

DRAFT

**THE FULCRUM PUBLISHING SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2015**

**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

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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, 2015, 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 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 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, 2015, 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.

Connelly & Koshy, CA, Professional Corporation

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

Ottawa, Ontario
February 1, 2016

THE FULCRUM PUBLISHING SOCIETY
(A Not for Profit Corporation)

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2015

	2015	2014
	\$	\$
ASSETS		
CURRENT		
Cash	186,521	154,783
Short-term investments (Note 2g)	87,330	66,313
Accounts receivable (Note 3)	38,244	53,853
Prepaid expenses (Note 4)	671	655
	<u>312,766</u>	<u>275,604</u>
NON-CURRENT		
Equipment (Note 2e and 5)	10,978	12,928
Goodwill (Note 2f)	1	1
	<u>10,979</u>	<u>12,929</u>
TOTAL ASSETS	<u><u>323,745</u></u>	<u><u>288,533</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	<u>15,352</u>	<u>1,218</u>
NET ASSETS		
Invested in capital assets	10,978	12,928
Unrestricted	<u>297,415</u>	<u>274,387</u>
	<u>308,393</u>	<u>287,315</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>323,745</u></u>	<u><u>288,533</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, 2015

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	2015	2014
	\$	\$
REVENUE		
Fundraising	618	10,937
Local advertising	120,222	110,213
National advertising	24,600	23,049
Student levy - SFUO	202,496	202,685
Student levy - GSAED	12,272	12,183
NASH Conference revenue	147,977	0
Other revenue	1,886	1,904
	<u>510,071</u>	<u>360,971</u>
EXPENSES		
Advertising and promotion	3,561	2,243
Amortization - capital assets	3,561	4,356
Bad debts	160	3,638
Bank charges, interest and credit card charges	2,319	2,563
Insurance	1,709	1,666
NASH Conference expense (Note 9)	116,755	0
Office supplies	7,090	6,626
Printing	83,491	91,013
Professional and membership dues	2,700	5,625
Professional fees	6,547	7,279
Salaries and employee benefits	257,168	220,529
Telecommunications	2,274	2,645
Training	294	294
Travel and conferences	2,381	22,405
	<u>490,010</u>	<u>370,882</u>
EXCESS REVENUES OVER EXPENSES (EXCESS EXPENSES OVER REVENUES)	20,061	(9,911)
OTHER INCOME		
Interest income	<u>1,017</u>	<u>147</u>
EXCESS REVENUES OVER EXPENSES (EXCESS EXPENSES OVER REVENUES)	<u>21,078</u>	<u>(9,764)</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, 2015

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	Unrestricted \$	Invested in Capital Assets \$	Total 2015 \$	Total 2014 \$
NET ASSETS , beginning of the year	274,387	12,928	287,315	297,079
Excess of revenues over expenses (expenses over revenues) for the year	24,639	(3,561)	21,078	(9,764)
Net acquisitions of equipment	<u>(1,611)</u>	<u>1,611</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of the year	<u>297,415</u>	<u>10,978</u>	<u>308,393</u>	<u>287,315</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, 2015

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	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	21,078	(9,764)
Add: amortization	<u>3,561</u>	<u>4,356</u>
	24,639	(5,408)
Net change in accounts receivable	15,609	(18,815)
Net change in prepaid expenses	(16)	(16)
Net change in accounts payable and accrued liabilities	<u>14,134</u>	<u>(10,230)</u>
	<u>54,366</u>	<u>(34,469)</u>
INVESTING ACTIVITIES		
Acquisition of equipment	<u>(1,611)</u>	<u>(2,848)</u>
CHANGE IN CASH AND EQUIVALENTS	52,755	(37,317)
CASH AND EQUIVALENTS, beginning of year	<u>221,096</u>	<u>258,413</u>
CASH AND EQUIVALENTS, end of year	<u>273,851</u>	<u>221,096</u>
REPRESENTED BY:		
Cash	186,521	154,783
Term deposits	<u>87,330</u>	<u>66,313</u>
	<u>273,851</u>	<u>221,096</u>

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

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2015

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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 accounting standards for not-for-profit organizations using Part III of the CPA Handbook and include the following significant accounting policies:

a) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

(See attached Independent Auditor's Report)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Interest income is recognized in the year it is earned.

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) 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.

f) 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).

g) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and short term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(See attached Independent Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
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3. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Trade	38,244	52,478
HST receivable	<u>0</u>	<u>1,375</u>
	<u><u>38,244</u></u>	<u><u>53,853</u></u>

4. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

5. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2015	Net Book Value 2014
	\$	\$	\$	\$
Office furniture and equipment	22,005	(16,595)	5,410	6,763
Computer hardware	<u>46,431</u>	<u>(40,868)</u>	<u>5,568</u>	<u>6,165</u>
	<u><u>68,436</u></u>	<u><u>(57,463)</u></u>	<u><u>10,978</u></u>	<u><u>12,928</u></u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
	\$	\$
Trade and accrued liabilities	9,887	0
Payroll liabilities	1,893	1,218
HST payable	<u>3,572</u>	<u>0</u>
	<u><u>15,352</u></u>	<u><u>1,218</u></u>

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7. FINANCIAL INSTRUMENTS

Risk and concentrations

The society is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date, April 30, 2015.

Credit risk

The organization determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. The organization doesn't provide credit to customers and therefore is subject to little or no credit risk.

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 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.

8. ECONOMIC DEPENDENCE

Since the Society's business with the Student Federation of the University of Ottawa (SFUO) is so significant the society is deemed to be economically dependent on the SFUO. The organization receives 2 annual payments from the SFUO that are allocated from the university student tuition fees. These amounts represent approximately 50% of revenues and for this reason the organization is dependent on SFUO and the revenues received.

(See attached Independent Auditor's Report)

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9. NASH CONFERENCE EXPENSES

	2015	2014
	\$	\$
Conference food	46,981	0
Hotel	28,398	0
Conference space	11,911	0
Promotions	7,415	0
Awards gala	7,359	0
Tech and audio video	6,005	0
Speakers	5,365	0
Conference staff	1,960	0
Miscellaneous	1,361	0
	<u>116,755</u>	<u>0</u>

(See attached Independent Auditor's Report)