

**Canadian Federation of Students and
Canadian Federation of Students - Services
Combined Financial Statements**
June 30, 2015

**Canadian Federation of Students and
Canadian Federation of Students - Services
Contents**

For the year ended June 30, 2015

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Independent Auditors' Report



To the Members of the Canadian Federation of Students and Canadian Federation of Students - Services:

We have audited the accompanying combined financial statements of the Canadian Federation of Students and Canadian Federation of Students - Services, which comprise the combined statement of financial position as at June 30, 2015, and the combined 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 combined 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 auditors' 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 entity'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 entity'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 combined financial statements present fairly, in all material respects, the financial position of the Canadian Federation of Students and Canadian Federation of Students - Services as at June 30, 2015 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Ottawa, Ontario

December 5, 2016

MNP LLP

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Licensed Public Accountants



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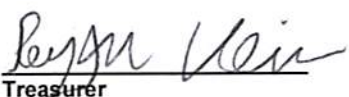
**Canadian Federation of Students and
Canadian Federation of Students - Services
Combined Statement of Financial Position**

As at June 30, 2015

	2015	2014 <i>As restated (Note 18)</i>
Assets		
Current		
Cash	3,395,193	4,385,480
Accounts receivable (Note 3)	3,753,942	3,043,897
Due from Merit Travel Ventures Inc. (Note 4)	204,805	299,512
Advances to related parties (Note 5)	362,461	15,759
Current portion of related party mortgage receivable (Note 6)	40,000	20,000
Prepaid expenses	453,979	95,145
Inventories (Note 7)	264,546	337,640
	8,474,926	8,197,433
Guaranteed investment certificates (Note 8)	652,917	1,164,264
Related party mortgage receivable (Note 6)	70,000	90,000
Investment in Oohlala Mobile Inc. (Note 9)	500,000	500,000
Capital assets (Note 10)	3,586,918	3,685,033
Intangible assets (Note 11)	173,586	62,898
	13,458,347	13,699,628
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 12)	602,924	441,347
Advances from related parties (Note 5)	286,746	269,921
Program deposits (Note 13)	223,099	260,138
	1,112,769	971,406
Net Assets		
Non-designated funds (Note 14)	11,683,927	12,066,571
Bilingualism Fund (Note 14)	19,670	19,670
Federal Election Campaign Fund (Note 14)	100,000	100,000
Building Fund (Note 14)	200,000	200,000
Membership Drives and Referenda Fund (Note 14)	115,000	115,000
Kevin Coleman Students Rights Defence Fund (Note 14)	47,885	47,885
National General Meeting Students with Disabilities Access Fund (Note 14)	70,000	70,000
Legal Defence Fund (Note 14)	109,096	109,096
	12,345,578	12,728,222
	13,458,347	13,699,628

Approved on behalf of the National Executive


Chairperson


Treasurer

The accompanying notes are an integral part of these combined financial statements

**Canadian Federation of Students and
Canadian Federation of Students - Services
Combined Statement of Operations**
For the year ended June 30, 2015

	2015	2014 <i>As restated (Note 18)</i>
Revenues		
Bulk Buying - Orientation and Promotional Materials <i>(Schedule 1)</i>	466,760	596,143
Discount Program <i>(Schedule 2)</i>	108,700	144,599
Handbook Service <i>(Schedule 3)</i>	538,060	757,891
Investment income	43,697	51,484
Membership fees	4,389,240	4,130,321
Miscellaneous	589	3,450
National Student Health Network <i>(Schedule 4)</i>	594,712	720,637
Rental	62,400	62,400
Royalty fee from Merit Travel Ventures Inc. <i>(Note 4)</i>	9,300	29,683
Website service	420	-
Student Work Abroad Program <i>(Schedule 5)</i>	1,200,703	1,322,016
	7,414,581	7,818,624
Expenses		
Administrative and office	262,995	270,688
Amortization - capital assets	236,293	230,243
Amortization - intangible assets	43,605	18,927
Bad debts	-	602,924
Building	137,867	133,963
Bulk Buying - Orientation and Promotional Materials <i>(Schedule 1)</i>	513,458	648,246
Campaigns	959,057	419,089
Communications	114,257	78,900
Component allocation	1,007,775	706,841
Constituency allocations	32,344	39,895
Constituency allocations - Aboriginal	22,517	27,215
Constituency allocations - National Graduate Caucus	39,883	53,781
Discount Program <i>(Schedule 2)</i>	461,635	325,867
Handbook Service <i>(Schedule 3)</i>	649,191	758,246
Membership development and outreach	539,052	258,866
Miscellaneous	9,913	14,719
Mobile application	112,891	248,256
National Student Health Network <i>(Schedule 4)</i>	118,610	149,873
National executive meetings	37,872	26,818
National executive salaries and benefits	149,671	150,730
National general meetings	523,077	309,229
Professional fees	313,421	150,120
Student Work Abroad Program <i>(Schedule 5)</i>	1,303,499	1,390,995
Website service	265,819	196,076
	7,854,702	7,210,507
Excess of revenues over expenses before other income	(440,121)	608,117
Other income		
Loss on disposal of intangible assets <i>(Note 11)</i>	(18,833)	-
Recovery of balance owed by Canadian Universities Travel Services Limited <i>(Note 15)</i>	76,310	68,668
Excess of revenues over expenses (expenses over revenues)	(382,644)	676,785

The accompanying notes are an integral part of these combined financial statements

Canadian Federation of Students and Canadian Federation of Students - Services
Combined Statement of Changes in Net Assets
For the year ended June 30, 2015

	<i>Non-designated funds</i>	<i>Bilingualism Fund</i>	<i>Federal Election Campaign Fund</i>	<i>Building Fund</i>	<i>Membership Drives and Referenda Fund</i>	<i>Kevin Coleman Students Rights Defence Fund</i>	<i>National General Meeting Students with Disabilities Access Fund</i>	<i>Legal Defence Fund</i>	2015	2014
Net assets, beginning of year	12,066,571	19,670	100,000	200,000	115,000	47,885	70,000	109,098	12,728,222	11,610,455
Correction of an error (Note 18)	-	-	-	-	-	-	-	-	-	440,982
Net assets, beginning of year, as restated	12,066,571	19,670	100,000	200,000	115,000	47,885	70,000	109,098	12,728,222	12,051,437
Excess of revenue over expenses	(382,644)	-	-	-	-	-	-	-	(382,644)	676,785
Net assets, end of year	11,683,927	19,670	100,000	200,000	115,000	47,885	70,000	109,098	12,345,578	12,728,222

The accompanying notes are an integral part of these financial statements

**Canadian Federation of Students and
Canadian Federation of Students - Services
Combined Statement of Cash Flows**
For the year ended June 30, 2015

	2015	2014 <i>As restated (Note 18)</i>
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses (expenses over revenues)	(382,644)	676,785
Amortization - capital assets	239,864	231,613
Amortization - intangible assets	43,605	18,927
Bad debts	-	602,924
Accrued interest on guaranteed investment certificate	(20,447)	(18,264)
Loss on disposal of intangible assets	18,833	-
	(100,789)	1,511,985
Changes in working capital accounts		
Accounts receivable	(710,045)	(1,108,526)
Due from Merit Travel Ventures Inc.	94,707	(224,765)
Prepaid expenses	(358,834)	587,319
Inventory	73,094	(48,620)
Accounts payable and accrued liabilities	161,577	(246,913)
Program deposits	(37,039)	166,556
	(877,329)	637,036
Financing		
Advances to related parties	(1,324,049)	207,907
Advances from related parties	994,172	359,115
	(329,877)	567,022
Investing		
Receipt of related party mortgage payments	-	20,000
Purchase of capital assets	(141,749)	(75,324)
Purchase of intangible assets	(173,126)	(65,599)
Purchase of guaranteed investment certificates	-	(620,000)
Proceeds on disposals of guaranteed investment certificates	531,794	620,000
	216,919	(120,923)
Increase (decrease) in cash resources	(990,287)	1,083,135
Cash resources, beginning of year	4,385,480	3,302,345
Cash resources, end of year	3,395,193	4,385,480

The accompanying notes are an integral part of these combined financial statements

**Canadian Federation of Students and
Canadian Federation of Students - Services**
Notes to the Combined Financial Statements
For the year ended June 30, 2015

1. Incorporation and nature of the Federation

Canadian Federation of Students and Canadian Federation of Students - Services ("CFS" and "CFS-S") were both incorporated under the Canada Corporations Act. These two entities are collectively referred to as "the Federation". They are tax-exempt, non-profit organizations providing national representation and services to their members who are comprised of post-secondary students in Canada. Emphasis is placed on improvements to the quality and affordability of post-secondary education and on providing cost saving services to individual students and students' unions.

The Federation's primary source of revenue is from membership fees collected from individual members attending member universities and colleges across Canada. Membership in the Federation is decided at each university or college campus through a membership referendum.

During the year June 30, 1996, the Federation passed a resolution creating a Bylaw whereby CFS would be amalgamated with CFS-S. The Bylaw states that CFS is to surrender its charter and determine a date upon which it will be dissolved, and that on this date all debts, liabilities and obligations of CFS will be discharged and the property and assets of CFS will be transferred to CFS-S. Furthermore, on this date CFS-S will change its name to Canadian Federation of Students.

As at November 18, 2016, the amalgamation has not occurred and, as a result, CFS and CFS-S continue to operate as separate entities. The accompanying statements reflect the Federation's combined operations of the CFS and the CFS-S.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using 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.

Rental revenue is recognized as revenue based on the terms and conditions of tenant leases. Prepaid rent and rent deposits are deferred and recognized as earned.

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.

Royalty fee revenue from Merit Travel Ventures (Merit) is recognized based on an agreed percentage of Merit's gross domestic student travel sales. The revenues are recorded when the related travel service is provided and collection is reasonably assured.

National Student Health Network (NSHN) fee revenue is received annually from the plan administrator and recognized when the amount to be received can be reasonably estimated and collection is reasonably assured.

Bulk buying revenue, discount program (ISIC) and handbook revenue are recognized as revenue when ownership has been transferred to the buyer and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Student Work Abroad Program (SWAP) revenue is recognized as revenue when the related travel services have been provided, the amount can be reasonably estimated and collection is reasonably assured. Unearned SWAP receipts are recorded as program deposits on the statement of financial position.

Other revenues are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

**Canadian Federation of Students and
Canadian Federation of Students - Services
Notes to the Combined Financial Statements**
For the year ended June 30, 2015

2. Significant accounting policies *(Continued from previous page)*

Allocation of expenses

The Federation engages in various student service programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Federation also incurs general support expenses that are common to the administration of the Federation and each of its programs.

The Federation allocates salaries and benefits proportionately based on the personnel time spent in each program.

Internally restricted net assets

The Federation maintains eight 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 Legal Defence 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.

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 Legal Defence Fund was established as an internally restricted net asset fund to stabilize legal spending from year to year. 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 following methods and rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Building	declining balance	5 %
Building - national office	straight line	20 years
Computer equipment	straight-line	3 years
Equipment	straight-line	3 years
Office equipment	declining balance	25 %
Leasehold improvements	straight-line	term of lease

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.

**Canadian Federation of Students and
Canadian Federation of Students - Services**
Notes to the Combined Financial Statements
For the year ended June 30, 2015

2. Significant accounting policies *(Continued from previous page)*

Intangible assets

Intangible assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives.

	<i>Method</i>	<i>Rate</i>
Software	straight-line	3 years

The carrying amount of an item of intangible assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an intangible 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 intangible asset over its fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost of the inventory includes all costs of purchase, costs of conversion and the costs incurred in bringing the inventory to its present location and condition. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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, except for the investment in Oohlala Mobile Inc., which is an equity instrument not quoted in an active market.

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, accounts receivable, due from Merit Travel Ventures Inc., related party mortgage receivable 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.

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 revenues over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 revenues over expenses.

**Canadian Federation of Students and
Canadian Federation of Students - Services**
Notes to the Combined Financial Statements
For the year ended June 30, 2015

2. Significant accounting policies *(Continued from previous page)*

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 revenues and expenses during the reporting period. Significant estimates include assumptions in estimating the useful lives of capital assets and intangible assets, assumptions in assessing the valuation of investment in Oohlala Mobile Inc., assumptions in assessing the valuation of the amounts owing from Canadian Universities Travel Services Limited, the measurement of accrued liabilities, the measurement of accrued membership fee revenue, valuation of inventory and the valuation of accounts receivable.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. Accounts receivable

	2015	2014
Accounts receivable	3,712,697	3,069,849
Funds held in trust	30,000	30,000
Sales tax recoverable	128,058	55,160
Other receivables	1,833	7,534
	3,872,588	3,162,543
Allowance for doubtful accounts	(118,646)	(118,646)
	3,753,942	3,043,897

4. Due from Merit Travel Ventures Inc.

Merit Travel Ventures Inc. administers the Student Work Abroad Program (SWAP) and serves as the Canadian agent in the sales of International Student Identity Cards (ISIC) in the Discount Program.

	2015	2014
SWAP loss burdened by Merit	(50,942)	(58,702)
ISIC loss burdened by Merit	(39,025)	(37,385)
Royalty fees owed to the Federation	4,424	4,367
SWAP accounts receivable and prepaid expenses administered by Merit	(27,365)	(78,587)
SWAP accounts payable and deferred revenues administered by Merit	126,138	349,521
Payment on SWAP and ISIC losses by the Federation	191,575	120,298
	204,805	299,512

During the year, a royalty fee of \$9,300 (2014 – \$29,683) was charged to Merit Travel Ventures Inc. for the student travel business that they derive as a result of their relationship with the Federation. The fee is computed as a percentage of the gross domestic student travel sales reported by Merit.

The Federation paid to Merit \$26,987 (2014 – \$39,934) as a commission for issuing the cards in the Discount Program. The Federation paid to Merit \$120,070 (2014 – \$132,202) as a commission for administering the Student Work Abroad Program.

The amount due from Merit is due on demand, bears no interest and has no fixed terms of repayment.

**Canadian Federation of Students and
Canadian Federation of Students - Services
Notes to the Combined Financial Statements**

For the year ended June 30, 2015

5. Advances to related parties

The provincial student federations each have members on the National Executive that controls the Federation. These affiliated provincial federations in British Columbia and Ontario provide services to the Federation for which they are paid an allocation based on the Federation membership in their respective provinces. The component allocation charge is not paid to the provincial organizations until the respective membership fee revenue is received. During the year, the Federation paid \$417,888 (2014 - \$397,860) to the Canadian Federation of Students - Ontario and \$103,696 (2014 - \$144,577) to the Canadian Federation of Students - British Columbia. These amounts are 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.

Advances to related parties

	2015	2014
Canadian Federation of Students - Manitoba	40,845	3,345
Canadian Federation of Students - Ontario	309,202	-
Canadian Federation of Students - Newfoundland and Labrador	12,414	12,414
	362,461	15,759

Advances from related parties

	2015	2014
Canadian Federation of Students - British Columbia	282,289	127,610
Canadian Federation of Students - Ontario	-	137,854
Canadian Federation of Students - Nova Scotia	4,457	4,457
	286,746	269,921

6. Related party mortgage receivable

The Federation provided a mortgage to its affiliated component in Newfoundland and Labrador in 2009.

The transaction has been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The mortgage is repayable in annual instalments of \$20,000 for the first to ninth annual payments and \$15,000 thereafter. The mortgage bears interest equivalent to the annual Canadian Consumer Price Index rate, matures in December 2019 and is secured by land and building.

The mortgage is currently \$20,000 (2014 - \$Nil) in arrears.

**Canadian Federation of Students and
Canadian Federation of Students - Services**
Notes to the Combined Financial Statements
For the year ended June 30, 2015

7. Inventories

	2015	2014
Student discount cards	133,847	60,885
Bulk purchasing textiles	130,699	276,755
	264,546	337,640

The cost of inventories recognized as an expense amounted to \$604,551 (2014 – \$684,145).

8. Guaranteed investment certificates

The short-term guaranteed investment certificates bear interest at a rate of 1.10% (2014 - 1.10%) per annum and mature June 2016 (2014 - June 2015).

The short-term guaranteed investment certificates bear interest at a rate of 2.00% (2014 - 2.00%) per annum and mature in September 2016 (2014 - September 2016).

Certain of the short-term guaranteed investment certificates are held as security for the Federation's credit cards.

9. Investment in Oohlala Mobile Inc.

The Federation has an investment in Oohlala Mobile Inc. consisting of:

	% Ownership	2015	2014
88,889 Class A Preferred shares	9	200,000	200,000
Debenture loans, non-interest bearing and unsecured		300,000	300,000
		500,000	500,000

10. Capital assets

	Cost	Accumulated amortization	2015 Net book value
Land	875,277	-	875,277
Building	181,849	75,495	106,354
Building - national office	3,554,197	1,013,462	2,540,735
Computer equipment	195,688	157,301	38,387
Office equipment	85,674	85,674	-
Equipment	591,873	565,708	26,165
Leasehold improvements	30,101	30,101	-
	5,514,659	1,927,741	3,586,918

**Canadian Federation of Students and
Canadian Federation of Students - Services
Notes to the Combined Financial Statements**

For the year ended June 30, 2015

10. Capital assets *(Continued from previous page)*

	Cost	Accumulated amortization	2014 Net book value
Land	875,277	-	875,277
Building	171,848	70,160	101,688
Building - national office	3,466,337	837,949	2,628,388
Computer equipment	170,679	128,415	42,264
Office equipment	120,311	119,590	721
Equipment	575,690	538,995	36,695
Leasehold improvements	30,101	30,101	-
	5,410,243	1,725,210	3,685,033

Building - national office consists of a renovated heritage building.

During the year, the Federation disposed of capital assets with a cost of \$37,333 (2014 - \$Nil), accumulated amortization of \$37,333 (2014 - \$Nil) and received no proceeds on disposal.

11. Intangible assets

	2015	2014
Software	340,696	190,170
Accumulated amortization	(167,110)	(127,272)
	173,586	62,898

Software includes website costs of \$16,950 (2014 - \$Nil) upon which no amortization has been recorded as the intangible asset is currently under development.

During the current year, it was determined that redundant website software no longer had long-term service potential. As a result, the intangible asset was written down from its carrying amount of \$18,833 to \$Nil. At the time of the write-down the intangible asset had a cost of \$22,600 and accumulated amortization of \$3,767. The excess of the carrying amount over the residual value has been recognized in other income as a loss on disposal of intangible assets in the statement of operations in the current year.

12. Accounts payable and accrued liabilities

	2015	2014
Accounts payable and accrued liabilities	600,582	395,203
Wages payable	-	46,128
Sales tax payable	2,342	16
	602,924	441,347

Included in wages payable and sales tax payable are amounts due to government agencies of \$2,342 (2014 - \$11,356).

**Canadian Federation of Students and
Canadian Federation of Students - Services**
Notes to the Combined Financial Statements
For the year ended June 30, 2015

13. Program deposits

Program deposits consist of Student Work Abroad Program and Handbook Service receipts that do not yet meet the criteria for revenue recognition. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the program deposits balance are as follows:

	2015	2014
Balance, beginning of year	260,138	93,582
Amount received during the year	223,099	260,138
Less: amount recognized as revenue during the year	(260,138)	(93,582)
Balance, end of year	223,099	260,138

14. Net assets

No restrictions were initiated in the current or prior year.

15. Due from Canadian Universities Travel Service Limited

The Federation is the principal and first priority registered secured creditor of Canadian Universities Travel Service Limited (CUTS), with security over all its assets. During 2010, the amounts due from CUTS were written down to the estimated recoverable amount of the claim.

During the year, \$76,310 (2014 - \$68,668) was received.

The Federation has received notice from the trustee involved with CUTS that there are no further assets to be disbursed.

16. Allocation of expenses

Administrative wages and benefits expenses of \$34,421 included in administrative and office expenses (2014 - \$78,967) have been allocated as follows:

	2015	2014
National Student Health Network Program	-	16,129
Bulk Buying - Orientation and Promotional Materials	-	29,150
Discount Program	20,017	14,745
Handbook Service	14,404	18,943
	34,421	78,967

17. 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.

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 accounts receivable, due from Merit Travel Ventures Inc., related party mortgage receivable and advances to related parties in the amount of \$4,431,208 (2014 - \$3,469,168). 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.

**Canadian Federation of Students and
Canadian Federation of Students - Services**
Notes to the Combined Financial Statements
For the year ended June 30, 2015

13. Financial instruments *(Continued from previous page)*

Liquidity risk

The Federation does have liquidity risk in the accounts payable and accrued liabilities and advances to related parties in the amount of \$889,670 (2014 - \$711,267). 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 by category

The carrying amount of the Federation's financial assets measured at cost less impairment total \$500,000 (2014 - \$500,000).

The carrying amount of the Federation's financial assets measured at amortized cost total \$8,351,260 (2014 - \$8,963,752).

18. Correction of an error

During the prior year the Federation became aware of a bank account that was not previously recorded in the financial statements of the Federation.

The unrecorded activity of the account dated back to the fiscal year ended June 30, 2011. The primary activity in this bank account was the receipt of various revenues of the Federation and the payment of professional fees.

Additionally, the Federation determined that accrued revenues for the Website Service program were not collectible as at June 30, 2013. Several estimates for membership fees, component allocations and accrued liabilities were also adjusted by the Federation.

The restated amounts for the impacted years are shown below:

Net impact on the Combined Statement of Operations previous to the year ended June 30, 2014	Total
Revenues	
Net increase	604,770
Expenses	
Net increase	163,788
Net change in the excess of revenue over expenses	440,982

**Canadian Federation of Students and
Canadian Federation of Students - Services**

Schedule 1 - Combined Schedule of Bulk Buying - Orientation and Promotional Materials

For the year ended June 30, 2015

	2015	2014
Revenue	466,760	596,143
Expenses		
Bulk buying purchases	481,536	586,518
Shipping	31,922	32,578
Wages and benefits	-	29,150
	513,458	648,246
Excess (deficiency) of revenue over expenses	(46,698)	(52,103)

**Canadian Federation of Students and
Canadian Federation of Students - Services
Schedule 2 - Combined Schedule of Discount Program**
For the year ended June 30, 2015

	2015	2014
Revenue	108,700	144,599
Expenses		
Administration and office	44,451	26,466
Advertising and promotion	73,012	22,466
Commissions	26,987	39,934
Communications	9,860	10,082
Conferences	-	466
Discount program card purchases	123,015	97,627
Miscellaneous	-	-
Professional fees	12,000	12,000
Rent	10,200	10,336
Travel	4,629	6,946
Wages and benefits	157,481	99,544
	461,635	325,867
Excess of expenses over revenue	(352,935)	(181,268)

**Canadian Federation of Students and
Canadian Federation of Students - Services
Schedule 3 - Combined Schedule of Handbook Service**
For the year ended June 30, 2015

	2015	2014
Revenues		
Handbook recovery	530,415	750,645
Handbook advertising	7,645	7,246
	538,060	757,891
Expenses		
Handbook printing	596,608	694,624
Miscellaneous	860	1,307
Shipping	31,555	43,372
Wages and benefits	20,168	18,943
	649,191	758,246
Excess of expenses over revenue	(111,131)	(355)

**Canadian Federation of Students and
Canadian Federation of Students - Services**
Schedule 4 - Combined Schedule of National Student Health Network Program
For the year ended June 30, 2015

	2015	2014
Revenue	594,712	720,637
Expenses		
Administration and office	-	451
Amortization	470	337
Communications	3,184	3,285
Miscellaneous	442	930
National executive meetings	3,252	2,536
National general meetings	2,548	1,183
Professional fees	-	13,485
Rent	1,638	1,638
Support	35,561	7,035
Wages and benefits	71,515	118,993
	118,610	149,873
Excess of revenue over expenses	476,102	570,764

**Canadian Federation of Students and
Canadian Federation of Students - Services
Schedule 5 - Combined Schedule of Student Work Abroad Program**
For the year ended June 30, 2015

	2015	2014
Revenue	1,200,703	1,322,016
Expenses		
Administration and office	14,603	22,330
Advertising and promotion	13,921	14,421
Amortization	3,098	1,033
Bad debts	-	-
Commissions	120,070	132,202
Communications	26,776	18,350
Conferences	2,436	7,008
Miscellaneous	-	3,270
Professional fees	20,400	20,400
Rent	99,759	98,681
Student Work Abroad Program inbound & outbound costs	666,805	740,349
Travel	5,859	-
Wages and benefits	329,772	332,951
	1,303,499	1,390,995
Excess of expenses over revenue	(102,796)	(68,979)