

CM M &
& E EC

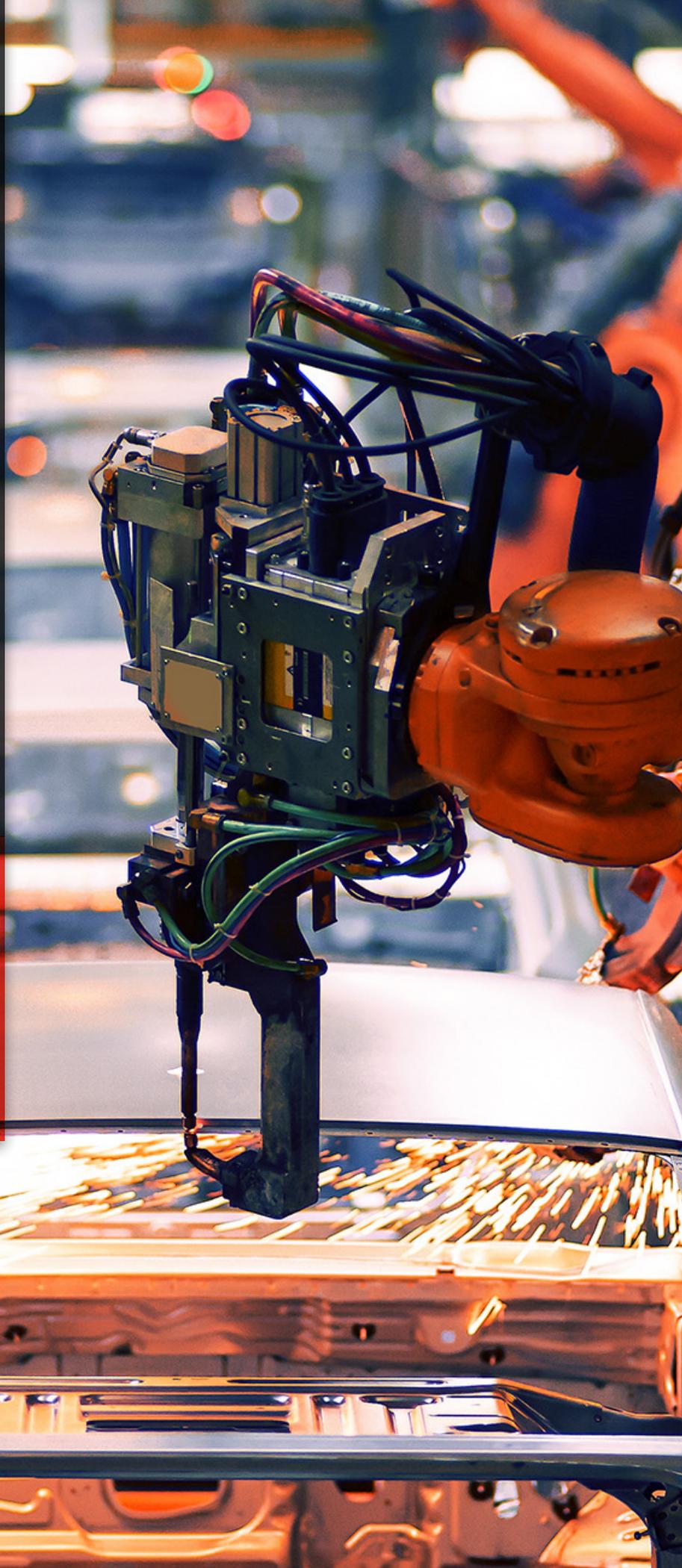
CANADIAN
MANUFACTURERS
& EXPORTERS

MANUFACTURIERS
& EXPORTATEURS
DU CANADA

Helping Manufacturers Grow

2019-2020
ANNUAL REPORT

CME-MEC.CA



MESSAGE FROM THE CHAIR OF THE BOARD AND THE PRESIDENT & CEO



DAVID MCHATTIE

Chair, Canadian Manufacturers & Exporters National Board
Vice President, Institutional Relations, Tenaris Canada



DENNIS DARBY, P. Eng, ICD. D

President & CEO

It's been 12 months to remember. The manufacturing sector was already facing a host of challenges as a result of changing government policies, newly introduced taxes, increased costs due to U.S. tariffs and lower investment levels in the sector when compared to other countries. Then, supply chain disruptions as a result of the protracted rail blockades across the country were swiftly followed by the dramatic effects of COVID-19, where we saw the largest drop in output for the Canadian economy and GDP that we've faced in our lifetimes.

CME acted quickly on behalf of the sector, through each and every issue, providing timely information, guidance and training opportunities, despite having its own in person operations severely curtailed. Advocating for manufacturers and exporters with governments across Canada, we helped navigate the uncharted waters of our global pandemic. CME worked tirelessly on your behalf. We helped you qualify for subsidies and other government supports, secured essential business status, supported many manufacturers as they pivoted to make PPE, and rapidly communicated ever-changing workplace health and safety standards. Our regular calls and seminars with members were never so appreciated, and our sector came together with unprecedented collaboration. Congratulations to all.

Thank you for your ongoing trust and support, especially those manufacturers who contributed to our Manufacturing Matters campaign and Champions of Canadian Manufacturing initiative. Every day, we strive to show the value of our work. We hope that this year more than ever, we earned your trust and support. While our financial results face the same challenges as most of your businesses — mostly from the postponement of in-person training, government meetings, and events across the country — and despite having to make difficult financial decisions, we nonetheless pulled together to make it through.

On behalf of the board of directors, thank you for your commitment to our mission and values and to our staff for the sacrifices they have made to help put members first. We look forward to emerging from this pandemic and helping build back the sector to become strong and competitive on the world stage. We will continue to be Canada's leading voice for the manufacturing sector: to the public, to policymakers, and most importantly, for you, our valued and esteemed members.

MOT DU PRÉSIDENT DU CONSEIL ET DU PRÉSIDENT ET CHEF DE LA DIRECTION



DAVID MCHATTIE

Président du conseil national,
Manufacturiers & Exportateurs du Canada
Vice-président, Relations Institutionnelles, Tenaris Canada



DENNIS DARBY, ing., IAS.A

Président et chef de la direction

Les 12 derniers mois resteront marquants. Le secteur manufacturier était déjà confronté à une multitude de défis en raison notamment de changements à des politiques gouvernementales, de l'introduction de nouvelles taxes, de l'augmentation de coûts due à l'imposition des tarifs américains et de la baisse des niveaux d'investissement dans le secteur en comparaison avec d'autres pays. Les chaînes d'approvisionnement ont ensuite été perturbées par des blocus ferroviaires à travers le pays qui ont été rapidement suivis par les effets dramatiques de la COVID-19 où nous avons alors été confrontés à la plus forte baisse de la production de l'économie canadienne et du PIB que nous ayons connue

MEC a agi rapidement au nom du secteur, s'attaquant à chaque enjeu, en fournissant des informations, des conseils et en offrant de la formation, et ce, malgré le fait que nos propres opérations aient été considérablement réduites. En défendant les intérêts des manufacturiers et des exportateurs auprès des gouvernements partout au Canada, nous vous avons aidés à naviguer dans les eaux inconnues de cette pandémie mondiale. MEC a travaillé sans relâche en votre nom. Nous vous avons aidés à vous qualifier pour des subventions et autres aides gouvernementales, ainsi qu'à obtenir le statut de services essentiels. Nous avons soutenu de nombreux manufacturiers dans leur transition vers la fabrication d'équipements de protection et nous vous avons communiqué rapidement les nouvelles normes de santé et de sécurité au travail. Nos appels et rencontres virtuelles sur une base régulière avec les membres n'ont jamais été aussi appréciés et notre secteur s'est uni avec une solidarité sans précédent. Félicitations à tous.

Merci pour votre confiance et votre soutien continu, en particulier aux manufacturiers qui ont participé à notre campagne « Manufacturing Matters » et à notre « Initiative Manufacturière Canadienne ». Nous espérons que cette année, plus que jamais, nous ayons gagné votre confiance et votre soutien. Bien que nos résultats financiers soient confrontés aux mêmes défis que la plupart de vos entreprises – principalement, car il a fallu mettre sur la glace nos formations en personne, des rencontres gouvernementales et des événements à travers le pays – et malgré la prise de décisions financières difficiles, nous nous sommes néanmoins mobilisés pour passer au travers.

Au nom du conseil d'administration, merci pour votre engagement envers notre mission et nos valeurs, et merci à notre personnel pour les sacrifices qu'ils ont dû faire afin de prioriser nos membres. Nous sommes impatients de voir se terminer cette pandémie et de pouvoir aider à reconstruire le secteur manufacturier afin qu'il devienne plus fort et compétitif sur la scène mondiale. Nous continuerons d'être la voix du secteur manufacturier au Canada : auprès du public, des décideurs et, surtout, pour vous, nos précieux et estimés membres.

TABLE OF CONTENTS

Message from the Board 2

National Board Members 5

Introduction 6

Innovation 7

Connection 8

Representation 9

COVID-19 Report..... 11

Reports..... 12

2019 - 2020 Financial Statements 14

NATIONAL BOARD MEMBERS

NAME	BOARD TITLE	ORGANIZATION	TITLE
David McHattie	Chair	Tenaris Canada	Vice President, Institutional Relations
Steve Hoffrogge	First Vice-Chair	Crestline Coach Ltd.	President-Canada
Elise Maheu	Second Vice-Chair	3M Canada Company	Director, Government Affairs and Markets
Rhonda Barnett	Immediate Past Chair	AVIT Manufacturing	President & COO
Donald Matthew	Treasurer	KPMG LLP	Partner, National Sector Leader, Manufacturing
Dennis Darby	Secretary	CME	President & CEO
Andrew Booth	Director	AbCellera Biologics	Chief Financial Officer
Carolyn Chisholm	Director	Rio Tinto	A/Vice President, External Affairs
Dennis Dussin	Director	Alps Welding Ltd.	President
Kimberly Eberwine	Director	Procter & Gamble Inc.	General Council and Government Relations, Canada
Wayne Fraser	Director	RBC Royal Bank	Managing Director & Head, Alberta and Territories Corporate Client Group
David T. Fung	Director	ACDEG Group	Chairman & CEO
Alexandre Gagnon	Director	Pratt & Whitney Canada	Senior Director, Business Development and Governmental Affairs
Mark Gillingham	Director	Skyhawk Telematics	Vice President
Carolyn Hughs	Director	Ford Motor Company of Canada Ltd.	Vice President, Government Relations
Peter MacDonald	Director	CKF Inc.	Plant Manager
Anousch Mathew	Director	Boeing Canada Operations Ltd.	Chief Engineer
Ron Morrison	Director	RC Management	President
Tessa Myers	Director	Rockwell Automation	Regional Director, North America
Patrick Oland	Director	Moosehead Breweries Limited	Chief Financial Officer
Jeanette Patell	Director	GE Canada	Vice President of Government Affairs and Policy
May Scally	Director	Doble Engineering Company	Chief Operating Officer, Canadian Operations
Veso Sobot	Director	IPEX Group of Companies	Director, Corporate Affairs
Hon. Tony Valeri	Director	ArcelorMittal Dofasco	Vice President, Corporate Affairs

INTRODUCTION

HELPING MANUFACTURERS GROW

ABOUT US

From the first industrial boom in Canada, Canadian Manufacturers & Exporters (CME) has been advocating for and representing member interests. Nearly 150 years strong, we have earned an extensive and effective track record of working for and with 2,500 leading manufacturers from coast to coast to help their businesses grow.

Our success comes from integrating the association with industry, being run by manufacturers for manufacturers. Led by a national board of directors made up of senior leaders from a diverse group of Canadian manufacturers of all sizes, we have our finger on the pulse of the sector.

Overcoming your challenges and maximizing opportunities are at the forefront of everything we do. CME has member-driven programs and services to help you work on your business. We partner with you to strengthen your competitive advantage by building your knowledge and capacity in key areas, like Lean and productivity; trade and export; energy and environment; leadership development; safety and more.

As your advocate, CME has the ear of all levels of government in Canada and in key markets around the world. We actively work to influence and recommend effective policies that will allow manufacturers to compete at home and abroad.

CME works wherever you are – with regional chapters in every province, championed by local manufacturers just like you. This multi-pronged approach has provided us with the credibility to confidently speak as the voice of manufacturing in Canada.

CME works wherever you are – with regional chapters in every province, championed by local manufacturers just like you. This multi-pronged approach has provided us with the credibility to confidently speak as the voice of manufacturing in Canada.

OUR VISION

Manufacturing and exporting are recognized as engines for growth in the economy, and Canada acknowledged as both a global leader and innovator in advanced manufacturing, and a global leader in exporting.

OUR VALUES

Innovation is the cornerstone of success. CME believes that the status quo isn't good enough and that an association should be as innovative as its members. CME places great value on the investment in technology as the key to creating competitiveness and prosperity.

Growth of the manufacturing sector is critical to our economy. CME proposes policies and best practices that enable growth, investment and competitiveness.

CME's currency is integrity and trust. As a non-partisan, learning organization CME is guided by data and represents only members' interests in fulfilling our mission.

CME is driven to influence, not just advocate: CME's opinion is sought after. The association is able to influence policy and regulations on behalf of members and has a role and responsibility to engage in the political process and shape the public agenda to fulfill our mission.

MISSION 2018 -2021

To enable our members to compete successfully in Canada and internationally, and to ensure manufacturing is recognized by the public and by policymakers as an innovative and important part of Canada's economy.

INNOVATION

Supporting members through an extensive suite of programs and services created specifically to address manufacturers' top concerns, such as labor shortage, improving productivity and improving access to capital.

CONNECTION

Facilitating opportunities for manufacturers to learn from each other, work with each other, and grow

together through peer councils, events, and other B2B networking opportunities.

REPRESENTATION

Influencing decision-makers at the federal and provincial levels as the strong voice of industry, whether on behalf of one company or the entire sector, to create a competitive environment for manufacturers.

GREAT PLACE TO WORK

CME has been certified as a Great Place to Work®. CME is committed to foster a positive workplace culture and, we are pleased to be recognized as a leader in inclusion and diversity!

PROGRAMS / SERVICES

INNOVATION

Supporting members through an extensive suite of programs and services created specifically to address manufacturers' top concerns, such as labor shortages, improving productivity and improving access to capital.

LABOUR SHORTAGES

CME introduced youth to employment opportunities in manufacturing by engaging them in plant tours and through training programs in partnership with high schools themselves. Ontario, Quebec, Manitoba, and Alberta organized over 100 "Open Doors" tours attracting more than 1,200 students.

PRODUCTIVITY ISSUES

TECHNOLOGY ASSESSMENT

CME Ontario supported 175 SMEs in southern Ontario with productivity and technology assessments, through a \$5.2 million fund it manages. Through the Coalition for Advanced Manufacturing, the Manitoba division created awareness and helped implement Industry 4.0.

LEAN TRAINING

In Manitoba, Saskatchewan, and Newfoundland, CME is a recognized leader in Lean training. We have been extending this expertise to various provinces to offer these same high-quality, productivity-focused supports across the country through the recently launched Training Services initiative. Our Lean programs and services ran in almost every division, touching nearly 1,000 manufacturing sector employees.



LEAN TRAINING PROGRAMS



Furthermore, the Manufacturing Productivity program trained nearly 1,500 Nova Scotia and Newfoundland manufacturing employees in various Lean tools and methodologies.

SAFETY

- **Made Safe:** A CME initiative in Newfoundland and Manitoba which provides health and safety services designed specifically for the needs of the manufacturing work environment.
 - 349 courses delivered
 - 5,010 people trained
 - 558 safety consultations
- **Safety Insights:** A collaborative initiative with WorkSafe BC, this program focuses on best practices for safety professionals to address high risk issues in the manufacturing sector. Six events across the province were held.

Innovation is one of our core values. We ourselves must innovate to provide usable, practical solutions to our members' daily challenges. Only by innovating can we stay connected to the manufacturers' needs in a rapidly changing world.



OPEN DOORS

EVENTS / TRAINING / CONFERENCE

CONNECTION

Facilitating opportunities for manufacturers to learn from each other, work with one another, and grow together through peer councils, events, and other B2B networking opportunities.

NETWORKING AND MENTORING

- 35 peer & executive councils, committees and working groups hosted over two thousand participants across the country on topics like automation, maintenance, Lean, HR, etc.

WOMEN IN MANUFACTURING (WIM)

CME has been committed for four years to supporting, promoting, and inspiring women to pursue careers in manufacturing. Attracting more women into manufacturing professions is critical to helping companies grow.

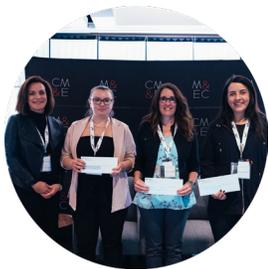
- Inspire Events:
 - On March 6, 2020, 135 participated in the 3rd Annual Women in Manufacturing Success Forum in Toronto.
 - On September 12, 2019, 110 participated in the Inspiring Women Breakfast in Alberta.
- At the 2019 Women in Manufacturing Awards Luncheon, four \$4,000 scholarships were handed out for a total value of \$16,000.



MAJOR EVENTS

- CME Manufacturing Economic Outlook & Investment Roadshow: A cross-Canada pub night series of events in five cities (Vaughan, London, Belleville, Winnipeg and Montréal) to gain economic insights, and help members learn more about government incentive programs as well as capital investment opportunities.
- CME 2019 Annual Manufacturing Conference & AGM, October 2019: CME brought together more than 200 leading manufacturers and exporters from across the country to discuss success factors for business, connect with peers, and celebrate the sector's achievements and pioneers.
- New Brunswick Manufacturing Day 2019: The second edition of this event hosted 140 participants and featured New Brunswick's Premier as the keynote speaker.
- CME's 2020 Energy Forum on February 13, 2020 welcomed 120 participants to provide manufacturers information on how to reduce energy costs and achieve energy efficiency.

CME generates opportunities for discussion and creates networking opportunities to strengthen business intelligence in the manufacturing sector.



INSPIRING WOMEN IN MANUFACTURING (WIM)



2019 ANNUAL MANUFACTURING CONFERENCE

ADVOCACY / INITIATIVES

REPRESENTATION

Influencing decision makers at the federal and provincial levels as the strong voice of industry, whether on behalf of one company or the entire sector, to create a competitive environment for manufacturers.



FEDERAL ELECTIONS

- Developed and ran a manufacturing matters campaign highlighting the important role that manufacturers play across Canada and in our communities.
- Called on all political parties to commit to a manufacturing strategy for the country, aligned with our Industrie2030 Manufacturing Strategy.

TRADE ISSUES

- Played a key role in advising the government throughout the Canada-US-Mexico Trade Agreement (CUSMA) ratification. In June 2019, [CME presented before the Standing Committee on International Trade.](#)
- Defended industry against steel and aluminum tariffs by encouraging retaliatory tariffs, obtained government support for affected companies through rapid duty deferral program.
- Worked with railroad companies and the government to help resolve railway strikes and blockades that affected the movement of manufactured goods and trade. Organized a virtual press conference with members and media from across Canada.
- Supported Government's work on the Ottawa Group to ensure WTO renewal and creating alternative mechanisms to settle trade disputes.

INVESTMENT AND PRODUCTIVITY

- Helped companies scale up their operations by removing barriers to growth and by lowering the cost and risk of investing in new machinery, equipment and technology.
- Made businesses more competitive by working to lower tax burdens, simplify regulations and reduce the non-tax cost of doing business in Canada.
- Helped secure funding support for small manufacturers to adopt new machinery, equipment and technology

SKILLS

- Worked to expand the labour pool by calling for an increase in economic class immigration to 500,000/year; improve education programs; and lower the cost of on-the-job training.
- Pushed for improvements to the Temporary Foreign Worker Program, such as removing the 10% limit on foreign workers per plant.

ENERGY AND ENVIRONMENT

- Helped secure funding on three specific programs to help manufacturers reduce energy usage and emissions: Collaboration on Community Climate Action (\$350 million), Low Carbon Economy Fund (\$2 billion), Climate Action Incentive Fund (\$218 million).

ADVOCAY / INITIATIVES

REPRESENTATION (CONTINUED)

LEGISLATIVE AND PARLIAMENTARY ACTION

- Ministerial and Deputy Ministerial Dinners:
 - BC's Manufacturing at the Legislature Day: On November 18, 2019 manufacturers held meetings with more than 60 MLAs in the BC legislature.
 - In November 2019, the Alberta Deputy Ministers Dinner was held with a full slate of 12 Deputy Ministers meeting with more than 60 participating members.
- Participated in several government and Parliamentary Committees including permanent ongoing committees on immigration, government procurement, environment, and international trade.
- Expert witness for Parliamentary Standing Committees; including International Trade, Industry, Science and Technology and Human Resources.
- Participated to the Standing Committee on Finance's 2020/2021 pre-budget consultations.
- Approached specific advocacy issues with provincial and municipal governments.



CANADA-US-MEXICO
TRADE AGREEMENT



MEASURES TO STIMULATE
INVESTMENT

COVID-19 REPORT

Towards the end of the reporting year, COVID-19 became the primary focus of the organization. Our attention was on ensuring that the sector could continue to safely operate through shutdowns and that governments were providing direct relief to keep cash in the hands of manufacturers.

We worked closely with the federal government to gain initial support in response to COVID-19, including:

- An acknowledgement that manufacturing was an essential service and could continue to operate;
- Ensuring Canada’s international borders remained open for commercial trade;
- The creation of the federal wage subsidy program;
- Relief for six months on all federal tax payments;
- The creation of a small business credit fund; and
- Support for manufacturers who pursued re-tooling to help with Canada’s pandemic response.

To help manufacturers on their path to recovery, CME produced the “Manufacturing our Future: A Manufacturing Strategy for Canada” report. We believe Canada has the opportunity to reshape our economic landscape and drive growth over the coming months. Manufacturing Our Future is a framework and a starting point for a new industrial strategy for Canada that can take us from crisis response to economic prosperity.



MANUFACTURING OUR FUTURE: A MANUFACTURING STRATEGY FOR CANADA

The COVID-19 pandemic continues to directly impact Canadian Manufacturers. As the voice of manufacturing, CME continues to engage at all levels of government to ensure a strong and lasting economic recovery. <https://cme-mec.ca/blog/initiatives/manufacturing-our-future-a-manufacturing-strategy-for-canada/>

REPORTS

For manufacturers, by manufacturers is our hallmark. Our surveys and market analyses enables CME to understand the priorities of our members and to take the pulse of the sector on key economic and public policy issues. The results of these consultations help us shape our program and event offerings and guide our government relations efforts. CME strives to be the source of knowledge and influence on behalf of manufacturers.



EMBRACING CHANGE: INDUSTRY 4.0 & CANADA'S DIGITAL FUTURE IN MANUFACTURING

Why are our manufacturers underinvesting in new technologies if the benefits are so clear and the need so great? It is not for a lack of desire to do so. A range of barriers are limiting manufacturers' ability to invest in their own success. Some of the factors that come into play include economic conditions, business culture, and the overarching policy environment. These barriers are interconnected and must be addressed holistically and simultaneously if they are to be overcome. This report identifies 10 recommendations that are at the core of the solution to Canada's lagging record on digitization and technology adoption in manufacturing. Action in these areas will help propel Canada to the forefront of technology investment and position us as a global leader in manufacturing competitiveness, growth and prosperity. <https://cme-mec.ca/wp-content/uploads/2019/12/CME-MEC-2019-Tech-Adoption-v8.pdf>



WE'RE HIRING: MANUFACTURING WORKFORCE SURVEY REPORT

CME surveyed over 225 manufacturers from across Canada from small to large companies and the results are troubling:

- More than 85 per cent of manufacturers struggle to fill vacancies
- Canada's youth are increasingly unprepared and uninterested in working in manufacturing
- Employers lack the capacity to invest in skills and training, and
- Current immigration levels are simply not meeting Canada's workforce needs

Labour and skills shortages are holding back manufacturing, and by extension, Canada's economic prosperity. The report identifies three aspirational goals to help the manufacturing sector thrive. <https://cme-mec.ca/wp-content/uploads/2019/10/2019-CME-Manufacturing-Workforce-Survey-Report-FINAL.pdf>



UNLOCKING ATLANTIC CANADA'S GROWTH POTENTIAL

The report, based on manufacturers' input, provide four broad but interconnected issues that are limiting innovation and technology adoption in Atlantic Canadian manufacturing – skill and labour shortages, high purchase costs and uncertain return on investments, lack of information about new technologies and uncompetitive business climate. CME's report identifies key solutions to help address those obstacles and, in turn, improve productivity rates, businesses' main driver for growth. <https://cme-mec.ca/wp-content/uploads/2019/07/CME-MEC-2019-ACOA-Report-Final.pdf>



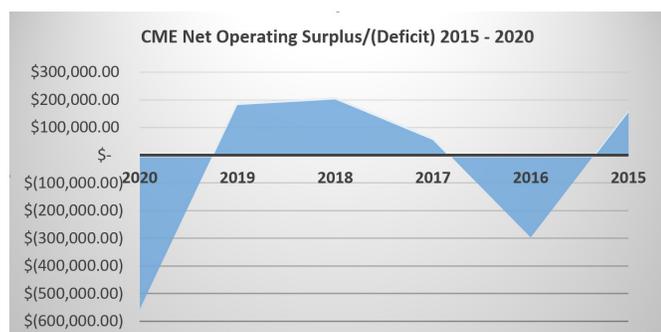
MARCH 2020 ECONOMIC OUTLOOK SUMMARY: CORONAVIRUS PUSHES WORLD INTO A RECESSION

The coronavirus outbreak, a once-in-a-century global pandemic, is forcing country after country to close schools, shutter restaurants, and order lockdowns of large populations. All these efforts are having serious economic repercussions. In fact, the coronavirus outbreak has pushed the world into a recession, the first since the global financial crisis, and it will take coordinated efforts from governments and central banks to ensure that the recession does not morph into an economic depression. <https://cme-mec.ca/wp-content/uploads/2020/03/CME-2020-March-ECONOMIC-OUTLOOK-Summary-FINAL.pdf>

FINANCIAL STATEMENTS FOR THE YEAR ENDING MARCH 31, 2019

2019-2020 FINANCIAL HIGHLIGHTS

CME generated net operating deficit of \$555k for the financial year ended March 31, 2020 compared to \$189k in operating surplus for the prior year. This net performance comes on the heels of three solid years of surpluses and the second instance of an operating deficit over the last six years.



Gross revenue recorded for the year was \$14.7M, down from \$31M recorded in the prior year. The main contributory factor was the completion of the Ontario SMART Green Program. This was a three-year program funded by the Government of Ontario, which was designed to provide Ontario manufacturers with funding for investments in technology and process improvements that reduce greenhouse gas emissions.

A FINANCIAL YEAR MARKED BY THE FIRST WAVE OF THE PANDEMIC

Revenues from planned events were negatively affected towards the end of the financial year. Major events planned for the months of February and March 2020 (an historically heavy event season for CME) were either cancelled or postponed due to the COVID-19 Pandemic. The World Health Organization (WHO) declared the Coronavirus outbreak a pandemic on March 11, 2020. The pandemic and the measures taken to control its human impact, disrupted business operations significantly in the 4th quarter.

MEMBERSHIP REVENUE

Membership revenue increased year on year by 4% to end at \$2.93M, the highest membership revenue level achieved since 2016. This was primarily influenced by increase in membership fees, as CME continued to implement the new membership fee schedule across the country. All divisions with the exception of Ontario, recorded year on year increases in membership revenue ranging from 3% - 40%. Ontario recorded a year on year decline of 13.6%, which was partially influenced by organizational and staff changes.

SPONSORSHIP/PARTNERSHIP REVENUE

Sponsorship/partnership revenue dipped marginally in 2020 to \$989k, down from \$1.02m, recorded in the previous year, as funders, challenged by the economic environment, pulled back their support to not-for-profit organizations and to CME. The National Policy Department and the Quebec division continued to be the main recipients of sponsorship/partnership revenue.

EXPENDITURES

Total expenditures decreased by 49.6% to \$15.33m during the year, down from \$30.47m recorded in the previous year. Direct programs/events expenses recorded the most significant drop year on year (67%) as a result of the ending of the Ontario SMART Green Program. Operating expenses increased year on year by 5%. This was primarily attributable to higher staff costs – salary and healthcare; higher depreciation charge and moving cost associated with the closure and relocation of the corporate office from Mississauga to Toronto; and an increased bad debt provision.

BENEFIT PENSION PLAN

The CME Defined Benefit Pension Plan improved its investment net performance during the year, generating a net surplus of \$205k, up from \$37.1k recorded in the previous year. The Defined Benefits Pension Plan continues to be the main driver of CME's accumulated deficit, accounting for \$2.93m or 86% of the accumulated deficit while CME's operations account for 14%.

FINANCIAL STATEMENTS FOR THE YEAR ENDING MARCH 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Alliance of Manufacturers & Exporters Canada



OPINION

The summary financial statements, which comprise the summary balance sheet as at March 31, 2020, and the summary statements of operations and accumulated deficit for the year then ended, and related notes, are derived from the audited financial statements of Alliance of Manufacturers & Exporters Canada (operating as Canadian Manufacturers & Exporters) (the "Organization") for the year ended March 31, 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 1.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by accounting standards for not-for-profit organizations. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the organization's audited financial statements and the auditor's report thereon.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated June 26, 2020

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with the Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
November 11, 2020

ALLIANCE OF MANUFACTURERS & EXPORTERS CANADA
(OPERATING AS CANADIAN MANUFACTURERS & EXPORTERS)

SUMMARY BALANCE SHEET

March 31	2020		2019	
Assets				
Current				
Cash	\$	1,487,671	\$	4,126,476
Accounts receivable		1,461,303		1,934,592
Prepaid expenses		185,836		88,960
Current portion of notes receivable		68,619		61,119
		3,203,429		6,211,147
Notes receivable		45,700		60,700
Capital assets		496,831		560,109
	\$	3,745,960	\$	6,831,956
Liabilities and Accumulated Deficiency				
Current				
Accounts payable and accrued liabilities	\$	2,029,523	\$	2,381,568
Deferred membership revenue		916,582		1,106,890
Deferred program revenue		3,346,768		5,238,651
		6,292,873		8,727,109
Defined pension liability		845,400		1,147,200
		7,138,273		9,874,309
Accumulated deficit		(3,392,313)		(3,042,353)
	\$	3,745,960	\$	6,831,956

SUMMARY STATEMENT OF OPERATIONS & ACCUMULATED DEFICIT

For the year ended March 31	2020	2019
Revenue		
Programs and events revenue	\$ 10,832,664	\$ 26,536,898
Membership fees	2,929,289	2,816,044
Sponsorship revenues	989,168	1,018,448
Other revenues	33,574	296,693
	14,784,695	30,668,083
Expenses		
Programs and events expenses	7,756,963	23,265,469
Administrative salaries and benefits	5,532,264	5,226,229
Administrative other expenses	2,050,728	1,987,476
	15,339,955	30,479,174
Excess of revenue over expenses for the year	(555,260)	188,909
Accumulated deficit, beginning of year	(3,042,353)	(3,268,362)
Gain (loss) on pension remeasurement and other items	205,300	37,100
Accumulated deficit, end of year	\$ (3,392,313)	\$ (3,042,353)

NOTES TO SUMMARY FINANCIAL STATEMENTS

MARCH 31, 2020

1. SUMMARY FINANCIAL STATEMENTS

The summary financial statements are derived from the complete audited financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations as at March 31, 2020 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent in all material respects with, or represent a summary of, the audited financial statements.

These summary financial statements have been prepared by management using the following criteria:

- a) The information in the summary financial statements is in the agreement with the related information in the complete audited financial statements; and
- b) That, in all material respects, the summary financial statements contain the information necessary to avoid distorting, or obscuring matters disclosed in the related complete audited financial statements, including the notes thereto.

Management determined that the statement of cash flows does not provide additional useful information and, as such, has not included it as part of the summary financial statements.

The complete audited financial statements of Alliance of Manufacturers & Exporters Canada (operating as Canadian Manufacturers & Exporters) (the "Organization") are available upon request by contacting the Organization.

2. SIGNIFICANT ACCOUNTING POLICIES

The following summary of significant accounting policies is set forth to facilitate the understanding of the summary financial statements:

- a) Nature and Purpose Organization

The alliance of Manufacturers & Exporters Canada (operating as Canadian Manufacturers & Exporters) is a national industry organization representing manufacturers and exporters and providing advocacy and a wide range of services to its members. The Organization operates through its national office in Ottawa, its corporate office in Toronto and divisions in nine provinces.

The Organization is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Revenue Recognition

Membership fees are recognized on a straight line basis over the term of the membership once the membership fees have been received, starting with the annual anniversary date of the member joining the Organization. Such fees are deferred for any balance of the term following the date of the reporting period.

The Organization follows the deferral method of accounting for programs, events, sponsorships and contributions. Programs, events, sponsorships and contributions revenue restricted for specified purposes are recognized as revenue in the year in which the related expenses are incurred and events are held. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Expense Allocation

The Organization engages in a number of Divisional and National programs. The costs of each program include the salaries, supplies, transportation and other expenses that are directly related to providing the program. The Organization also incurs a number of general and administrative support expenses that are common to the administration of the Organization and each of its programs.

The allocation of salary and benefits and general and administration expenses are in accordance with the rules and guidelines as provided by the funder of each program.

d) Pension Plans

The Organization has a defined benefit pension plan. The defined benefit pension obligation is determined using an actuarial valuation prepared for accounting purposes. Pension fund assets are measured at fair value at the balance sheet date. The total cost of the defined benefit plan for the period is comprised of the current service cost, finance cost, and remeasurements and other items. The current service cost and finance cost are charged to operations for the period, while remeasurements and other items are charged directly to net assets (deficiency) as they occur.

The Organization also has a defined contribution pension plan where contributions are expensed as incurred.

2019 - 2020

National Partners

