CANADIAN FEDERATION OF STUDENTS

FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of the:
CANADIAN FEDERATION OF STUDENTS

Opinion
We have audited the accompanying financial statements of the Canadian Federation of Students, which comprise the Statement Of Financial Position as at June 30, 2023, and the Statements Of Changes In Net Assets, Operations, 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 Canadian Federation of Students as at June 30, 2023, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Canadian Federation of Students 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 Canadian Federation of Students' 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 Canadian Federation of Students or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Canadian Federation of Students' financial reporting process.

Auditors' 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 auditors' 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 Canadian Federation of Students' 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 Canadian Federation of Students' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Canadian Federation of Students 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.

Parker Prins Lebano

Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
October 17, 2023

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CANADIAN FEDERATION OF STUDENTS
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	**$ 3,803,700**	$ 2,807,639
Trade and other receivables (note 3)	**3,081,816**	2,804,414
Short-term investments (note 4)	**5,797,605**	5,432,091
Advances to related parties (note 5)	**150,642**	150,000
Prepaid expenses	**78,863**	33,257
	12,912,626	11,227,401
CAPITAL ASSETS (note 6)	**1,262,968**	1,326,696
	$ 14,175,594	$ 12,554,097
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 7)	**$ 1,246,971**	$ 653,023
Advances from related parties (note 5)	**3,627,188**	3,126,343
Deferred revenue	**92,500**	97,500
	4,966,659	3,876,866
NET ASSETS		
NON-DESIGNATED FUNDS	**7,611,275**	7,079,571
BILINGUALISM FUND	**19,670**	19,670
FEDERAL ELECTION CAMPAIGN FUND	**200,000**	200,000
BUILDING FUND	**200,000**	200,000
MEMBERSHIP DRIVES AND REFERENDA FUND	**115,000**	115,000
KEVIN COLEMAN STUDENTS RIGHTS DEFENCE FUND	**47,885**	47,885
NATIONAL GENERAL MEETING STUDENTS WITH DISABILITIES ACCESS FUND	**70,000**	70,000
INTERNALLY DESIGNATED CONTINGENCY RESERVE FUND	**945,105**	945,105
	9,208,935	8,677,231
	$ 14,175,594	$ 12,554,097

Approved on behalf of the National Executive:

_____ Chairperson _____ Treasurer

CANADIAN FEDERATION OF STUDENTS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Interally Designated Contingency Fund	Non-designated Fund	Bilingualism Fund	Federal Election Campaign Fund	Building Fund	Membership Drives and Referenda Fund	Kevin Coleman Students Rights Defence Fund	National General Meeting Students with Disabilities Access Fund	**2023 Total**	2022 Total
NET ASSETS, BEGINNING OF YEAR	$ 945,105	$ 7,079,571	$ 19,670	$ 200,000	$ 200,000	$ 115,000	$ 47,885	$ 70,000	**$ 8,677,231**	$ 8,489,333
Excess of revenue over expenditures	-	531,704	-	-	-	-	-	-	**531,704**	187,898
NET ASSETS, END OF YEAR	$ 945,105	$ 7,611,275	$ 19,670	$ 200,000	$ 200,000	$ 115,000	$ 47,885	$ 70,000	**$ 9,208,935**	$ 8,677,231

The accompanying notes are an integral part of the financial statements.

CANADIAN FEDERATION OF STUDENTS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
REVENUE		
Investment income (loss)	**$ 379,266**	$ (53,512)
Donations	**-**	26,000
Membership fees	**3,095,651**	3,031,102
Miscellaneous	**5,300**	2,500
	3,480,217	3,006,090
EXPENDITURES		
Administrative and office	**375,070**	289,965
Amortization - capital assets	**86,413**	78,787
Black Students' Caucus	**122,430**	94,217
Bad debts (recovery of) (note 3)	**2,438**	(192,198)
Building	**38,343**	42,450
Campaigns	**677,738**	1,242,228
Communications	**29,006**	28,711
Component allocations	**716,290**	647,208
Constituency allocations	**10,178**	7,630
Circle of First Nation, Métis and Inuit Students	**112,517**	113,366
National Graduate Caucus	**99,272**	85,542
Membership development and outreach	**183,739**	116,067
National executive meetings	**25,541**	28,528
National executive salaries and benefits	**119,059**	110,532
National general meetings	**326,798**	49,632
Professional fees	**23,681**	75,527
	2,948,513	2,818,192
EXCESS OF REVENUE OVER EXPENDITURES	**$ 531,704**	$ 187,898

CANADIAN FEDERATION OF STUDENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ **531,704**	$ 187,898
Items not affecting cash:		
Amortization - capital assets	**86,413**	78,787
	618,117	266,685
Net changes in non-cash items related to operations:		
Trade and other receivables	**(277,402)**	(636,918)
Prepaid expenses	**(45,606)**	14,276
Accounts payable and accrued liabilities	**593,948**	(538,172)
Deferred revenue	**(5,000)**	(27,500)
	884,057	(921,629)
CASH FLOWS (USED FOR) FROM INVESTING ACTIVITIES		
Purchase of capital assets	**(22,685)**	(118,530)
(Purchase) sale of short term investments	**(365,514)**	54,948
	(388,199)	(63,582)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES		
Advances to related parties	**(642)**	3,379
Advances from related parties	**500,845**	889,036
	500,203	892,415
INCREASE (DECREASE) IN CASH	**996,061**	(92,796)
CASH, BEGINNING OF YEAR	**2,807,639**	2,900,435
CASH, END OF YEAR	**$ 3,803,700**	$ 2,807,639

1. DESCRIPTION OF ACTIVITIES

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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect 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.

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, National General Meeting Students With Disabilities Access Fund, and Internally Designated Contingency Reserve 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Internally Designated Contingency Reserve Fund was established as an internally restricted net asset fund to be used to finance special, unforeseeable expenses. Contributions in this fund cannot be used for any other purposes without the approval of the National Executive.

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 as follows:

Building - national office	20 years
Equipment	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.

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 Federation recognizes its financial instruments when the Federation 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.

The Federation 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not 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 excess of revenue over expenditures.

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 revenue and expenses during the reporting period. Significant estimates include assumptions in estimating the useful lives of capital assets and intangible assets, 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 excess of revenue over expenditures in the periods in which they become known.

3. TRADE AND OTHER RECEIVABLES

	2023	2022
Trade receivables	$ 3,081,816	$ 2,804,414

Included in trade receivables is an allowance for doubtful accounts of $368,540 (2022 - $366,102).

4. SHORT-TERM INVESTMENTS

The short-term investments consist of guaranteed investment certificates, as well as equity holdings. The guaranteed investment certificates bear interest at a range of 1.6% to 4.6% (2022 - 1.2% to 2.2%) per annum and mature between August 2023 and August 2027 (2022 - August 2022 and August 2026). 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 governs the Federation. The affiliated provincial federation in Ontario provides services to the Federation for which they are paid an allocation based on the Federation membership in the province. The component allocation charge is not paid to the provincial organization until the membership fee revenue is received. During the year, the Federation allocated $379,664 (2022 - $399,105) to the Canadian Federation of Students - Ontario. This amount is included in the statement of operations.

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.

5. ADVANCES TO (FROM) RELATED PARTIES (continued)

	2023	2022
Advances to related parties		
Canadian Federation of Students - Manitoba	$ **642**	$ -
Canadian Federation of Students - British Columbia	**236,792**	236,792
Canadian Federation of Students - British Columbia (allowance)	**(86,792)**	(86,792)
	$ **150,642**	$ 150,000
Advances from related parties		
Canadian Federation of Students - Ontario	$ **365,371**	$ 329,998
Canadian Federation of Students - Nova Scotia	**16,944**	3,519
Canadian Federation of Students - Manitoba	**-**	929
Canadian Federation of Students - Saskatchewan	**125,000**	95,000
Canadian Federation of Students - Services	**3,108,275**	2,691,733
Canadian Federation of Students - Newfoundland	**11,598**	5,164
	$ **3,627,188**	$ 3,126,343

6. CAPITAL ASSETS

	2023			2022
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Building - national office	$ 1,402,826	$ 170,328	$ **1,232,498**	$ 1,302,639
Equipment	56,024	25,554	**30,470**	24,057
	$ 1,458,850	$ 195,882	$ **1,262,968**	$ 1,326,696

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accounts payable	$ **1,186,924**	$ 601,874
Accrued liabilities	**12,430**	13,380
Wages payable	**47,617**	37,769
	$ **1,246,971**	$ 653,023

8. FINANCIAL INSTRUMENTS

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

8. FINANCIAL INSTRUMENTS (continued)

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 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

The carrying amount of the Federation's financial assets measured at amortized cost total $9,108,926 (2022 - $8,419,762).

9. CONTINGENCY

The Federation is currently involved in an action with a student union for breach of fiduciary duty and duty of good faith, as well as unremitted fees. The estimated amount of unremitted fees currently amount to $1,000,000. A provision has not been taken for this amount as the Federation is of the opinion the amount is deemed collectible. The fees have been collected dating back to 2017 and the student union continues to be a member of the Federation. The defendants deny the allegations and the outcome is presently unknown.