



Financial Statements

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

June 30, 2018

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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, 2018, 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, 2018, 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
December 3, 2018

Chartered Professional Accountants
Licensed Public Accountants

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

June 30 2018 2017

Assets

Current

Cash	\$ 1,242,602	\$ 887,151
Accounts receivable	810,024	817,662
Prepaid expenses	<u>45,447</u>	<u>50,773</u>

2,098,073 1,755,586

Equipment (Note 3) 49,233 56,828

\$ 2,147,306 \$ 1,812,414

Liabilities

Current

Accounts payable and accrued liabilities	<u>\$ 102,513</u>	<u>\$ 89,810</u>
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Net assets

Current operations (unrestricted)	-	-
Internally designated contingency reserve	1,426,707	1,100,190
Internally designated capital fund	427,277	427,277
Internally designated net assets (Note 4)	141,576	138,309
Invested in equipment	<u>49,233</u>	<u>56,828</u>

2,044,793 1,722,604

\$ 2,147,306 \$ 1,812,414

Lease commitment (Note 6)

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	2018	2017
Revenue		
Members' fees	\$ 2,236,935	\$ 2,498,655
Componency allocation - CFS	446,724	507,574
General meetings	79,600	75,700
Interest	<u>7,465</u>	<u>5,743</u>
	<u>2,770,724</u>	<u>3,087,672</u>
Expenses		
Campaigns and government relations	529,370	707,912
Membership development and fieldwork	461,435	457,070
Office and administration	293,553	376,897
General meetings and delegate preparation	281,792	308,685
Federation services	126,802	246,482
Executive member stipends	118,683	128,769
Research	109,570	99,129
Communications equipment and personnel	92,807	136,707
Translation	92,339	77,848
Professional fees	89,696	106,913
Executive meetings	68,601	75,489
Caucus allocations	60,984	13,169
Office and computer supplies	26,850	31,164
Designated expenses	26,733	14,331
Amortization of equipment	19,020	11,483
Printing	16,702	21,316
Coalition work	14,161	8,832
Donations and memberships	10,180	9,020
Bad debts	7,138	33,541
Loss on sale of equipment	2,491	1,586
Constituency allocations (recovery)	<u>(372)</u>	<u>22,286</u>
	<u>2,448,535</u>	<u>2,888,629</u>
Excess of revenue over expenses	<u>\$ 322,189</u>	<u>\$ 199,043</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 4)	Invested in equipment	Total 2018	Total 2017
Net assets, beginning of year	\$ -	\$ 1,100,190	\$ 427,277	\$ 138,309	\$ 56,828	\$ 1,722,604	\$ 1,523,561
Excess (deficiency) of revenue over expenses	370,433	-	-	(26,733)	(21,511)	322,189	199,043
Purchase of equipment	(13,916)	-	-	-	13,916	-	-
Transfer to contingency reserve	(326,517)	326,517	-	-	-	-	-
Transfer to accessibility fund	(5,000)	-	-	5,000	-	-	-
Transfer to childcare fund	(5,000)	-	-	5,000	-	-	-
Transfer to election preparedness fund	(10,000)	-	-	10,000	-	-	-
Transfer to capital fund	(10,000)	-	-	10,000	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,426,707</u>	<u>\$ 427,277</u>	<u>\$ 141,576</u>	<u>\$ 49,233</u>	<u>\$ 2,044,793</u>	<u>\$ 1,722,604</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	2018	2017
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	\$ 322,189	\$ 199,043
Items not affecting cash		
Amortization of equipment	19,020	11,483
Loss on sale of equipment	<u>2,491</u>	<u>1,586</u>
	343,700	212,112
Change in non-cash working capital items		
Accounts receivable	7,638	1,836,785
Prepaid expenses	5,326	(11,607)
Accounts payable and accrued liabilities	<u>12,703</u>	<u>(2,441,612)</u>
	369,367	(404,322)
Investing		
Purchase of equipment	<u>(13,916)</u>	<u>(52,871)</u>
Increase (decrease) in cash	355,451	(457,193)
Cash		
Beginning of year	<u>887,151</u>	<u>1,344,344</u>
End of year	<u>\$ 1,242,602</u>	<u>\$ 887,151</u>

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

Notes to the Financial Statements

June 30, 2018

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, 2018

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 relate 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.

Other revenue is recognized as earned.

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, 2018

3. Equipment

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 57,046	\$ 23,686	\$ 33,360	\$ 39,000
Computer equipment	<u>36,805</u>	<u>20,932</u>	<u>15,873</u>	<u>17,828</u>
	<u>\$ 93,851</u>	<u>\$ 44,618</u>	<u>\$ 49,233</u>	<u>\$ 56,828</u>

4. Internally designated net assets

	<u>Balance July 1, 2017</u>	<u>Transfers from current operations</u>	<u>Designated expenses</u>	<u>Balance June 30, 2018</u>
Accessibility fund	\$ 20,072	\$ 5,000	\$ 15,206	\$ 9,866
Childcare fund	3,237	5,000	3,620	4,617
Election preparedness fund	85,000	10,000	7,907	87,093
Capital fund	<u>30,000</u>	<u>10,000</u>	<u>-</u>	<u>40,000</u>
	<u>\$ 138,309</u>	<u>\$ 30,000</u>	<u>\$ 26,733</u>	<u>\$ 141,576</u>

5. 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 \$7,138 (2017 - \$Nil).

(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 (2017 - \$Nil).

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

June 30, 2018

6. 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 until the leases expire are as follows:

2019	\$	85,230
2020		85,230
2021		85,230
2022		65,810
