

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

Financial Statements

Year Ended April 30, 2020

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

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Year Ended April 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Students of Wilfrid Laurier University Student Publications

Opinion

We have audited the financial statements of Wilfrid Laurier University Student Publications (the Organization), which comprise the statement of financial position as at April 30, 2020, and the statements of changes in net assets, operations 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 the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with 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 ASNPO, 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.

Auditor's 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 auditor's 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.

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Independent Auditor's Report to the Students of Wilfrid Laurier University Student Publications
(continued)

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:

- 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 auditor's 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 auditor's 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.



Waterloo, Ontario
February 9, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

Statement of Financial Position

April 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 175,489	\$ 234,721
Accounts receivable (Note 7)	215,156	101,214
Harmonized sales tax recoverable	905	4,132
Prepaid expenses	5,464	5,464
	397,014	345,531
LONG TERM INVESTMENTS (Note 3)	71,071	69,507
CAPITAL ASSETS (Note 4)	12,760	17,819
	\$ 480,845	\$ 432,857
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 84,683	\$ 41,687
Employee deductions payable	2,082	5,968
	86,765	47,655
NET ASSETS	394,080	385,202
	\$ 480,845	\$ 432,857

The accompanying notes form an integral part of these financial statements

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

Statement of Changes in Net Assets

Year Ended April 30, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 385,202	\$ 349,287
Excess of revenue over expenses	<u>8,878</u>	<u>35,915</u>
NET ASSETS - END OF YEAR	<u>\$ 394,080</u>	<u>\$ 385,202</u>

The accompanying notes form an integral part of these financial statements

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

**Statement of Operations
Year Ended April 30, 2020**

	2020	2019
REVENUE		
Student activity fees (<i>Note 7</i>)	\$ 354,189	\$ 438,089
Cord sales and advertising	77,159	100,236
Fundraising	53,013	53,621
Keystone sales and advertising	50,026	51,898
Other revenue	9,158	3,459
Human Resource Development Canada grants	7,560	-
Temporary Wage Subsidy	2,806	-
	<u>553,911</u>	<u>647,303</u>
EXPENSES		
Wages, benefits and commissions	283,392	294,611
Publishing and production	75,862	95,553
Rental (<i>Note 7</i>)	44,799	42,648
Events	37,716	39,665
Administration, legal and audit	34,742	32,055
Conferences and meetings	23,103	41,408
Office	13,801	17,259
Amortization of capital assets	9,367	14,178
Miscellaneous	6,416	7,336
Insurance	5,240	5,240
Supplies	3,899	3,555
Advertising	3,062	2,682
Interest and bank charges	2,483	3,126
Repairs and maintenance	677	865
Membership dues and fees	659	644
Digitalization project	-	110
Bad debts (recovery)	(185)	10,453
	<u>545,033</u>	<u>611,388</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 8,878</u>	<u>\$ 35,915</u>

The accompanying notes form an integral part of these financial statements

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS**Statement of Cash Flows
Year Ended April 30, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 8,878	\$ 35,915
Item not affecting cash:		
Amortization of capital assets	9,367	14,178
	<u>18,245</u>	<u>50,093</u>
Changes in non-cash working capital:		
Accounts receivable	(113,942)	13,785
Harmonized sales tax recoverable	3,227	1,483
Prepaid expenses	-	5,379
Accounts payable and accrued liabilities	42,996	(16,183)
Employee deductions payable	(3,886)	(576)
	<u>(71,605)</u>	<u>3,888</u>
Cash flow from (used by) operating activities	<u>(53,360)</u>	<u>53,981</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(4,308)	(695)
Purchase of investment	(1,564)	(1,529)
	<u>(5,872)</u>	<u>(2,224)</u>
Cash flow used by investing activities	<u>(5,872)</u>	<u>(2,224)</u>
INCREASE (DECREASE) IN CASH FLOW	(59,232)	51,757
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>234,721</u>	<u>182,964</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 175,489</u>	<u>\$ 234,721</u>

The accompanying notes form an integral part of these financial statements

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

Notes to Financial Statements

Year Ended April 30, 2020

1. PURPOSE OF THE ORGANIZATION

Wilfrid Laurier University Student Publications (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. The organization is a not-for-profit whose principal business activity is to provide newspaper and other services to the students of Wilfrid Laurier University. As a non-profit organization, it is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared in accordance with accounting standards for not-for-profit organizations.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization recognizes revenue on advertising and other sales through publications such as, but not limited to, the Cord and the Keystone, at the time the services are rendered to customers, when the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, and persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

Student activity fees are recognized as revenue in the period the student registration fee relates to.

Fundraising and event income is recognized as revenue when received.

Grant income and other income is recognized when earned.

Contributed services

Volunteers contribute significant hours per year to assist the organization in carrying out its services. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. Transaction costs are expensed when incurred. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

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WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

Notes to Financial Statements

Year Ended April 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture and fixtures	4 years	straight-line method
Computer equipment	4 years	straight-line method
Computer software	3 years	straight-line method
Camera equipment	4 years	straight-line method
Sound equipment	5 years	straight-line method
Leasehold improvements	10 years	straight-line method

Cash and cash equivalents

The organization considers cash and cash equivalents to be amounts deposited in financial institutions.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant areas requiring the use of management estimates and assumptions relate to the allowance for doubtful accounts, useful life and salvage value of capital assets, accrued charges and deferred revenue. Actual results may differ from those estimates.

3. INVESTMENT

The organization has an investment in a regular five year, guaranteed investment certificate bearing interest at 2.25% per annum and fully maturing in December 2022.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Furniture and fixtures	\$ 17,502	\$ 17,068	\$ 434	\$ 608
Computer equipment	67,383	62,572	4,811	5,060
Computer software	9,575	9,575	-	-
Camera equipment	26,206	25,234	972	1,274
Sound equipment	26,471	24,895	1,576	2,206
Leasehold improvements	37,039	32,072	4,967	8,671
	<u>\$ 184,176</u>	<u>\$ 171,416</u>	<u>\$ 12,760</u>	<u>\$ 17,819</u>

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

Notes to Financial Statements

Year Ended April 30, 2020

5. LINE OF CREDIT

The organization has available a \$20,000 line of credit with Wilfrid Laurier University which was unutilized at year end. The line of credit is unsecured and interest to be charged annually at an amount equal to the University's borrowing rate on short-term financing.

6. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant currency risks arising from these financial instruments.

Financial instrument risk management

There has been no change with respect to the organization's overall risk exposure during the year ended April 30, 2020. Disclosures relating to exposure to risks, in particular credit risk, liquidity risk and interest rate risk are provided below.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The organization's financial instruments that are exposed to concentration of credit risk are primarily cash and cash equivalents, accounts receivable and GIC investments.

The organization limits its exposure to credit risk with respect to cash and cash equivalents and GIC investments by conservatively investing available cash in bank term deposits with a major Canadian chartered bank. The organization's cash is not subject to any external restrictions.

The organization provides credit to its customers in the normal course of operations. As of April 30, 2020, two customers (2019 - two) account for 82% (2019 - 71%) of the accounts receivable. The organization determines, on a continuing basis, the probable bad debts and sets up a provision for losses on net realizable value. At April 30, 2020, the organization has an allowance for doubtful accounts of \$10,672 (2019 - \$12,072).

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities as they come due. The organization meets its liquidity requirements by monitoring the cash flow from operations, investment performance and the anticipated cash flows from investing and financing activity.

Interest rate risk

The organization is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

WILFRID LAURIER UNIVERSITY STUDENT PUBLICATIONS

Notes to Financial Statements

Year Ended April 30, 2020

7. RELATED PARTY TRANSACTIONS

Wilfrid Laurier University (the "University") has an economic interest in the organization. The University owns the building in which the organization operates, provides services to the organization, and collects student fees on behalf of the organization.

During the year, the organization received student fees of \$354,189 (2019 - \$438,089) from the University. The balance owing from the University at year end relating to student fees was \$135,246 (2019 - \$18,509), which is included in accounts receivable. The organization also paid rent to the University totaling \$40,927 (2019 - \$42,648) for the year.

Related parties include the Board of Directors overseeing the organization. Time commitments provided with respect to board duties are considered a contributed service and not recognized as per the accounting policy described in Note 2. Some members of the Board are also employees of the organization and are compensated in the normal course of operations.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. CAPITAL DISCLOSURE

As at April 30, 2020, the organization considers its net assets as its capital. The organization's objective is to manage its capital with strong fiscal discipline. The organization's current financing principle is to maintain cash balances sufficient to fund operating cash consumption at all times. The organization is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the fiscal year.

9. UNCERTAINTY REGARDING COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

At the time of approval of these financial statements, the organization has experienced the following financial implications:

- A temporary decrease in the publication and distribution of print media, reducing advertising revenue capacity within the Organization;
- A decrease in publishing, conference, rent and office related expenses due to decrease in use;
- Eligibility for government financial relief measures such as Temporary Wage Subsidy.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.