

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of  
**Canadian Association of Management Consultants/  
Association Canadienne Des Conseillers En Management**

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the 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, 2022, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2022, 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.

#### *Other Matter*

The financial statements of the Association for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on April 6, 2022.

## INDEPENDENT AUDITORS' REPORT (Continued)

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### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## INDEPENDENT AUDITORS' REPORT (Continued)

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**KRIENS~LAROSE, LLP**

KRIENS~LAROSE, LLP

**Chartered Professional Accountants  
Licensed Public Accountants**

March 6, 2023  
Toronto, Ontario

CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/  
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2022

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|   | 2022<br>\$ | 2021<br>\$<br>(Note 11) |
|---|------------|-------------------------|
| <b>ASSETS</b>   |            |                         |
| <b>CURRENT</b>  |            |                         |
| Cash  | 264,816    | 159,415                 |
| Investments (Note 2)                                  | 706,044    | 901,716                 |
| Accounts receivable                                   | 9,896      | 600                     |
| Due from National Research Council of Canada (Note 3) | 45,434     | 52,344                  |
| Prepaid expenses                                      | 13,482     | 7,604                   |
|   | 1,039,672  | 1,121,679               |
| <b>CAPITAL ASSETS</b> (Note 4)                        | 1,560      | 1,915                   |
| <b>INTANGIBLE ASSETS</b> (Note 5)                     | 22,269     | 33,403                  |
|   | 1,063,501  | 1,156,997               |
| <b>LIABILITIES</b>                                    |            |                         |
| <b>CURRENT</b>  |            |                         |
| Accounts payable and accrued liabilities              | 79,737     | 88,558                  |
| Government remittances payable                        | 12,487     | 16,116                  |
| Due to Regional Certifying Institutes (Note 6)        | 105,453    | 110,071                 |
| Deferred revenue (Note 7)                             | 317,178    | 333,678                 |
| Canadian Emergency Business Account (CEBA) (Note 8)   | 40,000     | 40,000                  |
|   | 554,855    | 588,423                 |
| <b>NET ASSETS</b>                                     |            |                         |
| <b>UNRESTRICTED NET ASSETS</b>                        | 508,646    | 568,574                 |
|   | 1,063,501  | 1,156,997               |

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_, Director \_\_\_\_\_, Director

CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/  
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
FOR THE YEAR ENDED DECEMBER 31, 2022

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|   | 2022<br>\$       | 2021<br>\$<br>(Note 11) |
|---|------------------|-------------------------|
| <b>REVENUES</b>   |                  |                         |
| NRC-IRAP (Note 3)   | 626,783          | 497,309                 |
| Service fees (Note 6)   | 517,330          | 518,617                 |
| Certification   | 178,182          | 155,493                 |
| Academic partner fees   | 33,333           | 25,208                  |
| Promotions and sponsorships   | 11,972           | 12,625                  |
| Interest and miscellaneous  | 10,554           | 3,032                   |
| Post certification professional development                           | 4,102            | 16,387                  |
| Publications  | 3,350            | -                       |
| Government assistance (Note 9)  | -                | 29,805                  |
|   | <b>1,385,606</b> | <b>1,258,476</b>        |
| <b>EXPENSES</b>   |                  |                         |
| Wages and benefits  | 611,186          | 529,031                 |
| NRC-IRAP program consultants' fees (Note 3)                           | 463,381          | 356,216                 |
| Marketing and communications  | 86,939           | 18,835                  |
| Professional fees   | 78,328           | 68,814                  |
| Certification   | 66,721           | 64,032                  |
| Software licences   | 30,959           | 21,579                  |
| Bank charges  | 25,065           | 27,597                  |
| Travel  | 18,891           | 114                     |
| CMC Global  | 14,212           | 12,503                  |
| Amortization  | 12,393           | 12,359                  |
| Insurance   | 10,014           | 8,924                   |
| Membership development  | 8,883            | 7,791                   |
| Post certification professional development                           | 8,439            | 4,554                   |
| Strategic Initiatives   | 3,113            | -                       |
| Occupancy   | 3,009            | 6,361                   |
| Telecommunications  | 2,231            | 9,024                   |
| Office and general  | 1,770            | 2,520                   |
|   | <b>1,445,534</b> | <b>1,150,254</b>        |
| <b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES<br/>FOR THE YEAR</b> | <b>(59,928)</b>  | <b>108,222</b>          |
| <b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>                     | <b>568,574</b>   | <b>460,352</b>          |
| <b>UNRESTRICTED NET ASSETS, END OF YEAR</b>                           | <b>508,646</b>   | <b>568,574</b>          |

See accompanying notes to the financial statements

CANADIAN ASSOCIATION OF MANAGEMENT CONSULTANTS/  
ASSOCIATION CANADIENNE DES CONSEILLERS EN MANAGEMENT  
**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED DECEMBER 31, 2022

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|  | 2022      | 2021      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>CASH WAS PROVIDED BY (USED IN):</b>     |           |           |
| <b>OPERATING ACTIVITIES</b>                |           |           |
| Cash receipts from membership fees         | 722,473   | 785,673   |
| Cash receipts from NRC IRAP                | 633,693   | 476,143   |
| Cash paid to NRC IRAP                      | (463,381) | (356,216) |
| Cash receipts from Government assistance   | -         | 19,805    |
| Interest and miscellaneous income received | 10,554    | 3,032     |
| Cash paid to suppliers and employees       | (992,706) | (736,814) |
|  | (89,367)  | 191,623   |
| <b>INVESTING ACTIVITIES</b>                |           |           |
| Redemption/(purchase) of investments       | 195,672   | (498,214) |
| Purchase of capital assets                 | (904)     | (2,874)   |
|  | 194,768   | (501,088) |
| <b>FINANCING ACTIVITIES</b>                |           |           |
| CEBA loan                                  | -         | 20,000    |
| Change in cash                             | 105,401   | (289,465) |
| Cash, beginning of year                    | 159,415   | 448,880   |
| Cash, end of year                          | 264,816   | 159,415   |

See accompanying notes to the financial statements



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## **PURPOSE OF THE ASSOCIATION**

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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.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations under Part III of the CPA Handbook and include the following significant accounting policies:

#### **Financial Instruments**

CMC-Canada initially measures its financial assets and liabilities at fair value. CMC-Canada subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value are recognized in the statement of operations.

The financial assets measured at cost or amortized cost include cash, investments, accounts receivable, and due from National Research Council of Canada. Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities, and due to Regional Certifying Institutes.

#### **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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and mutual funds.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**Prepaid Expenses**

Prepaid expenses are recorded for services being received in the next fiscal year but paid for in the current fiscal year.

**Capital assets and amortization**

Capital assets are initially recorded at cost. Computer equipment is amortized on a straightline basis over the asset's estimated useful life of 3 years.

**Intangible assets and amortization**

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

**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, service fees, 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.

**Government Assistance**

Government assistance is a restricted contribution and is accounted for when the assistance is received:

*Wage Subsidies*

Wage and rent subsidies are recognized as revenue when the assistance is received.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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*Forgivable loans - CEBA*

Forgivable loans are accounted for based on how the proceeds are utilized. If used for current operations, the amounts are recorded as revenue in the corresponding period. If used for operations in later periods, the amount is deferred until those periods. If used for the acquisition of an asset, the amount is deferred and is recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

**Donated Property and Services**

During the year, voluntary services were provided. Because these services are not normally purchased by CMC-Canada, and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

**2. INVESTMENTS**

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The investments consist of \$706,044 (2021: \$901,716) in guaranteed investment certificates earning interest from 3.20% to 4.00% (2021: from 0.40% to 0.55%) that mature September 11, 2023 and December 22, 2023 (2021: between January 13, 2022 and December 29, 2022).

**3. DUE FROM NATIONAL RESEARCH COUNCIL OF CANADA**

CMC-Canada has an agreement with the National Research Council of Canada ("NRC") beginning April 1, 2022 to March 31, 2023 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, 2021 to March 31, 2022. 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:

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | \$               | \$               |
| Opening balance   | 52,344           | 31,178           |
| Revenue from NRC-IRAP funding of consultant fees                        | 463,381          | 356,216          |
| Revenue from NRC-IRAP funding of<br>administrative fees                 | 148,636          | 126,543          |
| Revenue from administrative fees charged on IRAP<br>consulting projects | 14,766           | 14,550           |
|   | <u>626,783</u>   | <u>497,309</u>   |
| NRC-IRAP funding received   | (618,927)        | (461,593)        |
| Administrative fees received for IRAP<br>consulting projects            | (14,766)         | (14,550)         |
|   | <u>(633,693)</u> | <u>(476,143)</u> |
| Ending balance  | <u>45,434</u>    | <u>52,344</u>    |

CMC-Canada realized net revenue over expenses for the NRC-IRAP program of \$163,402 (2021: \$141,093).

Continued...

**4. CAPITAL ASSETS**

|                    | Cost<br>\$ | 2022<br>Accumulated<br>amortization<br>\$ | Cost<br>\$ | 2021<br>Accumulated<br>amortization<br>\$ |
|--------------------|------------|---|------------|---|
| Computer equipment | 5,102      | (3,542)                                   | 4,198      | (2,283)                                   |
| Net book value     | 1,560      |   | 1,915      |   |

**5. INTANGIBLE ASSETS**

|                           | Cost<br>\$ | 2022<br>Accumulated<br>amortization<br>\$ | Cost<br>\$ | 2021<br>Accumulated<br>amortization<br>\$ |
|---------------------------|------------|---|------------|---|
| Website development costs | 55,671     | (33,402)                                  | 55,671     | (22,268)                                  |
| Net book value            | 22,269     |   | 33,403     |   |

Continued...

**6. RELATED PARTY TRANSACTIONS**

CMC-Canada has a Memorandum of Understanding ("MOU") with the Regional Certifying Institutes ("Institutes"). The initial agreement was from December 1, 2017 to December 31, 2022, with the option of extending for up to five renewal terms of one year. The first renewal term to December 31, 2023 has been agreed to in the 2022 fiscal year.

Under the MOU, CMC-Canada bills and collects all membership dues as an agent for the 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 the Institutes. Under the MOU, CMC-Canada receives service fees based upon a percentage of membership dues collected. CMC-Canada's portion of 2022 service fees was 75% (2021: 75%). Services 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 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 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

Due to Regional Certifying Institutes consists of the followings:

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | \$               | \$               |
| Year-end accounts receivable due from Institutes | 367,400          | 374,165          |
| Year-end accounts payable due to Institutes      | (472,853)        | (484,236)        |
| <b>Net payable</b>                               | <b>(105,453)</b> | <b>(110,071)</b> |

Continued...

**6. RELATED PARTY TRANSACTIONS (Continued)**

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|                              |         |         |
|------------------------------|---------|---------|
| Revenue from the Institutes: |         |         |
|                              | 2022    | 2021    |
|                              | \$      | \$      |
| Service fees                 | 517,330 | 518,617 |

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

**7. DEFERRED REVENUE**

The changes in deferred revenue balances are as follows:

|   |           |           |
|---|-----------|-----------|
|   | 2022      | 2021      |
|   | \$        | \$        |
| Balance, beginning of year                    | 333,678   | 289,135   |
| Contributions received during the year        | 788,960   | 861,314   |
| Amounts recognized as revenue during the year | (805,460) | (816,771) |
|   | 317,178   | 333,678   |

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Deferred revenue consists of the following:

|                             |         |         |
|-----------------------------|---------|---------|
|                             | 2022    | 2021    |
|                             | \$      | \$      |
| Service fees                | 313,011 | 322,428 |
| Royalty and course revenues | 4,167   | 11,250  |
|                             | 317,178 | 333,678 |

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**8. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN**

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In previous fiscal years, CMC-Canada received \$60,000 in Government assistance from the Canada Emergency Business Account (CEBA). The CEBA loan is interest free with 33% forgivable if repaid by December 31, 2023. Any balance owing after December 31, 2023 will be converted to a two-year term loan with a fixed interest rate of 5% per annum commencing on January 1, 2024. The full balance must be repaid by no later than December 31, 2025.

Management concluded that the loan will be repaid by December 31, 2023 and, therefore, the forgivable portion of \$20,000 (33%) has been recognized as government assistance revenue in previous fiscal years. The remaining amount of \$40,000 (2021: \$40,000) (67%) is reflected as a loan.

**9. GOVERNMENT ASSISTANCE**

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During the fiscal year, CMC-Canada received Government assistance as follows:

|   | 2022 | 2021   |
|---|------|--------|
|   | \$   | \$     |
| Canada Emergency Wage Subsidy (CEWS)                                  | -    | 19,805 |
| Canada Emergency Business Account (CEBA)<br>loan forgiveness (Note 8) | -    | 10,000 |
|   | -    | 29,805 |

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The CEWS served as financial relief for a portion of employee wages. The assistance received is not repayable albeit is subject to audit by the Canada Revenue Agency (CRA). The CEWS was temporary and was available from March 15, 2020 to October 23, 2021 to eligible employers.

Refer to Note 8 for details on the CEBA loan.



## **10. FINANCIAL INSTRUMENTS**

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CMC-Canada is exposed to various risks through its financial instruments. The following presents CMC-Canada's risk exposures and concentrations at December 31, 2022.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. CMC-Canada's credit risk would occur with their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$nil (2021: \$nil).

### **Liquidity Risk**

Liquidity risk is the risk CMC-Canada will encounter difficulties in meeting obligations associated with financial liabilities. CMC-Canada has a plan in place to meet its obligations as they come due, primarily from internally unrestricted reserves funded through its cash balance. There has been no change in the risk assessment from the prior period.

### **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 comprises three types of risks: currency risk, interest rate risk and other price risk.

### **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 has a low foreign currency risk.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CMC-Canada invests in guaranteed investment certificates that earn fixed interest rates. As a result, CMC-Canada has a low interest rate risk.

### **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. CMC-Canada is not exposed to other price risk.

## **11. COMPARATIVE FIGURES**

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Certain comparative figures have been reclassified to conform with the financial statement presentation used in the current year:

1. The accounts receivable due from Regional Certifying Institutes and the accounts payable due to Regional Certifying Institutes at the end of the prior year have been offset to conform to the current year's presentation.
2. Consulting fees have been reclassified from wages and benefits to professional fees in the statement of operations to conform to the current year's presentation.