

**FINANCIAL STATEMENTS**

**BRITISH COLUMBIA FEDERATION  
OF STUDENTS**

**August 31, 2022**



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**British Columbia Federation of Students**

### ***Opinion***

We have audited the financial statements of British Columbia Federation of Students (the Federation), which comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets 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 Federation as at August 31, 2022, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Federation 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 audit 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 Federation's 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 Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation's financial reporting process.

### ***Auditor's 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 auditor's 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 Federation's 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 Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.



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## INDEPENDENT AUDITOR'S REPORT

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- 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.

### **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.

Vancouver, Canada  
January 19, 2023

*Tompkins Wozny LLP*

Chartered Professional Accountants



## STATEMENT OF FINANCIAL POSITION

As at August 31

	2022 \$	2021 \$
<b>ASSETS</b>		<i>[Recast - Note 14]</i>
<b>Current assets</b>		
Cash and cash equivalents	2,810,805	3,620,394
Accounts receivable <i>[note 4]</i>	620,300	650,241
Prepaid expenses	283,125	357,076
<b>Total current assets</b>	<b>3,714,230</b>	<b>4,627,711</b>
Long-term investments <i>[note 3]</i>	1,957,190	1,053,300
Capital assets <i>[note 5]</i>	1,437,077	1,521,077
	<b>7,108,497</b>	<b>7,202,088</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accruals <i>[note 6]</i>	207,131	80,714
Deferred revenue	119,982	114,464
<b>Total liabilities</b>	<b>327,113</b>	<b>195,178</b>
<b>Net assets</b>		
Invested in capital assets	1,437,077	1,521,077
Internally restricted <i>[note 7]</i>	711,451	711,451
Unrestricted <i>[note 8]</i>	4,632,856	4,774,382
<b>Total net assets</b>	<b>6,781,384</b>	<b>7,006,910</b>
	<b>7,108,497</b>	<b>7,202,088</b>

Other *[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	Internally Restricted			Unrestricted	Total
	Capital Assets	Accessibility Fund	Capital Fund	CFS Legal Defence Fund		
	\$	\$	\$	\$	\$	\$
<b>2022</b>		[note 7]	[note 7]	[note 7]		
<b>Balance, beginning of year</b>	<b>1,521,077</b>	<b>311,451</b>	<b>300,000</b>	<b>100,000</b>	<b>4,774,382</b>	<b>7,006,910</b>
Excess of expenses for the year	—	—	—	—	(225,526)	(225,526)
Purchase of capital assets	43,231	—	—	—	(43,231)	—
Amortization	(127,231)	—	—	—	127,231	—
<b>Balance, end of year</b>	<b>1,437,077</b>	<b>311,451</b>	<b>300,000</b>	<b>100,000</b>	<b>4,632,856</b>	<b>6,781,384</b>
<b>2021</b> [Recast - Note 14]						
<b>Balance, beginning of year</b>	<b>1,595,757</b>	<b>311,451</b>	<b>300,000</b>	<b>100,000</b>	<b>4,199,565</b>	<b>6,506,773</b>
Excess of revenue for the year	—	—	—	—	500,137	500,137
Purchase of capital assets	38,182	—	—	—	(38,182)	—
Amortization	(112,862)	—	—	—	112,862	—
<b>Balance, end of year</b>	<b>1,521,077</b>	<b>311,451</b>	<b>300,000</b>	<b>100,000</b>	<b>4,774,382</b>	<b>7,006,910</b>

See accompanying notes to the financial statements

## STATEMENT OF OPERATIONS

Year ended August 31

	2022 \$	2021 \$
	<i>[Recast - Note 14]</i>	
<b>REVENUE</b>		
Membership fees <i>[note 9]</i>	1,629,441	1,531,534
Services	22,978	26,718
Health and dental consortium fees (net of expenses)	19,936	49,152
Investment income (loss), net of unrealized market adjustments <i>[note 3]</i>	(60,021)	108,997
	<b>1,612,334</b>	<b>1,716,401</b>
<b>EXPENSES</b>		
Wages, stipends and benefits <i>[note 10 and 12]</i>	595,724	513,740
Field work and membership development	302,447	72,719
Campaigns <i>[note 12]</i>	227,411	208,566
General meetings (net of delegate fees)	143,810	1,149
Amortization	127,231	112,862
Mobile application (net of recoveries)	107,796	51,418
Executive meetings	95,632	2,790
Membership development materials (net of recoveries)	68,605	121,404
Premises expense	65,968	56,435
Office	45,475	30,088
Professional fees	27,226	23,736
Handbook (net of recoveries)	17,743	10,762
Communications	12,792	10,595
	<b>1,837,860</b>	<b>1,216,264</b>
<b>Excess of revenue (expenses) for the year</b>	<b>(225,526)</b>	<b>500,137</b>

See accompanying notes to the financial statements

## STATEMENT OF CASH FLOWS

Year ended August 31

	2022 \$	2021 \$
<b>OPERATING ACTIVITIES</b>		<i>[Recast - Note 14]</i>
Excess of revenue (expenses) for the year	(225,526)	500,137
Items not affecting cash		
Amortization of capital assets	127,231	112,862
Unrealized gain on long-term investments	148,587	(64,950)
Changes in other non-cash working capital items		
Accounts receivable	29,941	(8,133)
Prepaid expenses	73,951	39,166
Accounts payable and accruals	126,417	(19,749)
Deferred revenue	5,518	57,282
<b>Cash provided by operating activities</b>	<b>286,119</b>	<b>616,615</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(43,231)	(38,182)
Purchase of long-term investments (net)	(1,052,477)	(17,233)
<b>Cash used in investing activities</b>	<b>(1,095,708)</b>	<b>(55,415)</b>
Increase (decrease) in cash during the year	(809,589)	561,200
Cash and cash equivalents, beginning of year	3,620,394	3,059,194
<b>Cash and cash equivalents, end of year</b>	<b>2,810,805</b>	<b>3,620,394</b>

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2022

### 1. NATURE OF OPERATIONS

The British Columbia Federation of Students (the "Federation") is 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 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, 2022

### 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, term deposits, and cash on deposit, net of cheques issued and outstanding at the year-end.

#### 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 35 years
- Office equipment and computers 3 years
- Printer 5 years
- Website 3 years
- Skills Online Module program 5 years
- Discount application program 5 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. During the year, net investment income decreased by \$148,587 [2021 - increase of \$64,950] as a result of the change in the market values of long-term investments.

	Cost \$	Market Value \$
Long-term investments [2021 - \$856,188 cost; \$1,053,300 market value]	1,908,665	1,957,190

## NOTES TO FINANCIAL STATEMENTS

August 31, 2022

## 4. ACCOUNTS RECEIVABLE

	2022 \$	2021 \$
		<i>[Recast - Note 15]</i>
Due from Locals		
Membership fees	499,378	532,826
Other - Local 21	50,000	50,000
Other	70,922	67,415
Allowance for doubtful accounts	—	—
	620,300	650,241

## 5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2022</b>			
Land - 245 East Columbia	775,028	—	775,028
Building - 245 East Columbia	504,221	69,786	434,435
Office equipment and computers	115,660	76,155	39,505
Printer	34,310	20,586	13,724
Website	59,905	48,838	11,067
Discount application program	371,389	224,146	147,243
Skills Online Module program	20,094	4,019	16,075
	1,880,607	443,530	1,437,077
<b>2021</b>			
Land - 245 East Columbia	775,028	—	775,028
Building - 245 East Columbia	504,221	55,305	448,916
Office equipment and computers	96,072	59,887	36,185
Printer	34,310	13,724	20,586
Website	59,905	40,247	19,658
Discount application program	367,841	147,137	220,704
	1,837,377	316,300	1,521,077

## 6. ACCOUNTS PAYABLE AND ACCRUALS

	2022 \$	2021 \$
Operations	179,845	59,451
Wages and vacation payable	27,286	21,263
	207,131	80,714

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2022

### 7. INTERNALLY RESTRICTED FUNDS

#### a) Accessibility Fund

The Accessibility 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. Disbursements from the fund shall be approved by the Executive Committee.

#### c) CFS Legal Defence Fund

The CFS Legal Defence Fund was established to help defray the legal costs of BC member local unions that may arise from exercising their rights under the CFS' bylaws. Disbursement from the fund shall be approved by the Executive Committee.

### 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.

## NOTES TO FINANCIAL STATEMENTS

August 31, 2022

## 9. MEMBERSHIP FEE REVENUE

	2022	2021
	\$	\$
		<i>[Recast - Note 15]</i>
Local 1	79,248	79,517
Local 2	41,809	39,818
Local 4	64,696	65,871
Local 5	172,798	145,870
Local 6	309,136	321,105
Local 10	43,550	41,100
Local 12	226,121	210,538
Local 13	251,585	190,908
Local 14	21,754	24,079
Local 15	42,628	65,507
Local 16	154,924	141,933
Local 17	194,187	179,554
Local 20	16,953	16,006
Local 21	10,052	7,926
Local 22	—	1,802
	<b>1,629,441</b>	<b>1,531,534</b>

## 10. WAGES, STIPENDS AND BENEFITS

Wages, stipends and benefits include stipends paid to Executive Committee members in the amount of \$148,486 [2021 - \$148,177].

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

	2022	2021
	\$	\$
Campaigns Coordinator	5,386	5,188
Chairperson	56,947	70,026
Indigenous Students' Representative	5,241	5,335
Secretary-Treasurer	69,822	57,406
Services Coordinator	5,395	5,034
Women Students' Representative	5,695	5,188
	<b>148,486</b>	<b>148,177</b>



## NOTES TO FINANCIAL STATEMENTS

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August 31, 2022

### 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, 2022.

#### **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 equivalents which are invested in term deposits and the fixed income component of the long 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.

#### **Other Price Risk**

Other price risk is associated with the equity shares within the long term investments. The value will change with changes to the quoted price whether due to market conditions or company specific events.

### 12. CONTRACTOR REMUNERATION AND WAGES AND BENEFITS

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.

Wages, stipends and benefits expense includes \$395,012 [2021 - \$192,290] paid to four [2021 - two] employees.

Campaigns expense includes \$104,943 [2021 - \$Nil] paid to one [2021 - none] contractor for digital advertising and other services.

## **NOTES TO FINANCIAL STATEMENTS**

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August 31, 2022

### **13. OTHER - COVID-19**

In March 2020, the outbreak of the coronavirus, also known as COVID-19, has spread across the globe and has impacted worldwide economic activity. The COVID-19 pandemic impacted the Federation's operations significantly, particularly with regards to the execution of general meetings, Executive Committee meetings, and the Skills Development Symposium.

Throughout the fiscal year of 2021-22, the Federation has returned to hosting in-person meetings such as Executive Meetings and General Meetings. Additional Skills Development Symposiums were held in the fiscal year and were properly allocated funds through the approved budget. The added Skills Development Symposium in November 2021 is due to the cancelled May 2021 Symposium due to the COVID-19 restrictions.

The costs of hosting these in-person meetings in this fiscal year have increased compared to 2020. These increases are affected by a few factors, such as food, travel, and accommodations inflationary costs. Additionally, events are hosted with increased adaptability to changing COVID-19 restrictions.

Overall, the Federation has returned to regular operations and more in-person engagements due to the development of COVID-19 concerns alleviating throughout the fiscal year.

### **14. RECAST**

During the current year, it was identified that \$25,388 of membership fees had been reported as revenue in the 2021 fiscal year end when it should have been deferred and recognized as revenue in the current fiscal year.

As a result of the above, the following comparative figures have been recast:

Accounts receivable has been decreased by \$25,388;

Membership fees and excess of revenue (expenses) for the year have been decreased by \$25,388; and

The August 31, 2021 net assets balance has been decreased by \$25,388.

The 2021 statement of cash flows has been adjusted, where applicable.

### **15. COMPARATIVE FIGURES**

Certain 2021 comparative figures have been reclassified to conform to the current year's financial statement presentation.