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FINANCIAL STATEMENTS

**BRITISH COLUMBIA FEDERATION
OF STUDENTS**

August 31, 2017

Limited Liability Partnership



Tompkins Wozny
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
British Columbia Federation of Students

Report on the Financial Statements

We have audited the accompanying financial statements of British Columbia Federation of Students, which comprise the statement of financial position as at August 31, 2017, 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 British Columbia Federation of Students as at August 31, 2017, 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 Societies 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 LLP

Vancouver, Canada
January 11, 2018

Chartered Professional Accountants



Tompkins Wozny¹
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31


| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1,384,241 | 2,388,343 |
| Accounts receivable [note 4] | 933,976 | 612,057 |
| Prepaid expenses | 565,942 | 240,048 |
| Total current assets | 2,884,159 | 3,240,448 |
| Long-term investments [note 3] | 833,320 | 823,756 |
| Capital assets [note 5] | 1,908,616 | 1,062,667 |
| | 5,626,095 | 5,126,871 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accruals [note 6] | 1,255,122 | 856,213 |
| Deferred revenue | 104,504 | 7,865 |
| Total current liabilities | 1,359,626 | 864,078 |
| Net assets | | |
| Invested in capital assets | 1,908,616 | 1,062,667 |
| Internally restricted [note 7] | 311,451 | 811,451 |
| Unrestricted [note 8] | 2,046,402 | 2,388,675 |
| Total net assets | 4,266,469 | 4,262,793 |
| | 5,626,095 | 5,126,871 |

Subsequent event [note 13]

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 \$ | | |
| | | [note 7] | [note 7] | | |
| 2017 | | | | | |
| Balance, beginning of year | 1,062,667 | 311,451 | 500,000 | 2,388,675 | 4,262,793 |
| Excess of revenue for the year | — | — | — | 3,676 | 3,676 |
| Purchase of capital assets | 892,331 | — | (500,000) | (392,331) | — |
| Amortization | (46,382) | — | — | 46,382 | — |
| Balance, end of year | 1,908,616 | 311,451 | — | 2,046,402 | 4,266,469 |
| 2016 | | | | | |
| Balance, beginning of year | 1,099,477 | 317,262 | 500,000 | 2,086,706 | 4,003,445 |
| Excess of revenue for the year | — | — | — | 259,348 | 259,348 |
| Purchase of capital assets | 3,062 | — | — | (3,062) | — |
| Disbursements | — | (5,811) | — | 5,811 | — |
| Amortization | (39,872) | — | — | 39,872 | — |
| Balance, end of year | 1,062,667 | 311,451 | 500,000 | 2,388,675 | 4,262,793 |

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended August 31

| | 2017 | 2016 |
|--|----------------|----------------|
| | \$ | \$ |
| REVENUE | | |
| Membership fees <i>[note 9]</i> | 779,310 | 676,487 |
| Provincial allocation | 127,610 | 112,579 |
| Health and dental consortium fees (net of expenses) | 46,050 | 33,168 |
| Investment income | 30,424 | 63,898 |
| Handbook advertising | 11,391 | 12,000 |
| | 994,785 | 898,132 |
| EXPENSES | | |
| Wages, stipends and benefits <i>[note 10]</i> | 330,603 | 214,086 |
| Professional fees <i>[note 12]</i> | 192,669 | 8,057 |
| Campaigns | 143,798 | 103,367 |
| General meetings (net of delegate fees) | 66,991 | 50,871 |
| Field work and membership development | 62,060 | 99,570 |
| Premises expense | 47,762 | 48,154 |
| Amortization | 46,382 | 39,872 |
| Executive meetings | 27,024 | 27,802 |
| Handbook (net of recoveries) | 25,773 | 21,887 |
| Membership development materials (net of recoveries) | 25,173 | — |
| Office | 14,937 | 14,250 |
| Communications | 5,065 | 4,132 |
| Other services | 2,872 | 6,736 |
| | 991,109 | 638,784 |
| Excess of revenue for the year | 3,676 | 259,348 |

See accompanying notes to the financial statements



STATEMENT OF CASH FLOWS

Year ended August 31

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess of revenue for the year | 3,676 | 259,348 |
| Item not affecting cash | | |
| Amortization of capital assets | 46,382 | 39,872 |
| Unrealized loss/(gain) on long-term investments | 337 | (13,716) |
| Changes in other non-cash working capital items | | |
| Accounts receivable | (321,919) | (140,838) |
| Prepaid expenses | (325,894) | (69,501) |
| Accounts payable and accruals | 398,909 | 331,489 |
| Deferred revenue | 96,639 | (68,621) |
| Cash provided by (used in) operating activities | (101,870) | 338,033 |
| INVESTING ACTIVITIES | | |
| Purchase of building | (870,818) | — |
| Purchase of other capital assets | (21,513) | (3,062) |
| Purchase of long-term investments (net) | (9,901) | (23,308) |
| Cash used in investing activities | (902,232) | (26,370) |
| Increase (decrease) in cash during the year | (1,004,102) | 311,663 |
| Cash and cash equivalents, beginning of year | 2,388,343 | 2,076,680 |
| Cash and cash equivalents, end of year | 1,384,241 | 2,388,343 |

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

1. NATURE OF OPERATIONS

The British Columbia Federation of Students (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 provincial allocations are recognized in the academic term to which the fees apply. The provincial allocation is a payment from the members in recognition of the work performed by the Federation to implement and manage provincial services and campaigns within British Columbia. The provincial 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, 2017

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 to 5 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.

| | 2017 | |
|-----------------------|---------|--------------|
| | Cost | Market Value |
| Long-term investments | 759,858 | 833,320 |



NOTES TO FINANCIAL STATEMENTS

August 31, 2017

4. ACCOUNTS RECEIVABLE

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$ | \$ |
| Due from Locals | | |
| Membership fees | 378,190 | 226,647 |
| Provincial allocation | 25,877 | — |
| Due from CFS & CFS Services <i>[note 6]</i> | | |
| Membership fees | 356,785 | 257,156 |
| Other | 52,339 | 38,779 |
| Provincial allocation | 104,707 | 63,149 |
| Other | 16,078 | 26,326 |
| Allowance for doubtful accounts | — | — |
| | 933,976 | 612,057 |

The exact breakdown of membership fees owed directly by member locals versus those receivable from CFS & CFS Services is based on an estimation.

5. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net Book Value |
|--|------------------|-----------------------------|-------------------|
| | \$ | \$ | \$ |
| 2017 | | | |
| Land - 1055 West Broadway <i>[note 13]</i> | 533,598 | — | 533,598 |
| Building - 1055 West Broadway <i>[note 13]</i> | 687,725 | 207,188 | 480,537 |
| Building - 245 East Columbia | 870,818 | — | 870,818 |
| Office equipment and computers | 23,461 | 17,834 | 5,627 |
| Printer | 23,863 | 23,863 | — |
| Telephones | 4,663 | 4,663 | — |
| Website | 34,905 | 16,869 | 18,036 |
| | 2,179,033 | 270,417 | 1,908,616 |
| 2016 | | | |
| Land - 1055 West Broadway | 533,598 | — | 533,598 |
| Building - 1055 West Broadway | 687,725 | 173,186 | 514,539 |
| Office equipment and computers | 19,903 | 12,435 | 7,468 |
| Printer | 23,863 | 23,863 | — |
| Telephones | 4,663 | 4,663 | — |
| Website | 16,950 | 9,888 | 7,062 |
| | 1,286,702 | 224,035 | 1,062,667 |

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

6. ACCOUNTS PAYABLE AND ACCRUALS

| | 2017 | 2016 |
|--------------------|-----------|---------|
| | \$ | \$ |
| Operations | 100,622 | 52,477 |
| Wages payable | 13,440 | 8,740 |
| CFS & CFS Services | 1,141,060 | 794,996 |
| | 1,255,122 | 856,213 |

The Federation, while a separately-incorporated society, operates as the provincial component for the CFS and CFS-Services (collectively "CFS") in British Columbia and implements the work of the organizations in the province. In recognition of this work the CFS provides an allocation of its fee to the Federation, called the provincial allocation. Between 2008 and 2014 member locals in BC provided their combined Federation and CFS membership dues to the CFS, which then forwarded the BC fees and provincial allocation to the Federation.

Beginning in the 2013 fiscal year, the CFS ceased remitting the provincial allocation to the Federation, and early in the 2015 fiscal year the CFS ceased forwarding the Federation's fees. In response to this, BC member locals began remitting fees directly to the Federation. In recognition of historical amounts owed to Federation by CFS, the Executive Committee has resolved to hold all CFS fees remitted to Federation in trust until the parties can reconcile historical accounts payable and receivable. It should be further noted that that majority of the Federation member locals who are also CFS members have submitted petitions seeking to decertify from CFS.

7. 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, 2017

8. 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.

9. MEMBERSHIP FEE REVENUE

| | 2017 | | 2016 |
|---------------------------|----------------|-------------------------------|----------------|
| | Revenue | 2017 revenue rec'd to date | Revenue |
| | \$ | \$ | \$ |
| Local 1 | 36,911 | 36,911 | 32,743 |
| Local 2 | 20,089 | 20,089 | 16,931 |
| Local 4 | 29,595 | 16,932 | 22,522 |
| Local 5 | 67,160 | 67,160 | 68,114 |
| Local 6 | 105,578 | 105,578 | 100,450 |
| Local 9 | 125,000 | — | 100,000 |
| Local 10 | 19,219 | 19,219 | 18,875 |
| Local 12 | 72,733 | — | 70,180 |
| Local 13 | 87,651 | 87,651 | 84,882 |
| Local 14 | 12,596 | 12,596 | 13,219 |
| Local 15 | 18,763 | 18,763 | 16,258 |
| Local 16 | 75,087 | 75,087 | 49,372 |
| Local 17 | 95,280 | 95,280 | 81,931 |
| Local 20 | 13,648 | 13,648 | — |
| | 779,310 | 568,914 | 675,477 |
| Recovered membership fees | — | — | 1,010 |
| | 779,310 | 568,914 | 676,487 |

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

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

10. WAGES, STIPENDS AND BENEFITS

Wages, stipends and benefits include stipends paid to Executive Committee members in the amount of \$125,167 [2016 - \$113,112].

The amount above includes wages, stipends and benefits made to and on the behalf of the following elected personnel during the year:

| | \$ |
|-------------------------------------|---------------------|
| Aboriginal Students' Representative | 4,040 |
| Campaigns Coordinator | 4,040 |
| Chairperson | 51,119 |
| Secretary-Treasurer | 57,880 |
| Services Coordinator | 4,044 |
| Women Students' Representative | 4,044 |
| | <hr/> 125,167 <hr/> |

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, 2017.

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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

12. CONTRACTOR REMUNERATION

Pursuant to the British Columbia Societies Act, the Federation is required to disclose contractor fees and wages and benefits paid to employees who are paid \$75,000 or more during the fiscal year.

Professional fees expense includes \$184,261 of legal expenses provided by a contractor.

13. SUBSEQUENT EVENT

Subsequent to the year-end, the Federation sold their West Broadway land and building for \$1,499,000.

14. COMPARATIVE FIGURES

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.



