

MEDIUM II PUBLICATIONS

Financial Statements
April 30, 2017

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Financial Statements
For the year ended April 30, 2017

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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, 2017, 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, 2017, 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.

Toronto, Canada
November 13, 2017

Fruitman Kates LLP
Chartered Professional Accountants
Licensed Public Accountants

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Statement of Financial Position
As at April 30, 2017

	2017	2016
Assets		
Current		
Cash	\$ 15,869	\$ 20,366
Accounts receivable (note 2)	5,109	3,071
Government remittances receivable	1,042	1,488
	<u>22,020</u>	<u>24,925</u>
Capital assets (note 3)	<u>2,877</u>	<u>3,999</u>
	<u>\$ 24,897</u>	<u>\$ 28,924</u>

Liabilities and Net Assets

Liabilities

Current

Accounts payable and accrued liabilities \$ 8,107 \$ 8,832

Net Assets

16,790 20,092

\$ 24,897 \$ 28,924

Approved on behalf of the board

Nour Jamal Director

Robert Khouri Director

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Statement of Operations and Changes in Net Assets
For the year ended April 30, 2017

	2017	2016
Revenues		
Fees	\$ 96,150	\$ 93,818
Advertising	15,754	26,556
	<u>111,904</u>	<u>120,374</u>
Expenditures		
Salaries and benefits	65,934	60,391
Publishing and graphic design	21,091	31,544
Office and general	7,690	6,593
Bad debts (recovered)	6,976	(89)
Bookkeeping fees	6,394	13,987
Professional fees	4,590	4,545
Advertising and promotion	1,409	681
Amortization	1,122	1,575
	<u>115,206</u>	<u>119,227</u>
Excess (deficiency) of revenues over expenditures	(3,302)	1,147
Net Assets, beginning of year	20,092	18,945
Net Assets, end of year	\$ 16,790	\$ 20,092

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Statement of Cash Flows
For the year ended April 30, 2017

	2017	2016
Cash flows from (used in):		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (3,302)	\$ 1,147
Adjustment for Amortization	1,122	1,575
	(2,180)	2,722
Change in non-cash working capital items		
Accounts receivable	(2,038)	6,576
Government remittances receivable	446	(104)
Accounts payable and accrued liabilities	(725)	1,902
Increase (decrease) in cash	(4,497)	11,096
Cash, beginning of year	20,366	9,270
Cash, end of year	\$ 15,869	\$ 20,366

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Notes to Financial Statements
For the year ended April 30, 2017

General

Medium II Publications ("Medium") was incorporated under the laws of Ontario as a not-for-profit organization without share capital. Medium publishes the student newspaper at the University of Toronto, Mississauga campus.

Pursuant to the Income Tax Act (Canada), Medium is classified as a not-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 are recorded as revenue based on the student enrollment for the fall and winter semesters.

Advertising revenue is recorded 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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1. Significant accounting policies (continued)

(c) Capital assets

Capital assets are recorded at cost. The Organization 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 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
For the year ended April 30, 2017

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 presented net of allowance for doubtful accounts of \$12,941 (2016 - \$5,058).

3. Capital assets

	2017		2016	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	\$ 67,326	\$ 66,704	\$ 67,326	\$ 66,549
Computer equipment	25,364	23,109	25,364	22,142
	92,690	89,813	92,690	88,691
Net book value	\$ 2,877		\$ 3,999	

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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

Medium is not subject to any significant 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 \$12,100 (2016 - \$12,100) to manage 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.