

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

ANNUAL FINANCIAL REPORT

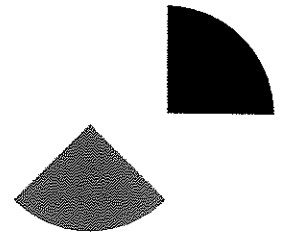
Year ended December 31, 2021

CAMMAC

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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, 2021, 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, 2021, 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

In common with many charitable organizations, the organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. 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.

Other information

Management is responsible for the other information. The other information comprises the information included in the "Rapport annuel 2021" report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the "Rapport annuel 2021" report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Gélinais, A.E.N.C.N.L.*¹

Chartered Professional Accountants

Sainte-Agathe-des-Monts
April 18, 2022

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

CAMMAC

STATEMENT OF OPERATIONS

Year ended December 31

	2021	2020
REVENUES		
General donations and fundraising	\$ 694 569	\$ 216 173
Membership dues	13 620	17 583
Government grants:		
Operations - ministère de la Culture et des Communications	147 986	90 471
MRC d'Argenteuil	55 000	11 000
Emploi-Québec	2 121	-
Employment Canada	13 037	8 421
Association des camps du Québec	213 247	-
Canada Emergency Wage Subsidy	83 275	111 738
Canada Emergency Business Account	-	20 000
Related to fixed assets	102 080	101 830
Interest on long-term debt	56 409	62 511
Other grants	5 777	3 975
Fondation du Grand Montréal contributions	18 820	22 000
Music programs	86 516	41 196
CAMMAC Festival	-	1 185
Rentals	23 047	63 958
Tuck shop	3 694	3 984
Regional operations	8 559	17 383
Miscellaneous	1 750	635
	<u>1 529 507</u>	<u>794 043</u>
	-----	-----
EXPENSES		
General expenses (Schedule A)	629 641	509 916
Music programs (Schedule B)	96 532	65 541
CAMMAC Festival	2 392	6 357
Rentals (Schedule C)	40 950	34 974
Tuck shop	7 296	1 665
Regional operations	3 540	24 397
Financial expenses (Schedule D)	67 394	78 069
Amortization	183 707	186 066
	<u>1 031 452</u>	<u>906 985</u>
	-----	-----
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 498 055</u>	<u>\$ (112 942)</u>

CAMMAC

STATEMENT OF CHANGES IN NET ASSET

Year ended December 31

	2021			2020
	<u>Invested in fixed assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
BALANCE, BEGINNING OF YEAR	\$ 1 335 760	\$ (31 573)	\$ 1 304 187	\$ 1 417 129
Excess (deficiency) of revenues over expenses	(73 104)	571 159	498 055	(112 942)
Investment in fixed assets	<u>120 251</u>	<u>(120 251)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 1 382 907</u>	<u>\$ 419 335</u>	<u>\$ 1 802 242</u>	<u>\$ 1 304 187</u>

CAMMAC

STATEMENT OF FINANCIAL POSITION

December 31

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 619 649	\$ 132 120
Accounts receivable	222	349
Grants	29 242	20 488
Taxes	-	4 018
Inventories	13 958	18 998
Prepaid expenses	15 268	7 578
Current portion of grants receivable (Note 3)	162 869	96 169
	841 208	279 720
GRANTS RECEIVABLE (Note 3)	1 028 100	1 251 130
FIXED ASSETS (Note 4)	4 093 141	4 219 107
	<u>\$ 5 962 449</u>	<u>\$ 5 749 957</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 5)	\$ 56 942	\$ 39 358
Customer deposits	77 061	100 765
Deferred revenue	50 000	-
Current portion of long-term debt (Note 6)	177 869	251 423
	361 872	391 546
Long-term debt repayable during next year (Note 6)	-	570 926
	361 872	962 472
LONG-TERM DEBT (Note 6)	1 088 098	679 957
DEFERRED CONTRIBUTIONS (Note 7)	2 710 237	2 803 341
	4 160 207	4 445 770
NET ASSET		
Invested in fixed assets	1 382 907	1 335 760
Unrestricted	419 335	(31 573)
	1 802 242	1 304 187
	<u>\$ 5 962 449</u>	<u>\$ 5 749 957</u>

ON BEHALF OF THE BOARD

John K. McBride
John K. McBride (Apr 25, 2022 16:57 EDT), director

Darlene Himmick
Darlene Himmick (Apr 26, 2022 15:14 EDT), director

CAMMAC

STATEMENT OF CASH FLOWS

Year ended December 31

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 498 055	\$(112 942)
Operating items not involving cash:		
Amortization of fixed and intangible assets	183 707	186 066
Amortization of deferred contributions	<u>(110 155)</u>	<u>(108 184)</u>
	571 607	(35 060)
Net change in non-cash items related to operating activities	<u>36 621</u>	<u>(23 647)</u>
	608 228	(58 707)
FINANCING ACTIVITIES	<u>-----</u>	<u>-----</u>
Net changes in advances from individuals	(80 007)	(10 000)
Receipt of deferred contributions	17 051	23 892
Long-term borrowings	-	40 000
Repayment of debts	<u>(156 332)</u>	<u>(150 109)</u>
	(219 288)	(96 217)
INVESTING ACTIVITIES	<u>-----</u>	<u>-----</u>
Receipt of grants receivable	156 330	150 109
Acquisition of fixed assets	<u>(57 741)</u>	<u>(53 944)</u>
	98 589	96 165
NET INCREASE (DECREASE) IN CASH	487 529	(58 759)
CASH, BEGINNING OF YEAR	<u>132 120</u>	<u>190 879</u>
CASH, END OF YEAR	<u>\$ 619 649</u>	<u>\$ 132 120</u>

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

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

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, 2021

3. GRANTS RECEIVABLE

	2021	2020
Amount receivable for repayment of long-term debt the "gouvernement du Québec (ministère de la Culture et des Communications)" - Infrastructure upgrade work	\$ 570 926	\$ 604 081
Amount receivable for repayment of long-term debt by the "gouvernement du Québec (ministère de la Culture et des Communications)" - Reconstruction project	620 043	743 218
	1 190 969	1 347 299
Current portion	162 869	96 169
	<u>\$ 1 028 100</u>	<u>\$ 1 251 130</u>

4. FIXED ASSETS

	2021		2020
	Cost	Accumulated depreciation	Net value
Land	\$ 17 852	\$ -	\$ 17 852
Undivided interest in vacant land	40 000	-	40 000
Buildings and improvements	6 006 880	2 154 560	3 852 320
Landscaping and restoration	3 860	1 898	1 962
Cultural equipment	20 855	10 088	10 767
Office equipment	31 647	8 265	23 382
Computer, hardware and software	16 462	7 142	9 320
Equipment, materials and tools	21 945	6 683	15 262
Musical instruments	69 931	11 628	58 303
Music library	1	-	1
Art works	63 972	-	63 972
	<u>\$ 6 293 405</u>	<u>\$ 2 200 264</u>	<u>\$ 4 093 141</u>
			<u>\$ 4 219 107</u>

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

5. ACCOUNTS PAYABLE

	2021	2020
Suppliers and accrued liabilities	\$ 21 043	\$ 17 893
Salaries	30 841	17 593
Fringe benefits	4 754	3 872
Taxes	304	-
	<u>\$ 56 942</u>	<u>\$ 39 358</u>

6. 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 \$76,146 including interest at 4.1%, maturing in June 2026 (a)	\$ 620 041	\$ 743 218
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 \$30,283 including interest at 4.60%, renewable in March 2024, maturing in March 2034 (a)	570 926	604 081
Loan from the "Canada Emergency Business Account", secured by the government of Canada, interest free, maturing in December 2023 (b)	40 000	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	<u>25 000</u>	<u>105 007</u>
	1 265 967	1 502 306
Current portion of long-term debt	177 869	251 423
Long-term debt repayable during next year	<u>-</u>	<u>570 926</u>
	<u>\$ 1 088 098</u>	<u>\$ 679 957</u>

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

6. LONG-TERM DEBT (cont'd)

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 loan will be renewed on the same terms for repayment of the principal:

2022	-	\$177,869
2023	-	\$229,792
2024	-	\$177,011
2025	-	\$184,537
2026	-	\$116,237

- (a) The gouvernement du Québec (ministère de la Culture et des Communications) has undertaken to pay the interest and principal payments on the \$620,041 and \$570,926 loans as long as CAMMAC remains a charitable organization.
- (b) The organization has obtained a loan totaling \$60,000 from the "Canada Emergency Business Account". If the organization repays \$40,000 by December 31, 2023, the balance of \$20,000 will be subject to a write-off. Otherwise, the balance of the loan will bear interest at the rate of 5% and will be repayable in monthly instalments, including principal and interest, until maturity in December 2025. Being reasonably certain to repay \$40,000 by December 31, 2023, the organization recognized \$20,000 in net income when the loan was granted.

7. 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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 2 803 341	\$ 2 887 633
Plus: Contributions received during the year	17 051	23 892
Less: Amortization for the year	<u>(110 155)</u>	<u>(108 184)</u>
Balance, end of year	<u>\$ 2 710 237</u>	<u>\$ 2 803 341</u>

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

8. "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, 2021, the fair market value of the amounts transferred to "Fondation du Grand Montréal" was \$628,498 (2020 - \$600,226).

9. 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 impacts of this situation on the organization and its activities is accounted for when they are known and can be assessed.

10. COMPARATIVE FIGURES

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

11. 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, 2021.

Liquidity risk

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

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.

CAMMAC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

11. FINANCIAL INSTRUMENTS (cont'd)

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

	<u>2021</u>	<u>2020</u>
A - GENERAL EXPENSES		
Salaries and fringe benefits - administration	\$ 306 735	\$ 265 864
Advertising and promotion	7 908	4 535
Bad debts	-	972
Computer programs and supplies	17 626	19 376
Dues	1 886	1 859
Electricity	27 711	22 912
Insurance	56 657	53 594
Maintenance and repairs including salaries and fringe benefits	134 086	70 386
Office supplies and stationery	14 579	3 244
Postal expenses	1 659	626
Professional fees	19 421	25 698
Taxes and permits	27 806	27 146
Telecommunications	8 159	8 884
Training	4 975	4 158
Travelling	433	102
Other	-	560
	<u>\$ 629 641</u>	<u>\$ 509 916</u>
B - EXPENSES - MUSIC PROGRAMS		
Salaries and fringe benefits - artistic	\$ 58 665	\$ 51 817
Salaries and fringe benefits - hotel services	10 373	2 151
Salaries and fringe benefits - musicothèque	7 300	-
Artistic expenses	4 018	5 628
Food	7 751	2 459
Laundry	422	1 168
Maintenance	1 071	-
Other expenses	2 992	1 900
Music library	808	262
Other	3 132	156
	<u>\$ 96 532</u>	<u>\$ 65 541</u>

CAMMAC

SCHEDULES C AND D - OTHER INFORMATION

Year ended December 31

2021

2020

C - EXPENSES - RENTALS

Salaries and fringe benefits - hotel services
Food
Laundry
Other expenses
Other

\$	31 196	\$	24 896
	4 497		7 550
	423		2 528
	3 887		-
	<u>947</u>		<u>-</u>
\$	<u>40 950</u>	\$	<u>34 974</u>

D - FINANCIAL EXPENSES

Interest and bank charges
Interest on long-term debt

\$	11 434	\$	16 343
	<u>55 960</u>		<u>61 726</u>
\$	<u>67 394</u>	\$	<u>78 069</u>