

COTAPSA INC.
Financial Statements
Year Ended September 30, 2014

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Year Ended September 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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, 2014 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 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 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.

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Robert Gore & Associates 1238 Kingston Road, Toronto, On M1N 1P3
Chartered Accountants T 416.699.8070 F 416.694.3373
mail@goreca.com www.goreca.com

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, 2014 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.

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

Toronto, Ontario
November 12, 2014

CHARTERED ACCOUNTANTS
Licensed Public Accountants

COTAPSA INC.
Statement of Financial Position
September 30, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 149,185	\$ 101,596
Term deposits	800,782	688,691
Accounts receivable	30,450	18,847
Prepaid expenses and deposits	2,736	3,736
	983,153	812,870
PROPERTY, PLANT AND EQUIPMENT (Note 3)	3,576	4,875
	\$ 986,729	\$ 817,745
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 29,099	\$ 16,726
Funds held on behalf of ANUMMO	1,723	3,000
	30,822	19,726
 NET ASSETS		
General fund	689,867	631,979
Special fund	266,040	166,040
	955,907	798,019
	\$ 986,729	\$ 817,745

ON BEHALF OF THE BOARD

_____ Owner
 _____ Owner

See accompanying notes

COTAPSA INC.
Statement of Revenues and Expenditures
Year Ended September 30, 2014

	2014	2013
REVENUES		
Member dues	\$ 524,436	\$ 490,633
Interest income	13,853	14,399
Other income	3,223	3,033
	<u>541,512</u>	<u>508,065</u>
EXPENDITURES		
Advertising and promotion	1,745	1,826
Amortization	1,299	1,798
Consulting fees	2,825	4,238
Insurance	4,503	3,395
Legal fees	5,246	34,440
Meetings and conventions	2,818	3,068
Membership recruitment	463	4,367
Office	9,786	12,657
Professional fees	6,936	6,927
Salaries and wages	338,432	333,986
Staff and board expenses	2,286	1,316
Telephone and website	3,156	6,036
Training	4,129	1,668
	<u>383,624</u>	<u>415,722</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 157,888	\$ 92,343

See accompanying notes

COTAPSA INC.
Statement of Changes in Net Assets
Year Ended September 30, 2014

	General Fund	Special Fund	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 631,979	\$ 166,040	\$ 798,019	\$ 705,676
Excess of revenues over expenditures	157,888	-	157,888	92,343
Interfund transfer	(100,000)	100,000	-	-
NET ASSETS - END OF YEAR	\$ 689,867	\$ 266,040	\$ 955,907	\$ 798,019

See accompanying notes

COTAPSA INC.
Statement of Cash Flows
Year Ended September 30, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 157,888	\$ 92,343
Item not affecting cash:		
Amortization of property, plant and equipment	1,299	1,798
	<u>159,187</u>	<u>94,141</u>
Changes in non-cash working capital:		
Accounts receivable	(11,603)	(5,431)
Accounts payable	12,373	(2,169)
Prepaid expenses and deposits	1,000	(3,736)
Funds held on behalf of ANUMMO	(1,277)	3,000
	<u>493</u>	<u>(8,336)</u>
Cash flow from operating activities	<u>159,680</u>	<u>85,805</u>
INVESTING ACTIVITY		
Term deposits	(112,091)	(73,960)
INCREASE IN CASH FLOW	47,589	11,845
Cash - beginning of year	<u>101,596</u>	<u>89,751</u>
CASH - END OF YEAR	\$ 149,185	\$ 101,596

See accompanying notes

COTAPSA INC.
Notes to Financial Statements
Year Ended September 30, 2014

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

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (GAAP).

Measurement uncertainty

The preparation of financial statements in conformity 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, 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.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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:

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, 2014

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.

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 on a voluntary basis at the rate of \$12 per payroll cycle (2012 - \$10). The current year surplus in operations is \$157,888 (2013 - \$92,343).

The special fund reports mainly legal and payroll costs for any collective defense matters which may arise. The special fund originated as funding net of expenses for an employment standards action which was completed in 2009. The approved motion reads that the membership approves the use of the Special Reserve Fund to be used on collective defense matters which may arise including legal representation and labour relations expertise by COTAPSA Board of Directors if necessary and, when the COTAPSA Board of Directors, if necessary and, when the Board of Directors takes such action, that the Members be notified of the Action.

At the year end, a transfer from the general fund to the special fund of \$100,000 was authorized. In 2013 the general fund surplus of \$92,343 was transferred to the special fund.

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.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Office equipment	\$ 23,262	\$ 21,957	\$ 1,305	\$ 1,631
Computer equipment	25,921	23,650	2,271	3,244
	<u>\$ 49,183</u>	<u>\$ 45,607</u>	<u>\$ 3,576</u>	<u>\$ 4,875</u>

COTAPSA INC.
Notes to Financial Statements
Year Ended September 30, 2014

4. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of September 30, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is not exposed to credit risk from customers as revenue is in the form of voluntary contributions. The association has a significant number of members which minimizes any concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The association is mainly exposed to interest rate risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The association is not exposed to foreign currency exchange risk.

Interest rate risk

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 exposed to interest rate risk primarily through its term deposits.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The association is not exposed to other price risk.