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**CANADIAN CARWASH ASSOCIATION (CCA)**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of  
**CANADIAN CARWASH ASSOCIATION (CCA)**

We have reviewed the accompanying financial statements of **CANADIAN CARWASH ASSOCIATION (CCA)** that comprise the statement of financial position as at **DECEMBER 31, 2022**, and the statements of operations and 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.

### *Practitioner's Responsibility*

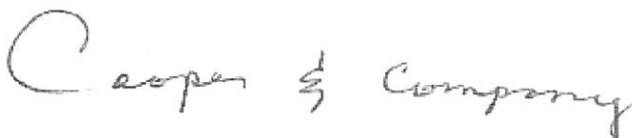
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **CANADIAN CARWASH ASSOCIATION (CCA)** as at **DECEMBER 31, 2022**, 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.



Chartered Professional Accountants,  
Licensed Public Accountants

Toronto, Ontario  
April 12, 2023

# CANADIAN CARWASH ASSOCIATION (CCA)

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 29,020	\$ 38,346
Accounts receivable	37,946	43,668
Investments (Note 3)	43,717	21,578
Prepaid expenses	3,615	4,024
Sales taxes receivable	<u>-</u>	<u>2,045</u>
	<u>\$ 114,298</u>	<u>\$ 109,661</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 34,803	\$ 35,776
Deferred revenue (Note 4)	8,728	15,927
Sales taxes payable	<u>1,069</u>	<u>-</u>
	44,600	51,703
<b>LONG-TERM DEBT</b> (Note 7)	<u>40,000</u>	<u>40,000</u>
	84,600	91,703
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b>	<u>29,698</u>	<u>17,958</u>
	<u>\$ 114,298</u>	<u>\$ 109,661</u>

### COMMITMENTS (Note 8)

See accompanying notes to the financial statements.

### APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# CANADIAN CARWASH ASSOCIATION (CCA)

## STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
<b>REVENUES</b>		
Membership fees (Note 4)	\$ 70,665	\$ 74,808
Trade show (Note 6)	33,580	8,741
Sponsorship	17,250	18,500
Golf tournament revenue	15,564	-
Carwash toolkit	3,607	1,125
Royalty income	2,999	4,839
Investment income	606	51
Advertising revenue	463	-
Networking	20	-
	144,754	108,064
<b>EXPENSES</b>		
Management fees (Note 8)	66,757	86,872
Carwash volume reports	22,081	29,145
Golf tournament	10,327	-
CFIB membership fees (Note 8)	8,106	10,238
Bad debts expense	6,945	250
Professional fees	5,100	5,400
Membership	3,484	2,835
Office and general	3,232	3,089
Newsletter	2,923	1,138
Trade show	2,311	-
Insurance	1,736	1,642
Governance	12	12
Forgiveness of debt (Note 7)	-	(10,000)
	133,014	130,621
<b>SURPLUS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>11,740</b>	<b>(22,557)</b>
<b>UNRESTRICTED NET ASSETS</b> , beginning of the year	<b>17,958</b>	<b>40,515</b>
<b>UNRESTRICTED NET ASSETS</b> , end of the year	<b>\$ 29,698</b>	<b>\$ 17,958</b>

See accompanying notes to the financial statements.

# CANADIAN CARWASH ASSOCIATION (CCA)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Surplus (deficiency) of revenues over expenses	\$ 11,740	\$ (22,557)
Charges to non-cash working capital:		
Forgiveness of debt	<u>-</u>	<u>(10,000)</u>
	<u>11,740</u>	<u>(32,557)</u>
Changes in non-cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	5,722	(32,949)
Decrease (increase) in sales taxes receivable	3,114	(484)
Decrease (increase) in prepaid expense	409	(785)
Increase (decrease) in accounts payable and accrued liabilities	(972)	21,233
Increase (decrease) in deferred revenue	<u>(7,199)</u>	<u>2,202</u>
	<u>1,074</u>	<u>(10,783)</u>
<b>Cash flows generated from (used in) operating activities</b>	<u>12,814</u>	<u>(43,340)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	<u>-</u>	<u>20,000</u>
<b>INVESTING ACTIVITIES</b>		
Change in investments	<u>(22,139)</u>	<u>(62)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		
	<u>(9,325)</u>	<u>(23,402)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<u>38,345</u>	<u>61,748</u>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<u>\$ 29,020</u>	<u>\$ 38,346</u>

See accompanying notes to the financial statements.



# CANADIAN CARWASH ASSOCIATION (CCA)

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 1. PURPOSE OF THE ASSOCIATION

The Canadian Carwash Association (CCA) (the "Organization") was originally incorporated under the Ontario Corporations Act without share capital by Letters Patent dated December 31, 1960. Following a resolution passed at a Special Meeting on February 25, 2016, the members voted to organize the association as a federal not-for-profit corporation and federal incorporation was granted on March 11, 2016 under the Canada Not for Profit Corporations Act. The dissolution order of the Ontario corporation was granted on June 16, 2016. As a validly constituted federal not-for-profit corporation, the Canadian Carwash Association (CCA) has been issued an Ontario Corporation number, allowing it to carry on business in Ontario under its current corporate structure.

The prior organization was dissolved pursuant to Articles of Dissolution dated June 16, 2016.

The Association has the following objectives:

- To promote the benefits of professional car washing;
- Communicate to the media and consumers the environmental and economic benefits of professional car washing;
- Promote sensible, effective environmental standards and encourage supportive legislation;
- Provide educational opportunities designed to promote the highest ethical and professional business practices;
- Provide carwash operators with tangible, cost-saving benefits;
- Provide networking opportunities for the exchange of information designed to improve the performance and services offered by professional carwashes; and
- Promote the standards, services, benefits and activities of the Association to all Canadian carwash operators

The Association is exempt from income taxes under Section 149(1)(1) of the Income Tax Act.

# CANADIAN CARWASH ASSOCIATION (CCA)

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Organization have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

#### **Revenue Recognition**

Membership fees revenue is recognized over the term of the membership. Trade show, sponsorship, golf tournament and networking revenues are recognized when the corresponding events are held. Interest on investments is recognized in income when earned.

#### **Financial instruments**

The Organization initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost and has not designated any financial asset or liability to be measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

#### **Financial asset impairment**

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

#### **Contributed services**

Volunteers contribute a substantial number of hours per year to assist the Association in carrying out its service delivery of activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

#### **Measurement uncertainty (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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

# CANADIAN CARWASH ASSOCIATION (CCA)

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 3. INVESTMENTS

Investments consist of units of a mutual fund with a cost and fair market value of \$43,717.

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### 4. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 15,927	\$ 13,725
Amount received during the year	63,466	77,010
Less: Amount recognized as revenue during the year	<u>(70,665)</u>	<u>(74,808)</u>
Balance, end of the year	<u>\$ 8,728</u>	<u>\$ 15,927</u>

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### 5. INTERNAL RESTRICTION FOR STRATEGIC INITIATIVES

In 2007, the Board of Directors (the "Board") approved the establishment of a Strategic Initiatives Fund. These funds can only be accessed by a motion of the board.

During fiscal 2022, there were no internal restrictions by the Board of Directors for the purpose of the Strategic Initiatives Fund.

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### 6. SPONSORSHIP AGREEMENT

The Association has entered into a sole sponsorship agreement ("Agreement") with EnsembleIQ Inc. ("EnsembleIQ") whereby the Association has agreed to actively promote the trade shows and publication that EnsembleIQ owns, produces, manages and operate. Likewise, EnsembleIQ will place the Association's trademark on all promotional items. In consideration for the sole sponsorship, EnsembleIQ agrees to pay the Association a fee that is greater of a fixed fee of \$15,000 or 7.5% of the net trade show revenues, for each trade show.

During the year, the Association participated in a trade show and recorded revenue in the amount of \$33,580 (2021 - \$8,741) related to the agreement.



# CANADIAN CARWASH ASSOCIATION (CCA)

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 7. LOAN PAYABLE

The Association applied for and received a \$40,000 Canada Emergency Business Account ("CEBA") in 2020 and \$20,000 in 2021 for a total of \$60,000 which is a non-interest bearing loan and can be repaid anytime without penalty until December 31, 2023. Further, if the amount is repaid by this date, \$20,000 of the loan will be forgiven which was recorded as a forgiveness of debt in previous years. On December 31, 2023, the Association has the option to extend the loan for a 2-year term with interest at 5%, in which case the full \$60,000 would be repayable.

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### 8. COMMITMENTS

The Association has entered into an agreement with Essentient Association Management ("AMC"), whereby AMC will be responsible for the administrative activities of the Association. The term of the current arrangement between the parties is from September 1, 2022 to August 31, 2024 in the amount of \$61,500 plus HST.

During the year, the Association was charged \$66,757 (2021 - \$86,872) by AMC and the previous management company, which has been recorded as management fees.

The Association has also entered into an agreement with CFIB to purchase membership at a special group rate on the condition that Association agrees to pay for each member that is eligible for the membership. The term of the arrangement is for three years and at the end of each year, the Association and CFIB will review their existing term and the number of members who are eligible for the membership to determine Association's annual membership fees.

During the year, the association was charged \$8,106 (2021 - \$10,238) plus HST.

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### 9. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### Credit risk

The organization's exposure to credit risk is indicated by the carrying value of its financial assets. The organization does not have a significant exposure to any individual customer. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information.