THE FULCRUM PUBLISHING SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2010

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

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, 2010 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, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Connelly & Koshy P.C.

Connelly & Koshy, CA, Professional Corporation
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Ottawa, Ontario
October 13, 2010

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

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2010

	2010 $	2009 $
ASSETS		
CURRENT		
Cash	**148,155**	140,976
Short-term investments (Note 2d)	**35,425**	20,407
Accounts receivable (Note 4)	**29,190**	39,008
Prepaid expenses (Note 5)	**617**	507
	213,387	200,898
NON-CURRENT		
Equipment(Note 2e and 6)	**23,510**	23,052
Goodwill (Note 2f)	**1**	1
	23,511	23,053
TOTAL ASSETS	**236,898**	223,951
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**5,796**	12,099
NET ASSETS		
Invested in capital assets	**23,510**	23,052
Unrestricted	**207,592**	188,800
	231,102	211,852
TOTAL LIABILITIES AND NET ASSETS	**236,898**	223,951

APPROVED ON BEHALF OF THE BOARD :

Director ____________________ Director ____________________

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

CONNELLY & KOSHY
Professional Corporation
CHARTERED ACCOUNTANTS

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2010

	2010 $	2009 $
REVENUE		
Fundraising	11,820	10,956
Local advertising	104,042	118,947
National advertising	21,881	50,333
Student levy - SFUO	175,165	163,687
Student levy - GSAED	9,016	8,232
Other revenue	4,063	1,253
	325,987	353,408
EXPENSES		
Advertising and promotion	566	1,508
Amortization - capital assets	7,561	12,585
Bad debts	1,617	410
Bank charges and interest	768	678
Distribution expense	1,815	1,490
Insurance	1,361	788
Office supplies	8,914	5,802
Parking	1,103	1,139
Printing	82,161	96,019
Professional and membership dues	5,426	5,248
Professional fees	5,597	5,567
ORCUP conference expense	2,960	0
Salaries and employee benefits	168,490	167,563
Telecommunications	5,466	6,269
Training	108	503
Travel and conferences	12,844	12,808
	306,757	318,377
EXCESS REVENUES OVER EXPENSES	19,230	35,031
OTHER INCOME		
Interest income	18	304
EXCESS REVENUES OVER EXPENSES	19,248	35,335

(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, 2010

	Unrestricted $	Invested in Capital Assets $	**Total 2010** **$**	Total 2009 $
NET ASSETS, beginning of the year	188,800	23,052	**211,852**	176,515
Excess of revenues over expenditures for the year	26,809	(7,561)	**19,248**	35,337
Net acquisitions of equipment	(8,017)	8,017	**0**	0
NET ASSETS, end of the year	207,592	23,510	**231,102**	211,852

CONNELLY & KOSHY
Professional Corporation
CHARTERED ACCOUNTANTS

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2010

	2010 $	2009 $
OPERATING ACTIVITIES		
Excess of revenue over expenses	19,248	35,337
Add: amortization	7,561	12,585
	26,809	47,922
Net change in accounts receivable	9,818	(8,042)
Net change in prepaid expenses	(110)	(507)
Net change in accounts payable and accrued liabilities	(6,303)	251
	30,214	39,624
INVESTING ACTIVITIES		
Acquisition of equipment	(8,017)	(9,453)
FINANCING ACTIVITIES		
Repayment of long-term debt	0	(887)
CHANGE IN CASH AND EQUIVALENTS	22,197	29,284
CASH AND EQUIVALENTS, beginning of year	161,383	132,099
CASH AND EQUIVALENTS, end of year	183,580	161,383

REPRESENTED BY:		
Cash	148,155	140,976
Term deposits	35,425	20,407
	183,580	161,383

(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, 2010

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 organizations 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) 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.

b) 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.

c) 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition (continued)
receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

e) 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	55%
Software	Diminishing balance	100%

f) 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:

	2010	2009
	$	$
Interest paid	**18**	304

4. ACCOUNTS RECEIVABLE

	2010	2009
	$	$
Trade	**21,639**	14,668
Allowance for doubtful accounts	**(2,000)**	(2,000)
	19,639	12,668
Campus Plus	**9,551**	26,340
	29,190	39,008

5. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	**Net Book Value 2010**	Net Book Value 2009
	$	$	**$**	$
Office furniture and equipment	17,657	(9,092)	**8,565**	7,362
Computer hardware	35,357	(21,666)	**13,691**	15,324
Computer software	10,755	(9,504)	**1,252**	366
	63,769	(40,262)	**23,510**	23,052

7. ACCOUNTS PAYABLE

	2010	2009
	$	$
Trade and accrued liabilities	**6,213**	7,385
Payroll liabilities	**0**	3,438
Goods and services tax (receivable)	**(416)**	1,277
	5,796	12,099

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 optimising its interest income.

The effective interest rate on the temporary investments during the year varied from 1.5% to 2.5% (2009 - 2.5%). The average interest rate at the end of the year was 1.5% (2009 — 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)

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