

**Daily Publications Society
Société de Publication du Daily**

**Financial Statements
April 30, 2017**

Daily Publications Society Société de Publication du Daily

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April 30, 2017**

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RICHTER

Independent Auditor's Report

To the Directors of
Daily Publications Society / Société de Publication du Daily

We have audited the accompanying financial statements of Daily Publications Society / Société de Publication du Daily, which comprise the statement of financial position as at April 30, 2017, and the statements of operations, 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.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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 Daily Publications Society / Société de Publication du Daily 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.

Richter LLP

Montréal, Quebec
October 11, 2017

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Daily Publications Society / Société de Publication du Daily


Statement of Financial Position As at April 30, 2017

	2017	2016
	\$	\$
Assets		
Current		
Cash	48,857	57,608
Investments (note 3)	224,211	223,543
Accounts receivable	13,172	13,334
Prepaid expenses	5,075	4,703
	291,315	299,188
Equipment (note 4)	9,283	11,450
	300,598	310,638
Liabilities		
Current		
Accounts payable and accrued liabilities	8,574	6,820
Salaries and commissions payable	13,214	10,862
	21,788	17,682
Commitments (note 5)		
Net assets		
Emergency reserve	150,000	150,000
Operations reserve	75,000	75,000
Invested in capital assets	9,283	11,450
Unrestricted	44,527	56,506
	278,810	292,956
	300,598	310,638

See accompanying notes

Approved on behalf of the board

 Director

 Director

Daily Publications Society / Société de Publication du Daily

Statement of Changes in Net Assets For the Year Ended April 30, 2017

	Emergency reserve \$	Operations reserve \$	Invested in capital assets \$	Unrestricted \$	2017 Total \$
Balance - beginning of year	150,000	75,000	11,450	56,506	292,956
Excess (deficiency) of revenues over expenses	-	-	(2,167)	(11,979)	(14,146)
Balance - end of year	150,000	75,000	9,283	44,527	278,810

	Emergency reserve \$	Operations reserve \$	Invested in capital assets \$	Unrestricted \$	2016 Total \$
Balance - beginning of year	150,000	75,000	7,344	53,379	285,723
Excess (deficiency) of revenues over expenses	-	-	4,106	3,127	7,233
Balance - end of year	150,000	75,000	11,450	56,506	292,956

See accompanying notes

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Statement of Operations For the Year Ended April 30, 2017

	2017	2016
	\$	\$
Revenues		
Advertising	67,986	77,864
Students' fees	298,687	294,690
Journalism award	-	1,335
	366,673	373,889
Expenses		
Selling	81,479	80,328
General and administrative	132,542	122,940
Printing and production	166,143	163,642
Financial	2,148	2,659
	382,312	369,569
Excess (deficiency) of revenues over expenses from operations	(15,639)	4,320
Interest income	1,493	2,913
Excess (deficiency) of revenues over expenses	(14,146)	7,233

See accompanying notes and additional information

Daily Publications Society / Société de Publication du Daily

Statement of Cash Flows For the Year Ended April 30, 2017

	2017	2016
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	(14,146)	7,233
Amortization - equipment	3,412	3,099
	(10,734)	10,332
Net change in non-cash working capital items	3,896	119
	(6,838)	10,451
Investing activities		
Investments	(668)	(4,933)
Acquisition of equipment	(1,245)	(7,205)
	(1,913)	(12,138)
Increase (decrease) in cash	(8,751)	(1,687)
Cash - beginning of year	57,608	59,295
Cash - end of year	48,857	57,608

See accompanying notes

Daily Publications Society / Société de Publication du Daily

Notes to Financial Statements April 30, 2017

1. Nature of business

The Daily Publications Society is a not-for-profit organization registered under the Income Tax Act which publishes the McGill University student newspapers, The McGill Daily and Le Delit, and operates their web-sites, www.mcgilldaily.com and www.delitfrancais.com in Canada.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Organization also applies the Canadian standards for private enterprises to the extent that these standards address topics not addressed in Canadian 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.

Contributed materials and services received in the normal course of operations that would have otherwise been purchased are recognized at the fair market value of the related materials and services contributed. Advertising revenue is recognized when advertisements are published in the Organization's newspapers. Students' fees revenue is recognized on a straight-line basis over the year.

Equipment

Equipment is accounted for at cost. Amortization is calculated using the declining balance method at the following rates:

	Rates
Office equipment	20%
Computer equipment	30%
Photographic equipment	30%
Typesetting equipment	20%
Computer software	20%

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Notes to Financial Statements April 30, 2017

2. Summary of significant accounting policies (continued)

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Long-lived assets

The Organization tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount to the estimated 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.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets are tested for impairment when there are indicators of possible impairment. Any impairment loss is recognized in excess (deficiency) of revenues over expenses. The previously recognized impairment loss may subsequently be reversed to a maximum of the amortized cost that would have been reported at the date of the reversal had the impairment not been recognized previously.

The carrying amount of the financial asset or liability is adjusted by the transaction costs, which are recognized in excess (deficiency) of revenues over expenses using the effective interest or straight-line method.

3. Investments

Investments consist of term deposits of approximately \$158,700 (2016 - \$213,500). The average interest rate at the end of the year is 0.25% (2016 - 0.21%) and the latest maturity is September 25, 2018.

The remaining balance included in investments consists of cash, not being used in carrying on normal business operations, held in a high interest savings account. The average interest rate at the end of the year is 0.354% (2016 - 0.50%).

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Notes to Financial Statements April 30, 2017

4. Equipment

	Cost	Accumulated amortization	2017 Net carrying amount	2016 Net carrying amount
	\$	\$	\$	\$
Office equipment	7,324	6,922	402	503
Computer equipment	105,762	99,459	6,303	9,004
Photographic equipment	7,533	5,808	1,725	756
Typesetting equipment	4,687	4,508	179	224
Computer software	11,780	11,106	674	963
	137,086	127,803	9,283	11,450

5. Commitments

The commitments of the organization under lease agreement aggregate to \$123,000. The minimum annual rentals payable for the Organization's premises are approximately as follows:

	\$
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022	3,000

6. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization provides credit to its clients in the normal course of its operations. It maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts.

For the other receivables, the Organization determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

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**Notes to Financial Statements
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6. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Organization is exposed to interest rate risk on its fixed-interest financial instruments. Fixed-interest instruments subject the Organization to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

Liquidity risk

Liquidity risk is the risk the Organization will have difficulty in meeting obligations associated with financial liabilities. Prudent management of liquidity risk implies retaining a sufficient level of liquidities and arranging for appropriate credit facilities. The Organization believes that its recurring financial resources are adequate to cover all its expenditures.

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Additional Information For the Year Ended April 30, 2017

	2017 \$	2016 \$
Selling		
Salaries, fringe benefits and commissions	69,760	70,869
Promotion	5,529	2,093
Seminars and conferences	4,898	5,204
Travelling	1,292	2,162
	81,479	80,328
General and administrative		
Salaries and fringe benefits	67,299	65,618
Rent	30,179	30,045
Insurance	1,641	1,502
Professional fees	19,661	19,052
Repairs and maintenance	41	1,228
Telecommunications	2,790	3,181
General and office	2,110	2,536
Bad debts (recovery)	5,409	(3,321)
Amortization - equipment	3,412	3,099
	132,542	122,940
Financial		
Bank charges	2,148	2,659