

**COTAPSA INC.**  
**Financial Statements**  
**Year Ended September 30, 2011**

**COTAPSA INC.**  
**Index to Financial Statements**  
**Year Ended September 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of COTAPSA Inc.

We have audited the accompanying financial statements of COTAPSA Inc., which comprise the statement of financial position as at September 30, 2011, and the statements of revenues and expenditures, 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 generally accepted accounting principles, 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 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 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 auditor considers 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 audit opinion.

*(continues)*

Independent Auditor's Report to the Members of COTAPSA Inc. *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of COTAPSA Inc. as at September 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Robert Gore & Associates". The signature is written in a cursive, flowing style.

Toronto, Ontario  
January 3, 2012

CHARTERED ACCOUNTANTS  
Licensed Public Accountants

**COTAPSA INC.**  
**Statement of Financial Position**  
**September 30, 2011**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 205,445	\$ 22,089
Term deposits	458,938	607,572
Accounts receivable	13,832	11,949
Prepaid expenses	-	1,670
	678,215	643,280
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	3,662	4,813
	\$ 681,877	\$ 648,093
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 8,797	\$ 19,854
<b>NET ASSETS</b>		
General fund	599,383	535,364
Special fund	73,697	92,875
	673,080	628,239
	\$ 681,877	\$ 648,093

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Owner*

\_\_\_\_\_ *Owner*

*See accompanying notes*

**COTAPSA INC.**  
**Statement of Revenues and Expenditures**  
**Year Ended September 30, 2011**

	2011	2010
<b>REVENUE</b>		
Member dues	\$ 453,583	\$ 455,596
Interest income	8,606	13,327
Other income	1,797	1,378
	<u>463,986</u>	<u>470,301</u>
<b>EXPENSES</b>		
Advertising and promotion	2,766	15,684
Amortization	1,151	1,540
Consulting fees	9,728	32,480
Equipment rental	5,271	4,217
Insurance	4,039	3,986
Legal fees	34,315	51,916
Meetings and conventions	3,791	4,854
Miscellaneous	14,723	31,042
Office	7,935	7,469
Professional fees	6,900	9,972
Salaries and wages	298,052	294,928
Staff and board expenses	1,659	2,608
Telephone and website	5,913	1,544
Training	3,724	2,386
	<u>399,967</u>	<u>464,626</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>64,019</u>	<u>5,675</u>
<b>SPECIAL FUND EXPENSES</b>		
Legal fees	14,904	16,197
Salaries and wages	4,274	8,860
	<u>19,178</u>	<u>25,057</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 44,841</u>	<u>\$ (19,382)</u>

*See accompanying notes*

**COTAPSA INC.**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2011**

	General Fund	Special Fund	<b>2011</b>	2010
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 535,364	\$ 92,875	<b>\$ 628,239</b>	\$ 647,626
Excess of revenue over expenses	64,019	(19,178)	<b>44,841</b>	(19,382)
<b>NET ASSETS - END OF YEAR (Note 2)</b>	<b>\$ 599,383</b>	<b>\$ 73,697</b>	<b>\$ 673,080</b>	<b>\$ 628,244</b>

*See accompanying notes*

**COTAPSA INC.**  
**Statement of Cash Flows**  
**Year Ended September 30, 2011**

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 44,841	\$ (19,382)
Item not affecting cash:		
Amortization of property, plant and equipment	1,151	1,540
	<u>45,992</u>	<u>(17,842)</u>
Changes in non-cash working capital:		
Accounts receivable	(1,883)	13,804
Accounts payable	(11,057)	11,331
Prepaid expenses	1,670	(1,670)
	<u>(11,270)</u>	<u>23,465</u>
Cash flow from operating activities	<u>34,722</u>	<u>5,623</u>
<b>INVESTING ACTIVITY</b>		
Term deposits	<u>148,634</u>	<u>(51,024)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>183,356</b>	<b>(45,401)</b>
Cash - beginning of year	<u>22,089</u>	<u>67,490</u>
<b>CASH - END OF YEAR</b>	<b>\$ 205,445</b>	<b>\$ 22,089</b>

*See accompanying notes*



**COTAPSA INC.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2011**

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**1. DESCRIPTION OF BUSINESS**

COTAPSA Inc. (City of Toronto Administrative Professional and Supervisory Association Incorporated) is incorporated under the Business Corporations Act of Ontario. The association's principal business activity is to provide legal and advocacy services to its members. For Canadian Income tax purposes, COTAPSA Inc. qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fund accounting

COTAPSA Inc. follows the restricted fund method of accounting for contributions.

The general fund accounts for the association's program delivery and administrative activities. This fund reports contributions from its members and expenses related to the operations and administration of the association. Members contribute to the fund on a voluntary basis at the rate of ten dollars per payroll cycle. The current year surplus in operations is \$64,019 (2010 - \$5,675) and the balance at the end of fiscal 2011 is \$599,383 (see Statement of Changes in Net Assets).

The special fund consists of funding net of expenses for an employment standards action which was completed. This fund now reports mainly legal and payroll costs for any collective defense matters which may arise. The current year deficiency in operations is \$19,178 (2010 - deficiency of \$25,057) and the balance at the end of fiscal 2011 is \$73,697 (see Statement of Changes in Net Assets).

Investments

Investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are classified as held for trading and carried at fair value which approximates cost. Investments earn interest at rates varying from 0.50% to 2.20%.

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Office equipment	20%
Computer equipment	30%

The association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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**COTAPSA INC.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2011**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Impairment of Long Lived Assets

The association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

The association recognizes revenues when they are earned. The association's primary source of revenue is the fees paid by members. Membership in the organization is voluntary and the fees are deducted from the members' payroll by the City of Toronto. The fees are remitted to the association by the city in conjunction with its regular payroll cycle.

Capital management

Capital is comprised of the association's general fund and special fund. As at September 30, 2011, the association's net assets was \$673,080 and it had no outstanding debt. The association's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities, to cover facilities costs should a move be required, and to fund future labour issues should the need arise

Future changes in significant accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective for the association. The association is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2012.

The Accounting Standards Board will be implementing Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective January 1, 2012. The association will be assessing the impact of the new standards on its financial statements over the next year. Early adoption is permitted for the new standards.

**COTAPSA INC.**  
**Notes to Financial Statements**  
**Year Ended September 30, 2011**

**3. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Office equipment	\$ 23,078	\$ 20,736	\$ 2,342	\$ 2,927
Computer equipment	21,556	20,236	1,320	1,886
	<b>\$ 44,634</b>	<b>\$ 40,972</b>	<b>\$ 3,662</b>	<b>\$ 4,813</b>

**4. FINANCIAL INSTRUMENTS**

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 customers. In order to reduce its credit risk, the association conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is typically not considered necessary.

Fair Value

The association's carrying value of cash, investments, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

Currency Risk

Currency risk is the risk to the association's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The association has no financial instruments held in U.S. dollars and as such is not exposed to foreign currency exchange risk.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is currently not exposed to interest rate risk as it has no floating interest rate bank indebtedness or credit facilities.

**5. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.