

**CANADIAN CONCRETE MASONRY
PRODUCERS' ASSOCIATION
LEVY FUND**

Financial Statements

December 31, 2023



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CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

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December 31, 2023

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Independent Auditor's Report

To the Directors and Members of Canadian Concrete Masonry Producers' Association

Qualified Opinion

We have audited the financial statements of the Levy Fund of the Canadian Concrete Masonry Producers' Association ("the Association"), which comprise the following:

- the statement of financial position as at December 31, 2023;
- the statement of changes in net assets for the year then ended;
- the statement of revenue and expenses for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies;

(hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "*Basis for Qualified Opinion*" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Levy Fund of the Association as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 to 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:

- Assets reported in the statements of financial position as at December 31, 2023 and December 31, 2022;
- Net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended December 31, 2023 and December 31, 2022;
- Levy fees revenue for the years ended December 31, 2023 and December 31, 2022;
- Revenue over expenses reported in the statements of cash flows for the years ended December 31, 2023 and December 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dixon, Gordon + Co, LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
May 29, 2024

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Statement of Financial Position

December 31, 2023

	2023	2022
Assets		
Cash and cash equivalents	\$ 465,409	\$ 4,773,608
Guaranteed investment certificates (note 3)	4,654,741	-
Accrued levy fees	413,038	390,039
Accounts receivable	81,585	19,973
Prepaid expenses	83,000	101,289
	\$ 5,697,773	\$ 5,284,909
Liabilities		
Accounts payable and accrued liabilities	\$ 597,467	\$ 391,435
Sales tax payable	22,080	12,090
	619,547	403,525
Commitments (note 5)		
Net assets		
Net assets, internally restricted (page 4) (note 1)	5,078,226	4,881,384
	\$ 5,697,773	\$ 5,284,909

APPROVED ON BEHALF OF THE BOARD:

/s/ Director

/s/ Director

The accompanying notes are an integral part of these financial statements.

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Statement of Changes in Net Assets

For the year ended December 31, 2023

	2023	2022
Net assets, beginning of year	\$ 4,881,384	\$ 4,835,156
Excess of revenue over expenses (page 5)	196,842	46,228
Net assets, end of year	\$ 5,078,226	\$ 4,881,384

The accompanying notes are an integral part of these financial statements.

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Statement of Revenue and Expenses

For the year ended December 31, 2023

	2023	2022
Revenue		
Levy fees (note 2(d))	\$ 1,565,501	\$ 1,493,844
Levy fees allocated for contribution (notes 2(d) and 6)	91,028	76,026
Interest income	201,176	75,209
	1,857,705	1,645,079
Expenses (page 6)		
Technical programs	1,297,159	1,280,300
Advertising and promotion	333,383	289,794
General and administration	30,321	28,757
	1,660,863	1,598,851
Excess of revenue over expenses	\$ 196,842	\$ 46,228

The accompanying notes are an integral part of these financial statements.

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Expenses

For the year ended December 31, 2023

	2023	2022
Technical programs		
Consulting fees	\$ 342,525	\$ 293,325
University sponsorships	267,740	315,095
Association des Entrepreneurs en Maçonnerie du Québec (AEMQ) contribution	116,358	126,460
Canada Masonry Design Centre - Research consulting	110,000	100,000
Training Centre block delivery	96,955	108,572
Design software support contribution	100,000	100,000
National training fund contribution	100,000	100,000
Atlantic Masonry Institute contribution	91,028	76,026
Masonry Alliance for Codes and Standards membership	25,789	24,248
Canadian Masonry Contractors Association (CMCA) conference sponsorship	20,000	20,000
Consulting expenses	12,166	6,199
Development of the National Building Code Canada (NBCC) - Sound analysis	10,375	10,375
Other research projects	4,223	-
	\$ 1,297,159	\$ 1,280,300
Advertising and promotion		
Masonry Council of Ontario membership fees and contribution	\$ 120,500	\$ 129,150
Concrete Masonry & Hardscapes Association (CMHA) levy contribution	52,183	49,795
CMHA membership fee	50,000	50,000
Alberta Masonry Council - Government relations campaign	40,000	30,000
Other sponsorships	27,803	-
Website and social media	17,894	13,360
The Masonry Society sponsorship - North American Masonry Conference	10,488	-
Advertising and marketing programs	2,992	10,070
Other membership fees	5,723	6,419
AEMQ sponsorship	5,800	-
Ontario General Contractors Association sponsorship	-	1,000
	\$ 333,383	\$ 289,794
General and administration		
Accounting, audit and legal	\$ 29,933	\$ 28,385
Donation	-	275
Bank charges	251	35
Postage and courier	137	62
	\$ 30,321	\$ 28,757

The accompanying notes are an integral part of these financial statements.

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash from (used in) operating activities:		
Excess of revenue over expenses	\$ 196,842	\$ 46,228
Change in non-cash working capital		
Decrease (increase) in working capital assets		
Accrued levy fees	(22,999)	16,024
Prepaid expenses	18,289	(27,041)
Accounts receivable	(61,612)	78,578
Increase (decrease) in working capital liabilities		
Accounts payable and accrued liabilities	206,032	(36,091)
Sales tax payable	9,990	(19,995)
	149,700	11,475
	346,542	57,703
Cash from (used in) investing activities:		
Purchase of guaranteed investment certificates	(4,654,741)	-
(Decrease) increase in cash and cash equivalents	(4,308,199)	57,703
Cash and cash equivalents, beginning of year	4,773,608	4,715,905
Cash and cash equivalents, end of year	\$ 465,409	\$ 4,773,608

The accompanying notes are an integral part of these financial statements.

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Notes to Financial Statements

December 31, 2023

1. Nature of the Organization

The Canadian Concrete Masonry Producers' Association ("CCMPA", or "the Association") is an industry association promoting the development of timeless, most environmentally friendly and safest concrete masonry structures towards establishing masonry as the primary building material of choice for all building segments.

These financial statements represent only the activities of the Association's Levy Fund, through which an environment levy is collected on behalf of Canada's concrete masonry industry for the funding of research initiatives towards the creation of new and improved concrete 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 technical research initiatives to the engineering and design communities, advises on codes and standards development and maintenance and supports education and training of future industry professionals.

The Association's Operating Fund activities are reported separately and are not included in these financial statements. Combined financial statements are not prepared.

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

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Notes to Financial Statements (continued)

December 31, 2023

subsequently measured at fair value are recognized in income in the period incurred.

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 collected from members at a fixed rate of 4.5 cents per concrete masonry block sold by each of the respective producer members of the Association. The fixed rate, comprised of 5.0 cents per concrete block collected on sales by members less 0.5 cents per concrete block withheld to cover administrative costs incurred, is subject to periodic revision, generally on an annual basis. An incremental levy of 5.0 cents per concrete masonry block is collected from members of Atlantic Masonry Institute (note 5), to which contributions are made at the amounts of the incremental levy (note 6). Levy fee revenue is recognized when earned, commensurate with the reported volume of concrete 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 concrete masonry block sales as reported by its members.

Interest income is recognized on an accrual basis.

(e) Contributed services

Volunteers assist the Association in carrying out its activities. 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.

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Notes to Financial Statements (continued)

December 31, 2023

3. Guaranteed investment certificates

	2023
Bank of Montreal GIC, redeemable, interest at 4.05% per annum, maturing April 1, 2024	\$ 515,369
Bank of Montreal GIC, non-redeemable, interest at 4.70% per annum, maturing April 1, 2024	517,834
BMO Trust Company GIC, non-redeemable, interest at 4.70% per annum, maturing April 1, 2024	517,834
HSBC Bank GIC, non-redeemable, interest at 4.58% per annum, maturing April 1, 2024	517,379
Bank of Nova Scotia GIC, non-redeemable, interest at 4.55% per annum, maturing April 1, 2024	517,265
Montreal Trust Company of Canada GIC, non-redeemable, interest at 4.55% per annum, maturing April 1, 2024	517,265
National Trust GIC, non-redeemable, interest at 4.55% per annum, maturing April 1, 2024	517,265
Royal Bank of Canada GIC, non-redeemable, interest at 4.55% per annum, maturing April 1, 2024	517,265
Royal Trust Corporation of Canada GIC, non-redeemable, interest at 4.55% per annum, maturing April 1, 2024	517,265
	\$ 4,654,741

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, 2023 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, 2023, the Association's net assets of \$5,078,226 were well in excess of the amounts projected to be paid on its expenditure commitments (note 5).

(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 future cash flows risk, as interest income on its cash and cash equivalents holdings fluctuates with changes in interest rates.

CANADIAN CONCRETE MASONRY PRODUCERS' ASSOCIATION LEVY FUND

Notes to Financial Statements (continued)

December 31, 2023

(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 concrete masonry block production industry.

The Association considers its financial risks and concentrations of risk to be low and not significantly changed from 2022.

5. Commitments

As at December 31, 2023, the Association's Levy Fund had disbursement commitments totalling \$1,775,000 comprised as follows:

	Projected Commitment Amount
University sponsorships, involving research projects conducted at 13 universities with additional contributions from other participants	\$ 857,000
Materials for apprenticeship training and research	250,000
Funding to National Masonry Design Programs of 50% share of operating and support costs of Masonry Analysis Structural Systems software	200,000
Ontario Masonry Training Centre funding	200,000
Canada Masonry Design Centre - research consulting	220,000
Masonry Alliance for Codes and Standards membership and contribution	48,000
	\$ 1,775,000
Projected payments in the following years:	
2024	\$ 785,000
2025	699,000
2026	113,000
2027	98,000
2028	80,000
	\$ 1,775,000

6. Levy fees allocated for contribution

Pursuant to an agreement with Atlantic Masonry Institute ("AMI") effective on April 1, 2020, the Association applied an incremental levy fee of 5.0 cents per concrete masonry block on related sales by producer members of AMI, with such levy funds payable to AMI. These levy revenues and associated AMI contribution expenses for the year ended December 31, 2023 totalled to \$91,028 (2022 - \$76,026).

7. Related party transactions

During the year ended December 31, 2023, the Association made purchases of concrete masonry blocks totalling \$105,343 (2022 - \$178,559) from various members, for use in training recruits in masonry apprenticeships as well as for research project purposes. This expense was incurred in the normal course of operations with payments measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and at discounted prices versus amounts charged to regular customers of the members.