



Financial Statements

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

June 30, 2019

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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

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, 2019, 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, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 ASNPOs, 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 Federation'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 Federation'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 Federation 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
November 29, 2019

Chartered Professional Accountants
Licensed Public Accountants

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

June 30

2019

2018

Assets

Current

Cash	\$ 1,007,151	\$ 1,242,602
Accounts receivable	1,460,793	810,024
Prepaid expenses	<u>18,744</u>	<u>45,447</u>

2,486,688 2,098,073

Equipment (Note 3) 42,889 49,233

\$ 2,529,577 **\$ 2,147,306**

Liabilities

Current

Accounts payable and accrued liabilities	<u>\$ 120,742</u>	<u>\$ 102,513</u>
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Net assets

Current operations (unrestricted)	-	-
Internally designated contingency reserve	1,803,917	1,426,707
Internally designated capital fund	427,277	427,277
Internally designated net assets (Note 4)	134,752	141,576
Invested in equipment	<u>42,889</u>	<u>49,233</u>

2,408,835 **2,044,793**

\$ 2,529,577 **\$ 2,147,306**

Lease commitment (Note 6)

On behalf of the Executive Committee

 Felipe Nagata Director

 Kayla Weiler Director

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

Year ended June 30	2019	2018
Revenue		
Members' fees	\$ 2,322,391	\$ 2,236,935
Componency allocation - CFS	457,598	446,724
General meetings	75,600	79,600
Interest	<u>15,985</u>	<u>7,465</u>
	<u>2,871,574</u>	<u>2,770,724</u>
Expenses		
Campaigns and government relations	584,288	529,370
Office and administration	322,527	293,553
General meetings and delegate preparation	309,483	281,792
Membership development and fieldwork	306,287	461,435
Federation services	237,735	126,802
Communications equipment and personnel	135,778	92,807
Executive member stipends	129,349	118,683
Translation	103,349	92,339
Professional fees	101,301	89,696
Research	64,540	109,570
Executive meetings	60,454	68,601
Designated expenses	36,824	26,733
Bad debts	21,894	7,138
Amortization of equipment	20,778	19,020
Printing	16,702	16,702
Office and computer supplies	14,786	26,850
Constituency allocations (recovery)	12,825	(372)
Coalition work	8,370	14,161
Donations and memberships	8,325	10,180
Caucus allocations	6,274	60,984
Ontario circle gathering	5,663	-
Loss on sale of equipment	<u>-</u>	<u>2,491</u>
	<u>2,507,532</u>	<u>2,448,535</u>
Excess of revenue over expenses	<u>\$ 364,042</u>	<u>\$ 322,189</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 2019	Total 2018
Net assets, beginning of year	\$ -	\$ 1,426,707	\$ 427,277	\$ 141,576	\$ 49,233	\$ 2,044,793	\$ 1,722,604
Excess (deficiency) of revenue over expenses	421,644	-	-	(36,824)	(20,778)	364,042	322,189
Purchase of equipment	(14,434)	-	-	-	14,434	-	-
Transfer to contingency reserve	(377,210)	377,210	-	-	-	-	-
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>\$ 1,803,917</u>	<u>\$ 427,277</u>	<u>\$ 134,752</u>	<u>\$ 42,889</u>	<u>\$ 2,408,835</u>	<u>\$ 2,044,793</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	2019	2018
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	\$ 364,042	\$ 322,189
Items not affecting cash		
Amortization of equipment	20,778	19,020
Loss on sale of equipment	-	2,491
	<u>384,820</u>	<u>343,700</u>
Change in non-cash working capital items		
Accounts receivable	(650,769)	7,638
Prepaid expenses	26,703	5,326
Accounts payable and accrued liabilities	18,229	12,703
	<u>(221,017)</u>	<u>369,367</u>
Investing		
Purchase of equipment	<u>(14,434)</u>	<u>(13,916)</u>
(Decrease) increase in cash	(235,451)	355,451
Cash		
Beginning of year	<u>1,242,602</u>	<u>887,151</u>
End of year	<u>\$ 1,007,151</u>	<u>\$ 1,242,602</u>

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

Notes to the Financial Statements

June 30, 2019

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, 2019

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, 2019

3. Equipment

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 71,479	\$ 35,073	\$ 36,406	\$ 33,360
Computer equipment	<u>36,805</u>	<u>30,322</u>	<u>6,483</u>	<u>15,873</u>
	<u>\$ 108,284</u>	<u>\$ 65,395</u>	<u>\$ 42,889</u>	<u>\$ 49,233</u>

4. Internally designated net assets

	<u>Balance July 1, 2018</u>	<u>Transfers from current operations</u>	<u>Designated expenses</u>	<u>Balance June 30, 2019</u>
Accessibility fund	\$ 9,866	\$ 5,000	\$ 8,456	\$ 6,410
Childcare fund	4,617	5,000	960	8,657
Election preparedness fund	87,093	10,000	27,408	69,685
Capital fund	<u>40,000</u>	<u>10,000</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 141,576</u>	<u>\$ 30,000</u>	<u>\$ 36,824</u>	<u>\$ 134,752</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 \$29,032 (2018 - \$7,138).

(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 (2018 - \$Nil).

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

June 30, 2019

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

2020	\$	97,913
2021		97,913
2022		78,494
2023		12,684
2024		12,684
Subsequent years		<u>6,342</u>
	\$	<u>306,030</u>
