



Financial Statements

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

June 30, 2022

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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, 2022, 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, 2022, 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.

Grant Thornton LLP

Markham, Canada
July 20, 2023

Chartered Professional Accountants
Licensed Public Accountants

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

June 30	2022	2021
Assets		
Current		
Cash	\$ 4,764,259	\$ 4,459,663
Accounts receivable	1,138,263	954,729
Prepaid expenses	<u>27,170</u>	<u>26,710</u>
	5,929,692	5,441,102
Equipment (Note 3)	<u>18,473</u>	<u>12,490</u>
	<u>\$ 5,948,165</u>	<u>\$ 5,453,592</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	<u>\$ 116,990</u>	<u>\$ 286,048</u>
Net assets		
Current operations (unrestricted)	-	-
Internally designated contingency reserve	5,212,061	4,568,333
Internally designated capital fund	487,277	482,277
Internally designated net assets (Note 4)	113,364	104,444
Invested in equipment	<u>18,473</u>	<u>12,490</u>
	<u>5,831,175</u>	<u>5,167,544</u>
	<u>\$ 5,948,165</u>	<u>\$ 5,453,592</u>

Lease commitments (Note 7)

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	2022	2021
Revenue		
Members' fees	\$ 2,344,839	\$ 2,719,490
Componency allocation - CFS	510,088	586,607
Interest	<u>16,031</u>	<u>10,665</u>
	<u>2,870,958</u>	<u>3,316,762</u>
Expenses		
Membership development and fieldwork	520,278	180,466
Campaigns and government relations	519,461	357,784
Office and administration	314,052	270,101
Federation services	218,521	81,588
Bad debts	186,668	20,461
Communications equipment and personnel	106,544	94,225
Executive member stipends	101,868	135,235
Research	56,631	2,677
Translation	42,186	27,008
General meetings and delegate preparation	39,675	23,831
Professional fees	27,991	19,004
Executive meetings	20,396	25,063
Printing	14,672	18,279
Designated expenses (Note 4)	11,080	5,666
Office and computer supplies	10,669	12,213
Amortization of equipment	9,793	13,387
Donations and memberships	4,125	3,125
Coalition work	1,117	-
Constituency allocations	1,000	47,390
Caucus allocations	<u>600</u>	<u>6,400</u>
	<u>2,207,327</u>	<u>1,343,903</u>
Excess of revenue over expenses	<u>\$ 663,631</u>	<u>\$ 1,972,859</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 2022	Total 2021
Net assets, beginning of year	\$ -	\$ 4,568,333	\$ 482,277	\$ 104,444	\$ 12,490	\$ 5,167,544	\$ 3,194,685
Excess (deficiency) of revenue over expenses	684,504	-	-	(11,080)	(9,793)	663,631	1,972,859
Purchase of equipment	(15,776)	-	-	-	15,776	-	-
Transfer to contingency reserve	(643,728)	643,728	-	-	-	-	-
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>\$ 5,212,061</u>	<u>\$ 487,277</u>	<u>\$ 113,364</u>	<u>\$ 18,473</u>	<u>\$ 5,831,175</u>	<u>\$ 5,167,544</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	2022	2021
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	\$ 663,631	\$ 1,972,859
Items not affecting cash		
Amortization of equipment	<u>9,793</u>	<u>13,387</u>
	673,424	1,986,246
Change in non-cash working capital items		
Accounts receivable	(183,534)	935,575
Prepaid expenses	(460)	(633)
Accounts payable and accrued liabilities	<u>(169,058)</u>	<u>234,636</u>
	320,372	3,155,824
Investing		
Purchase of equipment	<u>(15,776)</u>	<u>-</u>
Increase in cash	304,596	3,155,824
Cash		
Beginning of year	<u>4,459,663</u>	<u>1,303,839</u>
End of year	<u>\$ 4,764,259</u>	<u>\$ 4,459,663</u>

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

Notes to the Financial Statements

June 30, 2022

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, 2022

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 an asset may be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenses. Any impairment recognized is not reversed.

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

June 30, 2022

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.

3. Equipment

			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 80,170	\$ 67,601	\$ 12,569	\$ 12,490
Computer equipment	<u>43,890</u>	<u>37,986</u>	<u>5,904</u>	<u>-</u>
	<u>\$ 124,060</u>	<u>\$ 105,587</u>	<u>\$ 18,473</u>	<u>\$ 12,490</u>

4. Internally designated net assets

	<u>Balance July 1, 2021</u>	<u>Transfers from current operations</u>	<u>Designated expenses</u>	<u>Balance June 30, 2022</u>
Accessibility fund	\$ 8,102	\$ 5,000	\$ 2,488	\$ 10,614
Dependent care fund	14,657	5,000	-	19,657
Election preparedness fund	<u>81,685</u>	<u>10,000</u>	<u>8,592</u>	<u>83,093</u>
	<u>\$ 104,444</u>	<u>\$ 20,000</u>	<u>\$ 11,080</u>	<u>\$ 113,364</u>

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

June 30, 2022

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 \$94,340 (2021 - \$73,000).

(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 (2021 - \$Nil).

6. Credit facility

The Federation has an authorized a line of credit of \$25,000 bearing interest at 11.7%, of which \$Nil was used at year end. The line of credit is unsecured.

7. Lease commitment

The Federation is committed under an operating lease for rental of its office premises and photocopier extending to May 31, 2027 and June 30, 2025, respectively. Minimum annual payments required until the leases expire are as follows:

2023	\$	98,703
2024		101,766
2025		98,487
2026		95,208
2027		89,848
		<hr/>
	\$	484,012