
FINANCIAL STATEMENTS

**BRITISH COLUMBIA FEDERATION
OF STUDENTS**

August 31, 2016

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

A partnership of incorporated professionals.

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, 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.

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, 2016, 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 12, 2017

Chartered Professional Accountants

British Columbia Federation of Students

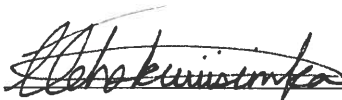
STATEMENT OF FINANCIAL POSITION

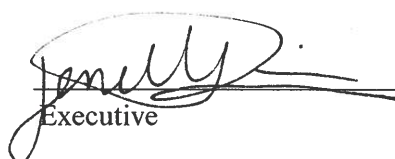
As at August 31

	2016	2015
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	2,388,343	2,076,680
Accounts receivable [note 4]	316,122	175,284
Prepaid expenses	240,048	170,547
Total current assets	2,944,513	2,422,511
Long-term investments [note 3]	823,756	786,732
Capital assets [note 5]	1,062,667	1,099,477
	4,830,936	4,308,720
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 6]	560,278	228,789
Handbook deposits	7,865	76,486
Total current liabilities	568,143	305,275
Net assets		
Invested in capital assets	1,062,667	1,099,477
Internally restricted [note 8]	811,451	817,262
Unrestricted [note 9]	2,388,675	2,086,706
Total net assets	4,262,793	4,003,445
	4,830,936	4,308,720

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		
	\$	\$	\$	\$	\$
2016		<i>[note 8]</i>	<i>[note 8]</i>		
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
2015					
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

See accompanying notes to the financial statements

British Columbia Federation of Students**STATEMENT OF OPERATIONS**

Year ended August 31

	2016	2015
	\$	\$
REVENUE		
Membership fees <i>[note 7]</i>	676,487	648,282
National allocation	112,579	116,239
Investment income	63,898	37,521
Health and dental consortium fees	35,983	—
Handbook advertising	12,000	—
	900,947	802,042
EXPENSES		
Wages, stipends and benefits <i>[note 10]</i>	214,086	164,731
Campaigns	103,367	160,249
Field work and membership development	99,570	77,441
General meetings (net of delegate fees)	50,871	51,909
Premises expense	48,154	52,400
Amortization	39,872	42,615
Executive meetings	27,802	32,924
Handbook (net of recoveries)	21,887	—
Office	14,250	12,308
Other services	9,551	2,640
Professional fees	8,057	13,951
Communications	4,132	3,822
	641,599	614,990
Excess of revenue for the year	259,348	187,052

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended August 31

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue for the year	259,348	187,052
Item not affecting cash		
Amortization of capital assets	39,872	42,615
Unrealized loss/(gain) on long-term investments	(13,716)	25,337
Changes in other non-cash working capital items		
Accounts receivable	(140,838)	156,160
Prepaid expenses	(69,501)	(107,444)
Accounts payable and accruals	331,489	82,462
Handbook deposits	(68,621)	76,486
Cash provided by operating activities	338,033	462,668
INVESTING ACTIVITIES		
Purchase of capital assets	(3,062)	(23,631)
Purchase of long-term investments (net)	(23,308)	(40,979)
Cash used in investing activities	(26,370)	(64,610)
Increase in cash during the year	311,663	398,058
Cash and cash equivalents, beginning of year	2,076,680	1,678,622
Cash and cash equivalents, end of year	2,388,343	2,076,680

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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 National allocations are recognized in the academic term to which the fees apply. The National Allocation is a payment from the members in recognition of the work performed by the Federation 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, 2016

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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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.

	2016	
	Cost	Market Value
Long-term investments	749,957	823,756

4. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
Membership fees	226,647	127,775
National allocation	63,149	29,928
Other	26,326	17,581
Allowance for doubtful accounts	—	—
	316,122	175,284

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2016			
Land	533,598	—	533,598
Building	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
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

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

6. ACCOUNTS PAYABLE AND ACCRUALS

	2016	2015
	\$	\$
Operations	52,477	91,951
Wages payable	8,740	3,737
CFS & CFS Services	499,061	133,101
	560,278	228,789

7. MEMBERSHIP FEE REVENUE

	2016		2015
	Revenue	2016 revenue rec'd to date	Revenue
	\$	\$	\$
Local 3	70,180	70,180	67,688
Local 4	16,931	16,931	13,225
Local 13	22,522	22,522	17,500
Local 15	68,114	68,114	57,891
Local 18	100,450	100,450	97,950
Local 26	100,000	—	100,000
Local 33	18,875	18,875	17,000
Local 53	32,743	32,743	30,000
Local 61	84,882	84,882	80,500
Local 66	13,219	13,219	12,019
Local 72	16,258	16,258	13,130
Local 73	49,372	49,372	60,000
Local 75	81,931	81,931	81,379
Local 86	—	—	—
	675,477	575,477	648,282
Recovered membership fees	1,010	1,010	—
	676,487	576,487	648,282

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

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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.

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.

10. STIPENDS

Wages, stipends and benefits include stipends paid to Executive Committee members in the amount of \$113,112 [2015 - \$112,750].

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, 2016.

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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

11. FINANCIAL INSTRUMENTS (CONT'D)

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.

12. COMPARATIVE FIGURES

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