

**Canadian Federation of Students  
Financial Statements**

*June 30, 2016*

**Canadian Federation of Students**  
**Contents**  
*For the year ended June 30, 2016*

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## Independent Auditors' Report

To the Members of the Canadian Federation of Students:

We have audited the accompanying financial statements of the Canadian Federation of Students, which comprise the statement of financial position as at June 30, 2016, and the statements of operations, 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.

### *Auditors' 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 auditors' 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.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Federation of Students as at June 30, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Emphasis of Matter*

We draw attention to Note 15 of the financial statements which indicates that there was a correction of a prior period error in the current year.

Ottawa, Ontario

July 5, 2017

**MNP LLP**

Chartered Professional Accountants

Licensed Public Accountants

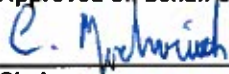
**MNP**<sup>LLP</sup>

**Canadian Federation of Students  
Statement of Financial Position**

*As at June 30, 2016*

	2016	2015 <i>As restated (Note 15)</i>
<b>Assets</b>		
<b>Current</b>		
Cash	488,615	2,880,938
Trade and other receivables (Note 3)	2,556,151	2,148,350
Guaranteed investment certificates (Note 4)	1,660,369	-
Advances to related parties (Note 5)	1,207,618	724,068
Current portion of related party mortgage receivable (Note 6)	40,000	40,000
Prepaid expenses	29,888	37,282
	5,982,641	5,830,638
Guaranteed investment certificates (Note 4)	-	623,125
Related party mortgage receivable (Note 6)	50,000	70,000
Investment in Oohlala Mobile Inc. (Note 7)	400,000	500,000
Capital assets (Note 8)	3,311,355	3,425,279
Intangible assets (Note 9)	14,125	16,950
	9,758,121	10,465,992
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	382,892	345,926
Advances from related parties (Note 5)	1,158,697	1,099,037
	1,541,589	1,444,963
<b>Net Assets</b>		
Non-designated funds (Note 11)	7,663,977	8,468,474
Bilingualism Fund (Note 11)	19,670	19,670
Federal Election Campaign Fund (Note 11)	100,000	100,000
Building Fund (Note 11)	200,000	200,000
Membership Drives and Referenda Fund (Note 11)	115,000	115,000
Kevin Coleman Students Rights Defence Fund (Note 11)	47,885	47,885
National General Meeting Students with Disabilities Access Fund (Note 11)	70,000	70,000
	8,216,532	9,021,029
	9,758,121	10,465,992

Approved on behalf of the National Executive

  
Chairperson

  
Treasurer

The accompanying notes are an integral part of these financial statements

**Canadian Federation of Students**  
**Statement of Operations**  
*For the year ended June 30, 2016*

	2016	2015
<b>Revenues</b>		
Investment income	25,551	35,707
Membership fees	3,030,689	3,263,927
Miscellaneous	11,564	-
Rental income	75,900	87,600
	<b>3,143,704</b>	<b>3,387,234</b>
<b>Expenses</b>		
Administrative and office	330,271	175,194
Amortization - capital assets	206,240	202,226
Amortization - intangible assets	2,825	-
Bad debts	538	-
Building	142,136	136,848
Campaigns	1,182,119	959,057
Communications	46,715	97,112
Component allocation	670,771	818,821
Constituency allocations	18,823	32,344
Constituency allocations - Aboriginal	33,793	22,517
Constituency allocations - National Graduate Caucus	29,294	25,585
Membership development and outreach	349,896	404,289
Miscellaneous	-	401
Mobile applications	100,000	112,891
National executive meetings	28,968	18,936
National executive salaries and benefits	110,243	101,726
National general meetings	391,286	392,308
Professional fees	366,233	114,951
	<b>4,010,151</b>	<b>3,615,206</b>
<b>Deficiency of revenues over expenses before other items</b>	<b>(866,447)</b>	<b>(227,972)</b>
<b>Other items</b>		
Settlement income (Note 12)	150,000	-
Settlement expense (Note 12)	(88,050)	-
Loss on disposal of intangible assets	-	(18,833)
<b>Deficiency of revenues over expenses</b>	<b>(804,497)</b>	<b>(246,805)</b>

The accompanying notes are an integral part of these financial statements

**Canadian Federation of Students**  
**Statement of Changes in Net Assets**  
*For the year ended June 30, 2016*

	Non-designated funds	Bilingualism Fund	Federal Election Campaign Fund	Building Fund	Membership Drives and Reference Fund	Kevin Coleman Students Rights Defence Fund	National General Meeting Students with Disabilities Access Fund	2016	2015
Net assets, beginning of year	8,468,474	19,670	100,000	200,000	115,000	47,885	70,000	9,021,029	9,092,834
Correction of an error (Note 15)	-	-	-	-	-	-	-	-	175,000
Net assets, beginning of year, as restated	8,468,474	19,670	100,000	200,000	115,000	47,885	70,000	9,021,029	9,267,834
Deficiency of revenues over expenses	(804,497)	-	-	-	-	-	-	(804,497)	(246,805)
Net assets, end of year	7,663,977	19,670	100,000	200,000	115,000	47,885	70,000	8,216,532	9,021,029

The accompanying notes are an integral part of these financial statements

**Canadian Federation of Students**  
**Statement of Cash Flows**  
*For the year ended June 30, 2016*

	2016	2015
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Deficiency of revenues over expenses	(804,497)	(246,805)
Amortization - capital assets	206,240	202,226
Amortization - intangible assets	2,825	-
Bad debt	538	-
Accrued interest on guaranteed investment certificates	(2,604)	(20,100)
Mobile applications	100,000	-
Loss on disposal of intangible assets	-	18,833
	<b>(497,498)</b>	<b>(45,846)</b>
Changes in working capital accounts		
Trade and other receivables	(408,339)	(71,464)
Prepaid expenses	7,394	(4,986)
Accounts payable and accrued liabilities	36,966	223,652
<b>Cash provided by (used for) operating activities</b>	<b>(861,477)</b>	<b>101,356</b>
<b>Financing</b>		
Advances to related parties	(483,550)	(659,023)
Advances from related parties	59,660	793,781
<b>Cash provided by (used for) financing activities</b>	<b>(423,890)</b>	<b>134,758</b>
<b>Investing</b>		
Purchase of capital assets	(92,316)	(104,043)
Receipt of principal payments of related party mortgage	20,000	-
Purchase of guaranteed investment certificates	(1,034,640)	-
Proceeds on disposal of guaranteed investment certificates	-	531,794
Purchase of intangible assets	-	(16,950)
<b>Cash provided by (used for) investing activities</b>	<b>(1,106,956)</b>	<b>410,801</b>
<b>Increase (decrease) in cash resources</b>	<b>(2,392,323)</b>	<b>646,915</b>
<b>Cash resources, beginning of year</b>	<b>2,880,938</b>	<b>2,234,023</b>
<b>Cash resources, end of year</b>	<b>488,615</b>	<b>2,880,938</b>

*The accompanying notes are an integral part of these financial statements*

# Canadian Federation of Students

## Notes to the Financial Statements

For the year ended June 30, 2016

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### 1. Incorporation and nature of the organization

The Canadian Federation of Students ("CFS" or the "Federation") was incorporated under the Canadian Corporations Act. It is a tax exempt, non-profit organization providing federal representation to its members who are comprised of post-secondary students in Canada. Emphasis is placed on improvements to the quality and affordability of post-secondary education.

The Federation's primary source of revenue is from membership fees paid by individual university and college students. Membership in the Federation is decided at each university and college campus through a membership referendum.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

#### *Revenue recognition*

The Federation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fee revenue is based on the number of students in the members' student unions. These revenues are earned on a basis consistent with the members' semesters, which are generally fall, winter and summer, when the amounts to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized as revenue based on the terms and conditions of tenant leases. Prepaid rent and rent deposits are deferred and recognized as earned.

Investment income is recognized as revenue when received or receivable when the amounts to be received can be reasonably estimated and collection is reasonably assured.

#### *Internally restricted net assets*

The Federation maintains seven internally restricted net asset funds: non-designated funds, Bilingualism Fund, Federal Election Campaign Fund, Building Fund, Membership Drives and Referenda Fund, Kevin Coleman Students Rights Defence Fund, and National General Meeting Students With Disabilities Access Fund.

The non-designated funds reports the Federation's revenues and expenses related to program delivery and administrative activities.

The Bilingualism Fund reports the Federation's net assets related to providing bilingual services

The Federal Election Campaign Fund reports the Federation's net assets related to stabilizing spending from year to year on activities related to federal elections.

The Building Fund reports the Federation's net assets related to major maintenance and updates of the Federation's building.

The Membership Drives and Referenda Fund reports the Federation's net assets related to stabilizing the cost of membership drives and referenda from year to year.

The Kevin Coleman Students Rights Defence Fund reports the Federation's net assets related to assisting members involved in student rights litigation.

The National General Meeting Students with Disabilities Access Fund reports the Federation's net assets related to covering the costs of additional requirements for students with disabilities to participate in general meetings.



**Canadian Federation of Students**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2016*

2. **Significant accounting policies** *(Continued from previous page)*

**Capital assets**

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Building - national office	straight-line	20 years
Equipment	straight-line	3 years

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a capital asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of the capital asset over its fair value.

**Intangible assets**

Intangible assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Software	straight-line	3 years

The carrying amount of an item of intangible assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a intangible asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of the intangible asset over its fair value.

**Contributed services**

Volunteers contribute time to assist the Federation in carrying out its mandate. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Financial instruments**

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, except for related party transactions which are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions.

The Federation subsequently measures all financial assets and financial liabilities at amortized cost, except for the investment in Oohlala Mobile Inc., which is an equity instrument not quoted in an active market.

The Organization subsequently measures investments in equity instruments not quoted in an active market at cost less impairment.

Financial assets measured at amortized cost include cash, guaranteed investment certificates, trade and other receivables, related party mortgage receivable and advances to related parties.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and advances from related parties.

Transaction costs incurred on the acquisition of financial instruments are added to the financial instrument and amortized using the straight-line method.

**Canadian Federation of Students**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2016*

**2. Significant accounting policies** *(Continued from previous page)*

*Financial asset impairment:*

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the deficiency of revenues over 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 deficiency of revenues over expenses.

*Measurement uncertainty*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions in estimating the useful lives of capital assets and intangible assets, assumptions in assessing the valuation of the investment in Oohlala Mobile Inc., the measurement of accrued liabilities when no invoice has been received, the measurement of accrued membership fee revenue and the valuation of trade and other receivables.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in deficiency of revenues and expenses in the periods in which they become known.

**3. Trade and other receivables**

	2016	2015 <i>As restated (Note 15)</i>
Trade receivables	2,523,227	2,116,517
Funds held in trust	30,000	30,000
Other receivables	2,924	1,833
	2,556,151	2,148,350

Included in accounts receivable is an allowance for doubtful accounts of \$nil (2015 - \$nil).

**4. Guaranteed investment certificates**

The guaranteed investment certificates bear interest at an average rate of 1.20% (2015 - 2.00%) per annum and mature in September 2016, October 2016, and June 2017 (2015 - September 2016). Certain of the short-term guaranteed investment certificates are held as security for the Federation's credit cards.

**5. Advances to (from) related parties**

The provincial student federations each have members on the National Executive that controls the Federation. These affiliated provincial federations in British Columbia and Ontario provide services to the Federation for which they are paid an allocation based on the Federation membership in their respective provinces. The component allocation charge is not paid to the provincial organizations until the respective membership fee revenue is received. During the year, the Federation allocated \$314,663 (2015 - \$313,416) to the Canadian Federation of Students - Ontario and \$84,077 (2015 - \$77,772) to the Canadian Federation of Students - British Columbia. These amounts are included in the statement of operations.

The Canadian Federation of Students is controlled by the same National Executive as the Canadian Federation of Students - Services. During the year the Federation charged rent of \$12,600 (2015 - \$12,600) to the Canadian Federation of Students - Services for office space used for the National Student Health Network, and \$12,600 (2015 - \$12,600) to the Canadian Federation of Students - Services for office rent.

**Canadian Federation of Students**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2016*

**5. Advances to (from) related parties** *(Continued from previous page)*

These transactions have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The advances bear no interest, are unsecured and are repayable on demand.

	2016	2015 <i>As restated (Note 15)</i>
<b>Advances to related parties</b>		
Canadian Federation of Students - Ontario	1,178,675	670,809
Canadian Federation of Students - Manitoba	18,417	40,845
Canadian Federation of Students - Newfoundland and Labrador	10,526	12,414
	1,207,618	724,068
<b>Advances from related parties</b>		
Canadian Federation of Students - Services	855,237	863,119
Canadian Federation of Students - British Columbia	293,178	231,461
Canadian Federation of Students - Nova Scotia	10,282	4,457
	1,158,697	1,099,037

**6. Related party mortgage receivable**

The Federation provided a mortgage to its affiliated provincial federation in Newfoundland and Labrador in 2009.

The transaction has been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The mortgage is repayable in annual installments of \$20,000 for the first to ninth annual payments and \$15,000 thereafter. The mortgage bears interest equivalent to the annual Canadian Consumer Price Index rate, matures in December 2019 and is secured by land and building.

The mortgage is currently \$20,000 (2015 - \$20,000) in arrears.

**7. Investment in Oohlala Mobile Inc.**

The Federation has an investment in Oohlala Mobile Inc. consisting of:

	% Ownership	2016	2015
88,889 Class A Preferred shares	9 %	200,000	200,000
Debenture loans, non-interest bearing and unsecured		200,000	300,000
		400,000	500,000

During the year \$100,000 (2015 - \$nil) of the debenture loan was forgiven in exchange for \$100,000 (2015 - \$nil) of mobile application services provided by OohLala Mobile Inc and has been included in the deficiency of revenues over expenses.

**Canadian Federation of Students**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2016*

**8. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2016 Net book value</i>
Land	858,379	-	858,379
Building - national office	3,577,493	1,191,755	2,385,738
Equipment	660,893	593,655	67,238
	5,096,765	1,785,410	3,311,355

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Land	858,379	-	858,379
Building - national office	3,554,197	1,013,462	2,540,735
Equipment	591,873	565,708	26,165
	5,004,449	1,579,170	3,425,279

Building - national office consists of a renovated heritage building.

**9. Intangible assets**

	<i>2016</i>	<i>2015</i>
Software	31,742	31,742
Accumulated amortization	(17,617)	(14,792)
	14,125	16,950

**10. Accounts payable and accrued liabilities**

	<i>2016</i>	<i>2015</i>
Accounts payable	285,715	299,406
Accrued liabilities	63,906	44,178
Wages payable	21,424	-
Sales tax payable	11,847	2,342
	382,892	345,926

Included in wages payable and sales tax payable are amounts due to government agencies of \$17,243 (2015 - \$2,342).

**11. Net assets**

No restrictions were initiated in the current year or the prior year.

**12. Settlement**

During the year the Federation reached an agreement that included the receipt of an amount owing to the Federation from a related party. As such both the receivable from the related party as well as the payable have been recorded in the financial statements this year. There is no indication of when the funds from the related party will be received and the resulting payment will be settled.

**13. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, market or liquidity risks arising from these financial instruments except as otherwise disclosed.

***Credit risk***

The Federation is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Federation's exposure to credit risk is on the trade and other receivables, related party mortgage receivable and advances to related parties. Management is of the opinion that credit risk is not a significant risk for the remainder of the financial assets and there has been no change to the risk exposures from the previous period.

***Liquidity risk***

The Federation does have liquidity risk in the accounts payable and accrued liabilities and advances from related parties. Liquidity risk is the risk that the Federation cannot repay its obligations when they come due to its creditors. The Federation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate cash balance to repay trade creditors. In the opinion of management, the liquidity risk exposure of the Federation is not a significant risk and there has been no change to the risk exposure from the previous period.

***Carrying amount of financial assets by category***

The carrying amount of the Federation's financial assets measured at cost less impairment total \$400,000 (2015 - \$500,000).

The carrying amount of the Federation's financial assets measured at amortized cost total \$6,002,753 (2015 - \$6,486,481).

**14. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation. A small amount of the expenses included in miscellaneous expenses in the prior year were moved to administrative and office expenses to conform with current year presentation.

**15. Correction of an error**

During the year the Federation determined that a resolution on membership fees had been arrived at, however, had not been recognized in revenue during the 2012 fiscal year in error.

**Canadian Federation of Students**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2016*

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**15. Correction of an error** *(Continued from previous page)*

This has been corrected in the opening Net Assets for the 2015 fiscal year. The restated amounts for the impacted 2015 comparative figures is shown below:

<b>Net impact on the opening balances of the Statement of Financial Position previous to the year ended June 30, 2015</b>	<b>Total</b>
<b>Trade and other receivables</b>	
Net increase	233,333
<b>Advances from related parties</b>	
Net increase	58,333
<b>Net assets, beginning of the year</b>	
Net increase	175,000