

THE FULCRUM PUBLISHING SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2009

Auditor's 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

AUDITOR'S REPORT

We have audited the statement of financial position of The Fulcrum Publishing Society as at April 30, 2009 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 my audit.

We conducted my 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, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, CA, Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Ottawa, Ontario
September 3, 2009

THE FULCRUM PUBLISHING SOCIETY
(Incorporated under the Laws of Ontario)

BALANCE SHEET

AS AT APRIL 30, 2009

	2009	2008
	\$	\$
ASSETS		
CURRENT		
Cash	140,976	121,960
Short-term investments (Note 2e)	20,407	10,139
Accounts receivable (Note 4)	39,008	30,966
Prepaid expenses (Note 5)	<u>507</u>	<u>0</u>
	<u>200,898</u>	<u>163,065</u>
NON-CURRENT		
Equipment (Note 6)	23,052	26,184
Goodwill (Note 2g)	<u>1</u>	<u>1</u>
	<u>23,053</u>	<u>26,185</u>
TOTAL ASSETS	<u><u>223,951</u></u>	<u><u>189,250</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	12,099	11,848
Current portion of long-term debt	<u>0</u>	<u>887</u>
	<u>12,099</u>	<u>12,735</u>
NET ASSETS		
Invested in capital assets	23,052	26,184
Unrestricted	<u>188,800</u>	<u>150,331</u>
	<u>211,852</u>	<u>176,515</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>223,951</u></u>	<u><u>189,250</u></u>

APPROVED ON BEHALF OF THE BOARD :

Director _____

Director _____

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2009

	2009	2008
	\$	\$
REVENUE		
Fundraising	10,956	13,721
Local advertising	118,949	114,272
National advertising	50,333	65,112
Student levy - SFUO	163,687	159,548
Student levy - GSAED	8,232	4,620
Other revenue	<u>1,253</u>	<u>1,693</u>
	<u>353,410</u>	<u>358,966</u>
EXPENSES		
Advertising and promotion	1,508	541
Amortization - capital assets	12,585	12,105
Bad debts	410	0
Bank charges and interest	678	685
Distribution expense	1,490	0
Insurance	788	0
Interest on long-term debt	0	595
Maintenance and repairs	0	151
Office supplies	5,812	1,492
Parking	1,139	1,595
Printing	96,009	80,456
Professional and membership dues	5,248	4,778
Professional fees	5,567	5,225
Salaries and employee benefits	167,563	148,654
Telecommunications	6,269	7,896
Training	503	0
Travel and conferences	<u>12,808</u>	<u>14,043</u>
	<u>318,377</u>	<u>278,216</u>
NET INCOME FROM OPERATIONS	35,033	80,750
OTHER INCOME		
Interest income	<u>304</u>	<u>139</u>
EXCESS REVENUES OVER EXPENSES	<u><u>35,337</u></u>	<u><u>80,889</u></u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2009

	Unrestricted \$	Invested in Capital Assets \$	Total 2009 \$	Total 2008 \$
NET ASSETS , beginning of the year	150,331	26,184	176,515	95,626
Excess of revenues over expenditures for the year	47,922	(12,585)	35,337	80,889
Net acquisitions of equipment	<u>(9,453)</u>	<u>9,453</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of the year	<u>188,800</u>	<u>23,052</u>	<u>211,852</u>	<u>176,515</u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2009

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	35,337	80,889
Add: amortization	<u>12,585</u>	<u>12,105</u>
	47,922	92,994
Net change in accounts receivable	(8,042)	39,166
Net change in prepaid expenses	(507)	4,701
Net change in accounts payable and accrued liabilities	251	5,124
Net change in unearned revenue	<u>0</u>	<u>(8,219)</u>
	<u>39,624</u>	<u>133,766</u>
INVESTING ACTIVITIES		
Acquisition of equipment	<u>(9,453)</u>	<u>(17,086)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(887)</u>	<u>(14,331)</u>
CHANGE IN CASH AND EQUIVALENTS	29,284	102,349
CASH AND EQUIVALENTS, beginning of year	<u>132,099</u>	<u>29,750</u>
CASH AND EQUIVALENTS, end of year	<u>161,383</u>	<u>132,099</u>
REPRESENTED BY:		
Cash	140,976	121,960
Term deposits	<u>20,407</u>	<u>10,139</u>
	<u>161,383</u>	<u>132,099</u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2009

1. NATURE OF THE 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Financial instruments

The organization's financial assets consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair value is equal to the carrying amount given their maturity.

b) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles 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.

c) 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.

d) 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

(See attached Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition (continued)

receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

e) Temporary investments

Temporary investments are accounted for at the lower of cost and market value.

f) Equipment

Property, plant and equipment are accounted for at cost. Amortization is based on their estimated useful life using the following methods and rates.

	Methods	Rates
Office furniture and equipment	Diminishing balance	20%
Computer hardware	Diminishing balance	20%
Computer hardware	Diminishing balance	55%
Software	Diminishing balance	100%

g) 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 goodwill is not amortized. It is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

3. CASH FLOWS

Cash flows from interest is as follows:

	2009	2008
	\$	\$
Interest paid	<u>53</u>	<u>595</u>

4. ACCOUNTS RECEIVABLE

	2009	2008
	\$	\$
Trade	14,668	14,268
Allowance for doubtful accounts	<u>(2,000)</u>	<u>(2,000)</u>
	12,668	12,268
Campus Plus	<u>26,340</u>	<u>18,698</u>
	<u>39,008</u>	<u>30,966</u>

(See attached Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2009

5. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2009	Net Book Value 2008
	\$	\$	\$	\$
Office furniture and equipment	14,685	(7,322)	7,363	7,677
Computer hardware	32,817	(17,493)	15,324	16,847
Computer software	8,251	(7,886)	365	1,660
	<u>55,753</u>	<u>(32,701)</u>	<u>23,052</u>	<u>26,184</u>

7. ACCOUNTS PAYABLE

	2009	2008
	\$	\$
Trade and accrued liabilities	7,384	9,170
Payroll liabilities	3,438	0
Goods and services tax	1,277	2,678
	<u>12,099</u>	<u>11,848</u>

8. FINANCIAL INSTRUMENTS

Credit risk

The organization provides credit to its customers in the normal course of its operations. The organization does not normally require a guarantor. For the other debts, the company determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

Interest rate risk

The company manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income.

The effective interest rate on the temporary investments during the year varied from 1.5% to 2.5% (2008 - 2.5%). The average interest rate at the end of the year was 1.5% (2008 — 2.5%) with investment maturing in 7 months.

Currency risk

The organization is not exposed to currency risk as there are no transactions in a foreign currency.

Fair value

The fair value of cash, temporary investments, accounts receivable, accounts payable, is approximately equal to their carrying value due to their short-term maturity date.

(See attached Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2009

9. COMPARATIVE FIGURES FOR THE PRIOR YEAR

Certain figures for 2008 have been reclassified to make their presentation identical to that adopted in 2009.

(See attached Auditor's Report)