

THE FULCRUM PUBLISHING SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Fulcrum Publishing Society

We have audited the accompanying financial statements of The Fulcrum Publishing Society which comprise the statement of financial position as at April 30, 2011, 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.

Managements's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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

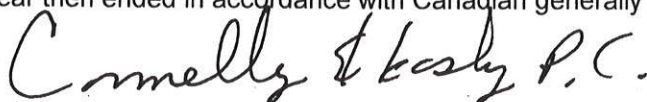
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 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 financial statements present fairly, in all material respects, the financial position of The Fulcrum Publishing Society as at April 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Connelly & Koshy, CA, Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Ottawa, Ontario
March 8, 2012

**THE FULCRUM PUBLISHING SOCIETY
(A Not for Profit Corporation)**

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2011

	2011	2010
	\$	\$
ASSETS		
CURRENT		
Cash	140,976	148,155
Short-term investments (Note 2e)	35,819	35,425
Accounts receivable (Note 4)	78,179	29,190
Prepaid expenses (Note 5)	<u>641</u>	<u>617</u>
	<u>255,615</u>	<u>213,387</u>
NON-CURRENT		
Equipment (Note 2f and 6)	20,129	23,510
Goodwill (Note 2g)	<u>1</u>	<u>1</u>
	<u>20,130</u>	<u>23,511</u>
TOTAL ASSETS	<u>275,745</u>	<u>236,898</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	<u>8,129</u>	<u>5,796</u>
NET ASSETS		
Invested in capital assets	20,129	23,510
Unrestricted	<u>247,487</u>	<u>207,592</u>
	<u>267,616</u>	<u>231,102</u>
TOTAL LIABILITIES AND NET ASSETS	<u>275,745</u>	<u>236,898</u>

APPROVED ON BEHALF OF THE BOARD :

Director _____

Director _____

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2011

	2011	2010
	\$	\$
REVENUE		
Fundraising	11,836	11,820
Local advertising	81,513	104,042
National advertising	36,345	21,881
Student levy - SFUO	174,657	175,165
Student levy - GSAED	9,286	9,016
ORCUP revenue	0	3,350
Other revenue	901	713
	<u>314,538</u>	<u>325,987</u>
EXPENSES		
Advertising and promotion	823	566
Amortization - capital assets	7,366	7,561
Bad debts	0	1,617
Bank charges, interest and credit card charges	1,061	768
Insurance	1,514	1,361
Office supplies	3,805	8,904
Printing	81,341	83,986
Professional and membership dues	5,426	5,426
Professional fees	5,472	5,597
ORCUP conference expense	0	2,960
Salaries and employee benefits	154,508	168,490
Telecommunications	4,370	5,466
Training	665	108
Travel and conferences	12,100	13,947
	<u>278,451</u>	<u>306,757</u>
EXCESS REVENUES OVER EXPENSES	36,087	19,230
OTHER INCOME		
Interest income	<u>427</u>	<u>18</u>
EXCESS REVENUES OVER EXPENSES	<u>36,514</u>	<u>19,248</u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2011

	Unrestricted \$	Invested in Capital Assets \$	Total 2011 \$	Total 2010 \$
NET ASSETS , beginning of the year	207,592	23,510	231,102	211,852
Excess of revenues over expenditures for the year	43,880	(7,366)	36,514	19,248
Net acquisitions of equipment	<u>(3,985)</u>	<u>3,985</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of the year	<u>247,487</u>	<u>20,129</u>	<u>267,616</u>	<u>231,102</u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2011

	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	36,514	19,248
Add: amortization	<u>7,366</u>	<u>7,561</u>
	43,880	26,809
Net change in accounts receivable	(48,989)	9,818
Net change in prepaid expenses	(24)	(110)
Net change in accounts payable and accrued liabilities	<u>2,333</u>	<u>(6,303)</u>
	<u>(2,800)</u>	<u>30,214</u>
 INVESTING ACTIVITIES		
Acquisition of equipment	<u>(3,985)</u>	<u>(8,017)</u>
 CHANGE IN CASH AND EQUIVALENTS	 (6,785)	 22,197
 CASH AND EQUIVALENTS, beginning of year	 <u>183,580</u>	 <u>161,383</u>
 CASH AND EQUIVALENTS, end of year	 <u><u>176,795</u></u>	 <u><u>183,580</u></u>
 REPRESENTED BY:		
Cash	140,976	148,155
Term deposits	<u>35,819</u>	<u>35,425</u>
	<u><u>176,795</u></u>	<u><u>183,580</u></u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

1. NATURE OF THE ORGANIZATION

The Fulcrum Publishing Society, a not-for-profit organization, was incorporated without share capital by Letters Patent under the laws of Ontario on October 19, 2004 and is exempt from income taxes. The organizations mandate is to:

- promote the interest and welfare of the students of the University of Ottawa through editorial stance by reporting accurately, fairly, and honestly on timely issues and events originating from the University of Ottawa campus;
- cover issues and angles not present in the mainstream media from its perspective as a member of the alternate press;
- serve as an education device and as a forum for differing points of view and world scopes; and,
- do all such other things for the attainment of the above-noted objects.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

b) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or

(See attached Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition (continued)

receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Contributed services

The majority of the hours that volunteers contributed over the year to assist the society in carrying out its activities are not recognized in these financial statements because the fair value cannot be reasonably estimated.

e) Temporary investments

Temporary investments are accounted for at the lower of cost and market value.

f) Equipment

Equipment is accounted for at cost. Amortization is based on their estimated useful life using the following methods and rates.

	Methods	Rates
Office furniture and equipment	Declining balance	20%
Computer hardware	Declining balance	55%
Computer software	Declining balance	100%

Additions are amortized at one-half of the above rate in the year of acquisition.

g) Goodwill

The goodwill arose from the purchase of the existing statutory and other property rights and interests relating to the 'Campus Newspaper' by the Society from The Student Federation of the University of Ottawa (SFUO).

h) Financial instruments

Not-for-profit organizations may elect to adopt Sections 3862, "Financial Instruments — Disclosures," and 3863, "Financial Instruments — Presentation," or to apply Section 3861, "Financial Instruments — Disclosure and Presentation." The Society has decided to apply Section 3861.

(See attached Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

3. CASH FLOWS

Cash flows from interest is as follows:

	2011	2010
	\$	\$
Interest paid	<u>427</u>	<u>18</u>

4. ACCOUNTS RECEIVABLE

	2011	2010
	\$	\$
Trade	63,224	21,639
Allowance for doubtful accounts	<u>(2,000)</u>	<u>(2,000)</u>
	61,224	19,639
Campus Plus	<u>16,955</u>	<u>9,551</u>
	<u>78,179</u>	<u>29,190</u>

5. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2011	Net Book Value 2010
	\$	\$	\$	\$
Office furniture and equipment	19,157	(10,952)	8,205	8,565
Computer hardware	37,840	(25,916)	11,924	13,691
Computer software	<u>10,755</u>	<u>(10,755)</u>	<u>0</u>	<u>1,252</u>
	<u>67,752</u>	<u>(47,623)</u>	<u>20,129</u>	<u>23,510</u>

7. ACCOUNTS PAYABLE

	2011	2010
	\$	\$
Trade and accrued liabilities	6,805	6,213
HST	<u>1,324</u>	<u>(416)</u>
	<u>8,129</u>	<u>5,796</u>

(See attached Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

8. CAPITAL DISCLOSURES

The society's capital is made up of net assets. The society's capital management objectives consist in ensuring that it continues as a going concern in order to fulfil its mission. The society manages its capital structure by preparing and monitoring its annual budgets to maintain a satisfactory level of capital.

9. FINANCIAL INSTRUMENTS

The Society's financial assets and financial liabilities are held for trading.

The fair value of cash, accounts receivable, accounts payable, and customer deposits is approximately equal to their carrying value due to their short-term maturity date

10. FINANCIAL RISK MANAGEMENT POLICY

The society is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date, April 30, 2011.

Credit risk

The society provides credit to its customers in the normal course of its operations. It maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The society does not normally require a guarantor. For the other debts, the society determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value. There is no significant source of credit risk.

Interest rate risk

The society is exposed to interest rate risk on its fixed interest rate financial instruments. These financial instruments subject the society to fair value risk. Due to their short term maturity values, there is no significant interest rate risk.

Currency risk

The society has no foreign currency transactions and is therefore not subject to currency risk.

Market risk

There is no significant market risk.

(See attached Auditor's Report)