
CANADIAN CARWASH ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019

UNAUDITED

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
CANADIAN CARWASH ASSOCIATION

We have reviewed the accompanying financial statements of **CANADIAN CARWASH ASSOCIATION** that comprise the statement of financial position as at **DECEMBER 31, 2019**, 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** as at **DECEMBER 31, 2019**, 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
February 10, 2020

CANADIAN CARWASH ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 29,858	\$ 15,476
Accounts receivable	362	21,553
Investments (Note 3)	42,345	41,000
Prepaid expenses	1,167	1,263
Government remittances receivable	<u>3,771</u>	<u>2,880</u>
	<u>\$ 77,503</u>	<u>\$ 82,172</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 22,242	\$ 13,674
Deferred revenue	<u>9,927</u>	<u>16,609</u>
	32,169	30,283
NET ASSETS'		
UNRESTRICTED NET ASSETS	<u>45,334</u>	<u>51,889</u>
	<u>\$ 77,503</u>	<u>\$ 82,172</u>

COMMITMENTS (Note)

See accompanying notes to the financial statements.

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

CANADIAN CARWASH ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUES		
Membership fees (Note 4)	\$ 78,106	\$ 60,733
Trade show (Note 6)	44,883	43,225
Golf tournament	28,035	28,060
Sponsorship	16,454	16,702
Sonny's college revenue	7,447	-
Royalty income	2,456	3,394
Investment income	436	866
	<u>177,817</u>	<u>152,980</u>
EXPENSES		
Management fees (Note 7)	77,817	76,296
Golf tournament	21,275	22,224
Carwash volume reports	24,168	20,840
CFIB membership fees (Note 7)	13,700	12,063
Office and general (Note 7)	11,363	11,700
Trade show	8,148	6,226
Sonny's college expenses	7,447	-
Professional fees	5,000	5,000
Membership	4,908	5,861
Board, executive & AGM	4,458	2,897
Bad debts expense	2,500	3,390
Newsletter	1,916	2,190
Insurance	1,652	1,621
Governance	20	20
	<u>184,372</u>	<u>170,328</u>
DEFICIENCY OF REVENUES OVER EXPENSES	(6,555)	(17,348)
UNRESTRICTED NET ASSETS , beginning of the year	<u>51,889</u>	<u>69,237</u>
UNRESTRICTED NET ASSETS , end of the year	<u>\$ 45,334</u>	<u>\$ 51,889</u>

See accompanying notes to the financial statements.

CANADIAN CARWASH ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ <u>(6,555)</u>	\$ <u>(17,348)</u>
Changes in non-cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	21,191	(4,349)
Increase in government remittances receivable	(891)	(776)
Decrease in prepaid expense	96	7,800
Increase in accounts payable and accrued liabilities	8,568	2,959
Increase (decrease) in deferred revenue	<u>(6,682)</u>	<u>8,099</u>
	<u>22,282</u>	<u>13,733</u>
Cash flows generated from (used in) operating activities	15,727	(3,615)
INVESTING ACTIVITIES		
Change in investments	<u>(1,345)</u>	<u>378</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	14,382	(3,237)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>15,476</u>	<u>18,713</u>
CASH AND CASH EQUIVALENTS, end of the year	\$ 29,858	\$ 15,476

See accompanying notes to the financial statements.

CANADIAN CARWASH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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)(I) of the Income Tax Act.

CANADIAN CARWASH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 Organization ("ASNPO").

Revenue Recognition

Membership fees revenue is recognized over the term of the membership. Trade show, sponsorship and golf tournament 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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. INVESTMENTS

Investments consist of a Guaranteed Investment certificate bearing interest at 2.52% and a fair market value of \$21,261 as well as a mutual fund with a fair market value of \$21,381.

4. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Balance, beginning of the year	\$ 16,609	\$ 8,510
Amount received during the year	71,424	68,832
Less: Amount recognized as revenue during the year	<u>(78,106)</u>	<u>(60,733)</u>
Balance, end of the year	<u>\$ 9,927</u>	<u>\$ 16,609</u>

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 2019, there were no internal restrictions by the Board of Directors for the purpose of the Strategic Initiatives Fund.

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 trade shows in both Toronto and Calgary, and recorded trade show revenue in the amount of \$44,883 (2018 - \$43,225) related to the agreement.

CANADIAN CARWASH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

7. COMMITMENTS

The Association has entered into an agreement with Managing Matters Inc. ("MMI"), whereby MMI will be responsible for the administrative activities of the Association. The term of the current arrangement between the parties is from January 1, 2020 to December 31, 2020 in the amount of \$86,874 plus HST.

During the year, the Association was charged \$85,164 (2018 - \$83,499) by MMI, of which \$77,817 (2018 - \$76,296) and \$7,347 (2018 - \$7,203) has been recorded as management fees and office expenses, respectively.

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 ending January 31, 2021 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 \$13,700 (2018 - \$12,063) plus HST.

8. 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.