
THE FULCRUM PUBLISHING SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

THE FULCRUM PUBLISHING SOCIETY

CONTENTS FOR THE YEAR ENDED APRIL 30, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of 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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Fulcrum Publishing Society, which comprise the statement of financial position as at April 30, 2020, and the statement of operations, statement of changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, The Fulcrum Publishing Society derives part of its revenue from fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses and cash flows from operations for the year ended April 30, 2019 and 2020, current assets at April 30, 2019 and 2020 and net assets as at the beginning and the end of the year ended April 30, 2019 and 2020.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise

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professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ABFK Chartered Professional Accountants

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT APRIL 30, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 178,549	\$ 219,649
Short-term investment, at cost (Note 3)	84,374	83,515
<i>Increase of market value in short term investment</i>	8,735	6,052
Accounts receivable (Note 4)	104,939	5,557
Prepaid expenses	1,232	1,232
Government remittances receivable (Note 8)	2,295	5,090
	380,124	321,095
PROPERTY AND EQUIPMENT (Note 5)	8,506	8,279
OTHER ASSETS		
Goodwill	1	1
	\$ 388,631	\$ 329,375
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 17,948	\$ 14,037
UNRESTRICTED ASSETS	362,178	262,704
INVESTED IN NET ASSETS	8,505	52,634
	370,683	315,338
	\$ 388,631	\$ 329,375

Signed on behalf of the board:

	Members of the		Members of the
Board of Director		Board of Director	
Justin Turcotte		Katelyn Murray	
27 Sept 2020		27 Sept 2020	

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

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF OPERATIONS FOR THE YEAR ENDED APRIL 30, 2020

	2020	%	2019	%
REVENUES				
Fund Raising	\$ 4,129		\$ 7,075	
Local Advertising	7,322		12,251	
National Advertising	1,539		4,303	
Student Levy-SFUO	197,849		259,443	
Student Levy-GSAED	11,749		13,708	
Other Revenue	134		1,591	
	222,722		298,371	
EXPENDITURES				
Advertising and promotion	3,382		1,781	
Amortization	2,024		2,022	
General and administrative expense	10,165		9,401	
Bad debts	763		11,138	
Telecommunication	2,400		4,335	
Salaries and employee benefits	140,215		182,941	
Bank charges, interests and credit card charges	458		595	
Travel and conference	8,499		14,084	
Printing and distribution	-		24,747	
Training	426		601	
Insurance	2,297		2,034	
Professional and membership fees	290		290	
	170,919		253,969	
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	51,803		44,402	
OTHER INCOME				
Interest and other investment income	859		4,127	
Gain/Loss onmarketable securities	2,683		4,105	
	3,542		8,232	
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ 55,345		\$ 52,634	

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, 2020

	Unrestricted Assets	Invested in Net Assets	Total 2020	Total 2019
BALANCE, beginning of year	\$ 307,059	\$ 8,279	\$ 315,338	\$ 262,704
Excess of revenues over expenditures for the year	55,345	-	55,345	52,634
Introduction of assets	(226)	226	-	-
	-	-		
BALANCE, end of year	\$ 362,178	\$ 8,505	\$ 370,683	\$ 315,338

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, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 55,345	\$ 52,634
Adjustments for		
Amortization of capital assets	2,024	2,022
(Gain)/loss on marketable securities	(2,683)	(4,105)
	54,686	50,551
Change in non-cash working capital items		
(Increase) decrease in accounts receivable	(99,382)	21,878
Increase in prepaid expenses	-	(430)
Decrease (increase) in government remittances receivable	2,795	(267)
Increase (decrease) in accounts payable and accrued liabilities	3,910	(3,743)
	(37,991)	67,989
INVESTING ACTIVITIES		
Purchase of property equipment	(2,250)	(3,281)
	(2,250)	(3,281)
(DECREASE) INCREASE IN CASH	(40,241)	64,708
CASH, beginning of year	303,164	238,456
CASH, end of year	\$ 262,923	\$ 303,164
CASH CONSISTS OF:		
Cash	\$ 178,549	\$ 219,649
Short-term investment, at cost	84,374	83,515
	\$ 262,923	\$ 303,164

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

THE FULCRUM PUBLISHING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020

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.

Advertising and Interest income are 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, 2020

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

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 consist 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.

	2020	2019
Short term investment, at cost	\$ 84,374	\$ 83,515
Increase in market value on short term investment	8,735	6,052
	\$ 93,109	\$ 89,567

THE FULCRUM PUBLISHING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS **APRIL 30, 2020**

4. ACCOUNTS RECEIVABLE

	2020	2019
Trade	\$ 104,939	\$ 5,557

5. EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Office furniture and equipment	\$ 32,029	\$ 23,989	\$ 8,040	\$ 7,534
Computer equipment	46,741	46,573	168	373
Signage	646	348	298	372
	\$ 79,416	\$ 70,910	\$ 8,506	\$ 8,279

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade and accrued liabilities	\$ 12,224	\$ 14,037
Payroll liabilities	5,724	-
	\$ 17,948	\$ 14,037

THE FULCRUM PUBLISHING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020

7. UNEARNED REVENUE

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

8. GOVERNMENT REMITTANCES RECEIVABLE

	2020	2019
HST Payable	\$ 2,295	\$ 5,090

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 88% 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 through 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 meausre of the entity's risk exposure and concentrations at the balance sheet date, April 30, 2020.

(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, 2020

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.