>
	1 451 246	1 507 804
	-----	-----
EXPENSES		
General (schedule A)	639 926	548 211
Music programs (schedule B)	362 028	323 861
CAMMAC Festival	12 379	11 788
Rentals (schedule C)	146 282	126 765
Tuck shop	26 013	16 464
Regional operations	48 680	44 263
Financial (schedule D)	100 919	107 356
Amortization	<u>186 289</u>	<u>188 345</u>
	1 522 516	1 367 053
	-----	-----
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u><u>\$ (71 270)</u></u>	<u><u>\$ 140 751</u></u>

CAMMAC

CHANGES IN NET ASSET STATEMENT

Year ended December 31	2018			2017
	<u>Invested in fixed assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
BALANCE AT BEGINNING	\$ 1 474 551	\$ 8 244	\$ 1 482 795	\$ 1 342 044
Excess (deficiency) of revenues over expenses	(79 173)	7 903	(71 270)	140 751
Investment in fixed assets	<u>29 973</u>	<u>(29 973)</u>	<u>-</u>	<u>-</u>
BALANCE AT END	<u>\$ 1 425 351</u>	<u>\$(13 826)</u>	<u>\$ 1 411 525</u>	<u>\$ 1 482 795</u>

CAMMAC

BALANCE SHEET

December 31

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 132 029	\$ 126 250
Accounts receivable (note 3)	1 289	5 663
Grants	6 212	6 855
Inventory	16 772	12 874
Prepaid expenses	2 500	7 716
Current portion of grants receivable (note 4)	<u>142 842</u>	<u>136 954</u>
	301 644	296 312
GRANTS RECEIVABLE (note 4)	1 498 005	1 640 847
FIXED ASSETS (note 5)	4 465 085	4 649 317
WEB SITE , net value	<u>86</u>	<u>144</u>
	<u>\$ 6 264 820</u>	<u>\$ 6 586 620</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (note 6)	\$ 55 829	\$ 50 078
Deferred revenues and customer deposits	56 847	41 036
Current portion of long-term debt (note 7)	<u>245 842</u>	<u>156 954</u>
	358 518	248 068
LONG-TERM DEBT (note 7)	1 538 005	1 794 347
DEFERRED GRANTS (note 8)	<u>2 956 772</u>	<u>3 061 410</u>
	4 853 295	5 103 825
NET ASSET	<u>-----</u>	<u>-----</u>
Invested in fixed assets	1 425 351	1 474 551
Unrestricted	<u>(13 826)</u>	<u>8 244</u>
	1 411 525	1 482 795
	<u>\$ 6 264 820</u>	<u>\$ 6 586 620</u>

ON BEHALF OF THE BOARD

_____, director

_____, director

CAMMAC

CASH FLOW STATEMENT

Year ended December 31	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$(71 270)	\$ 140 751
Operating items not involving cash:		
Amortization of fixed and intangible assets	186 289	188 345
Amortization of deferred grants	<u>(104 637)</u>	<u>(103 790)</u>
	10 382	225 306
Net change in non-cash items related to operating activities	<u>27 897</u>	<u>(104 155)</u>
	38 279	121 151
FINANCING ACTIVITIES	-----	-----
Net changes in advances from individuals	(30 500)	(204 999)
Receivable deferred grants	-	19 510
Repayment of debts	<u>(136 954)</u>	<u>(163 131)</u>
	(167 454)	(348 620)
INVESTING ACTIVITIES	-----	-----
Receivable grants receipts	136 954	131 311
Acquisition of fixed and intangible assets	<u>(2 000)</u>	<u>(39 812)</u>
	134 954	91 499
CASH INCREASE	5 779	(135 970)
CASH AT BEGINNING	<u>126 250</u>	<u>262 220</u>
CASH AT END	<u>\$ 132 029</u>	<u>\$ 126 250</u>

CAMMAC

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

CAMMAC (Canadian Amateur Musicians/Musiciens amateurs du Canada) is a registered charity devoted to creating opportunities for musicians of all levels to make music together in a relaxed, non-competitive atmosphere.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for non-profit organizations and include the following significant accounting policies:

Recognition of contributions

The organization follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount receivable can be reasonably estimated and its collection is reasonably assured. Endowment contributions are recognized as direct increases in net worth in the year.

The registration fees for sessions are recorded as revenue when the sessions are held.

The dues are recognized as revenue in proportion to the period to which they relate.

Fixed assets

The music library, recorded at the nominal value of \$1, represents a major asset with over 10 000 titles, with additions expensed in the year of purchase. Significant donated musical instruments and art works are recorded at their appraised value and are not amortized.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fixed assets (cont'd)

Other fixed assets are recorded at cost and are amortized on their useful life using the straight-line method at the following rates:

Buildings and improvements	40 years
Landscaping and restoration	5 years
Equipment, materials and tools	5 years
Office equipment	5 years
Computer, hardware and software	5 years
Musical instruments	5 years and 10 years
Cultural equipment	5 years

Intangible assets

Intangible assets are recorded at their acquisition cost and are amortized over their estimated useful lives using the straight-line method over five years.

Contributed services

Because of the difficulty of determining the fair value of contributed services received from volunteers, they are not recognized in the financial statements.

Deferred Contributions - « Mécénat Placements Culture » program

As part of Component 1 of the « Mécénat Placements Culture (MPC) » program of the *ministère de la Culture et des Communications* (MCC), the organization completed a fundraising campaign to collect donations that will be matched by the MCC, since the organization will be paying the donations received to a community foundation recognized by the MCC. During the previous year, the organization has deposited the money collected to the « Fondation du Grand Montréal ». According to the management contract signed with this foundation, the organization transfers its property rights for a period of 10 years. During the previous year, the organization, therefore has excluded from its books the « Deferred contributions - Donations dedicated to Programme MPC » and the related investment.

CAMMAC

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

The organization initially measures all its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at cost or at amortized cost included cash, accounts receivable and grants receivable.

Financial liabilities measured at cost included accounts payable, salaries and others accrued expenses and long-term debt.

Deferred grants

Deferred grants used to acquire fixed assets are deferred and amortized at the same rate as the fixed assets they contributed to acquiring.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for non-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses for the periods covered.

The main estimates relate to the impairment of financial assets, the net realizable value of the inventories and the useful life of fixed assets.

3. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Client accounts	\$ 1 289	\$ 4 763
Advances to an employee	-	900
Taxes	<u>-</u>	<u>-</u>
	<u>\$ 1 289</u>	<u>\$ 5 663</u>

CAMMAC

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4. GRANTS RECEIVABLE

	2018	2017
Amount receivable from the « Gouvernement du Québec (ministère de la Culture et des Communications) » for reimbursement of the long-term debt - Infrastructure upgrade work	\$ 665 417	\$ 693 048
Amount receivable from the « Gouvernement du Québec (ministère de la Culture et des Communications) » for reimbursement of the long-term debt - Reconstruction project	975 430	1 084 753
	1 640 847	1 777 801
Current portion	142 842	136 954
	\$ 1 498 005	\$ 1 640 847

5. FIXED ASSETS

	2018			2017
	Cost	Accumulated amortization	Net value	Net value
Land	\$ 17 852	\$ -	\$ 17 852	\$ 17 852
Undivided interest in vacant land	40 000	-	40 000	40 000
Buildings and improvements	5 982 445	1 704 755	4 277 690	4 427 354
Landscaping and restoration	40 642	30 848	9 794	17 920
Cultural equipment	24 268	21 732	2 536	7 390
Office equipment	16 371	11 195	5 176	8 009
Computer, hardware and software	12 809	8 348	4 461	6 656
Equipment, materials and tools	36 395	25 145	11 250	15 910
Musical instruments	107 308	74 955	32 353	44 253
Music library	1	-	1	1
Art works	63 972	-	63 972	63 972
	\$ 6 342 063	\$ 1 876 978	\$ 4 465 085	\$ 4 649 317

CAMMAC

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

6. ACCOUNTS PAYABLE

	<u>2018</u>	<u>2017</u>
Suppliers and accrued liabilities	\$ 39 958	\$ 27 034
Salaries, withholding taxes and contribution	8 090	17 534
Taxes	<u>7 781</u>	<u>5 510</u>
	<u>\$ 55 829</u>	<u>\$ 50 078</u>

7. LONG-TERM DEBT

Loan, secured by the property, accounts receivable and other receivables including a specific account receivable from the ministère de la Culture et des Communications, repayable by semi-annual instalments of \$76 027 including interest at the rate of 4.04 %, renewable in June 2021, maturing in June 2026 (a)	\$ 975 430	\$ 1 084 753
---	------------	--------------

Loan secured by the property, accounts receivable and other receivables including a specific account receivable from the ministère de la Culture et des Communications, repayable by semi-annual instalments of \$31 314 including interest at the rate of 4.60 % renewable in March 2024, maturing in September 2026 (a)	665 417	693 048
---	---------	---------

Due to private individuals, at rates from 4 % to 10 %, repayable by monthly instalments of a maximum of \$10 000	15 000	15 000
--	--------	--------

Due to private individuals, without interest, repayable by monthly instalments of a maximum of \$10 000	<u>128 000</u>	<u>158 500</u>
---	----------------	----------------

Carried forward	1 783 847	1 951 301
-----------------	-----------	-----------

CAMMAC

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

7. LONG-TERM DEBT (cont'd)	<u>2018</u>	<u>2017</u>
Brought forward	\$ 1 783 847	\$ 1 951 301
Current portion during next year	<u>245 842</u>	<u>156 954</u>
	<u>\$ 1 538 005</u>	<u>\$ 1 794 347</u>

Long-term debt principal repayments to be made over the next five years are as follows, based on the premise that the loans secured by mortgage will be renewed under the same conditions for the repayments of the principal:

2019 - \$245 842
2020 - \$188 986
2021 - \$155 397
2022 - \$701 955
2023 - \$133 526

(a) The Quebec government (ministère de la Culture et des Communications) is committed to ensuring interest and debt capital payments of the \$975 430 and \$665 417 loans as long as CAMMAC remains a charitable organization.

8. DEFERRED GRANTS

Capital assets grants are accounted for as deferred grants and amortized on the same basis as the related capital assets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

9. FINANCIAL INSTRUMENTS

Concentrations and risks

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure as at December 31, 2018.

Credit risk

The organization's main credit risk relates to its grants receivable and notes receivable. The organization assesses, on an ongoing basis, amounts receivable on the basis of the amounts it is virtually certain to receive based on their estimated realizable value.

Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash or funding obligations as they become due. Accounts payable and accrued liabilities are generally paid within a relatively short time.

Accounts payable and accrued liabilities are generally repaid within a relatively short period of time.

Market risk

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments, such as term deposits and other short term investments and short-term and long-term debt. Fixed-rate instruments subject the organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

CAMMAC

SCHEDULE A - OTHER INFORMATION

Year ended December 31

2018

2017

A - GENERAL EXPENSES

Salaries and fringe benefits - administration	\$ 204 518	\$ 166 532
Insurance	47 384	45 871
Taxes and permits	25 739	26 052
Telecommunications	12 835	10 183
Computer programs and supplies	46 990	26 753
Office supplies and stationery	4 899	6 686
Professional fees	38 841	27 738
Postal expenses	1 057	1 503
Training	5 435	5 307
Travelling and entertainment	3 762	1 023
Advertising and promotion	27 476	30 254
Dues	1 173	1 091
Bad debts	3 421	1 035
Maintenance and repairs including salaries and fringe benefits	173 997	151 559
Electricity	40 373	42 616
Other	<u>2 026</u>	<u>4 008</u>
	<u>\$ 639 926</u>	<u>\$ 548 211</u>

CAMMAC

SCHEDULES B, C AND D - OTHER INFORMATION

Year ended December 31	<u>2018</u>	<u>2017</u>
B - EXPENSES - MUSIC PROGRAMS		
Salaries and fringe benefits - artistic	\$ 163 390	\$ 156 042
Salaries and fringe benefits - hotel services	85 511	80 563
Artistic expenses	24 298	14 461
Music library	1 831	884
Grants	400	-
Other expenses	4 110	1 441
Food	57 811	58 254
Laundry	4 368	2 038
Housekeeping	6 035	-
Other	<u>14 274</u>	<u>10 178</u>
	<u>\$ 362 028</u>	<u>\$ 323 861</u>
C - EXPENSES - RENTALS		
Salaries and fringe benefits - hotel services	\$ 88 838	\$ 74 968
Food	45 753	44 774
Laundry	7 639	7 023
Other	<u>4 052</u>	<u>-</u>
	<u>\$ 146 282</u>	<u>\$ 126 765</u>
D - FINANCIAL EXPENSES		
Interest and bank charges	\$ 25 669	\$ 25 228
Long-term interest	<u>75 250</u>	<u>82 128</u>
	<u>\$ 100 919</u>	<u>\$ 107 356</u>