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OF DIX INTERNATIONAL**INDEPENDENT AUDITORS' REPORT**

**To the Members of the  
Canadian Association for Co-operative Education  
(Association Canadienne de L'enseignement Co-operatif)**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Canadian Association for Co-operative Education (Association Canadienne de L'enseignement Co-operatif) (the "Association") which comprise the statement of financial position as at August 31, 2011 and the statement of operations, statement of changes in net assets and statement of 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.

**Auditors' 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 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 auditors' 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.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Association for Co-operative Education (Association Canadienne de L'enseignement Co-operatif) as at August 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Segal LLP*

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
November 9, 2011

CANADIAN ASSOCIATION FOR CO-OPERATIVE  
EDUCATION

(ASSOCIATION CANADIENNE DE L'ENSEIGNEMENT  
CO-OPERATIF)

FINANCIAL STATEMENTS  
AUGUST 31, 2011

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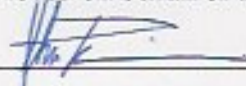
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CANADIAN ASSOCIATION FOR CO-OPERATIVE EDUCATION  
(ASSOCIATION CANADIENNE DE L'ENSEIGNEMENT CO-OPERATIF)

STATEMENT OF FINANCIAL POSITION  
AS AT AUGUST 31, 2011

	2011	2010
<b>ASSETS</b>		
Cash	\$ 80,274	\$ 112,387
Endowment funds, note 3	25,900	26,005
Accounts receivable	1,770	2,128
Prepaid expenses and sundry assets	<u>18,769</u>	<u>2,143</u>
	<u>\$ 126,713</u>	<u>\$ 142,663</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,278	\$ 7,071
Deferred revenue, note 4	<u>8,600</u>	<u>8,000</u>
	<u>13,878</u>	<u>15,071</u>
<b>NET ASSETS</b>		
Unrestricted	86,935	101,587
Endowments, note 3	<u>25,900</u>	<u>26,005</u>
	<u>112,835</u>	<u>127,592</u>
	<u>\$ 126,713</u>	<u>\$ 142,663</u>

Approved on behalf of the board:

  
\_\_\_\_\_ Director

\_\_\_\_\_ Director

CANADIAN ASSOCIATION FOR CO-OPERATIVE EDUCATION  
(ASSOCIATION CANADIENNE DE L'ENSEIGNEMENT CO-OPERATIF)

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2011

	Endowments	Operating Fund	2011 Total
Balance, beginning of year	\$ 26,005	\$ 101,587	\$ 127,592
Interest income	895	-	895
Scholarships paid out	(1,000)	-	(1,000)
Deficiency of revenue over expenditures	-	(14,652)	(14,652)
Balance, end of year	<u>\$ 25,900</u>	<u>\$ 86,935</u>	<u>\$ 112,835</u>

	Endowments	Operating Fund	2010 Total
Balance, beginning of year	\$ 26,358	\$ 94,871	\$ 121,229
Interest income	647	-	647
Scholarships paid out	(1,000)	-	(1,000)
Excess of revenue over expenditures	-	6,716	6,716
Balance, end of year	<u>\$ 26,005</u>	<u>\$ 101,587</u>	<u>\$ 127,592</u>

CANADIAN ASSOCIATION FOR CO-OPERATIVE EDUCATION  
(ASSOCIATION CANADIENNE DE L'ENSEIGNEMENT CO-OPERATIF)

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31, 2011

	2011	2010
<b>Revenue</b>		
Membership dues	\$ 75,000	\$ 76,714
Interest income	1,438	1,444
Accreditation fees	600	-
Sponsorships and awards	500	5,500
Other income	635	2,800
Biennial conference	<u>          </u>	<u>56,163</u>
	<u>78,173</u>	<u>142,621</u>
<b>Expenditures</b>		
Salaries	58,846	57,798
Rent	8,082	7,913
Professional fees	6,840	5,125
Meetings	6,156	14,959
Web development and support	3,968	6,462
Membership	2,695	2,555
Awards	1,876	1,928
Accreditation	1,254	1,132
Office supplies and general	1,135	1,166
Telephone	874	1,988
Bank charges and interest	335	223
Research	296	5,372
Annual general meeting	272	510
Equipment, software and training	146	710
Conference expenses	50	27,068
Anniversary celebrations	<u>          </u>	<u>996</u>
	<u>92,825</u>	<u>135,905</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>\$ (14,652)</u>	<u>\$ 6,716</u>

See accompanying notes to the financial statements

CANADIAN ASSOCIATION FOR CO-OPERATIVE EDUCATION  
(ASSOCIATION CANADIENNE DE L'ENSEIGNEMENT CO-OPERATIF)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2011

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	2011	2010
<b>Cash flow from operating activities</b>		
Cash received from members and activities	\$ 79,378	\$ 197,844
Cash paid to suppliers and employees	<u>(112,929)</u>	<u>(192,904)</u>
	<u>(33,551)</u>	<u>4,940</u>
<b>Cash flows from investing activities</b>		
Interest received	<u>1,438</u>	<u>1,444</u>
Increase (decrease) in cash during year	(33,551)	4,940
Cash, beginning of year	<u>112,387</u>	<u>106,003</u>
Cash, end of year	<u>\$ 80,274</u>	<u>\$ 112,387</u>

See accompanying notes to the financial statements

CANADIAN ASSOCIATION FOR CO-OPERATIVE EDUCATION  
(ASSOCIATION CANADIENNE DE L'ENSEIGNEMENT CO-OPERATIF)

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011

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1. PURPOSE OF THE ORGANIZATION

The Association is a national non-profit organization formed on March 1, 1979, to promote the expansion of high quality co-operative education in Canadian post-secondary institutions.

The Association is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

**Fund accounting**

The Operating Fund accounts for revenues and expenditures related to membership and administrative activities. This fund reports unrestricted contributions and restricted operating contributions.

Endowment contributions are recognized as direct increases in net assets. Investment income earned on endowment contributions are recognized as direct increases in net assets. Disbursements are charged against the net assets in the year they are incurred.

**Revenue recognition**

Contributions are recognized using the deferral method. Membership dues, accreditation fees, contributions and operating grants are included in revenue in the year in which they are received or receivable, with the exception of amounts relating to a specific future period expenditures which are deferred and included in revenue in the period of the related expenditure.

Unrestricted investment income is recognized as revenue when earned.

**Property and equipment**

Property and equipment are expensed in the financial statements as incurred.

**Contributed services**

Volunteers contribute time to assist the Association in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011

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2. SIGNIFICANT ACCOUNTING POLICIES - (Continued...)

**Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenditures for the period. Actual results could differ from these estimates.

**Endowment funds**

Endowment funds consist of cash.

**General standards on financial statement presentation**

The Association has adopted CICA Handbook Section 1400, General Standards on Financial Statement Presentation, which has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Management has made this assessment on the basis of projected cash flows from ongoing efforts. Management has concluded that there are no material uncertainties that cast doubt on the Association's ability to continue as a going concern.

**Capital disclosures**

The Association has adopted CICA Handbook Section 1535, Capital Disclosures, which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with an capital requirements and if it has not complied, the consequences of such non-compliance (see note 6).

**Financial instruments**

On adoption of Section 3855, the Association has designated its cash and endowment funds as held-for-trading, which is measured at fair value. Other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

**Financial instruments disclosure and presentation**

The Association adopted the amendments to CICA Handbook Section 3862, Financial Instruments - Disclosures. CICA Handbook Section 3862 establishes a three tier hierarchy as a framework for disclosing fair value based on the inputs used to value the Association's investments. The hierarchy of inputs is summarized below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - Inputs for the assets or liability that are based on observable market data.

The Association's cash and endowment funds are Level 1.

CANADIAN ASSOCIATION FOR CO-OPERATIVE EDUCATION  
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NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011

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2. SIGNIFICANT ACCOUNTING POLICIES - (Continued...)

**Future accounting pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Association are as follows:

**Changes in accounting standards for non-profit organizations (NPO's)**

The Accounting Standards Board (ACSB) of the Canadian Institute of Chartered Accountants (CICA) published a strategic plan that outlines the transition from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS) for publicly accountable entities and other Canadian Accounting frameworks for non-publicly accountable entities. NPO's have their own reporting framework entitled Accounting Standards for Not-for-Profit Organizations (ACS NPO). Currently the ACSB agreed that NPO's can apply IFRS if that approach meets the needs of the users of its financial statements or apply ACS NPO. The transition date for NPO's is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2012. Management is evaluating both accounting frameworks to determine which set of standards will meet the need of its users. Commencing with the year ended August 31, 2013, the Association will restate its comparative fiscal 2012 financial statements to be in accordance with either IFRS or ACS NPO, including the restatement of the opening balance sheet as at September 1, 2011.

3. ENDOWMENT FUNDS

Of the total, \$25,000 (2010 - \$25,000) is subject to externally imposed restrictions stipulating that the resources be maintained permanently for the Emery-Dufault Award. The balance of \$900 (2010 - \$1,005) is the accumulated investment income earned on the \$25,000 that is available for future award payments.

4. DEFERRED REVENUE

Deferred revenue includes sponsorships received to pay out awards in future years and are only available for operating purposes as the awards are granted.

5. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, endowment funds, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

CANADIAN ASSOCIATION FOR CO-OPERATIVE EDUCATION  
(ASSOCIATION CANADIENNE DE L'ENSEIGNEMENT CO-OPERATIF)

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011

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5. FINANCIAL INSTRUMENTS - (Continued...)

The Association is exposed to the following risks as a result of holding financial instruments:

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly close to fair value. As 63% of the financial assets consist of cash, the Association is not subject to significant liquidity risk.

6. CAPITAL DISCLOSURES

The Association's objectives in managing its capital, which it defines as its funds balance, is to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mandates as disclosed in note 1. The Association monitors its capital in order to ensure it has sufficient revenue before committing to expenditures.