

THE FULCRUM PUBLISHING SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

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



CONNELLY & KOSHY
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2017, 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

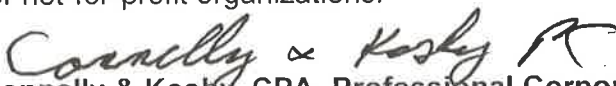
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2017, 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, CPA, Professional Corporation

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

Ottawa, Ontario
September 28, 2017

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THE FULCRUM PUBLISHING SOCIETY
(A Not for Profit Corporation)

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2017

	2017	2016
	\$	\$
ASSETS		
CURRENT		
Cash	181,605	201,885
Short-term investments (Note 2g and 10)	86,669	87,380
Accounts receivable (Note 3)	22,802	16,405
Prepaid expenses (Note 4)	808	777
	<u>291,884</u>	<u>306,447</u>
NON-CURRENT		
Equipment (Note 2e and 5)	8,299	11,429
Goodwill	1	1
	<u>8,300</u>	<u>11,430</u>
TOTAL ASSETS	<u>300,184</u>	<u>317,877</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	13,552	7,445
Unearned revenue (Note 9)	785	0
	<u>14,337</u>	<u>7,445</u>
NET ASSETS		
Invested in capital assets	8,299	11,429
Unrestricted	277,548	299,003
	<u>285,847</u>	<u>310,432</u>
TOTAL LIABILITIES AND NET ASSETS	<u>300,184</u>	<u>317,877</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, 2017

	2017	2016
	\$	\$
REVENUE		
Fundraising	3,500	446
Local advertising	46,290	90,439
National advertising	1,133	25,033
Student levy - SFUO	209,458	211,954
Student levy - GSAED	11,732	12,259
Other revenue	55	514
	<u>272,168</u>	<u>340,645</u>
EXPENSES		
Advertising and promotion	2,849	3,569
Amortization - capital assets	3,776	3,210
Bad debts	8,798	1,600
Bank charges, interest and credit card charges	4,373	2,646
Insurance	1,908	1,909
NASH Conference expense	0	2,378
General and administrative expenses	12,156	12,615
Printing and distribution	73,216	63,359
Professional and membership dues	4,514	3,086
Salaries and employee benefits	181,118	237,218
Telecommunications	1,590	1,547
Training	406	18
Travel and conferences	4,563	5,504
	<u>299,267</u>	<u>338,659</u>
EXCESS REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	(27,099)	1,986
OTHER INCOME		
Interest income	<u>2,514</u>	<u>50</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUES)	<u>(24,585)</u>	<u>2,036</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, 2017

	Unrestricted \$	Invested in Capital Assets \$	Total 2017 \$	Total 2016 \$
NET ASSETS , beginning of the year	299,003	11,429	310,432	308,396
Excess of revenues over expenses (expenses over revenues) for the year	(20,809)	(3,776)	(24,585)	2,036
Net acquisitions of equipment	<u>(646)</u>	<u>646</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of the year	<u>277,548</u>	<u>8,299</u>	<u>285,847</u>	<u>310,432</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, 2017

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	(24,585)	2,036
Add: amortization	<u>3,776</u>	<u>3,210</u>
	(20,809)	5,246
Net change in accounts receivable	(6,397)	18,267
Net change in prepaid expenses	(31)	(106)
Net change in accounts payable and accrued liabilities	6,107	(4,332)
Net change in unearned revenue	<u>785</u>	<u>0</u>
	<u>(20,345)</u>	<u>19,075</u>
INVESTING ACTIVITIES		
Acquisition of equipment	<u>(646)</u>	<u>(3,661)</u>
CHANGE IN CASH AND EQUIVALENTS	(20,991)	15,414
CASH AND EQUIVALENTS, beginning of year	<u>289,265</u>	<u>273,851</u>
CASH AND EQUIVALENTS, end of year	<u>268,274</u>	<u>289,265</u>
REPRESENTED BY:		
Cash	181,605	201,885
Term deposits	<u>86,669</u>	<u>87,380</u>
	<u>268,274</u>	<u>289,265</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, 2017

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)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

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%
Signage	Declining balance	20%

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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

3. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Trade	19,560	18,405
Allowance for doubtful accounts	<u>(2,000)</u>	<u>(2,000)</u>
	17,560	16,405
HST receivable	<u>5,242</u>	<u>0</u>
	<u><u>22,802</u></u>	<u><u>16,405</u></u>

4. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

5. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2017	Net Book Value 2016
	\$	\$	\$	\$
Office furniture and equipment	25,361	(19,482)	5,879	7,348
Computer hardware	46,741	(44,902)	1,839	4,081
Signage	<u>646</u>	<u>(65)</u>	<u>581</u>	<u>0</u>
	<u><u>72,748</u></u>	<u><u>(64,449)</u></u>	<u><u>8,299</u></u>	<u><u>11,429</u></u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Trade and accrued liabilities	11,799	303
Payroll liabilities	1,753	1,262
HST payable	<u>0</u>	<u>5,880</u>
	<u><u>13,552</u></u>	<u><u>7,445</u></u>

(See attached Independent Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

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, 2017.

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 payments from the SFUO and these amounts represent approximately 77% of revenues and for this reason the organization is dependent on SFUO and the revenues received.

9. UNEARNED REVENUE

Unearned revenue represents prepaid sales for which services have not been rendered as at year end.

10. SHORT-TERM INVESTMENTS

Short-term investments consists of guaranteed investment certificates and mutual funds. These investments are measured at amortized cost and interest income from these investments is recognized in the period in which it is earned.

(See attached Independent Auditor's Report)