

**CANADIAN CONCRETE MASONRY
PRODUCERS ASSOCIATION
LEVY FUND**

Financial Statements

December 31, 2012



**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND
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December 31, 2012**

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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, 2012, 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, 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.

(Continued)



Independent Auditors' Report (continued)

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, 2012, 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.

Comparative information

Without modifying our opinion, we draw attention to note 3 to the financial statements stating that the Levy Fund of the Canadian Concrete Masonry Producers Association adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and January 1, 2011, and the statements of revenue and expenses, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information under the new accounting standards for not-for-profit organizations and as such, it is considered unaudited.

Respectfully submitted,

Dixon, Gordon + Co, LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants
Toronto, Canada

April 10, 2013

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND
Statement of Financial Position
December 31, 2012**

	2012	2011	January 1, 2011
			(Note 3)
Assets			
Cash	\$ 1,277,901	\$ 1,071,878	\$ 397,808
Guaranteed investment certificates (note 4)	2,095,917	2,066,677	2,040,059
Accrued levy fees	409,669	434,038	466,926
Prepaid expense	279	202	2,066
	\$ 3,783,766	\$ 3,572,795	\$ 2,906,859
Liabilities			
Accounts payable and accrued liabilities	\$ 157,721	\$ 115,597	\$ 109,687
Sales tax payable	30,185	44,857	26,203
	187,906	160,454	135,890
Commitments (note 7)			
Net assets			
Net assets, internally restricted (page 4) (note 1)	3,595,860	3,412,341	2,770,969
	\$ 3,783,766	\$ 3,572,795	\$ 2,906,859

APPROVED ON BEHALF OF THE BOARD:

/s/ Director

/s/ Director

See accompanying notes

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
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**Statement of Changes in Net Assets
For the year ended December 31, 2012**

	2012	2011
Net assets, beginning of year	\$ 3,412,341	\$ 2,770,969
Excess of revenue over expenses (page 5)	183,519	641,372
Net assets, end of year	\$ 3,595,860	\$ 3,412,341

See accompanying notes

**CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION
LEVY FUND**

**Statement of Revenue and Expenses
For the year ended December 31, 2012**

	2012	2011
Revenue		
Levy fees (note 2(c))	\$ 1,716,740	\$ 1,770,100
Interest	31,068	28,521
	1,747,808	1,798,621
Expenses		
Technical programs (page 6)	1,315,994	970,143
Advertising and promotion (page 6)	218,364	157,316
General and administration (page 7)	29,931	29,790
	1,564,289	1,157,249
Excess of revenue over expenses	\$ 183,519	\$ 641,372

See accompanying notes

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION**LEVY FUND****Expenses****For the year ended December 31, 2012**

	2012	2011
Technical programs		
Consulting fees	\$ 235,000	\$ 246,525
University sponsorships	226,000	260,000
Development of the National Building Code Canada (NBCC) - Sound analysis	166,643	-
Design software development and support	100,000	100,750
National training fund contribution	100,000	100,000
Canadian Masonry Research Council funding	100,000	-
Training Centre block delivery	78,429	92,047
Masonry Design Awards	60,000	-
Centre for Architecture - Athabasca University	50,000	50,000
Canadian Masonry Symposium Sponsorship	50,000	-
Consulting expenses	32,305	44,768
Canadian Masonry Contractors Association (CMCA) conference sponsorship	25,000	-
Wall Drainage Project (NRC)	24,000	15,390
Altus/MasonryWorx Study	17,500	-
Canadian Standards Association (CSA) A165 Standard development	15,000	15,000
National Research Council (NRC) research	-	13,590
Masonry Training Scholarships	10,750	10,000
Development of Canadian Framework and Guide	10,000	-
Research equipment contribution - British Columbia Institute of Technology	-	10,000
Educational tools	8,860	8,821
Foundation Project	4,307	3,252
Leadership in Energy and Environmental Design (LEED) standards development	2,200	-
	\$ 1,315,994	\$ 970,143
Advertising and promotion		
General advertising	\$ 65,683	\$ 12,916
National Concrete Masonry Association fees	57,901	59,879
MasonryWorx Association fees	50,000	50,000
MasonryWorx Association sponsorship	25,000	-
Masonry Alliance for Codes and Standards membership	12,304	12,029
North American Masonry Conference sponsorship	6,141	15,219
The Masonry Society membership fees	960	1,400
Website	375	-
The Masonry Society sponsorship - North American Masonry Conference	-	4,880
Masonry Executive Council fees	-	993
	\$ 218,364	\$ 157,316

See accompanying notes

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Expenses (continued)

For the year ended December 31, 2012

	2012	2011
General and administration		
Audit, accounting and legal	\$ 22,970	\$ 23,080
Travel and meetings	6,243	5,809
Postage and courier	672	764
Bank charges	46	137
	\$ 29,931	\$ 29,790

See accompanying notes

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION**LEVY FUND****Statement of Cash Flows****For the year ended December 31, 2012**

	2012	2011
Cash from (used in) operating activities:		
Excess of revenue over expenses	\$ 183,519	\$ 641,372
Change in non-cash working capital		
Accrued levy fees	24,369	32,888
Prepaid expense	(77)	1,864
Accounts payable and accrued liabilities	42,124	5,910
Sales tax payable	(14,672)	18,654
	235,263	700,688
Cash from (used in) investing activities:		
Increase in guaranteed investment certificates	(29,240)	(26,618)
Increase in cash	206,023	674,070
Cash, beginning of year	1,071,878	397,808
Cash, end of year	\$ 1,277,901	\$ 1,071,878

See accompanying notes

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Notes to Financial Statements

December 31, 2012

1. Nature of activities

The Canadian Concrete Masonry Producers Association ("CCMPA", or "the Association") is an industry association created to promote the interests of Canadian concrete block manufacturers. The Association advises on codes and standards development, quality control testing, provides marketing and promotional advertising for the industry and is supported through the fees of its members.

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 Levy Fund of the CCMPA is established to support research initiatives towards the improvement of masonry products, creation of new products and the development of timeless and environmentally friendly and energy efficient masonry structures. The Association promotes information from its various research initiatives to the design, engineering and academic communities across Canada. The financial statements of the Operating Fund are presented separately. No combined financial statements are prepared.

The Levy Fund's net assets are restricted for use internally for its own activities such that funds may not be transferred between it and the Association's Operating Fund.

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, is not subject to income tax.

2. Significant accounting policies

The accounting policies of the Levy Fund of the CCMPA are in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are as follows:

(a) Basis of reporting

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

(b) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded 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 instruments subsequently stated at cost or amortized cost include transaction costs incurred on acquisition and financing costs amortized using the effective-interest method. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets stated at cost or amortized cost are assessed for indicators of impairment at the end of each reporting period. 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

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Notes to Financial Statements (continued)

December 31, 2012

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.

(c) 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.

(d) 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.

(e) 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 and disclosure of contingent assets and liabilities 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. Adoption of Accounting Standards for Not-for-Profit Organizations

Effective January 1, 2012, the Association adopted the requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook - Accounting, electing to adopt the new accounting framework: Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"). These are the Association's first financial statements prepared in accordance with ASNPO which has been applied retrospectively. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information for the year ended December 31, 2011 and in the preparation of the opening ASNPO statement of financial position at January 1, 2011, being the Association's date of transition.

The Association issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of ASNPO had no impact on the previously reported assets, liabilities and net assets of the Association and accordingly, no adjustments have been recorded in the

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Notes to Financial Statements (continued)

December 31, 2012

comparative statement of financial position and statements of revenue and expenses, changes in net assets and cash flows. Certain of the Association's disclosures included in these financial statements reflect the new disclosure requirements of ASNPO.

4. Guaranteed investment certificates

	2012	2011
Advisor's Advantage Trust GIC, interest at 1.45% per annum, maturing May 15, 2013	\$ 1,065,724	\$ -
Toronto-Dominion Bank GIC, interest at 1.45% per annum, maturing May 9, 2013	1,030,193	-
Advisor's Advantage Trust GIC, interest at 1.35% per annum, maturing May 11, 2012	-	1,051,002
Toronto-Dominion Mortgage Corp. GIC, interest at 1.40% per annum, maturing May 7, 2012	-	1,015,675
	\$ 2,095,917	\$ 2,066,677

5. Financial risks and concentration of risk

The following analysis provides a measure of the Association's financial instrument related risk exposure and concentrations of risk as at December 31, 2012:

(a) Credit risk

Credit risk refers to the risk that a member may default on its contractual obligations resulting in a financial loss. The Association deals with creditworthy members and monitors their credit risk through credit rating reviews to mitigate the risk of financial loss from defaults. In addition, the Association places its cash and short-term investments with high credit quality financial institutions. Generally, such investments will be in excess of the Canadian Deposit Insurance Corporation insurance. There has been no significant change to the risk exposures from 2011.

(b) Liquidity risk

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its capacity in funding expenditure commitments from its net asset reserves. At December 31, 2012, the Association's net assets of \$3,595,860 were sufficient to fund amounts likely to be paid in 2013 and 2014 on its expenditure commitments. The Association believes that its levy fee revenues subsequent to 2012 will be sufficient in funding expenditure commitments beyond 2014. For 2013, the Association is forecasting that its expenses will exceed revenues, with a decline in levy fee revenue versus 2012.

(c) 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. Substantially all of the Association's revenue is derived from levy fees collected from its members based on

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION

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Notes to Financial Statements (continued)

December 31, 2012

their respective unit sales of masonry blocks that are affected by general economic trends. The Association's forecast of a decline in unit block sales in 2013 will negatively impact the Association's operations.

(d) 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 in an industry association, the Association's revenue sources are substantially concentrated within the masonry producer industry.

6. Comparative balances

Certain balances for 2011 have been regrouped to conform with the current year's presentation.

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Notes to Financial Statements (continued)

December 31, 2012

7. Commitments

Expenditures on the Association's committed and recently completed projects and initiatives as at December 31, 2012 are summarized below. Future payment are subject to the completion of specific milestones as determined by the Association:

	Total to 2011	2012	2013	2014
(a) University sponsorships for Dalhousie University, University of Alberta, University of British Columbia, University of Calgary, University of Manitoba, McMaster University, University of New Brunswick and University of Saskatchewan, at \$50,000 each per year for five years for a total of \$2,000,000.	\$ 762,000	\$ 226,000	\$ 400,000 (i)	\$ 400,000 (+ \$212,000 in 2015) (i)
(b) Consulting fees.	246,525 for 2011	235,000	300,000	300,000 (+ each year after)
(c) 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.	100,750 for 2011	100,000	100,000	100,000 (+ each year after)
(d) Ontario Masonry Training Centre (OMTC) for \$100,000 in 2013 and each year thereafter in addition to \$975,000 funded over six years to 2012.	875,000	100,000	100,000	100,000 (+ each year after)
(e) Marketing of Concrete Masonry Unit (CMU).	-	-	100,000	100,000 (+ each year after)
(f) Canadian Masonry Research Council funding.	-	100,000	100,000	100,000
Subtotals	\$ 2,346,009	\$ 761,000	\$ 1,100,000	\$ 1,100,000

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December 31, 2012

	Total to 2011	2012	2013	2014
Subtotals carried forward	\$ 2,346,009	\$ 761,000	\$ 1,100,000	\$ 1,100,000
(g) Membership dues of \$50,000 per year and a sponsorship of \$25,000 for 2013 (also in 2010) to MasonryWorx Association, a marketing group sponsored in part by the Masonry Contractors of Metropolitan Toronto.	50,000 for 2011	75,000	75,000	50,000 (+ \$50,000 each year after)
(h) 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.	59,879 for 2011	57,901	55,000 (ii)	55,000 (ii)
(i) Materials for Apprenticeship Training and Research for \$75,000 in 2013 and each year thereafter, with \$326,137 funded in 2008-12.	247,708	78,429	75,000	75,000 (+ each year after)
(j) Creation of the new Royal Architectural Institute of Canada (RAIC) Centre for architecture at Athabasca University.	100,000	50,000	50,000	50,000
(k) Development of the National Building Code Canada (NBCC), in collaboration with NRC for research and development involving the generation and analysis of apparent airborne and sound insulation in concrete and concrete masonry buildings.	-	166,643	68,000	10,000
(l) Masonry Design Awards.	71,000	60,000	50,000	-
(m) Canadian Masonry Symposium, in addition to \$50,000 funded in 2009.	-	50,000	50,000	-
(n) Masonry Alliance for Codes and Standards membership.	12,029 for 2011	12,304	12,000	12,000 (+ each year after)
(o) Masonry Training Scholarships.	10,000 for 2011	10,750	10,000	10,000
(p) Canadian Masonry Contractors Association (CMCA) conference sponsorship.	93,185	25,000	10,000	10,000
Subtotals	\$ 2,989,810	\$ 1,347,027	\$ 1,555,000	\$ 1,372,000

CANADIAN CONCRETE MASONRY PRODUCERS ASSOCIATION**LEVY FUND****Notes to Financial Statements (continued)****December 31, 2012**

	Total to 2011	2012	2013	2014
Subtotals carried forward	\$ 2,989,810	\$ 1,347,027	\$ 1,555,000	\$ 1,372,000
(q) Altus/MasonryWorx wall costs study.	-	17,500	17,500	-
(r) CSA standard at \$15,000 per year for five years from 2009 to 2013.	45,000	15,000	15,000	-
(s) Unit Strength Method Correlation Study.	15,044	-	15,000	-
(t) Wall Draining Project (NRC).	18,537	24,000	11,000	-
(u) Single Wythe energy study.	-	-	10,000	-
(v) Block machine for McMaster University.	197,735	-	-	-
(w) Educational tools.	91,173	8,860	-	-
(x) Foundation Project - McMaster University.	90,484	4,307	-	-
(y) National Research Council (NRC) research.	85,013	-	-	-
(z) Funding to Dr. Svetlana Brzev and Dr. Don Anderson for a Seismic Design Guide.	30,717	-	-	-
(aa) Cement study.	30,000	-	-	-
(ab) Masonry Apprenticeship Training Textbook.	25,000	-	-	-
(ac) National Sciences and Engineering Research Council (NSERC) funding.	15,000	-	-	-
(ad) Research equipment contribution to British Columbia Institute of Technology.	10,000	-	-	-
(ae) Development of Canadian Framework and Guide regarding Apparent Sound Insulation in Construction - Phase 1.	-	10,000	-	-
Subtotals	\$ 3,643,513	\$ 1,426,694	\$ 1,623,500	\$ 1,372,000

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Notes to Financial Statements (continued)

December 31, 2012

	Total to 2011	2012	2013	2014
Subtotals carried forward	\$ 3,643,513	\$ 1,426,694	\$ 1,623,500	\$ 1,372,000
(af) Leadership in Energy and Environmental Design (LEED) standards development.	-	2,200	-	-
Totals	\$ 3,643,513	\$ 1,428,894	\$ 1,623,500	\$ 1,372,000

(iii)

(i) Not all universities have applied or will meet the criteria for funds to be released.

(ii) Payment amount based on unit block sales.

(iii) Annual totals after 2014:

2015 \$979,000

2016 and each year thereafter \$767,000