MEDIUM II PUBLICATIONS

Financial Statements
April 30, 2014

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Financial Statements
For the year ended April 30, 2014

Contents

FRUITMAN KATES LLP
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Independent Auditors' Report

To the Directors of Medium II Publications

We have audited the accompanying financial statements of ***Medium II Publications***, which comprise the statement of financial position as at April 30, 2014, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Medium II Publications as at April 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Fruitman Kates LLP

Toronto, Canada
October 31, 2014

Chartered Accountants
Licensed Public Accountants

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Statement of Financial Position
As at April 30, 2014

	2014	2013
Assets		
Current		
Cash	$ 12,715	$ -
Accounts receivable (note 2)	22,390	7,793
	35,105	7,793
Capital assets (note 3)	6,504	8,647
	$ 41,609	**$ 16,440**
Liabilities and Net Assets		
Liabilities		
Current		
Bank indebtedness	$ -	$ 2,263
Accounts payable and accrued liabilities	19,962	6,670
	19,962	8,933
Net Assets	21,647	7,507
	$ 41,609	**$ 16,440**

Approved on behalf of the board

_____ Director

_____ Director

See accompanying notes to the financial statements

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Statement of Operations and Changes in Net Assets
For the year ended April 30, 2014

	2014	2013
Revenues		
Fees	$ 87,342	$ 83,117
Advertising	40,651	31,575
	127,993	114,692
Expenditures		
Salaries and benefits	55,530	55,771
Publishing and graphic design	35,892	35,121
Professional fees	14,660	10,115
Office and general	2,665	2,692
Amortization	2,143	2,943
Advertising and promotion	1,767	-
Bad debts	1,196	3,250
	113,853	109,892
Excess of revenues over expenditures	**14,140**	**4,800**
Net assets, beginning of year	7,507	2,707
Net assets, end of year	**$ 21,647**	**$ 7,507**

See accompanying notes to the financial statements

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Statement of Cash Flows
For the year ended April 30, 2014

	2014	2013
Cash flows from (used in):		
Operating activities		
Excess of revenues over expenditures	$ 14,140	$ 4,800
Adjustment for		
Amortization	2,143	2,943
	16,283	7,743
Change in non-cash working capital items		
Accounts receivable	(14,597)	1,319
Accounts payable and accrued liabilities	13,292	(6,379)
	14,978	2,683
Investing activity		
Purchase of capital assets	-	(2,298)
Financing activity		
Bank indebtedness	(2,263)	(385)
Increase in cash	12,715	-
Cash, beginning of year	-	-
Cash, end of year	**$ 12,715**	**$ -**

See accompanying notes to the financial statements

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Notes to Financial Statements
For the year ended April 30, 2014

General

Medium II Publications ("Medium") was incorporated under the laws of Ontario as a non-profit organization without share capital. Medium publishes the student newspaper at the University of Toronto at the Mississauga campus.

Pursuant to the Income Tax Act (Canada), Medium is classified as a non-for-profit organization and therefore, is not subject to income tax.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

Medium follows the deferral method of accounting for contributions.

Fees comprising student incidental fees from the University of Toronto, Mississauga campus are recorded as revenue based on the student enrollment for the fall and winter semesters.

Advertising revenue is recorded as revenue when earned and collection is assured. Advertising revenue received, that relates to a future period, is recorded as deferred revenue.

(b) Contributed services

Members of Medium's board of directors and other officers donate their time without monetary compensation. Because of the difficulty involved in determining the fair value of contributed services, they are not recognized in the financial statements.

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For the year ended April 30, 2014

1. Significant accounting policies (continued)

(c) Capital assets

Capital assets are recorded at cost. Medium provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	20%
Computer equipment	30-50%

(d) Impairment of long-lived assets

Medium tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(e) Financial instruments

Medium initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Medium subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

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Notes to Financial Statements
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1. Significant accounting policies (continued)

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial position date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Accounts receivable

Accounts receivable are net of allowance for doubtful accounts of $nil (2013 - $3,250).

3. Capital assets

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	$ 67,326	$ 66,112	$ 67,326	$ 65,808
Computer equipment	22,754	17,464	22,754	15,625
	90,080	83,576	90,080	81,433
Net book value	$ 6,504		$ 8,647	

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4. Financial instruments

Medium is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Financial instruments that potentially expose Medium to credit risk consist primarily of accounts receivable. Medium performs periodic credit evaluations of the financial condition of its customers. If necessary, allowances are maintained for potential credit losses consistent with the credit risk of specific customers.

(b) Interest rate risk

It is management's opinion that Medium is not subject to any interest rate risk.

5. Related party transactions

During the year, Medium paid the Editor In Chief, a director on Medium's board, a fee in the amount of $11,200 (2013 - $12,000) for managing Medium's operations. The fee was in the normal course of operations and has been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed by the related parties.

6. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.