

FINANCIAL STATEMENTS
For
**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**
For year ended
DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of

**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**

Opinion

We have audited the accompanying financial statements of Canadian Association of Management Consultants/Association canadienne des conseillers en management, which comprise the statement of financial position as at December 31, 2021 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Association of Management Consultants/Association canadienne des conseillers en management 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 Opinion

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 Canadian Association of Management Consultants/Association canadienne des conseillers en management 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 Canadian Association of Management Consultants/Association canadienne des conseillers en management'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 Canadian Association of Management Consultants/Association canadienne des conseillers en management financial reporting process.

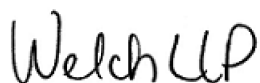
Auditor's Responsibilities for the Audit of the Financial Statements

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 Canadian Association of Management Consultants/Association canadienne des conseillers en management'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 Canadian Association of Management Consultants/Association canadienne des conseillers en management'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 Canadian Association of Management Consultants/Association canadienne des conseillers en management 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 6, 2022.

**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 159,415	\$ 448,880
Investments (note 3)	901,716	403,502
Accounts receivable	600	13,400
Due from Regional Certifying Institutes (note 10)	374,165	321,542
Due from National Research Council of Canada (note 4)	52,344	31,178
Prepaid expenses	<u>7,604</u>	<u>15,143</u>
	1,495,844	1,233,645
TANGIBLE CAPITAL ASSETS (note 5)	1,915	266
INTANGIBLE ASSETS (note 6)	<u>33,403</u>	<u>44,537</u>
	<u>\$ 1,531,162</u>	<u>\$ 1,278,448</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 88,558	\$ 67,618
Due to Regional Certifying Institutes (note 10)	484,236	413,149
Deferred revenue (note 8)	333,678	289,135
Government remittances payable	<u>16,116</u>	<u>18,194</u>
	922,588	788,096
LONG-TERM DEBT (note 9)	<u>40,000</u>	<u>30,000</u>
	962,588	818,096
NET ASSETS		
Unrestricted	<u>568,574</u>	<u>460,352</u>
	<u>\$ 1,531,162</u>	<u>\$ 1,278,448</u>

Approved on behalf of the Board:

T. Wildman

..... Chair

Gordon S. Gunn

..... Treasurer

(See accompanying notes)

**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Service fees (note 10)	\$ 518,617	\$ 549,703
NRC-IRAP (note 4)	497,309	647,327
Certification	155,493	106,370
Government of Canada (note 9)	29,805	57,028
Academic partner fees	25,208	28,750
Post certification professional development	16,387	19,423
Promotions and sponsorships	12,625	-
Interest and miscellaneous	3,032	7,849
Publications	-	435
	<u>1,258,476</u>	<u>1,416,885</u>
Expenses		
Administrative		
Wages, benefits and consulting fees	574,031	640,071
Occupancy	6,361	7,537
Software licences	21,579	51,793
Interest and bank charges	27,597	26,036
Office and general	2,520	1,975
Telecommunications	9,024	8,964
Insurance	8,924	9,390
Professional fees	23,814	15,978
Amortization	12,359	11,576
Travel	114	5,072
NRC-IRAP program consultants' fees (note 4)	356,216	520,805
Certification	64,032	60,543
Post certification professional development	4,554	5,198
CMC Global	12,503	13,423
Marketing and communications	18,835	11,657
Membership	7,791	7,306
	<u>1,150,254</u>	<u>1,397,324</u>
Net revenue over expenses	108,222	19,561
Net assets, beginning of year	<u>460,352</u>	<u>440,791</u>
Net assets, end of year	<u>\$ 568,574</u>	<u>\$ 460,352</u>

(See accompanying notes)

**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue over expenses	\$ 108,222	\$ 19,561
Adjustments for:		
Amortization of tangible capital assets	1,225	442
Amortization of intangible assets	11,134	11,134
Forgivable portion of CEBA loan	<u>(10,000)</u>	<u>(10,000)</u>
	110,581	21,137
Non-cash changes to operations:		
Accounts receivable	12,800	(10,847)
Due from Regional Certifying Institutes	(52,623)	11,525
Due from National Research Council of Canada	(21,166)	(18,478)
Prepaid expenses	7,539	14,495
Accounts payable and accrued liabilities	20,940	(7,552)
Due to Regional Certifying Institutes	71,087	(15,155)
Deferred revenue	44,543	(13,932)
Government remittances payable	<u>(2,078)</u>	<u>1,836</u>
	<u>191,623</u>	<u>(16,971)</u>
INVESTING ACTIVITIES		
Purchase of investments	(901,716)	(403,502)
Proceeds from sale of investments	403,502	602,176
Purchase of capital assets	<u>(2,874)</u>	<u>-</u>
	<u>(501,088)</u>	<u>198,674</u>
FINANCING ACTIVITIES		
Advance of long-term loan	<u>20,000</u>	<u>40,000</u>
INCREASE (DECREASE) IN CASH	(289,465)	221,703
CASH, BEGINNING OF YEAR	<u>448,880</u>	<u>227,177</u>
CASH, END OF YEAR	<u>\$ 159,415</u>	<u>\$ 448,880</u>

(See accompanying notes)

**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. NATURE OF OPERATIONS

The Canadian Association of Management Consultants/Association canadienne des conseillers en management ("CMC-Canada") fosters excellence in the practice of management consulting by Canadians.

CMC-Canada was incorporated under the Canada Not-for-profit Corporations Act without Share Capital. CMC-Canada is a not-for-profit entity under the Income Tax Act (Canada) and, as such, is exempt from corporate income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Service fees are recognized as revenue proportionately over the fiscal year to which they relate. Service fees received in advance of the period to which they relate are recorded as deferred revenue.

CMC-Canada uses the deferral method when recognizing contributions. Restricted contributions, such as NRC-IRAP funding, are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable.

Certification, conference, post certification professional development, promotions and sponsorships, and publications revenue is recorded when the related services have been provided.

Interest income is recognized as revenue when earned.

Financial instruments

CMC-Canada initially measures its financial assets and financial liabilities at fair value. CMC-Canada subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments, accounts receivable, due from Regional Certifying Institutes, and due from National Research Council of Canada.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to Regional Certifying Institutes.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Computer equipment is amortized on a straight-line basis over the asset's estimated useful life of 3 years.

Intangible assets

Intangible assets are initially recorded at cost. Website development costs are amortized on a straight-line basis over the asset's estimated useful life of 5 years.

**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Use of estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 financial statements and the reported amounts of revenue and expenses for the reporting period. Significant estimates include determining the useful lives of capital and intangible assets and the amount of accrued liabilities. Actual results could differ from the estimates.

Contributed services

During the year, contributed services were provided by volunteers. Since these services are not normally purchased by CMC-Canada, and due to the difficulty of determining their fair value, contributed services are not recognized in these statements.

3. INVESTMENTS

Investments consist of \$901,716 (2020 - \$403,502) in guaranteed investment certificates earning interest from 0.40% to 0.55% and that mature between January 13 and December 29, 2022.

4. DUE FROM NATIONAL RESEARCH COUNCIL OF CANADA

CMC-Canada has an agreement with the National Research Council of Canada ("NRC") beginning April 1, 2021 to March 31, 2022 through the Industrial Research Assistance Program ("NRC-IRAP") to provide management advisory services to small and medium sized enterprises within Canada. This agreement replaced their agreement with the NRC beginning April 1, 2020 to March 31, 2021. CMC-Canada is responsible for providing qualified Certified Management Consultants who will provide the necessary services through the NRC-IRAP, and manage the deliverables under the NRC-IRAP. NRC compensates CMC-Canada for fees paid to Certified Management Consultants responsible for providing the management advisory services under the NRC-IRAP, and for administration costs incurred to run the program. As such, CMC-Canada acts as a principal in receiving and disbursing the funds and includes the funding revenue and consultants' fees expenses in its financial statements.

Particulars of transactions and balances owing from NRC were as follows:

	<u>2021</u>	<u>2020</u>
Opening balance	\$ 31,178	\$ 12,700
Revenue from NRC-IRAP funding of consultant fees	356,216	520,805
Revenue from NRC-IRAP funding of administrative fees	126,543	112,872
Revenue from administrative fees charged on IRAP consulting projects	<u>14,550</u>	<u>13,650</u>
	<u>497,309</u>	<u>647,327</u>
NRC-IRAP funding received	(461,593)	(615,199)
Administrative fees received for IRAP consulting projects	<u>(14,550)</u>	<u>(13,650)</u>
	<u>(476,143)</u>	<u>(628,849)</u>
Ending balance	<u>\$ 52,344</u>	<u>\$ 31,178</u>

CMC-Canada realized net revenue over expenses for the NRC-IRAP program of \$141,093 (2020 - \$126,522).

**CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets are comprised of the following:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 4,198	\$ 1,324
Less: accumulated amortization	<u>(2,283)</u>	<u>(1,058)</u>
	<u>\$ 1,915</u>	<u>\$ 266</u>

6. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	<u>2021</u>	<u>2020</u>
Website development costs	\$ 55,671	\$ 55,671
Less: accumulated amortization	<u>(22,268)</u>	<u>(11,134)</u>
	<u>\$ 33,403</u>	<u>\$ 44,537</u>

7. CREDIT FACILITY

CMC-Canada has an operating line of credit available in the amount of \$200,000 (2020 - \$200,000) bearing interest at the bank's prime lending rate plus 2%. At December 31, 2021, \$nil of this line of credit was utilized (2020 - \$nil).

The credit facility is secured against guaranteed investment certificates in the amount of \$200,000.

8. DEFERRED REVENUE

Deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Service fees	\$ 322,428	\$ 282,677
Royalty and course revenue	<u>11,250</u>	<u>6,458</u>
	<u>\$ 333,678</u>	<u>\$ 289,135</u>

9. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

During the year, CMC-Canada received an additional \$20,000 (2020 - \$40,000) loan under the provisions of the Canada Emergency Business Account ("CEBA"). The program was launched by the Government of Canada to provide financing to qualifying small businesses and not-for-profit organizations to ease the financial strain experienced as a result of the COVID-19 pandemic. This brings the total CEBA loans received to date to \$60,000.

The loans, which was provided by the Royal Bank of Canada, are non-interest bearing, unsecured and guaranteed by the Government of Canada. Repayment of principal is not required before December 31, 2023 and loan payments can be made at any time without fees or penalties. If CMC-Canada has paid 75% of the loan amount prior to December 31, 2023, the lender will forgive the remaining \$20,000 balance of the loan.

Any outstanding balance remaining at January 20, 2022 will be converted from a revolving line of credit into a non-revolving loan. Commencing on January 1, 2024 interest will accrue at a rate of 5% per annum, payable monthly. Any remaining balance on the loan will be repayable in full on December 31, 2025.

In 2021, \$10,000 (2020 - \$10,000) of the forgivable portion of the loan and \$19,805 (2020 - \$47,028) of wage subsidies from the Canada Emergency Wage Subsidy and Temporary Wage Subsidy programs have been recorded as Government of Canada revenue in the statement of operations.

10. RELATED PARTY TRANSACTIONS

CMC-Canada has a Memorandum of Understanding ("MOU") with the Regional Certifying Institutes, effective December 1, 2017 to December 31, 2022, with the option of extending for up to five renewal terms of one year. The financial provisions of the MOU took effect July 1, 2018.

Under the MOU, CMC-Canada bills and collects all membership dues as an agent for the Regional Certifying Institutes. Any membership dues collected but not yet remitted are reflected as amounts Due to Regional Certifying Institutes.

CMC-Canada provides national core services, collaborative growth and vitality projects, and institute services on behalf of Regional Certifying Institutes. Under the MOU, CMC-Canada receives service fees based upon a percentage of membership dues collected. CMC-Canada's portion of 2021 service fees was 75% (2020 - 75%). Service fees are recovered through offsets when membership dues are distributed. Unpaid service fees and other charges are reflected as amounts Due from Regional Certifying Institutes.

The Regional Certifying Institutes have the exclusive legislative authority and responsibility to grant and protect the Certified Management Consultant designation and usage of the letters "CMC" within their respective jurisdictions.

The Regional Certifying Institutes party to the MOU are as follows:

Institute of Certified Management Consultants of Alberta
Institute of Certified Management Consultants of Atlantic Canada
Institute of Certified Management Consultants of British Columbia
Institute of Certified Management Consultants of Manitoba
Institute of Certified Management Consultants of Ontario
Institute of Certified Management Consultants of Saskatchewan

	<u>2021</u>	<u>2020</u>
Revenue from Regional Certifying Institutes:		
Service fees	\$ <u>518,617</u>	\$ <u>549,703</u>

The transactions are recorded at the values agreed to between CMC-Canada and the Regional Certifying Institutes outlined within the MOU.

11. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19

In mid-March of 2020, various Canadian governments declared a state of emergency in response to public health concerns over the spread of COVID-19.

In 2019, CMC-Canada moved to a virtual office structure and also implemented a website to enhance its digital platform. These actions positioned CMC-Canada to have minimal disruptions to operations and continued digital service provision to members during the pandemic in 2020 and 2021, and to provide a stable platform for recovery and renewed growth during and after the pandemic.

A high degree of uncertainty persists surrounding the full economic impact of the disease and governments' response thereto. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that CMC-Canada's operations will be impacted or the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity on CMC-Canada's future operations, assets, liabilities, revenues and expenses are unknown at this time.

12. **FINANCIAL INSTRUMENTS**

CMC-Canada's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk that parties may default on their financial obligations. CMC-Canada's maximum exposure to credit risk is the sum of the carrying value of its cash, investments, accounts receivable, amounts due from Regional Certifying Institutes, and the amount due from the National Research Council of Canada. CMC-Canada's cash and investments are held with a Canadian chartered bank. CMC-Canada regularly reviews and follows up on accounts receivable and other amounts due. Amounts due from Regional Certifying Institutes are recovered through offsets when membership dues are distributed. As a result, management believes the risk of loss of cash to be remote and all amounts receivable will be collected.

Liquidity risk

Liquidity risk is the risk that CMC-Canada will encounter difficulty in meeting obligations associated with the financial liabilities, which are comprised of accounts payable and accrued liabilities, amounts due to Regional Certifying Institutes, and government remittances payable. CMC-Canada manages liquidity risk by monitoring its cash flow on a regular basis. As a result, management believes its overall liquidity risk to be minimal.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CMC-Canada's financial instruments are all denominated in Canadian dollars. As a result, management believes it is not exposed to currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. CMC-Canada invests in guaranteed investment certificates that earn fixed interest rates. As a result, management believes it is not exposed to interest rate risk.

iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management believes it is not exposed to other price risk.

Changes in risk

There are no significant changes in CMC-Canada's risk exposure from the prior period.