

FINANCIAL STATEMENTS
For
INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO
For the period from
JULY 1, 2018 TO DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the council members of

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

Opinion

We have audited the accompanying financial statements of Institute of Certified Management Consultants of Ontario, which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets and cash flows for the six months 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 statement of financial position of Institute of Certified Management Consultants of Ontario as at December 31, 2018 and its financial performance and its cash flows for the six months 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 Institute of Certified Management Consultants of Ontario 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 for the year ended June 30, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 21, 2018.

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 Institute of Certified Management Consultants of Ontario' 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.

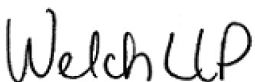
Those charged with governance are responsible for overseeing Institute of Certified Management Consultants of Ontario's financial reporting process.

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 Institute of Certified Management Consultants of Ontario'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 Institute of Certified Management Consultants of Ontario'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 Institute of Certified Management Consultants of Ontario 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 5, 2019.

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(With comparative figures as at June 30, 2018)

	<u>Dec. 31,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u> <i>(note 5)</i>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 19,829	\$ 72,334
Investments (note 3)	50,000	-
Accounts receivable	359	-
Prepaid expenses	195,756	-
Government remittances receivable	-	1,385
Due from Canadian Association of Management Consultants	<u>275,976</u>	<u>-</u>
	\$ 541,920	\$ 73,719
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 6,527	\$ 8,275
Government remittances payable	4,198	-
Due to Canadian Association of Management Consultants	220,689	3,540
Deferred revenue	<u>243,346</u>	<u>1,402</u>
	474,760	13,217
NET ASSETS		
Unrestricted	<u>67,160</u>	<u>60,502</u>
	\$ 541,920	\$ 73,719

Approved by the Council:

 Director

 Director

(See accompanying notes)

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE PERIOD FROM JULY 1, 2018 TO DECEMBER 31, 2018

(With comparative figures for the year ended June 30, 2018)

	Dec. 31, <u>2018</u>	June 30, <u>2018</u> (note 5)
Revenue		
Member dues	\$ 244,195	\$ -
Events	2,110	7,260
Interest income	359	-
Affiliation fees	-	52,365
Strategic change certificate	-	3,965
Partnership	-	1,317
	<u>246,664</u>	<u>64,907</u>
Expenses		
Canadian Association of Management Consultants service fees	214,557	-
Professional services	8,740	12,150
Events	6,923	19,154
Governance	5,145	15,170
Management services	2,888	7,531
Administration	1,589	3,283
Bank charges	164	624
Strategic change certificate	-	6,180
Office and general	-	209
	<u>240,006</u>	<u>64,301</u>
Net revenue over expenses	6,658	606
Net assets, beginning of period	<u>60,502</u>	<u>59,896</u>
Net assets, end of period	\$ <u>67,160</u>	\$ <u>60,502</u>

(See accompanying notes)

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JULY 1, 2018 TO DECEMBER 31, 2018

(With comparative figures for the year ended June 30, 2018)

	Dec. 31, <u>2018</u>	June 30, <u>2018</u> (note 5)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net revenue over expenses	\$ 6,658	\$ 606
Non-cash changes to operations:		
Accounts receivable	(359)	4,230
Prepaid expenses	(195,756)	-
Government remittances receivable	1,385	865
Due from Canadian Association of Management Consultants	(275,976)	-
Accounts payable and accrued liabilities	(1,748)	(443)
Government remittances payable	4,198	-
Due to Canadian Association of Management Consultants	217,149	1,293
Deferred revenue	<u>241,944</u>	<u>(963)</u>
	<u>(2,505)</u>	<u>5,588</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of investments	<u>(50,000)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(52,505)	5,588
CASH, BEGINNING OF YEAR	<u>72,334</u>	<u>66,746</u>
CASH, END OF YEAR	\$ <u>19,829</u>	\$ <u>72,334</u>

(See accompanying notes)

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JULY 1, 2018 TO DECEMBER 31, 2018

(With comparative figures as at June 30, 2018)

1. NATURE OF OPERATIONS

The Institute of Certified Management Consultants of Ontario ("CMC-Ontario") is a Regional Certifying Institute. Through a Teaming Agreement with the Canadian Association of Management Consultants ("CMC-Canada"), CMC-Ontario and CMC-Canada foster excellence and integrity in the management consulting profession as a whole, and are dedicated to advancing the profession and delivering the benefits of those efforts to the client community. CMC-Canada administers, and the Regional Certifying Institutes confer, the Certified Management Consultant (CMC) designation.

The operations of CMC-Ontario include those of the GTA Member Services Chapter, Southwestern Ontario Member Services Chapter, and Eastern Ontario Member Services Chapter divisions.

CMC-Ontario was incorporated under the laws of Ontario as a not-for-profit organization without share capital. CMC-Ontario is a not-for-profit entity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Revenue recognition

Affiliation fees and member dues are recognized as revenue proportionately over the fiscal year to which they relate. Affiliation fees and member dues received in advance of the membership year to which they relate are recorded as deferred revenue.

Event revenue is recognized in the year the event takes place. Amounts received in advance are recorded as deferred revenue.

Financial instruments

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

Financial assets measured at amortized cost include cash, investments, accounts receivable, prepaid expenses government remittances receivable, and due from Canadian Association of Management Consultants.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, due to Canadian Association of Management Consultants, and deferred revenue.

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

FOR THE PERIOD FROM JULY 1, 2018 TO DECEMBER 31, 2018

(With comparative figures as at June 30, 2018)

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 the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the amount of accrued liabilities. Actual results could differ from these estimates.

Contributed services

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

3. INVESTMENTS

Investments consist of \$50,000 (June 30, 2018 - \$nil) in guaranteed investment certificates earning interest at 1.70% that mature July 30, 2019.

4. RELATED PARTY TRANSACTIONS

CMC-Ontario had a Teaming Agreement ("Agreement") with CMC-Canada which was effective January 1, 2012 to November 30, 2017. Under the Agreement, CMC-Ontario appointed CMC-Canada as its exclusive representative during the term of the Agreement to provide services to CMC-Ontario's members. The Agreement was replaced with a Memorandum of Understanding ("MOU") effective December 1, 2017 with the financial provisions of the MOU to take effect on July 1, 2018.

Under the MOU, CMC-Ontario appointed CMC-Canada as its agent to bill and collect all membership dues on its behalf and remit collections to CMC-Ontario. In addition, CMC-Canada provides national core services, collaborative growth and vitality projects, and institute services. In exchange for acting as CMC-Ontario's agent and these additional services, CMC-Canada charges CMC-Ontario for services fees based on a percentage of membership fees collected less credit card charges.

The term of the MOU ends on December 31, 2022 with the option to extend for up to five renewal terms of one year.

	<u>Dec. 31,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u>
From CMC-Canada:		
Affiliation fees	\$ -	\$ 52,365
Member dues	244,195	-
To CMC-Canada:		
Canadian Association of Management		
Consultants service fees	<u>(214,557)</u>	<u>-</u>
	<u>\$ 29,638</u>	<u>\$ 52,365</u>

The transactions are recorded at their exchange amount, which is the amount agreed upon by both parties.

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

FOR THE PERIOD FROM JULY 1, 2018 TO DECEMBER 31, 2018

(With comparative figures as at June 30, 2018)

5. RESTATEMENT OF FINANCIAL STATEMENTS

During the period, CMC-Ontario determined that affiliation fees from CMC-Canada, previously recorded as receivable and recognized as revenue in the previous fiscal year, should have been recognized as revenue in the current period to match the membership period. As a result, the comparatives have been restated.

Impact on the year ending June 30, 2018:

	<u>Previously stated</u>	<u>Adjustment</u>	<u>Restated</u>
<u>Statement of financial position</u>			
ASSETS			
Cash	\$ 72,334	\$ -	\$ 72,334
HST receivable	1,385	-	1,385
Due from Canadian Association of Management Consultants	<u>20,207</u>	<u>(20,207)</u>	<u>-</u>
	<u>\$ 93,926</u>	<u>\$ (20,207)</u>	<u>\$ 73,719</u>
LIABILITIES AND NET ASSETS			
Accounts payable and accrued liabilities	\$ 8,275	\$ -	\$ 8,275
Due to Canadian Association of Management Consultants	-	3,540	3,540
Deferred revenue	<u>-</u>	<u>1,402</u>	<u>1,402</u>
	8,275	4,942	13,217
NET ASSETS			
Unrestricted	<u>85,651</u>	<u>(25,149)</u>	<u>60,502</u>
	<u>\$ 93,926</u>	<u>\$ (20,207)</u>	<u>\$ 73,719</u>
<u>Statement of operations and changes in net assets</u>			
Revenue			
Affiliation fees	\$ 50,298	\$ 2,067	\$ 52,365
Events	7,260	-	7,260
Strategic change certificate	3,965	-	3,965
Partnership	<u>1,317</u>	<u>-</u>	<u>1,317</u>
	<u>62,840</u>	<u>2,067</u>	<u>64,907</u>
Expenses			
Events	19,154	-	19,154
Governance	15,170	-	15,170
Professional services	12,150	-	12,150
Management services	7,531	-	7,531
Strategic change certificate	6,180	-	6,180
Administration	3,283	-	3,283
Bank charges	624	-	624
Office and general	<u>209</u>	<u>-</u>	<u>209</u>
	<u>64,301</u>	<u>-</u>	<u>64,301</u>
Net revenue over expenses (expenses over revenue)	(1,461)	2,067	606
Net assets, beginning of year	<u>87,112</u>	<u>(27,216)</u>	<u>59,896</u>
Net assets, end of year	<u>\$ 85,651</u>	<u>\$ (25,149)</u>	<u>\$ 60,502</u>

There was no impact on the statement of cash flows, however the presentation method used for the December 31, 2018 period-end was changed from the direct method to the indirect method and the comparatives were reclassified accordingly.

INSTITUTE OF CERTIFIED MANAGEMENT CONSULTANTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

FOR THE PERIOD FROM JULY 1, 2018 TO DECEMBER 31, 2018

(With comparative figures as at June 30, 2018)

6. FINANCIAL INSTRUMENTS

CMC-Ontario is exposed to and manages various financial risk resulting from operations and does not use derivative financial instruments to manage its risks. CMC-Ontario'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-Ontario's maximum exposure to credit risk is the sum of the carrying value of its cash, investments, and accounts receivable. CMC-Ontario's cash and investments are held with a Canadian chartered bank. CMC-Ontario regularly reviews and follows up on accounts receivable. As a result, management believes the risk of loss of cash to be remote and that all accounts receivable will be collected.

Liquidity risk

Liquidity risk is the risk that CMC-Ontario cannot meet a demand for cash or fund its financial obligations as they become due. CMC-Ontario manages its liquidity risk by monitoring its cash flow requirements on a regular basis. As a result, management believes its exposure to liquidity risk is 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 relative to the Canadian dollar due to changes in foreign exchange rates. CMC-Ontario's financial instruments are all denominated in Canadian dollars and it transacts only in Canadian dollars. As a result, management does not believe it is exposed to significant 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-Ontario invests in guaranteed investment certificates that earn fixed interest rates. CMC-Ontario manages its interest rate risk by investing in short term fixed income securities. As a result, management does not believe it is exposed to significant 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. CMC-Ontario does not have investments in publicly traded securities. As a result, management does not believe it is exposed to significant other price risk.

Changes in risk

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