

THE FULCRUM PUBLISHING SOCIETY
FINANCIAL STATEMENTS
FOR THE 334 DAYS ENDED APRIL 30, 2006

Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Cash Flows
Statement of Changes in Net Assets
Notes to Financial Statements

CONNELLY & KOSHY
Professional Corporation
CHARTERED ACCOUNTANTS

To The Board of Directors of
The Fulcrum Publishing Society

AUDITORS' REPORT

We have audited the statement of financial position of The Fulcrum Publishing Society as at April 30, 2006, and the statements of operations, the statement of cash flows and the statement of changes in net assets for the period then ended. These financial statements are the responsibility of the organization's management. 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 standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at April 30, 2006 and the results of its operations and changes in its financial position for the period then ended in accordance with Canadian generally accepted accounting principles.

Connolly & Koshy P.C.
Chartered Accountants

Ottawa, Ontario
November 23, 2006

THE FULCRUM PUBLISHING SOCIETY
(A Not-For-Profit corporation)

(Incorporated under Laws of Ontario)

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2006

	2006 \$
ASSETS	
CURRENT	
Accounts receivable	<u>70,611</u>
CAPITAL (Note 1d)	
Furniture and equipment - at cost	28,273
Less accumulated amortization	<u>(2,827)</u>
	<u>25,446</u>
GOODWILL (Note 2)	<u>1</u>
TOTAL ASSETS	<u><u>96,058</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Bank overdraft	7,805
Accounts payable and accrued liabilities	11,008
Advertising credit (Note 3)	23,142
Current portion of long-term debt (Note 4)	<u>13,500</u>
	<u>55,455</u>
LONG-TERM	
Loans payable (Note 4)	<u>15,218</u>
NET ASSETS	
Invested in capital assets	25,446
Unrestricted, end of year	<u>(61)</u>
	<u>25,385</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>96,058</u></u>

APPROVED ON BEHALF OF THE BOARD:

Director _____

Director _____

(See attached Auditors' Report)
(See Accompanying Notes to the Financial Statements)

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF OPERATIONS

FOR THE 334 DAYS ENDED APRIL 30, 2006 (SEE NOTE 5)

	2006 \$
REVENUE	
Fund raising	4,750
Local advertising	100,929
National advertising	64,723
Student levy - SFUO	142,552
Student levy - GSAED	3,616
Miscellaneous revenue	<u>1,591</u>
	<u>318,161</u>
EXPENSES	
Amortization	2,827
Salaries and wages	157,337
Bad debts	5,903
Bank charges and interest	2,060
Subscription	3,599
Parking	1,212
Printing	76,743
Professional fees	19,683
Travel	1,450
Repair and maintenance	537
Office supplies and expenses	5,354
Website expense	1,562
Telephone and internet	7,049
Conference expense	<u>7,460</u>
	<u>292,776</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>25,385</u></u>

(See attached Auditors' Report)
(See Accompanying Notes to the Financial Statements)

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF CASH FLOWS

FOR THE 334 DAYS ENDED APRIL 30, 2006

	2006
	\$
OPERATING ACTIVITIES	
Excess of revenue over expenses	25,385
Items not affecting cash:	
amortization	<u>2,827</u>
	<u>28,212</u>
Change in non-cash operating working capital items:	
accounts receivable	(70,611)
accounts payable and accrued liabilities	11,008
unearned revenue	<u>23,142</u>
	<u>(36,462)</u>
FINANCING ACTIVITIES	
Increase in bank indebtedness	<u>28,718</u>
INVESTING ACTIVITIES	
Purchase of capital assets	<u>(28,273)</u>
NET CHANGE OUTFLOW	(7,805)
CASH POSITION, beginning of year	<u>0</u>
CASH POSITION, end of year	<u>(7,805)</u>
REPRESENTED BY	
Cash (bank overdraft)	<u>(7,805)</u>

(See attached Auditors' Report)
(See Accompanying Notes to the Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
AS AT APRIL 30, 2006

	Unrestricted	Invested In Capital Assets	Total 2006
	\$	\$	\$
Balance , beginning of year	0	0	0
Excess of revenues over expenditure for the year	28,212	(2,827)	25,385
Net acquisitions of capital assets	<u>(28,273)</u>	<u>28,273</u>	<u>0</u>
Balance , end of year	<u>(61)</u>	<u>25,446</u>	<u>25,385</u>

(See attached Auditors' Report)
(See Accompanying Notes to the Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE 334 DAYS ENDED APRIL 30, 2006

1. SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Organization

The Fulcrum publishing society is a not-for-profit organization incorporated without share capital under the laws of Ontario on October 19, 2004. The organization is exempt from income taxes. The organization's mandate is to:

- promote the interest and welfare of the student of the University of Ottawa through editorial stance by reporting accurately, fairly, and honestly on timely issues and events which concern students, with particular emphasis on 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.

b. Financial Instruments

The organization's financial assets consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or currency risks arising from these financial instruments.

c. Use of Estimates

The preparation of the financial statement in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(See attached Auditors' Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE 334 DAYS ENDED APRIL 30, 2006

SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

d. Capital Assets and Amortization

Capital assets are recorded at cost. The Fulcrum Publishing Society provides for amortization of furniture and equipment at the rate of 20% and on the basis of a declining balance. Additions are amortized at the rate of 10% in the year of acquisition.

e. 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.

f. Contributed Materials and Services

Contributed materials and services which are used in the normal course of operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution if fair value can be reasonably estimated.

2. GOODWILL

This refers to all the existing statutory and other property rights and interests relating to the Campus Newspaper which was purchased by the corporation from The Student Federation of the University of Ottawa (SFUO).

3. ADVERTISING CREDIT

The amount represents a credit from SFUO to be used towards advertising in the Fulcrum newspaper. The advertising credit original amount was \$40,000 to be applied towards all advertising purchased by SFUO in the Fulcrum for a period of five (5) years commencing June 1, 2005. The corporation recognized \$16,858 as revenue for the total advertising purchased by SFUO for the year.

(See attached Auditors' Report)



THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE 334 DAYS ENDED APRIL 30, 2006

4. LOANS PAYABLE

2006
\$

A. Capital Assets Purchase Loan

loan is payable to The Student Federation of the University of Ottawa Inc. (SFUO) for the purchase of capital assets from SFUO. It is payable in monthly intstallments of \$892.09 including interest calculated at a rate of 5.65% maturing May 31, 2008.

20,993

B. Legal and Autonomy Fee Loan

b. This loan is also payable to SFUO for the legal and autonomy fees paid by SFUO. It is repayable in 3 yearly installments of \$4,220.90 at a rate of 5.65% maturing February 1, 2008.

7,725
28,718
(13,500)
15,218

Less: current portion

5. COMPARATIVE FIGURES

The Fulcrum Publishing Society was operating under the umbrella of The Student Federation of the University of Ottawa (SFUO) until its incorporation in October 19, 2004. It started operation independently on June 1, 2005. Therefore, no comparative figures are provided.

(See attached Auditors' Report)