

MEDIUM II PUBLICATIONS

Financial Statements
April 30, 2020

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Financial Statements
For the year ended April 30, 2020

Contents

Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

Independent Auditors' Report

To the Directors of Medium II Publications

Opinion

We have audited the financial statements of **Medium II Publications**, which comprise the statement of financial position as at April 30, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at April 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditors' Report (continued)

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
December 21, 2020

Fruitman Kates LLP
Chartered Professional Accountants
Licensed Public Accountants

MEDIUM II PUBLICATIONS

Statement of Financial Position As at April 30, 2020

	2020	2019
Assets		
Current		
Cash	\$ 41,003	\$ 34,619
Accounts receivable (note 2)	250	1,038
Government remittances receivable	22	946
	<u>41,275</u>	<u>36,603</u>
Capital assets (note 3)	553	1,503
	<u>\$ 41,828</u>	<u>\$ 38,106</u>
Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 13,489	\$ 5,995
Net Assets	28,339	32,111
	<u>\$ 41,828</u>	<u>\$ 38,106</u>

Approved on behalf of the board

 Director
 Director

MEDIUM II PUBLICATIONS

Statement of Operations and Changes in Net Assets
For the year ended April 30, 2020

	2020	2019
Revenues		
Fees	\$ 86,973	\$ 100,850
Advertising	2,060	7,301
	89,033	108,151
Expenditures		
Salaries and benefits	60,835	63,953
Publishing and graphic design	14,197	17,494
Professional fees	5,140	5,040
Bookkeeping fees	4,977	7,200
Office and general	3,688	3,086
Bad debts	2,077	-
Amortization	950	573
Advertising and promotion	941	889
	92,805	98,235
Excess (deficiency) of revenues over expenditures	(3,772)	9,916
Balance, beginning of year	32,111	22,195
Balance, end of year	\$ 28,339	\$ 32,111

MEDIUM II PUBLICATIONS

Statement of Cash Flows For the year ended April 30, 2020

	2020	2019
Cash flows from (used in):		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (3,772)	\$ 9,916
Adjustment for Amortization	950	573
	<u>(2,822)</u>	<u>10,489</u>
Change in non-cash working capital items		
Accounts receivable	788	(1,038)
Government remittances receivable	924	3,429
Accounts payable and accrued liabilities	7,494	<u>(8,201)</u>
Increase in cash	6,384	4,679
Cash, beginning of year	34,619	29,940
Cash, end of year	\$ 41,003	\$ 34,619

MEDIUM II PUBLICATIONS

Notes to Financial Statements
For the year ended April 30, 2020

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 accounting 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 and collection is reasonably assured.

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.

MEDIUM II PUBLICATIONS

Notes to Financial Statements
For the year ended April 30, 2020

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	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.

MEDIUM II PUBLICATIONS

Notes to Financial Statements
For the year ended April 30, 2020

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 \$2,170 (2019 - \$93).

3. Capital assets

	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	\$ 67,326	\$ 67,326	\$ 67,326	\$ 66,928
Computer equipment	25,364	24,811	25,364	24,259
	92,690	92,137	92,690	91,187
Net book value	\$ 553		\$ 1,503	

4. Related party transactions

During the year, Medium paid the Editor In Chief, a director on Medium's board, a fee in the amount of \$6,000 (2019 - \$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.

MEDIUM II PUBLICATIONS

Notes to Financial Statements
For the year ended April 30, 2020

5. Financial instruments

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

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.

6. COVID-19

In March 2020, the World Health Organization characterized the outbreak of the strain of COVID-19 as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact, length, and severity that these developments will have on the financial results and conditions of Medium in future periods.