Safer products

Sustainable practices

Social good in the world around us...

CSA GROUP

ANNUAL REPORT 2010-2011

Our world needs safer products. More sustainable practices. And greater social good. CSA is making a difference. Find out how.

CONTENTS

CEO WELCOME

We are building a strong and sustainable organization that acts globally to prevent injuries and fatalities, protect the environment, and demonstrate care for people.

In this year's Annual Report, we've chosen to focus on safety, sustainability and social good as these are critical areas in which CSA makes a difference. Throughout this interactive web site, you'll find our annual financial results, key achievements, our report on 2010/2011 performance and more.

The past year has been an especially productive one for CSA. We have worked diligently on our internal structures and processes so that we can deliver the best solutions and services possible to our members and clients. We are now acting as a singular, integrated developmental business organization... united in global direction, mission, values and brand. This strengthens our capacity to do social good, develop our people, provide outstanding service, grow financially and achieve our aspirations, which include being one of the best performing organizations worldwide delivering societal benefits by improving people's lives.

As I have come to know as chief executive officer, CSA is truly unique. It is distinguished from other organizations by its integrity, core values and competencies, people excellence, breadth of capabilities and geographic scope. No other provider of standards, testing and certification and product performance evaluation solutions matches us on these features. What's more, everyone associated with CSA – members, customers and employees – share a genuine conviction about the enormous value of standards. That conviction guides our work. It drives us to excel and to help create a better, safer, more sustainable world.

I hope you will take a moment to review our values, captured on this site. To me, *how we do things* is as important as *what we are doing*. By acting true to our values, we will sustain and prosper as an organization. We will continue to differentiate ourselves and bring forward to our members and customers the very best outcomes of our efforts.

Ash Sahi
President and CEO
CSA Group

SAFETY

CSA is developing standards, and providing global solutions and services to help keep people safer.

FIRST THINGS FIRST

Protective gear for responders helps keep everyone safer.

In the event of a chemical, biological, radiological or nuclear incident, who would we count on to respond? Our front-line fire, police and paramedic workers. A new national protective equipment standard will help improve protection for heroic first responders across Canada.

REDUCING UNACCEPTABLE RISK

CSA achieves functional safety "first".

With complex technology being used for safety related systems, demonstrating functional safety has become mission-critical in many industries, including oil and gas, nuclear, medical device manufacturing and machinery. In 2010, CSA's Sira became the first certification body in the world to be accredited by the United Kingdom Accreditation Service to issue functional safety certification to IEC 61508. CSA's Sira has undertaken more than 170 functional safety projects on behalf of 80 clients worldwide in the past five years alone!

GLOBAL TRADE

Made-in-China products get local safety testing.

China has become a key site for the manufacture of protective footwear. In a move to serve those manufacturers better, CSA has begun offering localized certification to North American safety and performance standards from our Guangzhou location.

SUSTAINABILITY

CSA is helping people and businesses act in a more sustainable way to preserve precious resources.

CONSERVING ENERGY

CSA expands services for energy efficiency.

The U.S. Environmental Protection Agency (EPA) now requires third-party testing of all eligible products under its ENERGY STAR program. With EPA recognition as a Certification Body, CSA has doubled its capacity in the U.S. and globally to accommodate increased demand for energy efficiency qualification and verification services.

OLYMPICS LEGACY

Sustainable spirit lives on in a new standard for events.

Building on the important work of the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games, CSA released a new standard for planning and executing sustainable events. With practical application for cultural, business and sporting events, the standard helps organizers address environmental, social and economic impacts. One example is the Canadian Academy of Recording Arts and Sciences (CARAS) which applied the standard for its 2011 Juno Awards event.

BRIGHT IDEAS

CSA teams up to expand photovoltaic testing.

Thanks to an agreement with German VDE Testing and Certification Institute, CSA solar services clients can now access global markets with one test, while decreasing development costs and time to market. Augmenting our photovoltaic lab in Vancouver, CSA teamed with VDE, in cooperation with the Fraunhofer USA Center for Sustainable Energy Systems and the Fraunhofer Institute for Solar Energy Systems, to open a new joint venture solar testing laboratory in Albuquerque, New Mexico.

SOCIAL GOOD

CSA inspires innovative solutions and acts of generosity to improve people's lives.

QUALITY OF LIFE

New standard addresses home-based kidney treatments.

For growing numbers of Canadians who undergo dialysis, home-based care can be a preferred option, leading to greater convenience and independence, and shorter, less frequent hospital visits. With input from health authorities, practitioners, patients and others, CSA developed a new standard for front-line workers that documents best practices in home dialysis across Canada.

HEART AND HOME

CSA expands corporate social responsibility.

Another new, CSA-sponsored Habitat for Humanity home was completed in the Toronto area. In communities across North America, employees turned out to help on a number of Habitat for Humanity build sites. CSA donated to flood relief operations in Pakistan and China, and earthquake and tsunami relief in Japan, while continuing to support the United Way and Salvation Army.

GIFTS OF GOODNESS

Annual charity drive brings holiday cheer.

Thanks to the generosity of our spirited employees, hundreds of needy kids and families in the communities where CSA operates have benefited from toys, books, clothing, gift cards, groceries and other items. Every CSA office participates in the annual drive, helping to put everyday essentials into people's hands and smiles on their faces.

JOINT MESSAGE FROM THE CHAIR AND THE CEO

We are building a strong and sustainable organization that acts globally to prevent injuries and fatalities, protect the environment, and demonstrate care for people.

EXECUTING ON GLOBAL PRIORITIES

While brighter prospects have emerged in many of the world's economies, challenging variables persist: political unrest in the oil-rich Middle East, inflationary pressures, personal and government debt loads, China's progress (now the world's second largest economy), and a relentless demand for ever-scarcer resources. While Canada's performance has distinguished itself on the world stage, the higher valuation of our currency affects CSA's profitability.

Against this landscape, issues of safety, sustainability and social good dominate legislative and boardroom agendas. Too many unsafe products cause injury. Too many businesses fail to act sustainably. Too many people live without adequate financial means or suffer through disasters.

At CSA Group, we have a proud role to play in helping to identify and manage these issues, and in reducing their adverse effects. As you'll see from this report, we achieved a great deal in 2010/2011 to advance safety, sustainability and social good... all while acting in a sustainable way ourselves.

We are building a strong and sustainable organization that acts globally to prevent injuries and fatalities, protect the environment, and demonstrate care and concern for people. Just one, albeit significant, display of this drive was the completion of our new corporate headquarters in Rexdale, Ontario, where sustainable practices, energy-efficient technologies, safe design and concern for our employees and local community have come together into one remarkable hub of innovation.

Business Results

Our 2010/2011 business results reflect our strong service focus, and our commitment to efficiency and cost-effective processes.

Overall, across CSA Group, revenues were $217 million. We delivered an all-time high operating margin of $21 million.

The Triple-S Agenda

In today's challenging economic and environmental conditions, businesses, governments and communities have a responsibility to act in a safe, sustainable way and to do social good. Meeting a "Triple-S" agenda helps advance business strategies, builds competitive advantage in the marketplace, and sustains brand and reputation.

As a knowledge-based organization, CSA has the vision, solutions and services to support these efforts and to deliver measurable value to business performance. CSA is also addressing its own "Triple-S" agenda, as our key achievements in the past year so ably demonstrate.

Safety

True to our 92-year legacy, CSA acted proactively in the past year to identify emerging issues and contribute to collaborative solutions that work to improve safety.

Disasters in Australia, New Zealand, Japan, Pakistan, the U.S. Gulf Coast and elsewhere have driven home the urgency of emergency preparedness, a subject area where CSA has made great strides. In the past year, we published a new national protective equipment standard for first responders and initiated a national guideline for maintaining critical electrical systems during emergencies. We also mobilized stakeholders to determine public health and safety recommendations following the H1N1 outbreak in Canada and released a white paper on the matter at the World Conference on Disaster Management.

Recognizing the importance of occupational health and safety (OH&S), we began a pilot study to broaden access to our world-leading OH&S standards and encourage uptake by small and medium-sized organizations.

Our dominance in the field of functional safety was affirmed when CSA's Sira became the first certification body in the world to be accredited to issue Functional Safety certification to IEC 61508 by the United Kingdom Accreditation Service. This area of safety is a growing priority as industry increasingly relies on automated systems to reduce unacceptable risks.

Sustainability

CSA has a long and distinguished track record in supplying solutions for environmental management and energy efficiency. In 2010/2011, we extended our offerings with recognition from the U.S. Environmental Protection Agency as a testing lab under its Energy Star program. This enables us to help our clients market their qualified products with the benefit of the Energy Star label.

We also struck an alliance with the Association of Home Appliance Manufacturers to jointly develop, with UL, voluntary sustainability standards for home appliances. The new standards will take a life cycle approach and are intended to be used by consumers, governments, retailers and others to identify environmentally responsible products.

Meanwhile, we are investing in and expanding our services and solutions for renewable energy technologies. The new photovoltaic testing lab in Albuquerque, New Mexico, adds capacity to our solar testing program. We are also investing in solutions relating to alternative fuels, hydrogen, fuel cells, electric vehicles, wind power and other technologies.

Augmenting our climate change solutions, we introduced a new carbon performance program that provides organizations with credible third-party recognition for their efforts to reduce greenhouse gas emissions. We are also partnering with the International Performance Assessment Centre for Geologic Storage of Carbon

Dioxide (IPAC-CO2 Research Inc.) to develop the first U.S.-Canadian carbon capture and storage (CCS) standard for the geologic storage of carbon dioxide emissions - a very exciting development!

Social good

Our commitment to improving our social context is stronger than ever. In 2010/2011, we continued to make investments in Habitat for Humanity, supported other charitable organizations and donated to several relief efforts, including those in China, Pakistan and Japan.

With a passion to assist, our employees donated their labour to various Habitat for Humanity build sites and organized local fund-raising drives that helped improve the quality of life in their communities.

Moving forward

Over the past year, we have made considerable progress in redesigning our organizational structure to respond best to member and customer needs, while capitalizing on global opportunities.

For example, we have created a single integrated business, with a recognizable brand and effective global organizational structure. We have developed a new mission and values to guide our work and created a three-year strategic plan that outlines our key strategies.

We intend to strengthen our core services in Canada, the U.S. and China; and extend our businesses in other strategic geographies and through key alliances and acquisitions. Just one example is our recently-announced collaboration with Wipro Technologies, which further enhances our presence in India as we work with its Tarang - Product Qualification and Compliance Lab to deliver localized testing and certification services in one of the world's fastest growing manufacturing bases. We have registered CSA Group Europe GmbH and chosen Frankfurt, Germany as the site of our European headquarters.

We plan to expand our offerings globally by investing in new technologies and creating a center of excellence for education and learning. At the same time, we will continue to invest in services and programs that serve our existing valued stakeholders and attract new ones. As a knowledge-based business, our biggest asset is people! That indisputable fact prompted the development of a total rewards program that will enable us to recognize, develop and retain our tremendous base of talented employees.

For CSA, acting sustainably means engaging dedicated and knowledgeable members on issues that matter to people and business. It means delivering the best solutions and services to our strong customer base, so that we earn their loyalty each and every day. It means building our global presence and leveraging promising technologies to improve performance.

On behalf of the Board of Directors, we thank our clients for the trust and confidence they have placed in us, our members for their exceptional support and involvement, and our employees for contributing in so many meaningful ways to a better, safer, more sustainable world.

Brian McQueen
Chair of the Board
CSA Group

Ash Sahi
President and CEO
CSA Group

VALUES

Our core values reflect who we are, and how we do business. They define a code of conduct that's truly important to us.

ACCOUNTABILITY

We apply CSA's values and mission and take responsibility and are accountable for our work and our actions in the decisions we make for our colleagues, our customers and our members.

CONTINUOUS LEARNING

CSA is a supportive, action-oriented organization. We invest in our colleagues so that every CSA employee improves their personal and professional skills. We work to exceed the expectations of our customers and members. CSA provides experts and we ensure that we continually deliver the highest standards of excellence and quality.

INTEGRITY & MUTUAL RESPECT

We work in an honest, trust-based, professional and principled manner to deliver exceptional results to our members and customers, striving to exceed our goals. We embrace and promote an inclusive and diverse work culture where decisions are guided by the highest standards of fairness, objectivity and dignity.

SAFETY

We promote public safety and lead by example through our own workplace health and safety practices, the services we provide, and the values we live.

SUSTAINABILITY

CSA is dedicated to promoting sustainable solutions on behalf of our stakeholders and the communities we serve, through our environmental and economic practices, our contribution to driving social good, and by the values we live each and every day.

BOARD OF DIRECTORS

From left to right:

1. **Dr. Malcolm E. O'Hagan**
   Director
   Chevy Chase, MD

2. **David C. MacKinnon**
   Consultant
   Wellington, ON

3. **Robert J. (RJ) Falconi**
   Corporate Secretary
   CSA Group
   Toronto, ON

4. **Greg B. Weeres**
   Vice President, Operations & Engineering
   Pacific Northern Gas Ltd.
   Vancouver, BC

5. **Sondra E. Bruni**
   Director
   St. Catharines, ON

6. **Robert A. Cook (Vice-Chair)**
   Director
   Bedford, NS

7. **Gregory M. Thomas**
   Executive Director
   Alliance International, LLC
   Fort Wayne, IN

8. **Ash K. Sahi**
   President and CEO
   CSA Group
   Toronto, ON

9. **Linda A. Lusby**
   Head, Department of Earth & Environmental Science
   Acadia University
   Wolfville, NS

10. **Brian J. McQueen (Chair)**
    Director
    Oakville, ON

11. **David T. Fung**
    Chairman & CEO
    ACDEG Group
    Vancouver, BC

12. **France Pégeot**
    Senior Assistant Deputy Minister,
    Strategic Policy,
    Fisheries and Oceans Canada
    Ottawa, ON

13. **Kim A. Dunphy**
    Assistant Deputy Minister, OH & S Branch
    Government of Newfoundland & Labrador
    St. John's, NL

14. **Dr. H. Roland Hosein**
    Vice President,
    Environmental Health & Safety
    GE Canada Inc.
    Mississauga, ON

15. **Allan S. Gibbins**
    President
    ASGIBBINS Management Ltd.
    Kleinberg, ON

Missing from photo:

William E. Watchorn
President & CEO
Watcor Inc

EXECUTIVE LEADERSHIP TEAM

From left to right:

1. Suzanne Kiraly
   Executive Vice President,
   Global Business Strategy &
   Government Relations
   CSA Group

2. Robert J. (RJ) Falconi
   Executive Vice President,
   General Counsel & Corporate
   Secretary
   CSA Group

3. Paul Keane
   Executive Vice President,
   Human Resources
   CSA Group

4. Ash K. Sahi
   President and CEO
   CSA Group

5. Bonnie Rose
   President
   CSA Standards

6. G. Michael Martin
   Executive Vice President
   Finance & IT
   CSA Group

7. Hélène Vaillancourt
   Chief Science &
   Engineering Officer
   CSA Group

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all information in the Annual Report have been prepared by management and approved by the Board of Directors of the Canadian Standards Association. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles ["GAAP"] and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality.

To assist management in the discharge of these responsibilities, the Association maintains a system of internal controls designed to provide reasonable assurance that its accounting records are reliable and its assets are safeguarded.

The Finance & Audit Committee, which is composed exclusively of outside directors, is appointed annually by the Board of Directors. The Finance & Audit Committee meets with management as well as with external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the independent auditors' report. The Finance & Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the membership. The external auditors have direct access to the Finance & Audit Committee of the Board of Directors.

The consolidated financial statements have been independently audited by Ernst & Young LLP on behalf of the membership, in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Association.

Ash Sahi
President and CEO
May 10, 2011

G. Michael Martin
Executive Vice President, Finance and IT
May 10, 2011

AUDITORS' REPORT

To the Members of
Canadian Standards Association

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Canadian Standards Association, which comprise the consolidated statements of financial position as at March 31, 2011 and the consolidated statements of operations, 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canadian Standards Association as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Canada Corporations Act, we report that, in our opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada
May 10, 2011

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Canadian dollars)

As at March 31	2011 $	2010 $
ASSETS		
Current		
Cash and cash equivalents	**14,205**	12,992
Accounts receivable	**40,660**	41,253
Inventories *(note 3)*	**2,902**	3,354
Prepaid expenses	**4,489**	4,283
Short-term investments *(note 4)*	**114,006**	96,723
Total current assets	**176,262**	158,605
Capital assets, net *(note 5)*	**50,492**	47,827
Accrued pension benefit asset *(note 10)*	**67,629**	60,034
Other investment *(note 6)*	**1,035**	—
Intangible assets *(note 7)*	**11,176**	11,841
Goodwill	**5,080**	5,270
	311,674	283,577
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	**32,671**	34,113
Deferred revenue	**30,901**	28,385
Customer deposits	**12,009**	13,414
Total Current Liabilities	**75,581**	75,912
Accrued other retirement and post-employment benefit liability *(note 10)*	**34,076**	31,898
Deferred gain on disposal of building *(note 5)*	**5,261**	5,970
Lease inducement obligation	**172**	197
Non-controlling interest *(note 6 [i])*	**2,123**	1,683
	117,213	115,660
Contingencies and commitments *(notes 9 and 11)*		
Net Assets		
Invested in capital assets	**50,492**	47,827
Internally restricted for specific purposes	**129,567**	108,623
Unrestricted	**14,402**	11,467
Total net assets	**194,461**	167,917
	311,674	283,577

See accompanying notes

On behalf of the Board:

Brian McQueen
Chair of the Board

David MacKinnon
Chair of the Finance & Audit Committee

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(In thousands of Canadian dollars)

Year ended March 31	2011			
	Unrestricted $	Internally restricted $	Invested in capital assets $	Total $
Balance, beginning of year	**11,467**	**108,623**	**47,827**	**167,917**
Excess of revenue over expenses for the year	**36,749**	**(4,056)**	**(6,506)**	**26,187**
Investments in capital assets, net	**(9,171)**	**—**	**9,171**	**—**
Transfers for future expenditures, net	**(25,000)**	**25,000**	**—**	**—**
Unrealized gain on forward foreign exchange contracts *(note 12[a])*	**1,038**	**—**	**—**	**1,038**
Gain on forward foreign exchange contracts included in results of operations	**(681)**	**—**	**—**	**(681)**
Net increase in value of forward foreign exchange contracts	**357**	**—**	**—**	**357**
Balance, end of year	**14,402**	**129,567**	**50,492**	**194,461**

	2010			
	Unrestricted $	Internally restricted $	Invested in capital assets $	Total $
Balance, beginning of year	**11,623**	**96,885**	**41,285**	**149,793**
Excess of revenue over expenses for the year	**21,991**	**—**	**(6,031)**	**15,960**
Investments in capital assets, net	**(12,573)**	**—**	**12,573**	**—**
Transfers for future expenditures, net	**(11,738)**	**11,738**	**—**	**—**
Unrealized gain on forward foreign exchange contracts *(note 12[a])*	**681**	**—**	**—**	**681**
Losses on forward foreign exchange contracts included in results of operations	**1,483**	**—**	**—**	**1,483**
Net increase in value of forward foreign exchange contracts	**2,164**	**—**	**—**	**2,164**
Balance, end of year	**11,467**	**108,623**	**47,827**	**167,917**

See accompanying notes

CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands of Canadian dollars)

Year ended March 31	2011 $	2010 $
Revenue	**216,506**	226,933
EXPENSES		
Direct	**98,470**	109,371
Selling, general and administrative	**90,211**	97,711
Depreciation	**6,506**	6,031
Amortization of intangible assets *(note 7)*	**665**	479
	195,852	213,592
Income from operations before undernoted items	**20,654**	13,341
Investment income *(notes 4 and 6 [iii])*	**8,299**	15,008
Foreign exchange loss	**(805)**	(4,145)
Non-controlling interest *(note 6 [i])*	**(600)**	(1,062)
Foreign income taxes	**(905)**	(1,070)
Restructuring charge *(note 14)*	**(287)**	(6,821)
Amortization of deferred gain on disposal of building *(note 5)*	**709**	709
Income from continuing operations	**27,065**	15,960
Loss from discontinued operations *(note 10)*	**(878)**	—
Excess of revenue over expenses for the year	**26,187**	15,960

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Canadian dollars)

Year ended March 31	2011 $	2010 $
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**26,187**	15,960
Add (deduct) items not involving cash		
Non-controlling interest	**600**	1,062
Other investment loss	**509**	—
Depreciation	**6,506**	6,031
Amortization of intangible assets	**665**	479
Loss on disposal of capital assets	**98**	52
Realized (gain) loss on sale of short-term investments	**(2,092)**	1,962
Unrealized gain on short-term investments	**(5,695)**	(15,850)
Amortization of deferred gain on disposal of building	**(709)**	(709)
Unrealized foreign exchange loss	**237**	1,153
Amortization of other assets	**—**	99
Amortization of lease inducement	**(25)**	(26)
	26,281	10,213
Net change in non-cash working capital balances related to operations *(note 8)*	**865**	6,729
Increase in accrued pension benefit asset	**(7,595)**	(5,283)
Increase in accrued other retirement and post-employment benefit liability	**2,178**	2,501
Cash provided by operating activities	**21,729**	14,160
INVESTING ACTIVITIES		
Purchase of capital assets	**(9,281)**	(12,295)
Proceeds on disposal of capital assets	**12**	2
Purchase of short-term investments	**(53,007)**	(33,582)
Proceeds on sale of short-term investments	**43,511**	47,557
Purchase of other investment	**(1,544)**	—
Purchase of subsidiary company	**—**	(17,002)
Adjustment of acquisition purchase price	**190**	—
Cash used in investing activities	**(20,119)**	(15,320)
FINANCING ACTIVITIES		
Distribution to non-controlling interest	**(160)**	—
Cash used in financing activities	**(160)**	—
Effect of exchange rate changes on cash and cash equivalents	**(237)**	(1,153)
Net increase (decrease) in cash during the year		
From continuing operations	**1,213**	(2,313)
From purchase of subsidiary	**—**	1,236
Cash and cash equivalents, beginning of year	**12,992**	14,069
Cash and cash equivalents, end of year	**14,205**	12,992

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of Canadian dollars)

1. Nature of Operations

The Canadian Standards Association [the "Association"] is incorporated without share capital by letters patent dated January 21, 1919 under the laws of Canada. The Association is a not-for-profit organization and together with its subsidiaries, is engaged in the development of consensus standards in the areas of safety, quality and performance as well as the assessment and certification of conformance to various standards.

2. Summary of Significant Accounting Policies

YEAR-END DATES

The Association's year end occurs on the last Friday of March. For the current year, the actual year-end date is March 25, 2011 and for the prior year, the year-end date was March 26, 2010. For the purpose of these consolidated financial statements, March 31 will refer to the actual dates mentioned above.

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"] and include the accounts of the Association and its subsidiaries. All significant balances and transactions between the Association and its subsidiaries have been eliminated on consolidation.

FINANCIAL INSTRUMENTS

All financial instruments are classified as one of the following: held-for-trading, held-to-maturity, loans or receivables, available for sale or other financial liabilities. The Association's financial instruments consist of cash and cash equivalents, accounts receivable, short-term investments, other investment, accounts payable and accrued liabilities, customer deposits and derivative contracts.

The Association has designated short-term investments as held-for-trading instruments which are presented at fair value with changes in fair value recognized in the consolidated statement of operations.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on deposit and money market securities with an original term to maturity that is less than 90 days at the date of purchase. These securities are carried on the consolidated statement of financial position at cost plus accrued interest, which approximates fair value.

INVESTMENTS AND INVESTMENT INCOME

Publicly traded investments are valued based on the latest bid prices. Transactions are recorded on a trade-date basis and transaction costs are expensed as incurred.

Investments in pooled funds are valued at unit prices established by fund managers.

Investment income which consists of interest, dividends, and realized and unrealized gains and losses, is recorded as investment income in the consolidated statement of operations.

INVENTORIES

Inventory held for resale is valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Work in progress consists of direct labour and cost of material and is valued at the lower of cost and net realizable value.

OTHER INVESTMENT

The other investment over which the Association exercises significant influence is accounted for using the equity method.

LONG-LIVED ASSETS

Capital assets

Capital assets are carried at cost less accumulated depreciation.

Depreciation, which is recorded from the year the asset is placed into service, is provided over the estimated useful lives of the capital assets as follows:

Buildings	5% declining balance
Leasehold improvements	Straight-line over term of the lease
Equipment	20% declining balance
Computer equipment and major application software	3 years straight-line

Gains and losses arising on the disposal of individual assets are recognized in the results of operations in the period of disposal.

Gains on sale and leaseback of more than a minor portion of the property sold are included in the results of operations for the year equal to any excess of the gain over the present value of the minimum lease payments over the lease term, where the leaseback is classified as an operating lease. The remaining portion of the gain is deferred and amortized over the term of the lease.

Definite-lived intangible assets

Definite-lived intangible assets, which consist mainly of an agency agreement and a customer list, have arisen principally through acquisitions, are amortized on a straight-line basis over their estimated useful lives, typically over periods not exceeding 15 years.

The Association assesses its capital and other long-lived assets [excluding goodwill and indefinite-lived intangible assets] for recoverability whenever indicators of impairment exist. If the carrying value of the asset exceeds the estimated undiscounted cash flows from the use of the asset, then an impairment loss is recognized to write down the asset to its fair value. The fair value of the long-lived assets is generally determined using the estimated discounted future cash flows.

Indefinite-lived intangible asset

Indefinite-lived intangible asset which consists of an accreditation agreement which has arisen through an acquisition, is not amortized but is subject to an annual impairment test. Impairment is assessed based on a comparison of the fair value of the accreditation status to its carrying amount to measure the amount of impairment loss, if any.

Goodwill

Goodwill represents the excess of the cost of an acquired enterprise over the fair value of the identifiable assets acquired and liabilities assumed less any subsequent write-downs for impairment. Goodwill is subject to an annual impairment test. Goodwill impairment is evaluated between annual tests upon the occurrence of certain events or circumstances. Goodwill impairment is assessed based on a comparison of the fair value of a reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. When the carrying amount of the reporting unit exceeds its fair value, the fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of impairment loss, if any. The fair value of goodwill is determined using the estimated discounted future cash flows of the reporting unit.

FOREIGN INCOME TAXES

The liability method of income tax allocation is used in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income taxes arise as a result of the Association's subsidiaries operating in taxable foreign jurisdictions.

RETIREMENT BENEFIT PLANS

The current service cost of pensions and other post-employment benefit plans [such as medical and dental care] is charged to income annually. Cost is calculated on an actuarial basis using the projected benefits method and based on management's best estimates of investment yields, salary escalation and other factors. Future salary levels and inflation affect the amount of future pensions. Adjustments resulting from plan amendments, experience gains and losses, past service costs, or changes in assumptions are amortized over the remaining average service term of active employees. Cumulative gains and losses in excess of 10% of the market value of plan assets are amortized over the expected average remaining service term of active members expected to receive benefits under the plans. The expected return on pension plan assets is based on the fair value of plan assets. The non-pension post-employment benefit plan is a defined benefit plan funded on a cash basis by the Association. When the restructuring of a future benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

The Association applied the recommendations of Section 3461 of the *Canadian Institute of Chartered Accountants* ["CICA"] Handbook prospectively and elected to amortize the transitional asset/obligation on a linear basis from April 1, 2000 over the average remaining service period of active members expected to receive benefits under the plans. The Association uses a measurement date of December 31 for the plan assets and the accrued benefit obligation.

LEASE INDUCEMENTS

Lease inducements represent leasehold improvements received from the landlord and the value of rent-free periods. Lease inducements are amortized on a straight-line basis over the term of the lease and the amortization is recorded as a reduction of rent expense.

REVENUE RECOGNITION

Revenue from testing, certification, registration and other services is recorded when the related service is completed and collection is assured. Revenue from the sale of goods is recognized when they are shipped. Annual fees are recorded as revenue in the period to which they apply. Standard Resource Support and other revenue are recognized based upon percentage of completion. Amounts received and receivable for services not yet rendered, or annual fees relating to a future period, are included in current liabilities as customer deposits or deferred revenue.

FOREIGN CURRENCY TRANSLATION

Foreign operations are considered integrated and are translated using the temporal rate method. Monetary assets and liabilities are translated using the exchange rate in effect at year end, and revenue and expenses are translated at the average rate of the month the transaction is recorded. Non-monetary assets, liabilities, depreciation and amortization are translated at historical rates of exchange.

Foreign currency denominated monetary assets and liabilities of Canadian operations are translated at the exchange rate prevailing at year end, and revenue and expenses at average rate of the month the transaction is recorded.

Exchange gains and losses are included in the consolidated statement of operations.

DERIVATIVE FINANCIAL INSTRUMENTS AND CASH FLOW HEDGING STRATEGY

The Association utilizes derivative financial instruments in the management of its foreign currency exposure. The Association's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The Association documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the consolidated statement of financial position or to specific firm commitments or forecasted transactions. The Association also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The Association periodically enters into cash flow hedges of a portion of its foreign currency exposures on anticipated foreign currency denominated revenue by entering into offsetting forward foreign exchange contracts and option contracts, when it is deemed appropriate.

The terms of the forward foreign exchange contracts or the option contracts are such that the Association effectively limits its exposure to foreign currency fluctuations to within a fixed range of conversion rates.

Because the critical terms of the forward and option contracts coincide with a portion of the anticipated foreign currency denominated revenue, changes in the related cash flow attributable to the foreign exchange risk are expected to be completely offset by the hedging derivative.

Foreign exchange translation gains and losses on foreign currency denominated derivative financial instruments used to hedge anticipated foreign currency denominated revenue are recognized as an adjustment to the revenue when the revenue is recorded. For forward foreign exchange contracts and option contracts used to hedge anticipated foreign currency denominated revenue, the portion of the forward premium or discount on the contract relating to the period prior to consummation of the revenue is also recognized as an adjustment to the revenue when the revenue is recorded.

In a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognized in unrestricted net assets. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the consolidated statement of operations.

Realized and unrealized gains or losses associated with derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred in the consolidated statement of changes in net assets and recognized in income in the period in which the underlying hedged transaction is recognized. In the event it is no longer probable that the anticipated transaction will occur, any realized or unrealized gain or loss on such derivative instrument is recognized immediately in the consolidated statement of operations.

INTERNALLY RESTRICTED NET ASSETS

Certain net assets are restricted by the Board of Directors for specific purposes relating to the development of standards, research projects and new standards applications. Income generated from the internally restricted net assets is included in unrestricted net assets.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Accounting Standards Board (AcSB) confirmed that International Financial Reporting Standards (IFRS) will replace Canadian Generally Accepted Accounting Principles (GAAP) in 2011 for publicly accountable enterprises. Subsequent to this date, the AcSB issued proposals in March 2010 on which standards could be adopted by not-for-profit entities. In September 2010, the AcSB approved both (1) IFRS and (2) accounting standards for private enterprises (plus the current 4400 Not-for-profit Accounting Standards. A not-for-profit entity may select either Standard and apply it subsequent to January 1, 2012. The Association has elected to apply IFRS for the year ending March 31, 2013, with comparative figures for the year ended March 31, 2012. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences that must be evaluated. More disclosures will be required under IFRS.

The Association's IFRS conversion project began in 2010. A formal project plan, governance structure, and a project team, including an external advisor, have been established. The project philosophy is to align with current accounting practices and policies, where possible, to minimize the impact of any changes to the Association. Regular reporting is provided to senior management and the Finance and Audit Committee of the Board of Directors.

The IFRS conversion project consists of four phases: Diagnostic; Design and Planning/Solution Development; Implementation; and Post-Implementation. To date, the IFRS conversion project team has completed the

Diagnostic and Design and Planning/Solution Development phases. In the March 31, 2012 fiscal year, the Association will complete the Implementation and Post-Implementation phases.

3. Inventories

Inventories consist of the following:

	2011 $	2010 $
Work in progress	**2,245**	2,551
Inventory held for resale	**657**	803
	2,902	3,354

Inventories recognized as an expense during the year amounted to $1,822 [2010 - $1,458].

4. Short-Term Investments

Short-term investments consist of the following:

	Market value	
	2011 $	2010 $
Government of Canada, provincial, and municipal bonds and guaranteed investment certificate		
Weighted average interest rate		
Stated - 4.86%		
Effective - 4.70%	**35,785**	25,789
Pooled Funds	**55,462**	49,638
Equities	**20,520**	21,280
Cash and cash equivalents held by brokers	**2,239**	16
	114,006	96,723

5. Capital Assets

Capital assets consist of the following:

		2011	
	Cost $	Accumulated depreciation $	Net book value $
Land	**1,842**	**—**	**1,842**
Buildings	**42,552**	**15,358**	**27,194**
Leasehold improvements	**3,485**	**1,898**	**1,587**
Equipment	**66,515**	**50,310**	**16,205**
Computer equipment and major application software	**31,681**	**29,439**	**2,242**
Assets under construction	**1,422**	**—**	**1,422**
	147,497	**97,005**	**50,492**

	2010		
	Cost $	Accumulated depreciation $	Net book value $
Land	1,842	—	1,842
Buildings	35,708	14,241	21,467
Leasehold improvements	3,447	1,585	1,862
Equipment	62,990	48,273	14,717
Computer equipment and major application software	30,216	27,799	2,417
Assets under construction	5,522	—	5,522
	139,725	91,898	47,827

Assets under construction relate to various projects for building renovations, building of new lab equipment and software applications. No depreciation was provided on these assets since they have not been placed into service.

SALE AND LEASEBACK

In April 2008, the Association disposed of its land and building in Richmond, British Columbia and leased back 63% of it through a 10-year operating lease. In accordance with accounting for sale and leaseback transactions, $5,166 of the total gain was recognized in the consolidated statement of operations and $7,329 was deferred and is being amortized over the remaining term of the lease. Amortization of the deferred gain for the year was $709 [2010 - $709].

6. Investments

[I] CHINA CERTIFICATION & INSPECTION GROUP GUANGDONG CO. LTD.

In November 2008, the Association entered into an agreement with China Certification & Inspection Group Guangdong Co. Ltd ["CCIG"], a company established under the laws of the People's Republic of China. CCIG offers product certification and related client service for manufacturers which export products outside China. The Association controls the activities of CCIG through its 65% ownership interest. Accordingly the financial position and results of operations of CCIG are included in these consolidated financial statements.

[II] SIRA GROUP OF COMPANIES

On July 3, 2009, the Association, through its newly incorporated subsidiary, CSA Certification UK Limited, acquired 100% of the common shares of the SIRA Group of Companies in the United Kingdom including SIRA Test and Certification Limited, SIRA Environmental Limited, SIRA Certification Service and SIRA Consulting Limited. The results of the subsidiaries' operations have been included in the consolidated financial statements since that date.

[III] OTHER INVESTMENT

In May 2010, the Association entered into an agreement with unrelated parties to incorporate a company in the United States called CFV Solar Test Laboratory, Inc. ("CFV"), which will provide services in the areas of performance and safety testing for photovoltaic modules. The Association will contribute cash and in kind services totaling U.S. $2,250 in exchange for a 37.5% equity share of CFV.

As at March 31, 2011, the Association had contributed cash of U.S. $1,375 and in kind services of U.S. $144 for a total of U.S. $1,519. The balance of U.S. $731 is expected to be paid during fiscal 2012. The Association accounts for its investment on the equity basis. The Association's share of equity loss for fiscal 2011 was $509.

7. Intangible Assets

Intangible assets consist of the following:

	2011		
	Cost $	Accumulated amortization $	Net book value $
Definite-lived intangible assets	**3,774**	**1,144**	**2,630**
Indefinite-lived intangible assets	**8,546**	**—**	**8,546**
	12,320	**1,144**	**11,176**

	2010		
	Cost $	Accumulated amortization $	Net book value $
Definite-lived intangible assets	3,774	479	3,295
Indefinite-lived intangible assets	8,546	—	8,546
	12,320	479	11,841

8. Consolidated Statement of Cash Flows

The net change in non-cash working capital balances related to operations consists of the following:

	2011 $	2010 $
Accounts receivable	**950**	5,077
Inventories	**452**	1,192
Prepaid expenses	**(206)**	(337)
Accounts payable and accrued liabilities	**(1,442)**	6,769
Deferred revenue	**2,516**	(3,180)
Customer deposits	**(1,405)**	(2,792)
	865	6,729

SUPPLEMENTAL CASH FLOW INFORMATION

	2011 $	2010 $
Income taxes paid	**749**	827
Increase in derivative asset included in accounts receivable	**357**	2,164

9. Contingencies

The Association has been named in a number of legal actions in the normal course of operations. In the opinion of management and legal counsel, the outcome of these actions cannot be determined with a reasonable degree of assurance at this time. The Association carries insurance for such actions, and any loss, to the extent it is not fully covered by these insurance policies, is charged to operations in the period in which the liability is determined.

10. Retirement Benefit Plans

The Association sponsors various post-employment benefit plans including one defined contribution and five defined benefit pension plans, and plans that provide extended health care coverage to employees. Pension benefits are based on length of service and final average earnings. Pension payments for all plans except one are partially indexed to cost of living increases after retirement.

In the fourth quarter of the prior year, the Association undertook an organizational restructuring of its workforce. This event resulted in a reduction of future service of active employees and triggered curtailments and settlements under CICA Section 3461. In fiscal 2011 a curtailment charge of $326 was recognized.

The sale of the QMI division in February 2008 triggered curtailments and settlements under CICA Section 3461. The net curtailment amounts were recorded in the consolidated statement of operations in a prior year. In the current year a net settlement charge of $878 was recognized in the consolidated statement of operations.

The Association's contributions to the defined contribution pension plan are expensed when due. The expense for the defined contribution pension plan for 2011 was $832 [2010 - $920].

[a] Information about the Association's defined benefit pension plans, in aggregate, is as follows:

	2011 $	2010 $
Accrued benefit obligation	**200,915**	171,926
Fair value of plan assets	**254,774**	236,083
Funded status - plan surplus	**53,859**	64,157
Employer contributions after measurement date	**1,332**	1,870
Unamortized transitional asset	**(10,436)**	(13,717)
Unamortized past service costs	**2,642**	3,188
Unamortized net actuarial loss	**20,232**	4,536
Accrued benefit asset	**67,629**	60,034

	2011 $	2010 $
Components of net periodic pension cost		
Current service cost [employer portion]	**4,176**	3,754
Interest cost	**11,545**	11,776
Actual return on plan assets	**(27,042)**	(43,556)
Actuarial loss	**28,914**	6,211
Cost (recovery) arising in the year	**17,593**	(21,815)
Differences between costs arising during the year and costs recognized during the year in respect of		
Return on plan assets	**10,525**	30,045
Actuarial gain	**(28,739)**	(5,217)
Past service costs	**730**	730
Transitional asset	**(3,595)**	(3,619)
Net periodic pension cost (recovery)	**(3,486)**	124

	2011 $	2010 $
Changes in accrued benefit obligation		
Accrued benefit obligation, beginning of year	**171,926**	154,868
Current service cost [employer portion]	**3,241**	3,184
Interest cost	**11,545**	11,776
Employee contributions	**2,209**	1,896
Actual benefits paid	**(9,656)**	(6,355)
Adjustment in obligation due to curtailment	**(1,156)**	346
Settlement payments	**(6,108)**	—
Actuarial loss	**28,914**	6,211
Accrued benefit obligation, end of year	**200,915**	171,926

	2011 $	2010 $
Change in plan assets		
Fair value of plan assets, beginning of year	**236,083**	192,825
Actual return on plan assets	**27,042**	43,556
Employer contributions	**5,848**	5,063
Employee contributions	**2,209**	1,896
Actual benefits paid	**(9,656)**	(6,355)
Settlement payments	**(6,108)**	—
Actual administrative expenses	**(644)**	(902)
Fair value of plan assets, end of year	**254,774**	236,083

The fair value of the assets of the defined benefit pension plans has been used to determine the net pension expense for the years ended March 31, 2011 and 2010.

Plan assets by asset category are as follows:

	2011 %	2010 %
Equity securities	**69.0**	68.5
Fixed income securities	**28.0**	30.1
Other	**3.0**	1.4
	100.0	100.0

Defined benefit pension plans	Last actuarial valuation date	Next actuarial valuation date
Salaried Employees	October 31, 2008	October 31, 2011
Members of Local 967 of The Canadian Union of Public Employees	October 31, 2008	October 31, 2011
Members of Local 4559 of The Canadian Union of Public Employees	October 31, 2008	October 31, 2011
Designated Executive Employees	December 31, 2007	December 31, 2010

The significant actuarial assumptions adopted in measuring the Association's accrued benefit obligation and costs are as follows [weighted average assumptions]:

Defined benefit pension plans	2011 %	2010 %
Accrued benefit obligation		
Discount rate for pension cost	**6.70**	7.50
Discount rate for accrued benefit obligation	**5.70**	6.70
Expected long-term rate of return on plan assets	**7.00**	7.00
Rate of compensation increase	**3.50**	4.00

[b] Information about the Association's other retirement and post-employment benefit plans, in aggregate, is as follows:

	2011 $	2010 $
Accrued benefit obligation	**(33,265)**	(26,115)
Fair value of plan assets	**—**	—
Funded status - plan deficit	**(33,265)**	(26,115)
Employer contributions during the year from measurement date to fiscal year end	**225**	199
Unamortized transitional obligation	**2,065**	2,339
Unamortized net actuarial gain	**(3,101)**	(8,321)
Accrued benefit liability	**(34,076)**	(31,898)

	2011 $	2010 $
Components of net periodic benefit cost		
Current service cost	**1,586**	1,285
Interest cost	**1,838**	2,031
Curtailment loss (gain)	**4**	(191)
Plan amendments	**(175)**	—
Actuarial loss (gain)	**4,587**	(2,477)
Cost arising during the year	**7,840**	648
Differences between costs arising during the year and costs recognized during the year in respect of:		
Actuarial loss (gain)	**(5,156)**	2,120
Plan amendments	**175**	—
Transitional obligation	**321**	547
Net periodic benefit cost recognized	**3,180**	3,315

	2011 $	2010 $
Change in accrued benefit obligation		
Accrued benefit obligation, beginning of year	**26,115**	26,263
Current service cost	**1,602**	1,285
Interest cost	**1,838**	2,031
Benefits paid	**(941)**	(796)
Adjustment due to curtailment	**64**	(191)
Actuarial loss (gain)	**4,587**	(2,477)
Accrued benefit obligation, end of year	**33,265**	26,115

The significant actuarial assumptions adopted in measuring the Association's accrued benefit obligation and costs are as follows [weighted average assumptions]:

	2011 %	2010 %
Weighted average assumptions for expense		
Discount rate	**6.70**	7.50
Rate of compensation increase	**3.50**	4.00
Initial prescription drug trend rate	**10.00**	8.50
Ultimate prescription drug trend rate	**4.50**	5.00
Year ultimate rate reached	**2030**	2024
Initial semi-private hospital and other medical costs trend rate	**4.50**	5.00
Ultimate semi-private hospital and other medical costs trend rate	**4.50**	5.00
Initial dental care trend rate	**4.50**	5.00
Ultimate dental care trend rate	**4.50**	5.00
Initial weighted average health care trend rate	**7.15**	5.95
Ultimate weighted average health care trend rate	**4.50**	5.00
Year ultimate rate reached	**2030**	2024
Weighted average assumptions for disclosure		
Discount rate	**5.70**	6.70
Rate of compensation increase	**3.50**	3.50
Initial prescription drug trend rate	**9.73**	10.00
Ultimate prescription drug trend rate	**4.50**	4.50
Year ultimate rate reached	**2030**	2030
Initial semi-private hospital and other medical costs trend rate	**4.50**	4.50
Ultimate semi-private hospital and other medical costs trend rate	**4.50**	4.50
Initial dental care trend rate	**4.50**	4.50
Ultimate dental care trend rate	**4.50**	4.50
Initial weighted average health care trend rate	**7.17**	7.15
Ultimate weighted average health care trend rate	**4.50**	4.50
Year ultimate rate reached	**2030**	2030

A 1% [2010 - 1%] increase or decrease in the health care cost trend rates would result in a $5,594 [2010 - $3,692] increase or $4,538 [2010 - $3,035] decrease in the accrued benefit obligation as at March 31, 2011 and a $670 [2010 - $672] increase or $533 [2010 - $535] decrease in the service and interest costs for the year ended March 31, 2011.

Information about the Association's other retirement and post-employment benefit plans is as follows:

	2011 %	2010 %
Employer contributions	**967**	796
Benefits paid	**967**	796

11. Lease Commitments

The Association has commitments in respect of operating leases for its equipment and premises as follows:

	2011 $
2012	5,146
2013	4,379
2014	4,185
2015	3,973
2016	3,882
Thereafter	8,256
	29,821

12. Financial Instruments and Risk Management

[A] FOREIGN CURRENCY RISK

The Association operates globally with significant revenue and expenses denominated in U.S. dollars. This gives rise to the risk that some of its revenue and cash flows may be impacted by fluctuations in foreign exchange rates between the U.S. and Canadian dollar. The cash flow hedging strategy of the Association addresses some of the foreign exchange risk. As at March 31, 2011, the consolidated statement of financial position includes amounts denominated in U.S. currency, which represent 45% [2010 - 43%] of current assets, excluding short-term investments, 7% [2010 - 10%] of short-term investments and 15% [2010 - 16%] of current liabilities.

As at March 31, 2011, the Association had outstanding range forward foreign exchange contracts at an amount of U.S.$15,600 that effectively converts U.S.$15,600 of its anticipated U.S. dollar revenue over the next 12 months to Canadian dollars within fixed ranges of conversion rates from $1.04 to $1.11, thus reducing the impact of exchange rate fluctuations on future U.S. dollar denominated cash inflows.

During the year ended March 31, 2011, no part of the hedging instruments were considered ineffective or excluded from the assessment of hedge effectiveness. The fair value of these forward foreign exchange contracts amounts to an unrealized gain of $1,038 as at March 31, 2011 [2010 - $681] and is included in the consolidated statement of changes in net assets.

[B] FAIR VALUE

Due to the short period to maturity of accounts receivable, accounts payable and accrued liabilities and customer deposits, the carrying values as presented in the consolidated statement of financial position are reasonable estimates of their fair value. Short-term investments and derivative contracts are stated at fair value. The fair value of the other investment is not determinable.

[C] INTEREST RATE RISK

Interest rate risk refers to the effect on the fair value or future cash flows of an investment due to fluctuations in interest rates. The Association's interest bearing investments are exposed to interest rate price risk. The most significant exposure to interest rate risk is the Association's investment in bonds. The Association is not exposed to significant interest rate risk on its other monetary current assets and current liabilities due to their short-term maturities.

The following tables disclose the interest rate sensitivity for the Association's interest rate sensitive short-term investments as at March 31, 2011 and 2010. Maturity and effective yields are disclosed for those assets that are interest rate sensitive. The effective yield to maturity represents the current average rate of return based on cash flows to maturity.

				Maturity		
2011	Floating Rate $	1 Year or less $	Over 1 to 5 years $	Over 5 to 10 years $	Over 10 years $	Total fair value $
ASSETS						
Cash and short-term notes	**24**	**2,214**	**—**	**—**	**—**	**2,238**
Government of Canada, provincial and municipal bonds, and guaranteed investment certificate	**—**	**8,342**	**9,784**	**4,116**	**5,679**	**27,921**
Canadian corporate bonds	**—**	**510**	**3,667**	**2,143**	**1,545**	**7,865**
	24	**11,066**	**13,451**	**6,259**	**7,224**	**38,024**

			Maturity	
2011	1 Year or less %	Over 1 to 5 years %	Over 5 to 10 years %	Over 10 years %
EFFECTIVE YIELD				
Government of Canada, provincial and municipal bonds, and guaranteed investment certificate	**1.17**	**3.82**	**3.87**	**4.71**
Canadian corporate bonds	**4.87**	**4.25**	**5.85**	**5.67**

				Maturity		
2010	Floating Rate $	1 Year or less $	Over 1 to 5 years $	Over 5 to 10 years $	Over 10 years $	Total fair value $
ASSETS						
Cash and short-term notes	5	—	—	—	—	5
Government of Canada, provincial and municipal bonds	—	—	8,638	4,498	5,878	19,014
Canadian corporate bonds	—	—	3,379	2,521	875	6,775
	5	—	12,017	7,019	6,753	25,794

			Maturity	
2010	1 Year or less %	Over 1 to 5 years %	Over 5 to 10 years %	Over 10 years %
EFFECTIVE YIELD				
Government of Canada, provincial and municipal bonds	—	4.69%	4.10%	4.59%
Canadian corporate bonds	—	4.28%	5.36%	5.97%

[D] CREDIT RISK

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Association. The Association's investments in bonds are exposed to credit risk. The carrying values of these investments represent the maximum credit risk exposure at the consolidated financial statement date. Credit risk is managed by dealing only with counterparties that the Association's investment manager believes to be creditworthy having a minimum credit rating of BBB as determined by a recognized credit rating agency and by regular monitoring of credit exposures. Credit exposure to any single counterparty is limited to maximum amounts as specified in the Association's Statement of Investment Policies and Procedures ["SIPP"].

In addition, the Association is exposed to credit risk from customers in the normal course of business. Management addresses this exposure through the Association's credit policy and makes adequate provision in the allowance for doubtful accounts.

[E] LIQUIDITY RISK

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. Liquidity risk is managed firstly by keeping the operating funds separate from the investing funds in accordance with the Association's SIPP. Secondly, liquidity risk is further managed by ensuring the Association invests in high quality investments easily disposed of in an active market.

13. Capital Risk Management

The Association's objectives when managing capital are to safeguard the Association's mission of providing a better, safer and more sustainable environment where standards work for people and business. The capital resources are managed to seek growth through development and expansion of existing assets and programs. The Association considers the net assets as its capital structure and through the Board of Directors has developed several internal requirements to review and monitor this metric. The Association does not have any externally imposed capital requirements. The overall objectives for managing capital are unchanged from the previous year.

14. Restructuring Charge

The Association undertook an organizational review and restructuring in fiscal 2010, resulting in a charge of $287 in fiscal 2011 [2010 - $6,821].

15. Guarantee

In accordance with the terms of the lease agreement, the Association has guaranteed the future lease commitment to the lessor with respect to a lease assigned to the purchaser of the QMI division. The lease commitment at March 31, 2011 amounts to $3,440 [2010 - $3,817] and expires in 2020. The fair value of the guarantee is not determinable.

16. Subsequent Event

On April 5, 2011 the Association, through its subsidiary CSA Certification UK Ltd., entered into a share purchase agreement to acquire 100% of the shares of the Swiss company INTRATest GmbH which primarily tests medical devices. The total consideration price for the debt-free transaction is CHF 1,250,000 (Swiss Francs one million two hundred and fifty thousand).

17. Comparative Consolidated Financial Statements

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2011 consolidated financial statements.

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