

**FULCRUM PUBLISHING SOCIETY**

**Financial Statements**

**Year Ended April 30, 2023**

*Draft for discussion purposes only*

**FULCRUM PUBLISHING SOCIETY**  
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**Year Ended April 30, 2023**

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mkpcpa.ca

207-100 Craig Henry Drive  
Ottawa, ON K2G 5W3  
P 613.596.4718  
F 613.822.5248

24 Prescott Street PO Box 880  
Kemptville, ON K0G 1J0  
P 613.258.3493  
F 613.258.5415

8 Lanark Road  
Perth, ON K7H 2S1  
P 613.264.0407  
F 613.264.0627

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Fulcrum Publishing Society

### *Opinion*

We have audited the financial statements of The Fulcrum Publishing Society (the organization), which comprise the statement of financial position as at April 30, 2023, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at April 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *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 organization in accordance with 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.

### *Other Matter*

The financial statements for the year ended April 30, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 2, 2022.

### *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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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*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 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 organization'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 organization'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 organization 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.

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.

The prior year comparative figures were audited by another firm of public accountants.

Ottawa, Ontario  
April 11, 2024

*MKP Professional Corporation*

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**FULCRUM PUBLISHING SOCIETY**  
**Statement of Financial Position**  
**April 30, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 503,361	\$ 455,867
Marketable securities (Note 4)	97,863	95,767
Accounts receivable (Note 5)	484	23,564
Sales tax recoverable	2,554	2,465
Prepaid expenses	1,309	910
	<b>605,571</b>	578,573
PROPERTY AND EQUIPMENT (Net of accumulated amortization) (Note 6)	4,524	5,370
GOODWILL	1	1
	<b>\$ 610,096</b>	<b>\$ 583,944</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 38,539	\$ 38,907
CEBA loan payable (Note 7)	40,000	-
Wages payable	7,812	3,953
Employee deductions payable	503	722
	<b>86,854</b>	43,582
LONG TERM DEBT (Note 8)	-	40,000
	<b>86,854</b>	83,582
<b>NET ASSETS</b>		
Unrestricted assets	518,719	494,992
Invested in net assets	4,523	5,370
	<b>523,242</b>	500,362
	<b>\$ 610,096</b>	<b>\$ 583,944</b>

**APPROVED BY THE DIRECTOR**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**FULCRUM PUBLISHING SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended April 30, 2023**

	2023	2022
<b>REVENUES</b>		
Student fees	\$ 259,984	\$ 273,931
Canada summer job grants	13,113	19,307
Advertising	1,789	218
	<u>274,886</u>	<u>293,456</u>
<b>EXPENSES</b>		
Advertising and promotion	517	1,490
Amortization	1,177	1,376
Business taxes, licenses and memberships	2,990	4,602
Freelance writer	1,575	3,288
Insurance	2,733	2,359
Interest and bank charges	31	7
Meetings and conventions	3,662	-
Office	3,932	2,753
Professional fees	6,604	6,850
Salaries and wages	227,485	250,095
Website	3,403	2,951
	<u>254,109</u>	<u>275,771</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>20,777</u>	<u>17,685</u>
<b>OTHER INCOME</b>		
Unrealized loss on marketable securities	(46)	(7,008)
Interest income	2,149	3,329
	<u>2,103</u>	<u>(3,679)</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 22,880</u>	<u>\$ 14,006</u>

See notes to financial statements

**FULCRUM PUBLISHING SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended April 30, 2023**

	Unrestricted Assets	Invested in Net Assets	<b>2023</b>	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>				
As previously reported	\$ 527,682	\$ 5,370	<b>\$ 533,052</b>	\$ 473,747
Bank reconciliation discrepancy	-	-	-	1,508
Prior period adjustments <i>(Note 9)</i>	(32,690)	-	<b>(32,690)</b>	11,101
As restated	494,992	5,370	<b>500,362</b>	486,356
EXCESS OF REVENUES OVER EXPENSES	24,057	(1,177)	<b>22,880</b>	14,006
ADDITIONS TO CAPITAL ASSETS	(330)	330	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 518,719</b>	<b>\$ 4,523</b>	<b>\$ 523,242</b>	<b>\$ 500,362</b>

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**FULCRUM PUBLISHING SOCIETY**

**Statement of Cash Flows**

**Year Ended April 30, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 22,880	\$ 14,006
Items not affecting cash:		
Amortization of property and equipment	1,177	1,376
Write-down of marketable securities	46	7,008
	<u>24,103</u>	<u>22,390</u>
Changes in non-cash working capital:		
Accounts receivable	23,080	(9,670)
Accounts payable	(362)	32,064
Wages payable	3,859	3,953
Prepaid expenses	(399)	-
Employee deductions payable	(219)	(2,831)
Harmonized sales tax payable	(89)	(523)
Prior period adjustments	-	11,101
	<u>25,870</u>	<u>34,094</u>
Cash flow from operating activities	<u>49,973</u>	<u>56,484</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	<u>(330)</u>	-
<b>FINANCING ACTIVITY</b>		
Bank reconciliation discrepancy	-	1,508
<b>INCREASE IN CASH FLOW</b>	<u>49,643</u>	<u>57,992</u>
Cash - beginning of year	<u>545,061</u>	<u>487,069</u>
<b>CASH - END OF YEAR</b>	<u>\$ 594,704</u>	<u>\$ 545,061</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 503,361	\$ 455,867
Investments	91,343	89,194
	<u>\$ 594,704</u>	<u>\$ 545,061</u>

See notes to financial statements



# FULCRUM PUBLISHING SOCIETY

## Notes to Financial Statements

Year Ended April 30, 2023

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### 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 objectives.
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### 2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

The Fulcrum Publishing Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the 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. Endowment contributions are recognized as direct increases in net assets.

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.

#### Prepaid expenses

Expense items of a nature which will benefit future periods are charged to the prepaid expense account and are amortized over actual periods benefited.

#### 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 organization from the University of Ottawa Student Union (UOSU).

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# FULCRUM PUBLISHING SOCIETY

## Notes to Financial Statements

Year Ended April 30, 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates:

Computer equipment	55%
Office furniture & equipment	20%
Signage	20%

#### 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

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets include cash, marketable securities, trade and other receivables.

Financial liabilities include accounts payable, accrued liabilities, current and long-term debt.

### 4. MARKETABLE SECURITIES

Short-term investments consists of 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.

	<u>2023</u>	<u>2022</u>
RBC Select Conservative Portfolio	\$ 54,879	\$ 53,405
RBC Select Balanced Portfolio	36,464	35,790
	<u>91,343</u>	89,195
Allowance for excess of cost over market value	6,520	6,572
Market value	<u>\$ 97,863</u>	<u>\$ 95,767</u>

### 5. ACCOUNTS RECEIVABLE

Accounts receivable includes \$484 from miscellaneous advertising contracts (2022: \$11,979).

**FULCRUM PUBLISHING SOCIETY**

**Notes to Financial Statements**

**Year Ended April 30, 2023**

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	<b>2023 Net book value</b>	2022 Net book value
Computer equipment	\$ 47,071	\$ 46,816	\$ 255	\$ 34
Office furniture & equipment	32,029	27,913	<b>4,116</b>	5,145
Signage	646	493	<b>153</b>	191
	<b>\$ 79,746</b>	<b>\$ 75,222</b>	<b>\$ 4,524</b>	<b>\$ 5,370</b>

7. CEBA LOAN PAYABLE

The organization has the Canadian emergency business loan due by December 31, 2023 in the amount of \$40,000 (2022: nil).

8. LONG TERM DEBT

	<b>2023</b>	2022
Canadian emergency business loan, due on or before December 31, 2023.	\$ 40,000	\$ 40,000
Amounts payable within one year	<b>(40,000)</b>	-
	<b>\$ -</b>	<b>\$ 40,000</b>

9. PRIOR PERIOD ADJUSTMENT

The following was a prior period adjustment in the April 30, 2022 which requires an adjustment:

Legal damages

During the fiscal year 2022, an adjustment was made in the amount of \$32,690 which had the impact of increasing the wage expense and accrued liabilities. The accrued liabilities remains unpaid until the matter is resolved.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.