



Financial Statements

Canadian Federation of Students - Ontario/
Fédération Canadienne Des Étudiantes et Étudiants
- Ontario

June 30, 2013 and June 30, 2012

Contents

	Page
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Revenue and Expenses	4
Statements of Changes in Net Assets	5 - 6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 12

Independent Auditor's Report

Grant Thornton LLP
Suite 200
15 Allstate Parkway
Markham, ON
L3R 5B4

T +1 416 366 0100
F +1 905 475 8906
www.GrantThornton.ca

To the Voting Members of
Canadian Federation of Students - Ontario/
Fédération Canadienne des Étudiantes et Étudiants - Ontario

We have audited the accompanying financial statements of Canadian Federation of Students - Ontario/Fédération Canadienne des Étudiantes et Étudiants - Ontario, which comprise the statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011 and the statements of revenue and expenses, changes in net assets and cash flows for the years ended June 30, 2012 and July 1, 2011 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 audits. We conducted our audits 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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Federation of Students - Ontario/Fédération Canadienne des Étudiantes et Étudiants - Ontario as at June 30, 2013, June 30, 2012 and July 1, 2011 and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

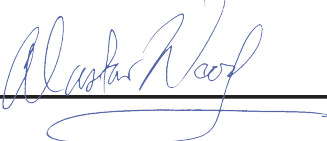
Markham, Canada
January 14, 2014

Chartered Accountants
Licensed Public Accountants


**Canadian Federation of Students - Ontario/
Fédération Canadienne Des Étudiantes et Étudiants - Ontario**
Statements of Financial Position

June 30	2013	2012	July 1, 2011
Assets			
Current			
Cash	\$ 499,361	\$ 525,301	\$ 342,136
Accounts receivable	828,751	637,178	530,234
Prepaid expenses	<u>5,630</u>	<u>9,520</u>	<u>9,593</u>
	1,333,742	1,171,999	881,963
Equipment (Note 4)	<u>29,633</u>	<u>36,605</u>	<u>51,600</u>
	<u>\$ 1,363,375</u>	<u>\$ 1,208,604</u>	<u>\$ 933,563</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 88,123	\$ 149,804	\$ 170,308
Accrued vacation and overtime payable (Note 5)	<u>33,013</u>	<u>30,288</u>	<u>46,136</u>
	<u>121,136</u>	<u>180,092</u>	<u>216,444</u>
Net assets			
Internally designated contingency reserve	763,827	703,827	643,827
Internally designated capital fund	427,277	272,214	-
Internally designated net assets (Note 6)	21,502	15,866	21,692
Invested in equipment	<u>29,633</u>	<u>36,605</u>	<u>51,600</u>
	<u>1,242,239</u>	<u>1,028,512</u>	<u>717,119</u>
	<u>\$ 1,363,375</u>	<u>\$ 1,208,604</u>	<u>\$ 933,563</u>

On behalf of the executive committee



Director



Director

**Canadian Federation of Students - Ontario/
Fédération Canadienne Des Étudiantes et Étudiants - Ontario**
Statements of Revenue and Expenses

Years ended June 30	2013	2012
Revenues		
Members' fees	\$ 2,000,522	\$ 1,906,193
Componency allocation - CFS	342,131	382,539
General meetings	39,648	35,474
Interest	<u>3,185</u>	<u>2,627</u>
	<u>2,385,486</u>	<u>2,326,833</u>
Expenses		
Campaigns and government relations	576,923	468,788
Membership development and fieldwork	369,431	311,569
Office and administration	218,105	230,487
Federation services	213,441	187,049
General meetings and delegate preparation	175,753	178,214
Executive member stipends	123,493	111,493
Translation	106,508	108,697
Research	83,065	86,969
Communications equipment and personnel	78,996	98,792
Executive meetings	66,248	64,297
Professional fees	45,495	33,225
Printing	25,523	16,020
Caucus allocations	21,731	24,502
Amortization of equipment	20,425	21,499
Office and computer supplies	17,538	17,869
Donations and memberships	9,600	8,703
Coalition work	8,387	4,783
Constituency allocations	5,145	12,899
Designated expenses	4,364	3,826
Bad debts	<u>1,588</u>	<u>25,759</u>
	<u>2,171,759</u>	<u>2,015,440</u>
Excess of revenues over expenses	<u>\$ 213,727</u>	<u>\$ 311,393</u>

**Canadian Federation of Students - Ontario/
Fédération Canadienne Des Étudiantes et Étudiants - Ontario
Statement of Changes in Net Assets**

Years ended June 30

2013

	Total	Current operations (unrestricted)	Internally designated contingency reserve	Internally designated capital fund	Internally designated net assets (note 6)	Invested in equipment
Net assets, beginning of year	\$ 1,028,512	\$ -	\$ 703,827	\$ 272,214	\$ 15,866	\$ 36,605
Excess (deficiency) of revenues over expenses	213,727	238,516	-	-	(4,364)	(20,425)
Purchase of equipment	-	(13,453)	-	-	-	13,453
Transfer to contingency reserve	-	(60,000)	60,000	-	-	-
Transfer to accessibility fund	-	(5,000)	-	-	5,000	-
Transfer to childcare fund	-	(5,000)	-	-	5,000	-
Transfer to capital fund	-	(155,063)	-	155,063	-	-
Net assets, end of year	<u>\$ 1,242,239</u>	<u>\$ -</u>	<u>\$ 763,827</u>	<u>\$ 427,277</u>	<u>\$ 21,502</u>	<u>\$ 29,633</u>

**Canadian Federation of Students - Ontario/
Fédération Canadienne Des Étudiantes et Étudiants - Ontario
Statement of Changes in Net Assets**

2012

	Total	Current operations (unrestricted)	Internally designated contingency reserve	Internally designated capital fund	Internally designated net assets (note 6)	Invested in equipment
Net assets, beginning of year	\$ 717,119	\$ -	\$ 643,827	\$ -	\$ 21,692	\$ 51,600
Excess of revenues over expenses	311,393	336,718	-	-	(3,826)	(21,499)
Purchase of equipment	-	(6,504)	-	-	-	6,504
Transfer to contingency reserve	-	(60,000)	60,000	-	-	-
Transfer to accessibility fund	-	(5,000)	-	-	5,000	-
Transfer to childcare fund	-	(5,000)	-	-	5,000	-
Transfer to capital fund	<u>-</u>	<u>(260,214)</u>	<u>-</u>	<u>272,214</u>	<u>(12,000)</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,028,512</u>	<u>\$ -</u>	<u>\$ 703,827</u>	<u>\$ 272,214</u>	<u>\$ 15,866</u>	<u>\$ 36,605</u>

See accompanying notes to the financial statements.

**Canadian Federation of Students - Ontario/
Fédération Canadienne Des Étudiantes et Étudiants - Ontario**
Statements of Cash Flows

Years ended June 30	2013	2012
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses	\$ 213,727	\$ 311,393
Item not affecting cash		
Amortization of equipment	<u>20,425</u>	<u>21,499</u>
	234,152	332,892
Change in non-cash working capital items		
Accounts receivable	(191,573)	(106,944)
Prepaid expenses	3,890	73
Accounts payable and accrued liabilities	(61,681)	(20,504)
Accrued vacation and overtime payable	<u>2,725</u>	<u>(15,848)</u>
	(12,487)	189,669
Investing		
Purchase of equipment	<u>(13,453)</u>	<u>(6,504)</u>
(Decrease) increase in cash	(25,940)	183,165
Cash		
Beginning of year	<u>525,301</u>	<u>342,136</u>
End of year	<u>\$ 499,361</u>	<u>\$ 525,301</u>

Canadian Federation of Students - Ontario/ Fédération Canadienne Des Étudiantes et Étudiants - Ontario

Notes to the Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

1. Purpose and governing statutes

The purpose of the Canadian Federation of Students - Ontario/Fédération Canadienne des Étudiantes et Étudiants - Ontario (the "Federation") is to help build an accessible, high-quality system of post-secondary education by lobbying, conducting research, mobilizing members and organizing campaigns.

The Federation is incorporated under the law of the province of Ontario as a not-for-profit organization without share capital. The Federation is classified as a not-for-profit organization under the Canadian Income Tax Act and is exempt from income tax.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

Net assets

The Federation's net assets are maintained in accordance with the following purposes:

Current operations (unrestricted)

Net assets allocated for current operations represent working capital necessary for the day-to-day operations of the Federation.

Internally designated contingency reserve

Being reliant on membership fees and in the absence of external funding, the Executive Committee ("Executive") has considered it appropriate to designate a portion of the surplus of the Federation as a contingency reserve. The reserve is funded by cash which could be used to finance special, unforeseeable expenses. It is the objective of the Executive to transfer up to an amount equal to half the annual operating revenue from operations to the contingency reserve. All interfund transfers are approved by the Executive.

Internally designated capital fund

The capital fund has been set up by the Executive to accumulate base funds to be used towards the purchase of real property to be used as office and meeting space for the Federation.

Internally designated net assets

The Executive internally designates net assets to be held for specific purposes. These internally designated amounts are not available for other purposes without the approval of the Executive.

Invested in equipment

Net assets invested in equipment are not liquid and are separately presented.

Canadian Federation of Students - Ontario/ Fédération Canadienne Des Étudiantes et Étudiants - Ontario

Notes to the Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 statement of financial position date and the reported amounts of revenues and expenses during the fiscal year. Actual results could differ from those estimates.

Revenue recognition

The Federation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the fiscal year in which the related expenses are incurred.

Member fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. In the event that member fees are outstanding as a result of certain member locals not remitting fees at the proper per student rates, the amounts are allowed for as doubtful accounts. Management continues to monitor these allowed for accounts receivable which if collected are included in members' fees revenue in the fiscal year received.

Equipment

Equipment is recorded at cost and is being amortized over its estimated useful life on a straight-line basis. The annual amortization rates are as follows:

Furniture and office equipment	5 years
Computer equipment	3 years

Financial instruments

The Federation considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Federation's financial instruments are comprised of cash, accounts receivable and accounts payable.

Financial assets or liabilities are initially measured at their fair value and subsequently measured at amortized cost.

3. First time adoption of Canadian accounting standards for not-for-profit organizations

These financial statements are the first financial statements for which the Federation has applied ASNPO. Comparative period information was prepared in accordance with ASNPO and the provisions set out in Section 1501 of the Canadian Institute of Chartered Accountants (CICA) Handbook - First-Time Adoption by Not-for-Profit Organizations.

Canadian Federation of Students - Ontario/ Fédération Canadienne Des Étudiantes et Étudiants - Ontario

Notes to the Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

3. First time adoption of Canadian accounting standards for not-for-profit organizations (continued)

The date of transition to ASNPO is July 1, 2011. The Federation's transition to ASNPO has had no impact on the opening net assets as at July 1, 2011 or the statements of revenue and expenses or cash flows for the year ended June 30, 2012. As a result, the reconciliations and disclosures required by Section 1501, First-time Adoption for Not-for- Profit Organizations are not necessary and have not been presented in these financial statement notes.

4. Equipment

	2013		
	Cost	Accumulated Amortization	Net Book Value
Furniture and office equipment	\$ 155,589	\$ 140,987	\$ 14,602
Computer equipment	52,467	37,436	15,031
	\$ 208,056	\$ 178,423	\$ 29,633
	2012		
	Cost	Accumulated Amortization	Net Book Value
Furniture and office equipment	\$ 155,589	\$ 128,449	\$ 27,140
Computer equipment	44,318	34,853	9,465
	\$ 199,907	\$ 163,302	\$ 36,605
	July 1, 2011		
	Cost	Accumulated Amortization	Net Book Value
Furniture and office equipment	\$ 155,589	\$ 115,374	\$ 40,215
Computer equipment	40,218	28,833	11,385
	\$ 195,807	\$ 144,207	\$ 51,600

Canadian Federation of Students - Ontario/ Fédération Canadienne Des Étudiantes et Étudiants - Ontario

Notes to the Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

5. Accrued vacation and overtime payable

In accordance with a collective agreement between the Federation and its employees, employees are entitled to accumulate vacation and overtime approved annually by the chairperson of the executive committee. This accumulated time may then be taken as paid days off. As at year end, the estimated obligation of the Federation for such vacation and overtime pay is \$33,013 (2012 - \$30,288; 2011 - \$46,136).

6. Internally designated net assets

	<u>Balance 2012</u>	<u>Transfers from (to) current operations</u>	<u>Designated expenses</u>	<u>Balance 2013</u>
Accessibility fund	\$ 13,417	\$ 5,000	\$ 3,456	\$ 14,961
Childcare fund	<u>2,449</u>	<u>5,000</u>	<u>908</u>	<u>6,541</u>
	<u>\$ 15,866</u>	<u>\$ 10,000</u>	<u>\$ 4,364</u>	<u>\$ 21,502</u>
	<u>Balance 2011</u>	<u>Transfers from (to) current operations</u>	<u>Designated expenses</u>	<u>Balance 2012</u>
Accessibility fund	\$ 9,886	\$ 5,000	\$ 1,469	\$ 13,417
Childcare fund	(194)	5,000	2,357	2,449
Peer-to-Peer translation fund	<u>12,000</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,692</u>	<u>\$ (2,000)</u>	<u>\$ 3,826</u>	<u>\$ 15,866</u>

7. Financial instruments

The Federation's main financial instrument risk exposures are detailed as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligation. This risk is mitigated by the Federation through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$51,347 (2012 - \$49,759; 2011 - \$24,000).

Canadian Federation of Students - Ontario/ Fédération Canadienne Des Étudiantes et Étudiants - Ontario

Notes to the Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

7. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Federation is exposed to liquidity risk with respect to its accounts payable. The Federation reduces its exposure to liquidity risk related to accounts payable by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to meet obligations. Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (2012 - \$Nil; 2011 - \$Nil).

8. Lease commitment

The Federation is committed under an operating lease for rental of its office premises extending to August 31, 2015. Minimum annual payments required during the lease term are as follows:

2014	\$	36,229
2015		36,519
2016		<u>6,087</u>
	\$	<u>78,835</u>
