

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

ANNUAL FINANCIAL REPORT

Year ended December 31, 2020

CAMMAC

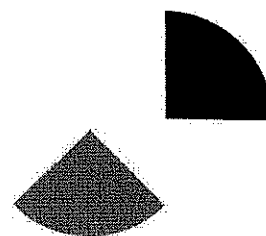
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Société
de comptables
professionnels
agréés



INDEPENDENT AUDITOR'S REPORT

To the members of the board of directors of
CAMMAC

Qualified opinion

We have audited the accompanying financial statements of CAMMAC (the « Organization »), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net asset and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, with the exception of the implications of the problem described in the "Basis for Qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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 Qualified opinion

The Organization's revenues include proceeds from activities and donations of both cash and goods. As it is impossible to establish proper control over such revenues until they are actually received, these revenue items do not lend themselves to a comprehensive 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.

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 Belin, s.e.n.c.r.l.*¹

Chartered Professional Accountants

Sainte-Agathe-des-Monts
April 19, 2021

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

CAMMAC

STATEMENT OF OPERATIONS

Year ended December 31

	2020	2019
REVENUES		
General donations and fundraising	\$ 216 173	\$ 134 527
Membership dues	17 583	27 855
Government grants:		
Operations - Ministère de la Culture et des Communications	90 471	64 622
MRC d'Argenteuil	6 000	7 500
Tourisme Laurentides	-	9 162
Employment Canada	8 421	6 971
Canada Emergency Wage Subsidy	111 738	-
Canada Emergency Business Account	20 000	-
Related to fixed assets	101 830	103 234
Interest on long-term debt	62 511	70 212
Other grants	8 975	1 250
Fondation du Grand Montréal contributions	22 000	12 900
Music programs	41 196	644 719
CAMMAC Festival	1 185	23 370
Rentals	63 958	289 619
Tuck shop	3 984	40 465
Regional operations	17 383	83 967
Miscellaneous	635	1 729
	<u>794 043</u>	<u>1 522 102</u>
	-----	-----
EXPENSES		
General expenses (Schedule A)	509 916	636 759
Music programs (Schedule B)	65 541	366 551
CAMMAC Festival	6 357	12 900
Rentals (Schedule C)	34 974	132 208
Tuck shop	1 665	18 244
Regional operations	24 397	66 931
Financial expenses (Schedule D)	78 069	98 178
Amortization	186 066	184 727
	<u>906 985</u>	<u>1 516 498</u>
	-----	-----
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u><u>\$ (112 942)</u></u>	<u><u>\$ 5 604</u></u>

CAMMAC

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2020			2019
	<u>Invested in fixed assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
BALANCE, BEGINNING OF YEAR				
As previously reported	\$ 1 417 685	\$ 33 538	\$ 1 451 223	\$ 1 411 525
Prior period adjustment (Note 3)	<u>(34 094)</u>	<u>-</u>	<u>(34 094)</u>	<u>-</u>
As restated	1 383 591	33 538	1 417 129	1 411 525
Excess (deficiency) of revenues over expenses	(77 097)	(35 845)	(112 942)	5 604
Investment in fixed assets	<u>29 264</u>	<u>(29 264)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 1 335 758</u>	<u>\$ (31 571)</u>	<u>\$ 1 304 187</u>	<u>\$ 1 417 129</u>

CAMMAC

STATEMENT OF FINANCIAL POSITION

December 31

ASSETS

CURRENT ASSETS

Cash	\$ 132 120	\$ 190 879
Accounts receivable	349	2 867
Grants	20 488	3 665
Taxes	4 018	-
Inventories	18 998	15 011
Prepaid expenses	7 578	4 238
Current portion of grants receivable (Note 4)	96 169	150 109

279 720 366 769

GRANTS RECEIVABLE (Note 4)

1 251 130 1 347 299

FIXED ASSETS (Note 5)

4 219 107 4 351 199

WEB SITE, net value

- 29
\$ 5 749 957 \$ 6 065 296

LIABILITIES

CURRENT LIABILITIES

Accounts payable (Note 6)	\$ 39 358	\$ 36 722
Customer deposits	100 765	101 397
Current portion of long-term debt (Note 7)	251 423	245 116

391 546 383 235

Long-term debt repayable during next year (Note 7)

570 926 604 081

962 472 987 316

LONG-TERM DEBT (Note 7)

679 957 773 218

DEFERRED CONTRIBUTIONS (Note 8)

2 803 341 2 887 633

4 445 770 4 648 167

NET ASSET

Invested in fixed assets	1 335 758	1 383 591
Unrestricted	(31 571)	33 538

1 304 187 1 417 129

\$ 5 749 957 \$ 6 065 296

ON BEHALF OF THE BOARD


Jean-Charles de Witte (Apr 24, 2021 10:02 EDT), director


S. King (Apr 22, 2021 15:19 EDT), director

CAMMAC

STATEMENT OF CASH FLOWS

Year ended December 31

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$(112 942)	\$ 5 604
Operating items not involving cash:		
Amortization of fixed and intangible assets	186 066	184 727
Amortization of deferred contributions	<u>(108 184)</u>	<u>(106 270)</u>
	(35 060)	84 061
Net change in non-cash items related to operating activities	<u>(23 647)</u>	<u>26 436</u>
	(58 707)	110 497
FINANCING ACTIVITIES	<u>-----</u>	<u>-----</u>
Net changes in advances from individuals	(10 000)	(17 993)
Deferred contributions	23 892	37 130
Long-term borrowings	40 000	-
Repayment of debts	<u>(150 109)</u>	<u>(143 439)</u>
	(96 217)	(124 302)
INVESTING ACTIVITIES	<u>-----</u>	<u>-----</u>
Receipt of grants receivable	150 109	143 439
Acquisition of fixed assets	<u>(53 944)</u>	<u>(70 784)</u>
	96 165	72 655
NET INCREASE (DECREASE) IN CASH	(58 759)	58 850
CASH, BEGINNING OF YEAR	<u>190 879</u>	<u>132 029</u>
CASH, END OF YEAR	<u>\$ 132 120</u>	<u>\$ 190 879</u>

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

CAMMAC (Canadian Amateur Musicians/Musiciens amateurs du Canada) is a not-for-profit organization constituted under Part III of the *Quebec Companies Act*. The organization is 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 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenues recognition

The organization follows the deferral method of 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.

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

Membership 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 works. Additions are expensed in the year of purchase. Significant donated musical instruments and art works are recorded at their appraised value and are not depreciated.

Other fixed assets are recorded at cost and are depreciated over their useful life using the straight-line method over the following periods:

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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**Contributed services**

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

Contributions received - "*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, in 2016 the organization undertook a fundraising campaign to collect donations that would be matched by the Ministère. During that period, the organization deposited the money collected to the "*Fondation du Grand Montréal*". Under the management contract signed with the foundation, the organization transferred its property rights for a period of 10 years. The organization has therefore taken the "Deferred contributions - Donations dedicated to Programme MPC" and the related investment off its books for that period. While the organization is no longer the owner of those amounts, it has access to the statements of accounts relating to the growth of the funds invested in its name.

Financial instruments

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

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

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

Deferred contributions

Deferred contributions used to acquire fixed assets are deferred and amortized at the same rate as the fixed assets they were used to acquire.

Use of estimates

The preparation of financial statements in accordance 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, 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.

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

3. PRIOR YEAR ADJUSTMENT

As at December 31, 2019, donation received in fixed assets were recognized as revenue in the statement of operations rather than being recognized as deferred contributions under liabilities and amortized at the same rate as the fixed assets to which they relate. As a result, the net asset balance as at January 1, 2020 was reduced by \$34,094 and the financial statements as at December 31, 2019 were restated.

The \$34,094 decrease in the net asset balance as at January 1, 2020 corresponds to \$37,130 in revenue from donations received in fixed assets, net of \$3,036 in amortization of these deferred contributions for the year. The figure for "Donations and financing activities" in the statement of operations has been reduced by \$34,094 and deferred contributions as at December 31, 2019 have been increased by the same amount.

4. GRANTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Amount receivable for repayment of long-term debt the "Gouvernement du Québec (Ministère de la Culture et des Communications)" - Infrastructure upgrade work	\$ 604 081	\$ 635 763
Amount receivable for repayment of long-term debt by the "Gouvernement du Québec (Ministère de la Culture et des Communications)" - Reconstruction project	<u>743 218</u>	<u>861 645</u>
	1 347 299	1 497 408
Current portion	<u>96 169</u>	<u>150 109</u>
	<u>\$ 1 251 130</u>	<u>\$ 1 347 299</u>

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

5. FIXED ASSETS

	2020		2019
	Cost	Accumulated depreciation	Net value
Land	\$ 17 852	\$ -	\$ 17 852
Undivided interest in vacant land	40 000	-	40 000
Buildings and improvements	5 994 996	2 004 488	4 140 383
Landscaping and restoration	8 116	4 975	7 442
Cultural equipment	21 128	6 162	12 187
Office equipment	19 434	7 516	14 091
Computer, hardware and software	11 521	5 884	6 289
Equipment, materials and tools	30 381	16 082	4 874
Musical instruments	149 294	92 481	44 108
Music library	1	-	1
Art works	63 972	-	63 972
	<u>\$ 6 356 695</u>	<u>\$ 2 137 588</u>	<u>\$ 4 219 107</u>

6. ACCOUNTS PAYABLE

	2020	2019
Suppliers and accrued liabilities	\$ 17 893	\$ 20 412
Salaries	17 593	11 971
Fringe benefits	3 872	772
Taxes	-	3 567
	<u>\$ 39 358</u>	<u>\$ 36 722</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 in semi-annual instalments of \$76,027 including interest at 4.04%, renewable in June 2021, maturing in June 2026 (a)

\$ 743 218 \$ 861 645

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

7. LONG-TERM DEBT (cont'd)	2020	2019
Brought forward	\$ 743 218	\$ 861 645
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 in semi-annual instalments of \$31,314 including interest at 4.60%, renewable in March 2024, maturing in September 2026 (a) (b)	604 081	635 763
Loan from the "Canada Emergency Business Account", secured by the Government of Canada, interest free, maturing in December 2022	40 000	-
Due to an individual, interest at 2%, repayable in a maximum monthly instalment of \$10,000	10 000	10 000
Due to individuals, interest free, repayable in maximum monthly instalments of \$10,000	105 007	115 007
	1 502 306	1 622 415
Current portion of long-term debt	251 423	245 116
Long-term debt repayable during next year (b)	570 926	604 081
	\$ 679 957	\$ 773 218

Principal payments to be made of the long-term debt over the next five years are as follows, based on the premise that the renewable loans will be renewed on the same terms for repayment of the principal:

2021 - \$251,423
 2022 - \$188,290
 2023 - \$133,526
 2024 - \$138,975
 2025 - \$144,646

- (a) The Gouvernement du Québec (Ministère de la Culture et des Communications) has undertaken to pay the interest and principal payments on the \$743,218 and \$604,081 loans as long as CAMMAC remains a charitable organization.
- (b) The credit agreement is subject to restrictive covenants providing for the maintenance of certain ratios, which were not maintained as at December 31, 2020, and the creditor would therefore be entitled to demand early repayment. As a result, the loan was reclassified under current liabilities.

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

8. DEFERRED CONTRIBUTIONS

Capital assets contributions are accounted for as deferred contributions and amortized on the same basis as the related capital assets to which they relate.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2 887 633	\$ 2 956 773
Plus : Contributions received during the year	23 892	37 130
Less : Amortization for the year	<u>(108 184)</u>	<u>(106 270)</u>
Balance, end of year	<u>\$ 2 803 341</u>	<u>\$ 2 887 633</u>

9. "MÉCÉNAT PLACEMENTS CULTURE" - PROGRAM

The organization transferred ownership of eligible donations collected during a fundraising campaign in 2016 as well as the matching amounts to "Fondation du Grand Montréal" under the "Mécénat Placements Culture" program. This amount does not appear in the assets of "CAMMAC" because ownership and management of the funds have been transferred to "Fondation du Grand Montréal" for a minimum period of 10 years. As at December 31, 2020, the fair market value of the amounts transferred to "Fondation du Grand Montréal" was \$600,226 (2019 - \$567,855).

10. SIGNIFICANT EVENT

In March 2020, the World Health Organization declared a global pandemic due to the new coronavirus disease (COVID-19). This situation is constantly evolving and the measures implemented have had many economic consequences at the global, national, provincial and local levels.

The overall impact of the pandemic on the organization and its activities is too uncertain to be assessed, at this time. The impact will be accounted for once it is known and can be assessed.

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

12. FINANCIAL INSTRUMENTS

Concentration risk

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentration as at December 31, 2020.

Credit risk

The organization's main credit risk relates to its grants 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

The organization is exposed to liquidity risk mainly in respect of its long-term debt and accounts payable.

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 through its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the organization to a fair value risk while floating-rate instruments subject it to a cash flow risk. The organization is exposed to this type of risk on its long-term grants receivable and on its long-term debt.

CAMMAC

SCHEDULES A AND B - SUPPLEMENTARY INFORMATION

Year ended December 31

2020

2019

A - GENERAL EXPENSES

Salaries and fringe benefits - administration	\$ 265 864	\$ 242 473
Advertising and promotion	4 535	20 754
Bad debts	972	338
Computer programs and supplies	19 376	45 382
Dues	1 859	1 729
Electricity	22 912	37 675
Insurance	53 594	49 751
Maintenance and repairs including salaries and fringe benefits	70 386	152 974
Office supplies and stationery	3 244	5 726
Postal expenses	626	1 032
Professional fees	25 698	37 742
Taxes and permits	27 146	27 903
Telecommunications	8 884	8 781
Training	4 158	1 357
Travelling	102	1 833
Other	560	1 309
	<u>\$ 509 916</u>	<u>\$ 636 759</u>

B - EXPENSES - MUSIC PROGRAMS

Salaries and fringe benefits - artistic	\$ 51 817	\$ 178 565
Salaries and fringe benefits - hotel services	2 151	70 311
Artistic expenses	5 628	19 546
Food	2 459	61 632
Grants	-	2 450
Laundry	1 168	11 014
Other expenses	1 900	4 693
Music library	262	4 006
Other	156	14 334
	<u>\$ 65 541</u>	<u>\$ 366 551</u>

CAMMAC

SCHEDULES C AND D - OTHER INFORMATION

Year ended December 31

	<u>2020</u>	<u>2019</u>
C - EXPENSES - RENTALS		
Salaries and fringe benefits - hotel services	\$ 24 896	\$ 96 251
Food	7 550	28 027
Laundry	2 528	5 430
Other	<u>-</u>	<u>2 500</u>
	<u>\$ 34 974</u>	<u>\$ 132 208</u>
D - FINANCIAL CHARGES		
Interest and bank charges	\$ 16 343	\$ 29 450
Interest on long-term debt	<u>61 726</u>	<u>68 728</u>
	<u>\$ 78 069</u>	<u>\$ 98 178</u>