Financial Statements
December 31, 2014



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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, 2014, 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 blocks 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.

(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, 2014, 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.

Respectfully submitted,

Dixon, Gordon + Co, LLP

CHARTERED ACCOUNTANTS, Licensed Public Accountants Toronto, Canada

April 1, 2015

Statement of Financial Position

December 31, 2014

	2014	2013
Assets		
Cash and cash equivalents	\$ 2,833,322	\$ 1,370,845
Guaranteed investment certificates (note 3)	1,054,979	2,122,185
Accrued levy fees	408,449	358,867
Accounts receivable	-	53,997
Prepaid expense	-	1,400
	\$ 4,296,750	\$ 3,907,294
Liabilities Accounts payable and accrued liabilities Sales tax payable	\$ 108,293 35,738	\$ 188,035 23,439
	144,031	211,474
Commitments (note 5)	,	,
Net assets		
Net assets, internally restricted (page 4) (note 1)	4,152,719	3,695,820
	\$ 4,296,750	\$ 3,907,294

APPROVED ON BEHALF OF THE BOARD:

/s/ Director

/s/ Director

See accompanying notes

Statement of Changes in Net Assets For the year ended December 31, 2014

	2014	2013
Net assets, beginning of year	\$ 3,695,820	\$ 3,595,860
Excess of revenue over expenses (page 5)	456,899	99,960
Net assets, end of year	\$ 4,152,719	\$ 3,695,820

Statement of Revenue and Expenses For the year ended December 31, 2014

	2014	2013
Revenue		
Levy fees (note 2(d)) Interest	\$ 1,648,528 26,524	\$ 1,564,267 27,927
	1,675,052	1,592,194
Expenses		
Technical programs (page 6) Advertising and promotion (page 6) General and administration (page 7)	912,389 278,311 27,453	987,645 411,848 92,741
	1,218,153	1,492,234
Excess of revenue over expenses	\$ 456,899	\$ 99,960

Expenses

For the year ended December 31, 2014

		2014		2013
Technical programs				_
University sponsorships	\$	163,750	\$	291,000
Consulting fees	•	169,084		145,317
Development of the National Building Code Canada (NBCC) -				
Sound analysis		114,367		4,286
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
Training Centre block delivery		68,996		66,663
Masonry Design Awards		22,200		50,000
Centre for Architecture - Athabasca University		-		50,000
Canadian Masonry Contractors Association (CMCA) conference				
sponsorship		20,000		-
Canadian Standards Association (CSA) A165 Standard				
development		-		15,000
Single Wythe energy study		12,990		-
Wall Drainage Project (NRC)		6,823		12,858
Masonry Training Scholarships		-		10,000
Development of Canadian Framework and Guide		10,000		10,000
SMART/dynamics of masonry subscriptions		8,211		9,737
Apprenticeship Training Textbook		9,250		-
Consulting expenses		5 ,718		6,288
Educational tools		-		5,851 5,000
Coverage 2013 Forum sponsorship		1 000		5,000
Foundation Project National Research Council (NRC) research		1,000		4,972 410
Leadership in Energy and Environmental Design (LEED) standards		-		410
development		_		263
	\$	912,389	\$	987,645
		012,000	Ψ	007,010
Advertising and promotion				
Advertisement - Fire and building code changes	\$	141,472	\$	196,082
National Concrete Masonry Association fees		55,338		50,727
Commercial production		-		55,000
MasonryWorx Association fees		50,000		50,000
General advertising		14,817		32,680
Masonry Alliance for Codes and Standards membership		13,804		12,523
Industry lobbying		-		10,000
Website		30		2,250
The Masonry Society membership fees		1,710		1,546
Masonry Executives Council fees		1,140		1,040
	\$	278,311	\$	411,848

Expenses (continued)
For the year ended December 31, 2014

	2014	2013
General and administration		
Bad debts	\$ _	\$ 68,572
Accounting, audit and legal	23,621	23,300
Travel and meetings	3,300	350
Postage and courier	433	444
Bank charges	99	75
	\$ 27,453	\$ 92,741

Statement of Cash Flows For the year ended December 31, 2014

	2014	2013
Cash from (used in) operating activities:		
Excess of revenue over expenses	\$ 456,899	\$ 99,960
Change in non-cash working capital		
Accrued levy fees	(49,582)	50,802
Accounts receivable	53,997	(53,997)
Prepaid expense	1,400	(1,121)
Accounts payable and accrued liabilities	(79,742)	30,314
Sales tax payable	12,299	(6,746)
	(61,628)	19,252
	395,271	119,212
Cash from (used in) investing activities:		
Decrease (increase) in guaranteed investment certificates	1,067,206	(26,268)
Increase in cash and cash equivalents	1,462,477	92,944
Cash and cash equivalents, beginning of year	1,370,845	1,277,901
Cash and cash equivalents, end of year	\$ 2,833,322	\$ 1,370,845

Notes to Financial Statements December 31, 2014

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 have been prepared 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, guaranteed investment certificates, accrued levy fees and accounts receivable. Financial

Notes to Financial Statements (continued) December 31, 2014

liabilities measured at cost or amortized cost include accounts payable and accrued liabilities and sales tax payable.

Transaction costs

The Association's transaction costs related to financial instruments subsequently measured at fair value are charged to expense in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

Impairment

Financial assets stated at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year 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 difficultly 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.

Notes to Financial Statements (continued) December 31, 2014

3. Guaranteed investment certificates

	2014	2013
Bank of Montreal GIC, interest at 1.15% per annum, maturing May 14, 2015	\$ 545,539	\$ _
BMO Trust Company GIC, interest at 1.15% per annum, maturing May 14, 2015	509,440	-
Bank of Montreal GIC, interest at 1.15% per annum, maturing May 16, 2014	-	1,079,126
Advisor's Advantage Trust GIC, interest at 1.15% per annum, maturing May 13, 2014	-	539,379
Montreal Trust Company of Canada GIC, interest at 1.15% per annum, maturing May 13, 2014	_	503,680
	\$ 1,054,979	\$ 2,122,185

4. 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, 2014 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, guaranteed investment certificates, accrued levy fees and accounts receivable. The Association places its cash and cash equivalents and guaranteed investment certificates 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, 2014, the Association's net assets of \$4,152,719 were sufficient to fund amounts likely to be paid in 2015 and 2016 on its expenditure commitments (note 5). The Association believes that its levy fee revenues subsequent to 2014 will be sufficient in funding expenditure commitments beyond 2016.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk, as its guaranteed investment certificates bear interest at a fixed rate and accordingly, experience changes in fair value with fluctuations in interest rates.

Notes to Financial Statements (continued) December 31, 2014

(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 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 2013.

Notes to Financial Statements (continued) December 31, 2014

5. Commitments

Future expenditures in respect of the Association's committed projects and initiatives are subject to the completion of specific milestones as determined by the Association. Expenditure commitments as at December 31, 2014 measured on the basis that all applicable milestones are met, along with reported amounts charged to expense through to 2014 by individual project, are summarized below:

			Total to 2013	2014	2015		(1) 2016
(a)	Univ Univ New	versity sponsorships for Dalhousie University, University of Alberta, versity of British Columbia, University of Calgary, Concordia versity, University of Manitoba, McMaster University, University of V Brunswick and University of Saskatchewan, for a total of 000,000 over the years 2009 to 2016.	\$ 1,279,000	\$ 163,750	\$ 307,250 (2)	\$	250,000 (2)
(b)	Con	sulting fees.	145,317 for 2013	169,084	150,000	+	150,000 each year after
(c)	Des	sign 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 2013	100,000	100,000	+	100,000 each year after
(d)	eacl	ario Masonry Training Centre (OMTC) for \$100,000 in 2015 and h year thereafter in addition to \$1,075,000 funded over seven years 013.	1,075,000	100,000	100,000	+	100,000 each year after
(e)	Can	nadian Masonry Research Council funding.	100,000 for 2013	100,000	100,000		100,000
Sub	ototal	s	\$ 3,061,051	\$ 632,834	\$ 757,250	\$	700,000

Notes to Financial Statements (continued) December 31, 2014

		Total to 2013	2014	2015	(1) 2016
Sub	totals carried forward	\$ 3,061,051 \$	632,834	\$ 757,250	\$ 700,000
(f)	Marketing of Concrete Masonry Unit (CMU).	-	-	100,000	100,000 + each year after
(g)	Materials for Apprenticeship Training and Research.	392,800	68,996	75,000	75,000 + each year after
. ,	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.	50,727 for 2013	55,338	55,000 (3)	55,000 (3)
	Membership dues of \$50,000 per year and sponsorships of \$25,000 in	50,000	50,000	50,000	50,000
	2010 and 2012 to MasonryWorx Association, a marketing group sponsored in part by the Masonry Contractors of Metropolitan Toronto.	for 2013			+ each year after
(j)	Secondary engineering support.	-	-	50,000	50,000
					+ each year after
	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.	170,929	114,367	80,000	-
	Creation of the new Royal Architectural Institute of Canada (RAIC) Centre for Architecture at Athabasca University.	200,000	-	50,000	-
(m)	Masonry Alliance for Codes and Standards membership.	12,523 for 2013	13,804	14,500	14,500 + each year after
(n)	Masonry Training Scholarships.	10,000 for 2013	-	10,000	10,000
Sub	totals	\$ 3,948,030 \$	935,339	\$ 1,241,750	\$ 1,054,500

Notes to Financial Statements (continued) December 31, 2014

	Total to 2013	2014	2015	(1) 2016
Subtotals carried forward	\$ 3,948,030	\$ 935,339	\$ 1,241,750	\$ 1,054,500
(o) CSA standard at \$15,000 per year for five years from 2009 to 2013, plus \$12,000 for purchase in 2014 facilitating distribution to members.	75,000	-	12,000	-
(p) Converge (2015) Forum sponsorship.	5,000 for 2013	-	5,000	-
(q) Block machine for McMaster University.	197,735	-	-	-
(r) Canadian Masonry Contractors Association (CMCA) conference sponsorship.	118,185	20,000	-	-
(s) Masonry Design Awards.	110,000 for 2012-13	22,200	-	-
(t) Educational tools.	105,884	-	-	-
(u) Foundation Project - McMaster University.	99,763	1,000	-	-
(v) National Research Council (NRC) research.	85,423	-	-	-
(w) Wall Draining Project (NRC).	55,395	6,823	-	_
(x) Canadian Masonry Symposium, in addition to \$50,000 funded in 2009.	50,000	-	-	-
(y) Funding to Dr. Svetlana Brzev and Dr. Don Anderson for a Seismic Design Guide.	30,717	-	-	-
(z) Cement study.	30,000	-	-	-
(aa) Development of Canadian Framework and Guide regarding Apparent Sound Insulation in Construction - Phases 1 and 2.	20,000	10,000	-	-
(ab) Masonry Apprenticeship Training Textbook.	25,000	-	-	-
Subtotals	\$ 4,956,132	\$ 995,362	\$ 1,258,750	\$ 1,054,500

Notes to Financial Statements (continued)

December 31, 2014

	Total to 2013	2014	2015	(1) 2016
Subtotals carried forward	\$ 4,956,132	\$ 995,362	\$ 1,258,750	\$ 1,054,500
(ac) SMART/dynamics of masonry subscriptions.	9,737 for 2013	8,211	-	-
(ad) Altus/MasonryWorx wall costs study.	17,500	-	-	-
(ae) Unit Strength Method Correlation Study.	15,044	-	-	-
(af) National Sciences and Engineering Research Council (NSERC) funding.	15,000	-	-	-
(ag) Single Wythe energy study	-	12,990	-	-
(ah) Research equipment contribution to British Columbia Institute of Technology.	10,000	-	-	-
(ai) Apprenticeship Training Textbook.	-	9,250	-	-
(aj) Leadership in Energy and Environmental Design (LEED) standards development.	2,463	-	-	-
Totals	\$ 5,025,876	\$ 1,025,813	\$ 1,258,750	\$ 1,054,500

- (1) Totals after 2016 are \$694,500 per year.
- (2) As at December 31, 2014, not all universities have applied nor have met the criteria for funds to be released.
- (3) Payment amount based on unit block sales.