

**CANADIAN CONCRETE MASONRY
PRODUCERS ASSOCIATION
LEVY FUND**

Financial Statements

December 31, 2016



**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND
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December 31, 2016**

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DIXON, GORDON & CO. LLP

Chartered Accountants

Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Concrete Masonry Producers Association

We have audited the accompanying financial statements of the Levy Fund of the Canadian Concrete Masonry Producers Association ("the Association"), which comprise the statement of financial position as at December 31, 2016 and the statements of revenue and expenses, changes in net assets 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, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many non-profit organizations, the Association derives revenue from certain sources, specifically levy fees on the volume of masonry block sales of its members, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Levy Fund of the Canadian Concrete Masonry Producers Association as at December 31, 2016, 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.

Dixon, Gordon + Co. LLP

CHARTERED ACCOUNTANTS, Licensed Public Accountants

Toronto, Canada

March 2, 2017

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND
Statement of Financial Position
December 31, 2016**

	2016	2015
Assets		
Cash and cash equivalents	\$ 4,369,817	\$ 4,063,049
Accrued levy fees	369,832	439,140
Accounts receivable	37,964	-
	\$ 4,777,613	\$ 4,502,189
Liabilities		
Accounts payable and accrued liabilities	\$ 35,095	\$ 144,335
Sales tax payable	39,941	32,965
	75,036	177,300
Projects in-progress (note 4)		
Net assets		
Net assets, internally restricted (page 3) (note 1)	4,702,577	4,324,889
	\$ 4,777,613	\$ 4,502,189

APPROVED ON BEHALF OF THE BOARD:

/s/ Director

/s/ Director

See accompanying notes

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND
Statement of Changes in Net Assets
For the year ended December 31, 2016**

	2016	2015
Net assets, beginning of year	\$ 4,324,889	\$ 4,152,719
Excess of revenue over expenses (page 4)	377,688	172,170
Net assets, end of year	\$ 4,702,577	\$ 4,324,889

See accompanying notes

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
 LEVY FUND
 Statement of Revenue and Expenses
 For the year ended December 31, 2016**

	2016	2015
Revenue		
Levy fees (note 2(d))	\$ 1,631,957	\$ 1,648,457
Interest	16,890	20,740
	1,648,847	1,669,197
Expenses (page 5)		
Technical programs	969,451	920,496
Advertising and promotion	212,116	535,212
General and administration	89,592	41,319
	1,271,159	1,497,027
Excess of revenue over expenses	\$ 377,688	\$ 172,170

See accompanying notes

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION**LEVY FUND****Expenses****For the year ended December 31, 2016**

	2016	2015
Technical programs		
University sponsorships	\$ 208,000	\$ 175,000
Consulting fees	182,239	151,651
Training Centre block delivery	72,340	132,309
Development of the National Building Code Canada (NBCC) - Sound analysis	106,272	-
Design software support contribution	100,000	100,000
National training fund contribution	100,000	100,000
Canadian Masonry Research Council funding	100,000	100,000
Centre for Architecture - Athabasca University	-	50,000
Secondary engineering support	26,012	-
Apprenticeship Training Textbook	17,415	24,375
Research equipment contribution	-	20,700
Canadian Masonry Contractors Association (CMCA) conference sponsorship	20,000	20,000
Consulting expenses	12,776	14,939
Concrete Council of Canada Seminar series	14,064	-
Masonry Training Scholarships	10,000	10,000
SMART/dynamics of masonry subscriptions	-	9,427
Insurance cost study	333	5,585
Load Bearing Masonry and Innovation Drive Project	-	4,000
Leadership in Energy and Environmental Design (LEED) standards development	-	2,510
	\$ 969,451	\$ 920,496
Advertising and promotion		
Advertisement - Fire and building code changes	\$ 8,177	\$ 365,946
National Concrete Masonry Association fees	55,033	55,137
MasonryWorx Association membership fees	50,000	50,000
Masonry Alliance for Codes and Standards membership	32,530	14,585
General advertising	31,458	31,239
North American Masonry Conference sponsorship	14,289	-
Prompt Payment Ontario membership contribution	10,000	8,850
The Masonry Society sponsorship - North American Masonry Conference	-	6,445
Ontario Professional Planners Institute Symposium Sponsorship	5,000	-
The Masonry Society membership fees	2,231	1,806
Canadian Home Builders' Association sponsorship	2,000	-
Masonry Executives Council fees	1,398	1,204
	\$ 212,116	\$ 535,212
General and administration		
Bad debts	\$ 63,764	\$ -
Accounting, audit and legal	23,920	25,708
Travel and meetings	1,455	9,787
Donation	-	5,000
Postage and courier	222	583
Bank charges	231	241
	\$ 89,592	\$ 41,319

See accompanying notes

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND
Statement of Cash Flows
For the year ended December 31, 2016**

	2016	2015
Cash from (used in) operating activities:		
Excess of revenue over expenses	\$ 377,688	\$ 172,170
Change in non-cash working capital		
Accrued levy fees	69,308	(30,691)
Accounts receivable	(37,964)	-
Accounts payable and accrued liabilities	(109,240)	36,042
Sales tax payable	6,976	(2,773)
	(70,920)	2,578
	306,768	174,748
Cash from (used in) investing activities:		
Decrease in guaranteed investment certificates	-	1,054,979
Increase in cash and cash equivalents	306,768	1,229,727
Cash and cash equivalents, beginning of year	4,063,049	2,833,322
Cash and cash equivalents, end of year	\$ 4,369,817	\$ 4,063,049

See accompanying notes

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND
Notes to Financial Statements
December 31, 2016**

1. Nature of activities

The Canadian Concrete Masonry Producers Association ("CCMPA", or "the Association") is an industry association promoting the creation and development of timeless, and the most environmentally friendly and safest masonry structures. The Association advises on codes and standards development and maintenance, establishes training, promotes research and development and delivers technical and marketing support for the concrete block manufacturing and supply industry.

These financial statements represent only the activities of the Levy Fund of the Association and accordingly, do not include the activities of the Association's Operating Fund. The financial statements of the Operating Fund are presented separately. No combined financial statements are prepared.

The Levy Fund is established to support research initiatives towards the creation of new and improved masonry products, with an emphasis on maintaining their superior environmental, energy efficiency and other technical characteristics. Through the Levy Fund, the Association promotes information from its various research initiatives to the design, engineering and academic communities across Canada.

The Levy Fund's net assets are internally restricted in use for its own activities.

CCMPA is incorporated under the laws of Canada as a corporation without share capital and classified under the Income Tax Act as a not-for-profit organization and as such, it is not subject to income tax.

2. Significant accounting policies

These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

(a) Basis of reporting

The financial statements represent the activities of the Association's Levy Fund only and do not include the activities of its Operating Fund.

(b) Cash and cash equivalents

Cash equivalents are highly liquid investments that are readily convertible into a known amount of cash, are subject to an insignificant risk of changes in value and have a maturity date of three months or less from the date of purchase.

(c) Financial instruments

Measurement of financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently stated at cost or amortized cost as applicable, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Financial assets measured at cost or amortized cost include cash and cash equivalents, accrued levy fees and accounts receivable. Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities and sales tax payable.

Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost are applied against the original cost of the related asset or liability and are amortized using the effective interest rate method. Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in income in the period incurred.

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Notes to Financial Statements (continued)

December 31, 2016

Impairment

Financial assets stated at cost or amortized cost are assessed for impairment on a fiscal quarterly basis or if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, and if so, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Revenue recognition

Levy fees are charged to members at a fixed rate per masonry block sold by each of the respective members of the Association. The fixed rate is subject to periodic revision, generally on an annual basis. Levy fee revenue is recognized when earned, commensurate with the reported volume of masonry block sales as provided by the respective members. The Association's recognition of levy fee revenue is subject to uncertainties as it cannot verify the completeness of the volume of masonry block sales of its members. All other revenue is recognized when earned.

(e) Contributed services

The President of the Association and volunteers perform their functions without compensation. Such contributed services are not recognized in the financial statements due to the difficulty in determining their fair value.

(f) 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 amount of assets and liabilities, the disclosure of contingent assets, liabilities and commitments at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments will be made to income as appropriate in the year they become known. Actual results could differ from these estimates.

3. Financial risks and concentration of risk

The Association is exposed to various risks and concentration of risk through its financial instruments as at December 31, 2016 as described as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's financial instruments that are exposed to credit risk consist primarily of cash and cash equivalents, accrued levy fees and accounts receivable. The Association places its cash and cash equivalents with high credit quality financial institutions. Generally, such investments will be in excess of the Canadian Deposit Insurance Corporation insurable limit. In addition, the Association deals with creditworthy members and monitors their credit risk through credit rating reviews to mitigate the risk of financial loss from defaults.

(b) Liquidity risk

Liquidity risk is the risk that an entity will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by closely monitoring its capacity in funding expenditure commitments from its net asset reserves. As at December 31, 2016, the

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Notes to Financial Statements (continued)

December 31, 2016

Association's net assets of \$4,702,577 were sufficient to fund amounts likely to be paid in 2017 and 2018 on its projects (note 4). The Association believes that its levy fee revenues subsequent to 2016 will be sufficient in funding expenditure commitments beyond 2018.

(c) Concentration of risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. As a levy fund of an industry association, the Association's revenue sources are substantially concentrated within the masonry block production industry.

There has been no significant change to the risk exposures and concentration of risk described above from 2015.

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Notes to Financial Statements (continued)

December 31, 2016

4. Projects in-progress

Future expected expenditures in respect of the Association's projects in-progress as at December 31, 2016 are summarized in the table below. Expenditures on certain projects are subject to the completion of specific milestones as determined by the Association.

	Total to		Expected Expenditures (1)	
	2015	2016	2017	2018
(a) University sponsorships for Dalhousie University, University of Alberta, University of British Columbia, University of Calgary, Concordia University, University of Manitoba, McMaster University, University of New Brunswick, University of Saskatchewan, University of Waterloo, Carleton University and York University, for a total of \$3,000,000 from 2009 to 2020.	\$ 1,617,750	\$ 208,000	\$ 357,250 (2)	\$ 275,000 + each year to 2020 (2)
(b) Consulting fees.	151,651 for 2015	182,239	200,000	200,000 + each year after
(c) Materials for Apprenticeship Training and Research.	594,105	72,340	150,000	150,000 + each year after
(d) Marketing of Concrete Masonry Unit (CMU).	-	-	150,000	150,000 + each year after
(e) Design software-				
(i) Development of the software in partnership with the Canada Masonry Design Centre.	361,734	-	-	-
(ii) Funding to National Masonry Design Programs of 50% share of operating costs comprising support for technical assistance and software upgrades.	100,000 for 2015	100,000	100,000	100,000 + each year after
(f) Ontario Masonry Training Centre (OMTC) for \$100,000 in 2016 and each year thereafter in addition to \$1,275,000 funded over eight years to 2015.	1,275,000	100,000	100,000	100,000 + each year after
(g) Prolevy fee payable to NCMA at 10% of the levy fees that would be collected by the Association based on a 1.5 cent per unit levy.	55,137 for 2015	55,033	60,000 (3)	60,000 (3)
Subtotals	\$ 4,155,377	\$ 717,612	\$ 1,117,250	\$ 1,035,000

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
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Notes to Financial Statements (continued)
December 31, 2016**

	Total to 2015	2016	Expected Expenditures (1)	
			2017	2018
Subtotals carried forward	\$ 4,155,377	\$ 717,612	\$ 1,117,250	\$ 1,035,000
(h) Membership dues of \$50,000 per year to MasonryWorx Association, a marketing group sponsored in part by the Masonry Contractors of Metropolitan Toronto, and sponsorships of \$25,000 in each of 2010 and 2012.	50,000 for 2015	50,000	50,000	50,000 + each year after
(i) Secondary engineering support.	-	26,012	50,000	50,000 + each year after
(j) Advanced Masonry Work Systems research project.	-	-	50,000	50,000 + each year to 2021
(k) Development of the National Building Code Canada (NBCC), in collaboration with NRC for research and development involving sound transmission analysis and measurement of the vibration reduction index, with additional funding of \$20,000 from the Canadian Precast Prestressed Concrete Institute.	285,296	106,272	70,000	-
(l) Masonry Alliance for Codes and Standards membership and contribution.	14,585 for 2015	32,530	25,000	25,000 + each year after
(m) Masonry Training Scholarships.	10,000 for 2015	10,000	10,000	10,000 + each year to 2020
(n) CSA standard at \$15,000 per year for five years from 2009 to 2013, plus \$15,000 for purchase in 2017 facilitating distribution to members.	75,000	-	15,000	-
(o) Creation of the new Royal Architectural Institute of Canada (RAIC) Centre for Architecture at Athabasca University.	250,000	-	-	-
(p) Canadian Masonry Research Council funding.	100,000 for 2015	100,000	-	-
(q) Block machine for McMaster University.	197,735	-	-	-
(r) Canadian Masonry Contractors Association (CMCA) conference sponsorship.	158,185	20,000	-	-
(s) Masonry Design Awards (2012-15)	132,200	-	-	-
Subtotals	\$ 5,428,378	\$ 1,062,426	\$ 1,387,250	\$ 1,220,000

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
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Notes to Financial Statements (continued)
December 31, 2016

	Total to 2015	2016	Expected Expenditures (1)	
			2017	2018
Subtotals carried forward	\$ 5,428,378	\$ 1,062,426	\$ 1,387,250	\$ 1,220,000
(t) Educational tools.	105,884	-	-	-
(u) Foundation Project - McMaster University.	100,763	-	-	-
(v) National Research Council (NRC) research.	85,423	-	-	-
(w) Masonry Apprenticeship Training Textbook.	49,375	17,415	-	-
(x) Wall Draining Project (NRC).	62,218	-	-	-
(y) Canadian Masonry Symposium.	50,000	-	-	-
(z) Funding to Dr. Svetlana Brzev and Dr. Don Anderson for a Seismic Design Guide.	30,717	-	-	-
(aa) Development of Canadian Framework and Guide regarding Apparent Sound Insulation in Construction - Phases 1 and 2.	30,000	-	-	-
(ab) Cement study.	30,000	-	-	-
(ac) Altus/MasonryWorx wall costs study.	17,500	-	-	-
(ad) Unit Strength Method Correlation Study.	15,044	-	-	-
(ae) National Sciences and Engineering Research Council (NSERC) funding.	15,000	-	-	-
(af) Single Wythe energy study.	12,990	-	-	-
(ag) SMART/dynamics of masonry subscriptions.	9,427	-	-	-
	for 2015			
(ah) Insurance cost study.	5,585	333	-	-
(ai) Leadership in Energy and Environmental Design (LEED) standards development.	4,973	-	-	-
(aj) Load Bearing Masonry and Innovation Drive Project.	4,000	-	-	-
Totals	\$ 6,057,277	\$ 1,080,174	\$ 1,387,250	\$ 1,220,000

- (1) Annual totals after 2018: 2019 and 2020 - \$1,220,000; 2021 - \$935,000; 2022 and thereafter - \$885,000.
(2) As at December 31, 2016, not all of the universities have applied in order for funds to be released.
(3) Payment amount based on unit block sales.