

**THE FULCRUM PUBLISHING SOCIETY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2008**

**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, 2008, 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, 2008 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Ottawa, Ontario  
July 23, 2008

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

**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 30, 2008**

	2008 \$	2007 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	121,960	29,750
Accounts receivable	30,966	70,132
Investments	10,139	0
Prepaid expenses	<u>0</u>	<u>4,701</u>
	<u>163,065</u>	<u>104,583</u>
<b>CAPITAL ASSETS</b> (Note 1d and 2 )		
Furniture and equipment - at cost	46,299	29,213
Less accumulated amortization	<u>(20,115)</u>	<u>(8,010)</u>
	<u>26,184</u>	<u>21,203</u>
<b>GOODWILL</b> (Note 3)	<u>1</u>	<u>1</u>
<b>TOTAL ASSETS</b>	<u>189,250</u>	<u>125,787</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	11,848	6,724
Advertising credit (Note 4)	0	8,219
Current portion of loans payable (Note 5)	<u>887</u>	<u>14,331</u>
	<u>12,735</u>	<u>29,274</u>
<b>LONG-TERM</b>		
Loans payable (Note 5)	<u>0</u>	<u>887</u>
<b>NET ASSETS</b>		
Invested in capital assets	26,184	21,203
Unrestricted	<u>150,331</u>	<u>74,423</u>
	<u>176,515</u>	<u>95,626</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>189,250</u>	<u>125,787</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, 2008

	2008	2007
	\$	\$
<b>REVENUE</b>		
Fundraising	13,720	9,954
Local advertising	114,274	104,204
National advertising	65,112	70,422
Student levy - GSAED	4,620	4,042
Student levy - SFUO	159,548	151,557
Miscellaneous revenue	<u>1,832</u>	<u>2,599</u>
	<u>359,106</u>	<u>342,778</u>
<b>EXPENSES</b>		
Advertising	541	0
Amortization	12,105	5,183
Bad debts	0	6,859
Bank charges and interest	685	172
Conference expense	16,061	12,865
Interest on long-term debt	595	1,426
Office supplies and expenses	990	1,975
Parking	1,595	1,272
Printing	79,082	77,530
Professional fees	5,225	4,196
Repairs and maintenance	151	310
Salaries and wages	148,011	146,933
Subscription	4,778	5,833
Telephone and internet	7,896	6,983
Travel	502	411
Website expense	<u>0</u>	<u>589</u>
	<u>278,217</u>	<u>272,537</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>80,889</u>	<u>70,241</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, 2008**

	Unrestricted \$	Invested In Capital Assets \$	Total 2008 \$	Total 2007 \$
<b>NET ASSETS</b> , beginning of year	74,423	21,203	<b>95,626</b>	25,385
Excess of revenues over expenditure for the year	92,994	(12,105)	<b>80,889</b>	70,241
Net acquisitions of capital assets	<u>(17,086)</u>	<u>17,086</u>	<u>0</u>	<u>0</u>
<b>NET ASSETS</b> , end of year	<u>150,331</u>	<u>26,184</u>	<u><b>176,515</b></u>	<u>95,626</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, 2008**

	2008	2007
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	80,889	70,241
Add: amortization	<u>12,105</u>	<u>5,183</u>
	92,994	75,424
Changes in non-cash working capital items:		
Accounts receivable	39,166	480
Prepaid expenses	4,701	(4,701)
Accounts payable and accrued liabilities	5,124	(4,284)
Unearned revenue	<u>(8,219)</u>	<u>(14,924)</u>
	<u>133,766</u>	<u>51,995</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(17,086)</u>	<u>(940)</u>
<b>FINANCING ACTIVITIES</b>		
Decrease in loans payable	<u>(14,331)</u>	<u>(13,500)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	102,349	37,555
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>29,750</u>	<u>(7,805)</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>132,099</u></u>	<u><u>29,750</u></u>
<b>REPRESENTED BY:</b>		
Cash	121,960	29,750
Investments	<u>10,139</u>	<u>0</u>
	<u><u>132,099</u></u>	<u><u>29,750</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, 2008**

**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**

<u>Assets</u>	<u>Rate</u>	<u>Basis</u>
Computers	55%	Declining balance
Furniture and equipment	20%	Declining balance
Software	100%	Declining balance

Additions are amortized at one-half of the above rates in the year of acquisition

**(See attached Auditors' Report)**



**THE FULCRUM PUBLISHING SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2008**

**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. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net Book Value 2008	Net Book Value 2007
	\$	\$	\$	\$
Computers	25,452	(8,605)	16,847	8,583
Furniture and equipment	13,328	(5,651)	7,677	9,596
Software	<u>7,519</u>	<u>(5,859)</u>	<u>1,660</u>	<u>3,024</u>
	<u>46,299</u>	<u>(20,115)</u>	<u>26,184</u>	<u>21,203</u>

**3. 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).

**4. 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 \$8,219 as revenue for the total advertising purchased by SFUO during 2008 (\$14,923 - 2007).

(See attached Auditors' Report)



**THE FULCRUM PUBLISHING SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2008**

**5. LOANS PAYABLE**

	2008	2007
	\$	\$
<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.	887	11,223
 <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.	0	3,995
	887	15,218
Less: current portion	(887)	(14,331)
	<u>0</u>	<u>887</u>

(See attached Auditors' Report)