

THE FULCRUM PUBLISHING SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

Independent 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, 2012, 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, 2012, 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
January 4, 2013

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

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2012

	2012	2011
	\$	\$
ASSETS		
CURRENT		
Cash	215,721	140,976
Short-term investments (Note 2e)	20,781	35,819
Accounts receivable (Note 3)	46,376	78,179
Prepaid expenses (Note 4)	577	641
	<u>283,455</u>	<u>255,615</u>
NON-CURRENT		
Equipment(Note 2f and 5)	19,205	20,129
Goodwill (Note 2g)	1	1
	<u>19,206</u>	<u>20,130</u>
TOTAL ASSETS	<u><u>302,661</u></u>	<u><u>275,745</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	<u>18,185</u>	<u>8,131</u>
NET ASSETS		
Invested in capital assets	19,205	20,129
Unrestricted	<u>265,271</u>	<u>247,485</u>
	<u>284,476</u>	<u>267,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>302,661</u></u>	<u><u>275,745</u></u>

APPROVED ON BEHALF OF THE BOARD :

Director _____

Director _____

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

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2012

	2012	2011
	\$	\$
REVENUE		
Fundraising	17,419	11,836
Local advertising	106,246	81,513
National advertising	26,565	36,345
Student levy - SFUO	181,225	174,657
Student levy - GSAED	10,314	9,286
ORCUP revenue	2,810	0
Other revenue	465	901
	<u>345,044</u>	<u>314,538</u>
EXPENSES		
Advertising and promotion	1,624	823
Amortization - capital assets	6,584	7,366
Bad debts	1,260	0
Bank charges, interest and credit card charges	1,380	1,054
Insurance	1,551	1,514
Office supplies	8,633	3,807
Printing	88,196	81,343
Professional and membership dues	5,535	5,426
Professional fees	1,381	5,472
ORCUP conference expense	3,240	0
Salaries and employee benefits	174,550	154,508
Telecommunications	5,281	4,370
Training	519	665
Travel and conferences	28,675	12,100
	<u>328,409</u>	<u>278,448</u>
EXCESS REVENUES OVER EXPENSES	16,635	36,090
OTHER INCOME		
Interest income	<u>227</u>	<u>427</u>
EXCESS REVENUES OVER EXPENSES	<u>16,862</u>	<u>36,517</u>

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

THE FULCRUM PUBLISHING SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2012

	Unrestricted \$	Invested in Capital Assets \$	Total 2012 \$	Total 2011 \$
NET ASSETS , beginning of the year	247,483	20,131	267,614	231,100
Excess of revenues over expenditures for the year	23,446	(6,584)	16,862	36,514
Net acquisitions of equipment	<u>(5,658)</u>	<u>5,658</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of the year	<u>265,271</u>	<u>19,205</u>	<u>284,476</u>	<u>267,614</u>

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

THE FULCRUM PUBLISHING SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2012

	2012	2011
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	16,862	36,517
Add: amortization	<u>6,584</u>	<u>7,366</u>
	23,446	43,883
Net change in accounts receivable	31,803	(48,989)
Net change in prepaid expenses	64	(24)
Net change in accounts payable and accrued liabilities	<u>10,052</u>	<u>2,330</u>
	<u>65,365</u>	<u>(2,800)</u>
INVESTING ACTIVITIES		
Acquisition of equipment	<u>(5,658)</u>	<u>(3,985)</u>
CHANGE IN CASH AND EQUIVALENTS	59,707	(6,785)
CASH AND EQUIVALENTS, beginning of year	<u>176,795</u>	<u>183,580</u>
CASH AND EQUIVALENTS, end of year	<u><u>236,502</u></u>	<u><u>176,795</u></u>
REPRESENTED BY:		
Cash	215,721	140,976
Term deposits	<u>20,781</u>	<u>35,819</u>
	<u><u>236,502</u></u>	<u><u>176,795</u></u>

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(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

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 Independent Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

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%

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 Independent Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

3. ACCOUNTS RECEIVABLE

	2012	2011
	\$	\$
Trade	28,560	63,224
Allowance for doubtful accounts	<u>(2,000)</u>	<u>(2,000)</u>
	26,560	61,224
Campus Plus	14,282	16,955
GSAED student levy	<u>5,534</u>	<u>0</u>
	<u><u>46,376</u></u>	<u><u>78,179</u></u>

4. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

5. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2012	Net Book Value 2011
	\$	\$	\$	\$
Office furniture and equipment	19,157	(12,590)	6,567	8,204
Computer hardware	<u>43,498</u>	<u>(30,860)</u>	<u>12,638</u>	<u>11,923</u>
	<u><u>73,410</u></u>	<u><u>(54,205)</u></u>	<u><u>19,205</u></u>	<u><u>20,129</u></u>

6. ACCOUNTS PAYABLE

	2012	2011
	\$	\$
Trade and accrued liabilities	6,896	6,810
Payroll liabilities - current	3,582	0
HST - current	<u>7,707</u>	<u>1,322</u>
	<u><u>18,185</u></u>	<u><u>8,131</u></u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

7. 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.

8. FINANCIAL INSTRUMENTS

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

The carrying amount of cash, term deposits, accounts receivable, accounts payable and accrued liabilities is a reasonable approximation of their fair value since these instruments may be liquidated promptly.

9. 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, 2012.

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 Independent Auditor's Report)