CANADIAN AUTOMATIC MERCHANDISING ASSOCIATION

REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2016

Gilmore + Company LLP
Chartered Professional Accountants

Tel: (905) 602 8009
Fax: (905) 602 8011
Website: www.gilmoreandco.com
2600 Skymark Avenue, Building 9, Suite 201, Mississauga, ON L4W 5B2

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Canadian Automatic Merchandising Association

We have audited the accompanying financial statements of Canadian Automatic Merchandising Association, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and unrestricted fund balance 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.

Auditor's 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 whether the financial statements are free of 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 auditor's 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 not-for-profit organizations, the association derives revenues from fees and other activities, 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 fees and other revenues, net revenue, assets and net assets.

Qualified Opinion

In our opinion, except for the effect of the potential adjustments, if any, which we might have determined to be necessary, had we been able to satisfy ourselves concerning the completeness of the receipts referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Automatic Merchandising Association as at December 31, 2016, and its financial performance and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Gilmore + Company LLP

Mississauga, Ontario
April 7, 2017

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN AUTOMATIC MERCHANDISING ASSOCIATION

(Incorporated under the Business Corporations Act - Canada and continued under Section 211 of the Canada Non-for-profit Corporations Act)

STATEMENT OF FINANCIAL POSITION

As at December 31,

	2016	2015
ASSETS		
Current		
Cash	$ 79,410	$ 118,267
Accounts receivable	200	2,794
Government remittances receivable	2,546	7,130
Prepaid expenses	4,518	9,468
	$ 86,674	$ 137,659
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 4,459	$ 10,206
Deferred membership fee revenue	15,960	27,150
	20,419	37,356
FUND BALANCES		
Unrestricted fund balance	66,255	100,303
	$ 86,674	$ 137,659

STATEMENT OF OPERATIONS AND UNRESTRICTED FUND BALANCE

For the year ended December 31,

	2016	2015
Revenue		
Canada night	$ 9,000	$ 10,725
Golf sponsorship	48,983	43,869
Interest income	-	347
Membership fees	55,235	58,730
Tradeshow	77,557	142,456
	190,775	256,127
Expenses		
Administration	6,831	10,360
Association and tradeshow management *(Note 3)*	76,000	76,000
Atlantic region workshop	158	-
Audit and legal	5,100	5,334
Board of directors/annual general meetings	10,783	11,328
Canada night	13,844	18,219
Education	1,512	-
Golf tournaments	34,170	31,824
Government relations	-	321
Insurance	1,830	1,980
Membership	2,501	749
Public relations	398	-
Healthy choice program	19,402	-
Tradeshow	45,424	91,057
Website and communications	6,870	12,496
	224,823	259,668
Deficiency of revenues over expenses	(34,048)	(3,541)
Unrestricted fund balance, beginning of year	100,303	103,844
Unrestricted fund balance, end of year	$ 66,255	$ 100,303

STATEMENT OF CASH FLOWS

For the year ended December 31,

	2016	2015
Cash provided by (used in):		
Operating activities		
Deficiency of revenues over expenses	$ (34,048)	$ (3,541)
Net changes in non-cash working capital amounts:		
Accounts receivable	2,594	1,831
Government remittances receivable	4,584	(2,872)
Prepaid expenses	4,950	1,052
Accounts payable and accrued liabilities	(5,747)	1,478
Deferred membership fee revenue	(11,190)	15,860
	(38,857)	13,808
Investing activity		
Short-term investments	-	51,657
Net (decrease) increase in cash during the year	(38,857)	65,465
Cash, beginning of the year	118,267	52,802
Cash, end of the year	$ 79,410	$ 118,267

Organization and purpose

The Canadian Automatic Merchandising Association (the "Association") was incorporated without share capital by letters patent on February 13, 1953 under the provisions of Part II of the Business Corporations Act of Canada and continued under Section 211 of the Canada Not-for-profit Corporations Act effective September 3, 2014.

The mission of the Association is to advance and promote the vending and office coffee industries in Canada.

The Association is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. *Summary of significant accounting policies*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition
The Association follows the deferral method in accounting for revenue, where all contributions and event revenues are recorded when the event occurs. Restricted contributions are recorded as revenue in the period in which the related expenses are incurred. Membership fees are recognized over the term of the membership. Interest income is recorded on the accrual basis, as earned.

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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Such estimates include the allowance for doubtful accounts. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

1. *Summary of significant accounting policies (continued)*

Financial instruments
The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets include cash, accounts receivable and government remittances receivable. Financial liabilities include accounts payable and accrued liabilities.

2. *Financial instruments*

The significant financial risks to which the Association is exposed are as follows:

Credit risk
Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from its members and customers. The Association monitors the credit risk on a regular basis and maintains an allowance where collectibility is doubtful.

3. *Management services agreement*

The Association has an agreement for management services with BB&C Management Services at a monthly cost of $6,333 (2015 - $6,333).