

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**PALMER REED**  
CHARTERED ACCOUNTANTS

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Members of Canadian Association of Exposition Management

We have reviewed the accompanying financial statements of Canadian Association of Exposition Management (the Association) that comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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 (ASNPO), 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.

*Practitioner's Responsibility*

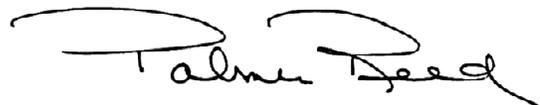
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Canadian Association of Exposition Management as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.



Toronto, Ontario  
May 12, 2020

**Chartered Professional Accountants  
Licensed Public Accountants**

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>Current</b>		
Bank (Note 3)	\$ 210,856	\$ 197,579
Short term investments (Note 4)	208,272	204,599
Accounts receivable	4,001	10,115
Prepaid expenses (Note 5)	7,594	17,913
	<b>\$ 430,723</b>	<b>\$ 430,206</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 42,427	\$ 42,955
Deferred revenue	35,637	45,445
	<b>78,064</b>	<b>88,400</b>
<b>NET ASSETS</b>		
Health and Safety fund (Note 3)	2,050	2,050
General fund	350,609	339,756
	<b>352,659</b>	<b>341,806</b>
	<b>\$ 430,723</b>	<b>\$ 430,206</b>

**On behalf of the Board**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

See notes to financial statements

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund	Restricted Fund	<b>2019</b>	2018
<b>Net assets - beginning of year</b>	\$ 339,756	\$ 2,050	<b>\$ 341,806</b>	\$ 264,330
Excess of revenues over expenses	10,853	-	<b>10,853</b>	77,476
<b>Net assets - end of year</b>	<b>\$ 350,609</b>	<b>\$ 2,050</b>	<b>\$ 352,659</b>	<b>\$ 341,806</b>

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	2018
<b>Revenues</b>		
Awards Gala	\$ 30,596	\$ 38,855
Conference revenues	150,494	180,050
Holiday season luncheon	29,085	30,850
Investment income	3,673	2,438
Membership fees	98,525	95,105
Newsletter and publications	1,750	5,900
Other Income	1,018	-
Power Education Day	15,176	-
Seminars, CEM courses and networking	38,400	46,589
Summer Social Event	14,412	11,060
Summit	-	38,770
Website revenue	7,802	12,639
	<u>390,931</u>	<u>462,256</u>
<b>Expenses</b>		
Accounting, audit and legal fees	8,500	9,125
Administration	142,738	132,138
Amortization	-	5,188
Awards Gala	24,161	19,008
Bad debts	2,500	3,380
Board meetings and Annual General Meeting	3,289	2,110
Conference Expenses ( <i>Schedule 1</i> )	114,849	110,800
Holiday season luncheon	15,208	18,013
Memberships	4,011	1,320
Miscellaneous Expenses ( <i>Schedule 2</i> )	12,304	13,875
Postage	263	437
Power education day expenses	12,289	-
Printing and stationery	563	875
Seminars, CEM courses and networking	24,878	37,070
Summer social event	8,134	3,963
Summit	-	23,599
Supplies	1,530	-
Telephone	906	922
Website subscriptions and maintenance	3,955	2,192
	<u>380,078</u>	<u>384,015</u>
<b>Excess of revenues over expenses from operations</b>	<b>10,853</b>	<b>78,241</b>
<b>Other income</b>		
Loss on disposal of assets	-	(765)
<b>Excess of revenues over expenses</b>	<b>\$ 10,853</b>	<b>\$ 77,476</b>

See notes to financial statements

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT  
CONFERENCE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**(Schedule 1)**

	<b>2019</b>	<b>2018</b>
Meals and entertainment	<b>\$ 74,587</b>	\$ 72,496
General and miscellaneous	<b>1,177</b>	1,233
Education/Speaker expense	<b>34,431</b>	34,395
Printing	<b>1,654</b>	1,608
Transportation	<b>3,000</b>	1,068
	<b>\$ 114,849</b>	\$ 110,800

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**

**MISCELLANEOUS EXPENSES**

**(Schedule 2)**

**YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
General and directors insurance	<b>\$ 3,182</b>	\$ 3,121
Bank and credit card charges	<b>8,826</b>	9,022
Office supplies	<b>21</b>	1,732
Miscellaneous Expenses	<b>275</b>	-
	<b>\$ 12,304</b>	\$ 13,875

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	2018
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 10,853	\$ 77,476
Items not affecting cash:		
Amortization	-	5,188
Loss on disposal of property, plant and equipment	-	765
	<u>10,853</u>	<u>83,429</u>
Changes in non-cash working capital:		
Accounts receivable	6,114	(4,552)
Accounts payable and accrued liabilities	(528)	13,883
Deferred revenue	(9,808)	(12,825)
Prepaid expenses	10,319	1,124
	<u>6,097</u>	<u>(2,370)</u>
<b>Increase in cash flow</b>	<b>16,950</b>	<b>81,059</b>
Cash - beginning of year	<u>402,178</u>	<u>321,119</u>
<b>Cash - end of year</b>	<b>\$ 419,128</b>	<b>\$ 402,178</b>
<b>Cash consists of:</b>		
Bank	\$ 210,856	\$ 197,579
Short term investments	<u>208,272</u>	<u>204,599</u>
	<u>\$ 419,128</u>	<u>\$ 402,178</u>

See notes to financial statements

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**1. Purpose of the association**

Canadian Association of Exposition Management (the "association") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The association operates to develop, expand and improve the exposition industry in Canada.

**2. Summary of significant accounting policies**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Revenue recognition

Canadian Association of Exposition Management follows the deferral method of accounting for contributions.

Revenue is recognized on the accrual basis. Membership fees, convention and course revenue and related expenses are recognized in the year to which they pertain.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial Instruments

The Canadian Association of Exposition Management initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. CAEM subsequently measures all of its financial assets and financial liabilities at amortized cost except for marketable securities quoted in an active market, which it subsequently measures at fair value, changes in fair value are recognized in the statement of operations.

Financial assets measured at cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization's financial assets measured at fair value include marketable securities.

Cash and cash equivalents

CAEM's policy is to disclose operating bank balances not otherwise included with short term investments under cash and cash equivalents.

*(continues)*

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**2. Summary of significant accounting policies (continued)**

Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**3. Health and safety reserve fund**

Included in cash balances are Health and Safety reserve funds of \$2,050 (\$2,050 in 2018). The Health and Safety Fund was established to raise funds to cover the cost of the production of the CAEM Health and Safety Best Practices Guidelines for the Exposition Industry in Canada. The fund is also being used towards the development of a national course in health and safety. Revenue is derived from membership and association donations.

**4. Short term investments**

	2019	2018
Home Trust Company GIC Annual (due 10/25/2021)	\$ 100,432	\$ -
RBC Investment Savings Account	57,625	204,599
Equitable GIC (due 10/25/2021)	50,215	-
	<b>\$ 208,272</b>	<b>\$ 204,599</b>

Short term deposits have been placed in an account at RBC Dominion Securities. At December 31, 2019 the funds were invested in an Investment Savings account and two GICs. These investments are equivalent to cash as they are readily convertible to cash. These funds are recorded at market and changes in market values are included in investment income. The investment is categorized as Held-for-Trading.

**5. Prepaid expenses**

Prepaid expenses include prepaid conference fees, insurance and strategy planning project.

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**6. Contractual obligations**

The contract with Redstone Agency Inc. (Redstone) expires December 31, 2020. The Association entered into a long term contract with Redstone to provide management services.

The Association has entered into an agreement with The Brookstreet Hotel Corporation for its annual conference. Deposits of \$5,000 are included in prepaid expenses. Additional deposits of \$10,000 each will be due on March 27, 2020 and June 5, 2020. The final balance is due on July 1, 2020. Cancellation fees range from 50 - 100% of the total estimated cost of \$120,800

The Association has entered into various short term commitments for 2020 events such as the annual conference. Deposits have been made on these events, total commitments are contingent upon attendance at these events.

Redstone contractual payment schedule:

2020	<u>\$ 146,475</u>
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**7. Financial instruments**

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2019.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations.

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

**(c) Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates.

The functional currency of CAEM is the Canadian dollar. CAEM infrequent transacts in US dollars due to certain operating costs denominating in US dollars such as certain memberships, some conference expenses and CAEM courses.

CAEM does not use foreign exchange forward contracts to manage foreign exchange transaction exposures.

**(d) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the association is not exposed to significant other price risks arising from these financial instruments.

**CANADIAN ASSOCIATION OF EXPOSITION MANAGEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**8. Capital disclosures**

The Association's capital is made up of net assets. The Association's capital management objectives consist in ensuring that it continues as a going concern in order to fulfill its mission. The Association manages its capital structure by preparing and monitoring its annual budgets to maintain a satisfactory level of capital.

**9. Subsequent event**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.