



## Financial Statements

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

June 30, 2021

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# Independent Auditor's Report

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**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](http://www.GrantThornton.ca)

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

## Opinion

We have audited the 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, 2021, and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2021, 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.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

# Independent Auditor's Report (continued)

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Markham, Canada  
January 13, 2022

Chartered Professional Accountants  
Licensed Public Accountants

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

June 30

2021

2020

**Assets**

Current

Cash	\$ 4,459,663	\$ 1,303,839
Accounts receivable	954,729	1,890,304
Prepaid expenses	<u>26,710</u>	<u>26,077</u>

5,441,102                      3,220,220

Equipment (Note 3) 12,490                      25,877

**\$ 5,453,592**                      **\$ 3,246,097**

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**Liabilities**

Current

Accounts payable and accrued liabilities	<u>\$ 286,048</u>	<u>\$ 51,412</u>
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**Net assets**

Current operations (unrestricted)	-	-
Internally designated contingency reserve	4,568,333	2,601,421
Internally designated capital fund	482,277	477,277
Internally designated net assets (Note 4)	104,444	90,110
Invested in equipment	<u>12,490</u>	<u>25,877</u>

5,167,544                      3,194,685

**\$ 5,453,592**                      **\$ 3,246,097**

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Lease commitment (Note 7)

On behalf of the Executive Committee

\_\_\_\_\_ Director                      \_\_\_\_\_ Director

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

Year ended June 30	2021	2020
<b>Revenue</b>		
Members' fees	\$ 2,719,490	\$ 1,871,987
Componency allocation - CFS	586,607	372,741
Interest	10,665	7,293
Donations	-	39,491
General meetings	-	31,400
	<u>3,316,762</u>	<u>2,322,912</u>
<b>Expenses</b>		
Campaigns and government relations	357,784	258,181
Office and administration	270,101	270,918
Membership development and fieldwork	180,466	327,093
Executive member stipends	135,235	123,819
Communications equipment and personnel	94,225	100,923
Federation services	81,588	91,075
Constituency allocations	47,390	1,000
Translation	27,008	40,911
Executive meetings	25,063	18,017
General meetings and delegate preparation	23,831	143,695
Bad debts	20,461	23,507
Professional fees	19,004	67,113
Printing	18,279	10,891
Amortization of equipment	13,387	17,012
Office and computer supplies	12,213	14,099
Caucus allocations	6,400	-
Designated expenses	5,666	2,642
Donations and memberships	3,125	1,325
Research	2,677	24,841
	<u>1,343,903</u>	<u>1,537,062</u>
Excess of revenue over expenses	<u>\$ 1,972,859</u>	<u>\$ 785,850</u>

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**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 2021	Total 2020
Net assets, beginning of year	\$ -	\$ 2,601,421	\$ 477,277	\$ 90,110	\$ 25,877	\$ 3,194,685	\$ 2,408,835
Excess (deficiency) of revenue over expenses	1,991,912	-	-	(5,666)	(13,387)	1,972,859	785,850
Transfer to contingency reserve	(1,966,912)	1,966,912	-	-	-	-	-
Transfer to accessibility fund	(5,000)	-	-	5,000	-	-	-
Transfer to dependent care fund	(5,000)	-	-	5,000	-	-	-
Transfer to election preparedness fund	(10,000)	-	-	10,000	-	-	-
Transfer to capital fund	(5,000)	-	5,000	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ 4,568,333</u>	<u>\$ 482,277</u>	<u>\$ 104,444</u>	<u>\$ 12,490</u>	<u>\$ 5,167,544</u>	<u>\$ 3,194,685</u>

See accompanying notes to the financial statements.

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

Year ended June 30	2021	2020
Increase (decrease) in cash		
<b>Operating</b>		
Excess of revenue over expenses	\$ 1,972,859	\$ 785,850
Items not affecting cash		
Amortization of equipment	<u>13,387</u>	<u>17,012</u>
	<b>1,986,246</b>	802,862
Change in non-cash working capital items		
Accounts receivable	935,575	(429,511)
Prepaid expenses	(633)	(7,333)
Accounts payable and accrued liabilities	<u>234,636</u>	<u>(69,330)</u>
Increase in cash	<b>3,155,824</b>	296,688
Cash		
Beginning of year	<u>1,303,839</u>	<u>1,007,151</u>
End of year	<u>\$ 4,459,663</u>	<u>\$ 1,303,839</u>

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

## Notes to the Financial Statements

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June 30, 2021

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### 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.

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### 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 on an annual basis. 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.

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

## Notes to the Financial Statements

June 30, 2021

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### 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 and componency allocation 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

#### Impairment of long-lived assets

The Federation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized in the statement of revenue and expenses to the extent carrying value exceeds its fair value.

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

June 30, 2021

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**2. Significant accounting policies (continued)**

**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.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenue and expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expenses..

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**3. Equipment**

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 71,479	\$ 58,989	\$ 12,490	\$ 24,254
Computer equipment	<u>36,805</u>	<u>36,805</u>	<u>-</u>	<u>1,623</u>
	<u>\$ 108,284</u>	<u>\$ 95,794</u>	<u>\$ 12,490</u>	<u>\$ 25,877</u>

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**4. Internally designated net assets**

	<u>Balance July 1, 2020</u>	<u>Transfers from current operations</u>	<u>Designated expenses</u>	<u>Balance June 30, 2021</u>
Accessibility fund	\$ 8,768	\$ 5,000	\$ 5,666	\$ 8,102
Dependent care fund	9,657	5,000	-	14,657
Election preparedness fund	<u>71,685</u>	<u>10,000</u>	<u>-</u>	<u>81,685</u>
	<u>\$ 90,110</u>	<u>\$ 20,000</u>	<u>\$ 5,666</u>	<u>\$ 104,444</u>

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

## Notes to the Financial Statements

June 30, 2021

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### 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 \$73,000 (2020 - \$52,539).

(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 (2020 - \$Nil).

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### 6. Credit facility

The Federation has an authorized a line of credit of \$25,000 bearing interest at 7.7%, of which \$Nil was used at year end. The line of credit is unsecured.

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### 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, 2025, respectively. Minimum annual payments required until the leases expire are as follows:

2022	\$	78,494
2023		12,684
2024		12,684
2025		<u>6,342</u>
	\$	<u>110,204</u>

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

## Notes to the Financial Statements

June 30, 2021

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### 8. COVID-19

The outbreak of a novel strain of coronavirus (“COVID-19”) was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Federation for future periods. In fiscal 2021, the Federation dramatically adjusted its operations in order to limit the exposure of the virus. As at the audit report date, the Federation has generally maintained its level of Members' fees and componency allocation relative to historical trends. However, the Federation is reviewing its financial results on a regular basis to ensure, with ongoing cost mitigation efforts, it maintains liquid assets to sustain the Federation.