



Financial Statements

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

June 30, 2016

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Independent Auditor's Report

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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 statement of financial position as at June 30, 2016, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

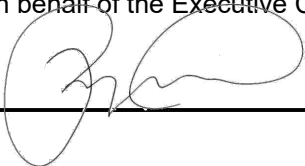
Markham, Canada
January 19, 2017

Chartered Professional Accountants
Licensed Public Accountants

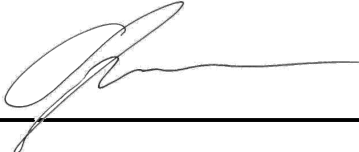
**Canadian Federation of Students - Ontario/
Fédération Canadienne Des Étudiantes et Étudiants - Ontario**
Statement of Financial Position

June 30	2016	2015
Assets		
Current		
Cash	\$ 1,344,344	\$ 1,121,193
Accounts receivable	2,654,447	1,589,339
Prepaid expenses	<u>39,166</u>	<u>6,708</u>
	4,037,957	2,717,240
Equipment (Note 3)	<u>17,026</u>	<u>15,485</u>
	<u>\$ 4,054,983</u>	<u>\$ 2,732,725</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 2,527,351	\$ 1,365,980
Accrued vacation and overtime payable (Note 4)	<u>4,071</u>	<u>61,946</u>
	<u>2,531,422</u>	<u>1,427,926</u>
Net assets		
Current operations (unrestricted)	-	(10,905)
Internally designated contingency reserve	956,618	780,614
Internally designated capital fund	427,277	427,277
Internally designated net assets (Note 5)	122,640	92,328
Invested in equipment	<u>17,026</u>	<u>15,485</u>
	<u>1,523,561</u>	<u>1,304,799</u>
	<u>\$ 4,054,983</u>	<u>\$ 2,732,725</u>

On behalf of the Executive Committee



Director



Director

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

Year ended June 30	2016	2015
Revenue		
Members' fees	\$ 2,114,459	\$ 2,072,513
Componency allocation - CFS	422,894	403,730
General meetings	96,717	90,025
Interest	<u>17,428</u>	<u>11,044</u>
	<u>2,651,498</u>	<u>2,577,312</u>
Expenses		
Campaigns and government relations	503,378	527,143
Membership development and fieldwork	446,030	344,379
Office and administration	321,393	299,723
General meetings and delegate preparation	277,040	237,808
Communications equipment and personnel	163,239	125,653
Translation	131,915	89,599
Federation services	130,111	227,517
Executive member stipends	115,942	109,566
Research	101,542	96,185
Executive meetings	89,636	62,677
Professional fees	77,952	192,843
Printing	22,075	23,122
Office and computer supplies	15,408	20,252
Designated expenses	14,688	5,441
Caucus allocations	13,550	18,399
Constituency allocations	9,879	12,622
Donations and memberships	8,000	10,000
Amortization of equipment	7,993	13,188
Coalition work	6,172	8,982
Loss on sale of equipment	2,098	213
Bad debts (recovered)	<u>(25,305)</u>	<u>105,505</u>
	<u>2,432,736</u>	<u>2,530,817</u>
Excess of revenue over expenses	<u>\$ 218,762</u>	<u>\$ 46,495</u>

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

Year ended June 30

	Current operations (unrestricted)	Internally designated contingency reserve	Internally designated capital fund	Internally designated net assets (Note 5)	Invested in equipment	Total 2016	Total 2015
Net assets, beginning of year	\$ (10,905)	\$ 780,614	\$ 427,277	\$ 92,328	\$ 15,485	\$ 1,304,799	\$ 1,258,304
Excess (deficiency) of revenue over expenses	243,541	-	-	(14,688)	(10,091)	218,762	46,495
Purchase of equipment	(11,632)	-	-	-	11,632	-	-
Transfer to contingency reserve	(176,004)	176,004	-	-	-	-	-
Transfer to election preparedness fund	(25,000)	-	-	25,000	-	-	-
Transfer to accessibility fund	(5,000)	-	-	5,000	-	-	-
Transfer to childcare fund	(5,000)	-	-	5,000	-	-	-
Transfer to capital fund	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 956,618</u>	<u>\$ 427,277</u>	<u>\$ 122,640</u>	<u>\$ 17,026</u>	<u>\$ 1,523,561</u>	<u>\$ 1,304,799</u>

See accompanying notes to the financial statements.

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

Year ended June 30	2016	2015
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	\$ 218,762	\$ 46,495
Items not affecting cash		
Amortization of equipment	7,993	13,188
Loss on sale of equipment	<u>2,098</u>	<u>213</u>
	228,853	59,896
Change in non-cash working capital items		
Accounts receivable	(1,065,108)	(442,194)
Prepaid expenses	(32,458)	11,309
Accounts payable and accrued liabilities	1,161,371	1,256,943
Accrued vacation and overtime payable	<u>(57,875)</u>	<u>(30,933)</u>
	234,783	855,021
Investing		
Purchase of equipment	<u>(11,632)</u>	<u>(11,519)</u>
Increase in cash	223,151	843,502
Cash		
Beginning of year	<u>1,121,193</u>	<u>277,691</u>
End of year	<u>\$ 1,344,344</u>	<u>\$ 1,121,193</u>

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

Notes to the Financial Statements

June 30, 2016

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 laws 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, 2016

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. The most significant estimates relates to the estimate of allowance for doubtful accounts receivable, amortization of equipment, and accrual of liabilities. Actual results could differ from these 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 fixtures	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.

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

Notes to the Financial Statements

June 30, 2016

3. Equipment

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 144,862	\$ 140,691	\$ 4,171	\$ 5,529
Computer equipment	<u>54,111</u>	<u>41,256</u>	<u>12,855</u>	<u>9,956</u>
	<u>\$ 198,973</u>	<u>\$ 181,947</u>	<u>\$ 17,026</u>	<u>\$ 15,485</u>

4. 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. This accumulated time may then be taken as paid days off. Employees are encouraged to take time in lieu of accumulated vacation and overtime. As at year end, the estimated obligation of the Federation for such vacation and overtime pay is \$4,071 (2015 - \$61,946).

5. Internally designated net assets

	<u>Balance, July 1, 2016</u>	<u>Transfers from current operations</u>	<u>Designated expenses</u>	<u>Balance, June 30, 2016</u>
Accessibility fund	\$ 21,716	\$ 5,000	\$ 2,763	\$ 23,953
Childcare fund	10,612	5,000	11,925	3,687
Election preparedness fund	50,000	25,000	-	75,000
Capital fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>20,000</u>
	<u>\$ 92,328</u>	<u>\$ 45,000</u>	<u>\$ 14,688</u>	<u>\$ 122,640</u>

6. 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 \$163,423 (2015 - \$188,728).

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

Notes to the Financial Statements

June 30, 2016

6. 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 (2015 - \$Nil).

7. Lease commitment

The Federation is committed under an operating lease for rental of its office premises and photocopier extending to May 31, 2022 and June 30, 2021, respectively. Minimum annual payments required over the next 4 fiscal years are as follows:

2017	\$	26,522
2018		85,230
2019		85,230
2020		85,230
2021		85,230

8. Comparative figures

Comparative figures have been reclassified to conform to changes in the current year presentation.
