

MEDIUM II PUBLICATIONS

Financial Statements

April 30, 2013

MEDIUM II PUBLICATIONS

Financial Statements
For the year ended April 30, 2013

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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, 2013, 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, 2013, 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.

Comparative Information

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that Medium II Publications adopted Part III of CICA Handbook Canadian accounting standards for not-for-profit organization on May 1, 2012 with a transition date of May 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the financial positions as at April 30, 2012 and May 1, 2011, and the statements of operations and changes in net assets and cash flows for the year ended April 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Toronto, Canada
December 12, 2013


Chartered Accountants
Licensed Public Accountants

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Statement of Financial Position As at April 30, 2013

	April 30, 2013	April 30, 2012	May 1, 2011
Assets			
Current			
Cash	\$ -	\$ -	\$ 3,268
Accounts receivable (note 3)	7,793	9,112	11,369
	<u>7,793</u>	<u>9,112</u>	<u>14,637</u>
Capital assets (note 4)	8,647	9,292	3,184
	<u>\$ 16,440</u>	<u>\$ 18,404</u>	<u>\$ 17,821</u>

Liabilities and Net assets

Liabilities

Current			
Bank indebtedness (note 5)	\$ 2,263	\$ 2,648	\$ -
Accounts payable and accrued liabilities	6,670	13,049	25,718
	<u>8,933</u>	<u>15,697</u>	<u>25,718</u>
Net Assets (deficit)	<u>7,507</u>	<u>2,707</u>	<u>(7,897)</u>
	<u>\$ 16,440</u>	<u>\$ 18,404</u>	<u>\$ 17,821</u>

Approved on behalf of the board

_____ Director

_____ Director

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Statement of Operations and Changes in Net Assets
For the year ended April 30, 2013

	2013	2012
Revenues		
Fees	\$ 83,117	\$ 81,458
Advertising	31,575	42,029
	<u>114,692</u>	<u>123,487</u>
Expenditures		
Salaries, fees and benefits	55,771	56,890
Publishing and graphic design	35,121	40,048
Professional fees	10,015	7,339
Bad debts	3,250	-
Amortization	2,943	1,940
Office and general	2,693	5,863
Telephone and communications	99	803
	<u>109,892</u>	<u>112,883</u>
Excess of revenues over expenditures	4,800	10,604
Balance (deficit), beginning of year	2,707	(7,897)
Balance, end of year	\$ 7,507	\$ 2,707

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Statement of Cash Flows
For the year ended April 30, 2013

	2013	2012
Cash flows from (used in):		
Operating activities		
Excess of revenues over expenditures	\$ 4,800	\$ 10,604
Adjustment for Amortization	2,943	1,940
	7,743	12,544
Change in non-cash working capital items		
Accounts receivable	1,319	2,257
Accounts payable and accrued liabilities	(6,379)	(12,669)
	2,683	2,132
Investing activity		
Purchase of capital assets	(2,298)	(8,048)
Financing activity		
Bank indebtedness	(385)	2,648
Decrease in cash	-	(3,268)
Cash, beginning of year	-	3,268
Cash, end of year	\$ -	\$ -

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Notes to Financial Statements
For the year ended April 30, 2013

General

Medium II Publications ("Medium") was incorporated under the laws of Ontario as a non-profit organization without share capital. Pursuant to the Income Tax Act (Canada), Medium is classified as a non-for-profit organization and therefore, is not subject to income tax.

Medium publishes the student newspaper at the University of Toronto at the Mississauga campus.

1. Significant accounting policies

These financial statements are prepared in accordance with Part III of the CICA Handbook 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 the 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.

(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:

Equipment	30-50%
Furniture and fixtures	20%

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1. Significant accounting policies (continued)

(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 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.

(f) Use of estimates

The preparation of financial statements in conformity with Part III of CICA Handbook Canadian accounting standards for not-for-profit organization 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.

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Notes to Financial Statements
For the year ended April 30, 2013

2. Impact of the change in the basis of accounting

Effective May 1, 2012, Medium elected to apply the standards in Part III of the CICA Handbook Canadian Accounting Standards for Not-for-profit organizations (ASNPO).

These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out below have been applied in preparing the financial statements for the year ended April 30, 2013, the comparative information for the year ended April 30, 2012 and in the preparation of an opening statement of financial position as at May 1, 2011, which is the organization's date of transition.

Medium previously issued financial statements for the year ended April 30, 2012 using generally accepted accounting principles prescribed by Part V of the CICA Handbook.

The adoption of ASNPO has had no impact on the previously reported assets, liabilities and net assets of Medium, and accordingly, no adjustments have been recorded in the comparative statements of financial position, statement of operations and changes in net assets and statement of cash flows. Certain of the organization's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

3. Accounts receivable

Accounts receivable are net of allowance for doubtful accounts of approximately \$3,250 (2012 - nil).

4. Capital assets

	2013		2012	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	\$ 67,326	\$ 65,808	\$ 67,326	\$ 65,429
Computer equipment	22,754	15,625	27,032	19,637
	90,080	81,433	94,358	85,066
Net book value	\$ 8,647		\$ 9,292	

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5. Bank indebtedness

Included in bank indebtedness are outstanding cheques totaling \$15,407 (2012 - \$13,924).

6. 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.

7. Related party transactions

During the year, Medium paid the Editor In Chief a fee in the amount of \$12,000 (2012 - \$15,500) 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. The parties are related by virtue of the fact that Editor is a member of Medium's board.

8. Capital management

Medium's objective when managing capital - defined as working capital (current assets less current liabilities) - is to maintain financial strength and manage liquidity requirements while publishing newspapers to provide the students with an information and communication platform. Medium is not subject to externally imposed capital management requirements.

Medium manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk of the underlying assets. Medium's objective is met by retaining adequate net assets to provide for the possibility that cash flows from revenues will not be sufficient to meet future cash flow requirements.

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9. 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.