
FINANCIAL STATEMENTS

**CANADIAN FEDERATION OF
STUDENTS - BRITISH COLUMBIA**

August 31, 2015

***TWM* TOMPKINS, WOZNY, MILLER & CO.**
Chartered Professional Accountants

A partnership of incorporated professionals.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Federation of Students - British Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Federation of Students - British Columbia, which comprise the statement of financial position as at August 31, 2015, 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.

Auditor's 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 auditor's 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 Federation'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 Federation'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 Canadian Federation of Students - British Columbia as at August 31, 2015, 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins, Wozny, Miller & Co.

Vancouver, Canada
January 14, 2016

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31

	2015	2014
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	2,076,680	1,678,622
Accounts receivable [note 4]	175,284	331,444
Prepaid expenses	170,547	63,103
Total current assets	2,422,511	2,073,169
Long-term investments [note 3]	786,732	771,090
Capital assets [note 5]	1,099,477	1,118,461
	4,308,720	3,962,720
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 6]	228,789	146,327
Handbook deposits	76,486	—
Total current liabilities	305,275	146,327
Net assets		
Invested in capital assets	1,099,477	1,118,461
Internally restricted [note 8]	817,262	817,262
Unrestricted [note 9]	2,086,706	1,880,670
Total net assets	4,003,445	3,816,393
	4,308,720	3,962,720

See accompanying notes to the financial statements

On behalf of the Executive Committee:


Executive


Executive

STATEMENT OF CHANGES IN NET ASSETS

Year ended August 31

	Invested in Capital Assets \$	Internally Restricted		Unrestricted \$	Total \$
		Disabled Access Fund \$	Capital Fund \$		
2015		<i>[note 8]</i>	<i>[note 8]</i>		
Balance, beginning of year	1,118,461	317,262	500,000	1,880,670	3,816,393
Excess of revenue for the year	—	—	—	187,052	187,052
Purchase of capital assets	23,631	—	—	(23,631)	—
Amortization	(42,615)	—	—	42,615	—
Balance, end of year	1,099,477	317,262	500,000	2,086,706	4,003,445
2014					
Balance, beginning of year	1,152,585	317,262	500,000	1,417,346	3,387,193
Excess of revenue for the year	—	—	—	429,200	429,200
Purchase of capital assets	9,372	—	—	(9,372)	—
Amortization	(43,496)	—	—	43,496	—
Balance, end of year	1,118,461	317,262	500,000	1,880,670	3,816,393

See accompanying notes to the financial statements

Canadian Federation of Students - British Columbia

STATEMENT OF OPERATIONS

Year ended August 31

	2015	2014
	\$	\$
REVENUE		
Membership fees <i>[note 7]</i>	648,282	812,460
National allocation	116,238	125,912
Investment income	37,521	82,689
	802,041	1,021,061
EXPENSES		
Wages, stipends and benefits <i>[note 10]</i>	164,731	175,928
Campaigns	160,249	109,925
Field work and membership development	80,081	94,903
Premises expense	52,400	45,267
General meetings (net of delegate fees)	51,909	44,254
Amortization	42,615	43,496
Executive meetings	32,924	22,727
Office	12,307	11,266
Professional fees	13,951	6,872
Communications	3,822	8,958
Bad debt	—	28,265
	614,989	591,861
Excess of revenue for the year	187,052	429,200

See accompanying notes to the financial statements

Canadian Federation of Students - British Columbia**STATEMENT OF CASH FLOWS**

Year ended August 31

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue for the year	187,052	429,200
Item not affecting cash		
Amortization of capital assets	42,615	43,496
Unrealized loss/(gain) on long-term investments	25,337	(42,845)
Changes in other non-cash working capital items		
Accounts receivable	156,160	301,249
Prepaid expenses	(107,444)	(54,739)
Accounts payable and accruals	82,462	40,570
Handbook deposits	76,486	—
Cash provided by operating activities	462,668	716,931
INVESTING ACTIVITIES		
Purchase of capital assets	(23,631)	(9,372)
Purchase of long-term investments (net)	(40,979)	(30,525)
Cash used in investing activities	(64,610)	(39,897)
Increase in cash during the year	398,058	677,034
Cash and cash equivalents, beginning of year	1,678,622	1,001,588
Cash and cash equivalents, end of year	2,076,680	1,678,622

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

1. NATURE OF OPERATIONS

The Canadian Federation of Students - British Columbia (the "Federation") is a chartered provincial component of the Canadian Federation of Students and a registered not-for-profit Federation incorporated in the Province of British Columbia. The purpose of the Federation is to organize students on a provincial and national level, on a democratic, co-operative basis, to advance students' interests; to facilitate co-operation among students in organizing services which supplement and enhance the learning experience; and to achieve the goal of a system of post-secondary education which is accessible to all, of high quality, and which recognizes the legitimacy of student representation and the validity of students' rights.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian 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 date of the financial statements and the amounts of revenue and expenses reported during the year. Significant areas requiring the use of management estimates relate to membership fee revenue and the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets. Actual results could differ from these estimates.

Revenue Recognition

Revenue is recognized as it is earned in accordance with the following:

Membership fees and National allocations are recognized in the academic term to which the fees apply. The National Allocation is a payment from the Canadian Federation of Students and Canadian Federation of Students-Services to Canadian Federation of Students-BC in recognition of the work performed by CFS-BC to implement and manage national services and campaigns within British Columbia. The National Allocation is equal to one sixth of national membership fees paid by Federation members in British Columbia.

All other revenue is recognized when received or receivable once collection is reasonably assured.

Measurement of Financial Instruments

The Federation initially measures its financial assets and financial liabilities at fair value. The Federation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value.

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at cost are tested for impairment when there are indicators of impairment.

Financial assets measured at fair value include long-term investments.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Cash and Cash Equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end.

The statement of cash flows is prepared on a net cash basis and cash flows from operating and investing activities are presented using the indirect method.

Long-Term Investments

These investments are recorded at their fair market value. Income, gains, losses, and changes in fair market value are recorded as investment income.

Accounts Receivable

Accounts receivable are shown net of management's best estimate of uncollectible amounts.

Capital Assets

Capital assets are written off on a straight-line basis over the following estimated useful lives:

▪ Building	25 years
▪ Office equipment and computers	3 years
▪ Printer	5 years
▪ Telephones	5 years
▪ Website	3 years

Amortization is not recorded in the year of disposal.

3. LONG-TERM INVESTMENTS

The Federation's investments, which are recorded at fair market value, are held at a Canadian chartered financial institution and include treasury bills, fixed income, and equities.

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

4. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Membership fees	127,775	131,736
National allocation	29,928	166,373
Canadian Federation of Students - Services	—	24,305
Other	17,581	9,030
Allowance for doubtful accounts	—	—
	175,284	331,444

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2015			
Land	533,598	—	533,598
Building	687,725	145,887	541,838
Office equipment and computers	17,103	7,007	10,096
Printer	23,863	23,563	300
Telephones	4,663	3,731	932
Website	25,910	13,197	12,713
	1,292,862	193,385	1,099,477
2014			
Land	533,598	—	533,598
Building	687,725	118,588	569,137
Office equipment and computers	42,480	34,687	7,793
Printer	23,863	18,791	5,072
Telephones	25,728	23,863	1,865
Website	8,960	7,964	996
	1,322,354	203,893	1,118,461

6. ACCOUNTS PAYABLE AND ACCRUALS

	2015	2014
	\$	\$
Operations	95,688	146,327
CFS National	133,101	—
	228,789	146,327

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

7. MEMBERSHIP FEE REVENUE

	2015		2014
	Revenue \$	2015 revenue rec'd to date \$	Revenue \$
Local 3	67,688	67,688	68,615
Local 4	13,225	13,225	15,000
Local 5	—	—	59,598
Local 13	17,500	11,695	18,317
Local 15	57,891	57,891	62,554
Local 18	97,950	97,950	97,538
Local 26	100,000	—	125,564
Local 33	17,000	—	17,950
Local 53	30,000	25,117	32,880
Local 61	80,500	57,438	80,708
Local 66	12,019	12,019	12,093
Local 72	13,130	12,386	15,623
Local 73	60,000	30,152	63,444
Local 75	81,379	73,392	82,618
Local 86	—	—	—
	648,282	458,953	752,502
Recovered membership fees	—	—	59,958
	648,282	458,953	812,460

Certain revenue figures are estimates as these membership fees have not yet been received from CFS-National.

8. INTERNALLY RESTRICTED FUNDS

a) Disabled Access Fund

The Disabled Access Fund was established to enhance the accessibility of the Federation, and the services provided by the Federation, to people with disabilities. Disbursements from the fund are at the discretion of the Federation's Executive Committee subject to the purposes of the Fund.

b) Capital Fund

The Capital Fund was established for the purchase, or long-term leasing, of property for the Federation's operations. Since the purchase of the office space, the Federation has maintained the capital fund to provide resources for the maintenance, renovation and repair of this space. Disbursement from the fund shall be approved by the Executive Committee.

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

9. UNRESTRICTED NET ASSETS

The Federation is economically dependent on membership fees to sustain its operation, and the collection of these fees directly relies on mandatory dues collection rights provided to the Federation and its member local unions. The Federation maintains unrestricted net assets to serve as contingency that would ensure stable and ongoing operations should membership fee collection regulations be changed to the Federation's disadvantage. In this past year, the BC government made changes to the Society Act, and these changes could have a potential impact on the mandatory nature of student fee collection pending government regulations that have yet to be put forward.

10. STIPENDS

Wages, stipends and benefits include stipends paid to Executive Committee members in the amount of \$112,750 [2014 - \$110,552].

11. FINANCIAL INSTRUMENTS

The Federation is exposed to various risks through its financial instruments. The following analysis presents the Federation's exposures to significant risk as at August 31, 2015.

Credit Risk

Credit risk is the risk that the Federation will incur a loss due to the failure by its debtors to meet their contractual obligations. The Federation is exposed to credit risk with respect to its cash, short-term investments and accounts receivable. The Federation limits its exposure to credit risk by placing its cash in bank accounts with a credit union.

The Federation assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and short-term investments are invested with a Canadian financial institution.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Federation is exposed to interest rate risk on its cash and short-term investments.

Liquidity Risk

Liquidity risk is the risk that the Federation will not be able to meet its cash requirements or fund obligations as they become due. The Federation maintains adequate levels of working capital by preparing budgets to ensure all its obligations can be met when they fall due.