



Financial Statements

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

June 30, 2020

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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

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, 2020, 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, 2020, and its results of 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.

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.

Grant Thornton LLP

Markham, Canada
February 23, 2021

Chartered Professional Accountants
Licensed Public Accountants

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

June 30

2020

2019

Assets

Current

Cash	\$ 1,303,839	\$ 1,007,151
Accounts receivable	1,890,304	1,460,793
Prepaid expenses	<u>26,077</u>	<u>18,744</u>

3,220,220 2,486,688

Equipment (Note 3) 25,877 42,889

\$ 3,246,097 **\$ 2,529,577**

Liabilities

Current

Accounts payable and accrued liabilities	<u>\$ 51,412</u>	<u>\$ 120,742</u>
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Net assets

Current operations (unrestricted)	-	-
Internally designated contingency reserve	2,601,421	1,803,917
Internally designated capital fund	477,277	477,277
Internally designated net assets (Note 4)	90,110	84,752
Invested in equipment	<u>25,877</u>	<u>42,889</u>

3,194,685 2,408,835

\$ 3,246,097 **\$ 2,529,577**

Lease commitment (Note 7)

On behalf of the Executive Committee

Sébastien Lalonde 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	2020	2019
Revenue		
Members' fees	\$ 1,871,987	\$ 2,322,391
Componency allocation - CFS	372,741	457,598
Donations	39,491	-
General meetings	31,400	75,600
Interest	7,293	15,985
	<u>2,322,912</u>	<u>2,871,574</u>
Expenses		
Membership development and fieldwork	327,093	306,287
Office and administration	270,918	322,527
Campaigns and government relations	258,181	584,288
General meetings and delegate preparation	143,695	309,483
Executive member stipends	123,819	129,349
Communications equipment and personnel	100,923	135,778
Federation services	91,075	237,735
Professional fees	67,113	101,301
Translation	40,911	103,349
Research	24,841	64,540
Bad debts	23,507	21,894
Executive meetings	18,017	60,454
Amortization of equipment	17,012	20,778
Office and computer supplies	14,099	14,786
Printing	10,891	16,702
Designated expenses	2,642	36,824
Donations and memberships	1,325	8,325
Constituency allocations (recovery)	1,000	12,825
Coalition work	-	8,370
Caucus allocations	-	6,274
Ontario circle gathering	-	5,663
	<u>1,537,062</u>	<u>2,507,532</u>
Excess of revenue over expenses	<u>\$ 785,850</u>	<u>\$ 364,042</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 2020	Total 2019
Net assets, beginning of year	\$ -	\$ 1,803,917	\$ 477,277	\$ 84,752	\$ 42,889	\$ 2,408,835	\$ 2,044,793
Excess (deficiency) of revenue over expenses	805,504	-	-	(2,642)	(17,012)	785,850	364,042
Transfer to contingency reserve	(797,504)	797,504	-	-	-	-	-
Transfer to accessibility fund	(5,000)	-	-	5,000	-	-	-
Transfer to dependent care fund	(1,000)	-	-	1,000	-	-	-
Transfer to election preparedness fund	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,601,421</u>	<u>\$ 477,277</u>	<u>\$ 90,110</u>	<u>\$ 25,877</u>	<u>\$ 3,194,685</u>	<u>\$ 2,408,835</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

2020

2019

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 785,850	\$ 364,042
Items not affecting cash		
Amortization of equipment	<u>17,012</u>	<u>20,778</u>
	802,862	384,820
Change in non-cash working capital items		
Accounts receivable	(429,511)	(650,769)
Prepaid expenses	(7,333)	26,703
Accounts payable and accrued liabilities	<u>(69,330)</u>	<u>18,229</u>
	296,688	(221,017)

Investing

Purchase of equipment	<u>-</u>	<u>(14,434)</u>
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Increase (decrease) in cash **296,688** (235,451)

Cash

Beginning of year	<u>1,007,151</u>	<u>1,242,602</u>
End of year	<u>\$ 1,303,839</u>	<u>\$ 1,007,151</u>

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

Notes to the Financial Statements

June 30, 2020

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 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.

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

Notes to the Financial Statements

June 30, 2020

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

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 to the extent carrying value exceeds its fair value.

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, 2020

2. Significant accounting policies (continued)

Adoption of new accounting standards

On July 1, 2019, the Federation adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations (the “standards”). The most significant requirements include:

- (i) tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- (ii) tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- (iii) additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively, except the Federation was permitted to recognize an adjustment to opening net assets at July 1, 2019 to reflect partial impairments of tangible and intangible assets existing at that date, if any. The adoption of these standards did not have any impact on the statement of financial position as at July 1, 2019 and the changes in financial position for the current period.

3. Equipment

	2020		2019	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Furniture and fixtures	\$ 71,479	\$ 47,225	\$ 24,254	\$ 36,406
Computer equipment	36,805	35,182	1,623	6,483
	\$ 108,284	\$ 82,407	\$ 25,877	\$ 42,889

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

Notes to the Financial Statements

June 30, 2020

4. Internally designated net assets

	Balance July 1, 2019	Transfers from current operations	Designated expenses	Balance June 30, 2020
Accessibility fund	\$ 6,410	\$ 5,000	\$ 2,642	\$ 8,768
Dependent care fund	8,657	1,000	-	9,657
Election preparedness fund	<u>69,685</u>	<u>2,000</u>	<u>-</u>	<u>71,685</u>
	<u>\$ 84,752</u>	<u>\$ 8,000</u>	<u>\$ 2,642</u>	<u>\$ 90,110</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 \$52,539 (2019 - \$29,032).

(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 (2019 - \$Nil).

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.

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

Notes to the Financial Statements

June 30, 2020

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:

2021	\$	97,913
2022		78,494
2023		12,684
2024		12,684
2025		<u>6,342</u>
	\$	<u>208,117</u>

8. Comparative figures

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

9. 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 and a significant weakening. 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 March 2020, the Federation dramatically adjusted its operations in order to limit the exposure of the virus. As at the audit report date, the Federation has experienced a decline in Members' fees and componency allocation. 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.