

**THE FULCRUM PUBLISHING SOCIETY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2007**

**Auditors' 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 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, 2007, and the statements of operations, cash flows and changes in net assets for the year 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 auditing 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, 2007 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Connolly & Koshy P.C.*  
Chartered Accountants,  
Licensed Public Accountants

Ottawa, Ontario  
August 13, 2007

**THE FULCRUM PUBLISHING SOCIETY**  
**(A Not-For-Profit Corporation)**  
**(Incorporated under the Laws of Ontario)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 30, 2007**

	2007	2006
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	29,750	0
Accounts receivable	70,132	70,611
Prepaid expenses	<u>4,701</u>	<u>0</u>
	<u><b>104,583</b></u>	<u><b>70,611</b></u>
<b>CAPITAL ASSETS (Note 1d )</b>		
Furniture and equipment - at cost	29,213	28,273
Less accumulated amortization	<u>(8,010)</u>	<u>(2,827)</u>
	<u><b>21,203</b></u>	<u><b>25,446</b></u>
<b>GOODWILL (Note 2)</b>	<u><b>1</b></u>	<u><b>1</b></u>
<b>TOTAL ASSETS</b>	<u><u><b>125,787</b></u></u>	<u><u><b>96,058</b></u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Bank overdraft	0	7,805
Accounts payable and accrued liabilities	6,724	11,008
Advertising credit (Note 3)	8,219	23,142
Current portion of loans payable (Note 5)	<u>14,331</u>	<u>13,500</u>
	<u><b>29,274</b></u>	<u><b>55,455</b></u>
<b>LONG-TERM</b>		
Loans payable (Note 5)	<u><b>887</b></u>	<u><b>15,218</b></u>
<b>NET ASSETS</b>		
Invested in capital assets	21,203	25,446
Unrestricted	<u>74,423</u>	<u>(61)</u>
	<u><b>95,626</b></u>	<u><b>25,385</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u><b>125,787</b></u></u>	<u><u><b>96,058</b></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 YEAR ENDED APRIL 30, 2007

	365 Days 2007 \$	344 Days 2006 \$
<b>REVENUE</b>		
Fundraising	9,954	4,750
Local advertising	104,204	100,929
National advertising	70,422	64,723
Student levy - GSAED	4,042	3,616
Student levy - SFUO	151,557	142,552
Miscellaneous revenue	<u>2,599</u>	<u>1,591</u>
	<u>342,778</u>	<u>318,161</u>
<b>EXPENSES</b>		
Amortization	5,183	2,827
Bad debts	6,859	5,903
Bank charges and interest	172	1,573
Conference expense	12,865	7,460
Interest on long-term debt	1,426	487
Office supplies and expenses	1,975	5,354
Parking	1,272	1,212
Printing	77,530	76,743
Professional fees	4,196	19,683
Repairs and maintenance	310	537
Salaries and wages	146,933	157,337
Subscription	5,833	3,599
Telephone and internet	6,983	7,049
Travel	411	1,450
Website expense	<u>589</u>	<u>1,562</u>
	<u>272,537</u>	<u>292,776</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>70,241</u></u>	<u><u>25,385</u></u>

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



**THE FULCRUM PUBLISHING SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 2007**

	Unrestricted	Invested In	Total	Total
	\$	Capital Assets	2007	2006
	\$	\$	\$	\$
<b>NET ASSETS</b> , beginning of year	(61)	25,446	<b>25,385</b>	0
Excess of revenues over expenditure for the year	75,424	(5,183)	<b>70,241</b>	25,385
Net acquisitions of capital assets	<u>(940)</u>	<u>940</u>	<u>0</u>	<u>0</u>
<b>NET ASSETS</b> , end of year	<u>74,423</u>	<u>21,203</u>	<u><b>95,626</b></u>	<u>25,385</u>

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

**THE FULCRUM PUBLISHING SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2007**

	365 Days 2007 \$	344 Days 2006 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	70,241	25,385
Add: amortization	<u>5,183</u>	<u>2,827</u>
	75,424	28,212
Changes in non-cash working capital items:		
Accounts receivable	480	(70,611)
Accounts payable and accrued liabilities	(4,284)	11,007
Unearned revenue	<u>(14,924)</u>	<u>23,142</u>
	<u>51,995</u>	<u>(8,250)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(940)</u>	<u>(28,273)</u>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in loans payable	<u>(13,500)</u>	<u>28,718</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	37,555	(7,805)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>(7,805)</u>	<u>0</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>29,750</u></u>	<u><u>(7,805)</u></u>
<b>REPRESENTED BY:</b>		
Cash (bank overdraft)	<u><u>29,750</u></u>	<u><u>(7,805)</u></u>

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

**THE FULCRUM PUBLISHING SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a. Nature of 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 organization's 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 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 and 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 statements 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.

**d. Capital Assets and Amortization**

Capital assets are recorded at cost. Amortization of furniture and equipment is provided for at a rate of 20% on declining balance basis. Additions are amortized at one-half of this rate in the year of acquisition.

(See attached Auditors' Report)



**THE FULCRUM PUBLISHING SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 contribution if fair value can be reasonably estimated.

**2. 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).

**3. ADVERTISING CREDIT**

The advertising credit is an advance received from the SFUO to be used towards future advertising in the Fulcrum newspaper in accordance with the 'Pre-Paid Advertising Agreement' dated June 1, 2005. The original amount of the credit of \$40,000 is to be applied towards all advertising purchased by SFUO in the Fulcrum for a period of five (5) years commencing June 1, 2005 at the lesser of (a) current rates at the time of purchases or (b) 2005-2006 rates. The corporation recognized \$14,924 as revenue for the total advertising purchased by SFUO during 2007 (\$16,858 - 2006).

**4. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current year financial statement presentation.

(See attached Auditors' Report)





THE FULCRUM PUBLISHING SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2007

5. LOANS PAYABLE

	2007	2006
	\$	\$
<u>Capital Assets Purchase Loan</u>		
Payable to the SFUO for the purchase of capital assets in monthly installments of \$892.09 including interest at a rate of 5.65% per annum maturing May 31, 2008.	11,223	20,993
<u>Legal and Autonomy Fee Loan</u>		
Payable to SFUO for legal and autonomy fees in annual installments of \$4,220.90 including interest at a rate of 5.65% per annum maturing February 1, 2008.	3,995	7,725
	15,218	28,718
Less: current portion	(14,331)	(13,500)
	<u>887</u>	<u>15,218</u>

(See attached Auditors' Report)