

THE FULCRUM PUBLISHING SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2018

THE FULCRUM PUBLISHING SOCIETY

CONTENTS
FOR THE YEAR ENDED APRIL 30, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Comprehensive Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

THE FULCRUM PUBLISHING SOCIETY

INDEPENDENT AUDITOR'S REPORT

To the Members of 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, 2018, 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.

Management'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 organization'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 organization'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, 2018, 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.

ABFK Chartered Professional Accountants

ABFK Chartered Professional Accountants
Professional Corporation

Ottawa, Ontario
December 18, 2018

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THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT APRIL 30, 2018

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 159,068	\$ 181,606
Short-term investment, at cost (Note 3)	79,388	86,669
<i>Increase of market value in short term investment</i>	1,947	-
Accounts receivable (Note 4)	35,857	17,560
Prepaid expenses	802	808
Government remittances receivable (Note 8)	4,823	5,242
	281,885	291,885
PROPERTY AND EQUIPMENT (Note 5)	7,020	8,296
OTHER ASSETS		
Goodwill	1	1
	\$ 288,906	\$ 300,182
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 17,780	\$ 13,550
Unearned revenue (Note 7)	-	785
	17,780	14,335
UNRESTRICTED ASSETS	264,106	277,548
INVESTED IN NET ASSETS	7,020	8,299
NET ASSETS	(1,947)	-
ACCUMULATED OTHER COMPREHENSIVE EXCESS OF REVENUES OVER EXPENDITURES	1,947	-
	271,126	285,847
	\$ 288,906	\$ 300,182

Signed on behalf of the board:

_____ Members of the _____ Members of the
Board of Director Board of Director

The accompanying notes form an integral part of these financial statements.

THE FULCRUM PUBLISHING SOCIETY

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2018**

	2018	%	2017	%
REVENUES				
Fund Raising	\$ 5,616		\$ 3,500	
Local Advertising	51,327		46,290	
National Advertising	10,570		1,133	
Student Levy-SFUO	210,786		209,458	
Student Levy-GSAED	12,964		11,732	
Other Revenue	201		55	
	<hr/> 291,464		<hr/> 272,168	
EXPENDITURES				
Advertising and promotion	1,945		2,849	
Amortization	2,416		3,776	
General and administrative expense	14,779		12,156	
Bad debts (recovered)	(2,000)		8,798	
Telecommunication	2,862		1,590	
Salaries and employee benefits	204,965		181,118	
Bank charges, interests and credit card charges	937		4,373	
Travel and conference	6,655		4,563	
Printing and distribution	76,482		73,216	
Training	568		406	
Insurance	1,946		1,908	
Professional and membership fees	190		4,514	
	<hr/> 311,745		<hr/> 299,267	
(DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<hr/> (20,281)		<hr/> (27,099)	
OTHER INCOME				
Interest and other investment income	3,613		2,514	
(DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	<hr/> \$ (16,668)		<hr/> \$ (24,585)	

The accompanying notes form an integral part of these financial statements.

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF COMPREHENSIVE OPERATIONS FOR THE YEAR ENDED APRIL 30, 2018

	2018	%	2017	%
(DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ (16,668)		\$ (24,585)	
OTHER COMPREHENSIVE EXCESS OF REVENUES OVER EXPENDITURES				
Net unrealized gains on short term investments	1,947		-	
OTHER COMPREHENSIVE EXCESS OF REVENUES OVER EXPENDITURES	1,947		-	
TOTAL COMPREHENSIVE (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ (14,721)		\$ (24,585)	

The accompanying notes form an integral part of these financial statements.

THE FULCRUM PUBLISHING SOCIETY

***STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2018***

	Unrestricted Assets	Invested in Net Assets	Accumulated other comprehensive excess of revenues over expenditures	Total 2018	Total 2017
BALANCE, beginning of year	\$ 277,548	\$ 8,299	\$ -	\$ 285,847	\$ 310,432
(Deficiency) of revenues over expenditures for the year	(12,305)	(2,416)	1,947	(14,721)	(24,585)
Introduction of assets	(1,137)	1,137	-	-	-
Other comprehensive excess of revenues over expenditures	-	-	1,947	1,947	-
BALANCE, end of year	\$ 264,106	\$ 7,020	\$ 1,947	\$ 271,126	\$ 285,847

The accompanying notes form an integral part of these financial statements.

THE FULCRUM PUBLISHING SOCIETY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2018**

	2018	2017
OPERATING ACTIVITIES		
(Deficiency) of revenues over expenditures	\$ (16,668)	\$ (24,585)
Adjustment for		
Amortization of capital assets	2,416	3,776
	(14,252)	(20,809)
Change in non-cash working capital items		
Increase in accounts receivable	(18,298)	(6,396)
Decrease (increase) in prepaid expenses	5	(31)
Decrease in government remittances receivable	419	-
Increase in accounts payable and accrued liabilities	4,229	6,107
(Decrease) increase in unearned revenue	(785)	785
	(28,682)	(20,344)
INVESTING ACTIVITIES		
Acquisition of equipment	(1,137)	(646)
	(1,137)	(646)
DECREASE IN CASH	(29,819)	(20,990)
CASH, beginning of year	268,275	289,265
CASH, end of year	\$ 238,456	\$ 268,275
CASH CONSISTS OF:		
Cash	\$ 159,068	\$ 181,606
Short-term investment, at cost	79,388	86,669
	\$ 238,456	\$ 268,275

The accompanying notes form an integral part of these financial statements.

THE FULCRUM PUBLISHING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2018

1. NATURE OF OPERATIONS

The Fulcrum Publishing Society, a not-for-profit organization, was incorporated without share capital by Letters Patent under laws of Ontario on October 19, 2004 and is exempt from income taxes. The organization 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 scope; and
- do all such other things for the attainment of the above-noted objects.

2. SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit enterprises.

Revenue recognition

The organization follows the deferral method of accounting for contribution. 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 of be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized in the year it is earned.

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.

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.

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).

THE FULCRUM PUBLISHING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Equipment

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

Office furniture and equipment	20% Declining balance
Signage	20% Declining balance
Computer Hardware	55% Declining balance

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

Use of estimates

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

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.

3. SHORT-TERM INVESTMENT

Short-term investments consists of guaranteed investment certificate (last fiscal year) 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.

	2018	2017
Short term investment, at cost	\$ 76,152	\$ 86,669
Increase in market value on short term investment	3,236	-
	\$ 79,388	\$ 86,669

THE FULCRUM PUBLISHING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

4. ACCOUNTS RECEIVABLE

	2018	2017
Trade	\$ 35,857	\$ 19,560
Allowance for doubtful accounts	-	(2,000)
	35,857	17,560
	\$ 35,857	\$ 17,560

5. EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office furniture and equipment	\$ 26,498	\$ 20,772	\$ 5,726	\$ 5,879
Computer Hardware	46,741	45,912	829	1,835
Signage	646	181	465	582
	\$ 73,885	\$ 66,865	\$ 7,020	\$ 8,296

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade and accrued liabilities	\$ 16,880	\$ 11,799
Payroll liabilities	900	1,751
	\$ 17,780	\$ 13,550

THE FULCRUM PUBLISHING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

7. UNEARNED REVENUE

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

8. GOVERMENT REMITTANCES RECEIVABLE

	2018		2017
HST Payable	\$ 4,823	\$	5,242

9. 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 revenue received.

10. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

11. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks though its financial instruments. There have been no changes in risk exposure from the prior year. The following analysis provides a measure of the Organization's risk exposure at the statement of financial position date..

(a) Risk and concentrations

The society is exposed to various risks through its financial instrubments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date, April 30, 2018.

(b) 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.

THE FULCRUM PUBLISHING SOCIETY

*NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018*

11. FINANCIAL INSTRUMENTS, continued

(c) 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.