

**THE GATEWAY STUDENT JOURNALISM SOCIETY**

**Financial Statements**

**Year Ended June 30, 2019**

**THE GATEWAY STUDENT JOURNALISM SOCIETY**  
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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Gateway Student Journalism Society

*Opinion*

We have audited the financial statements of The Gateway Student Journalism Society (the Society), which comprise the statement of financial position as at June 30, 2019, and the statements of revenues and expenditures, 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 Society as at June 30, 2019, and the results of its operations and its

*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. 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:

- 1 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.
- 1 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 Society's internal control.
- 1 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 1 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 Society'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 Society to cease to continue as a going concern.
- 1 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.

Edmonton, Alberta  
December 5, 2019



CHARTERED ACCOUNTANTS

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**THE GATEWAY STUDENT JOURNALISM SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended June 30, 2019**

	Budget 2019	Total 2019	Total 2018
<b>REVENUES</b>			
Student fees	\$ 212,320	\$ 222,163	\$ 208,161
Sponsorships	-	42,000	42,000
Local advertising	38,400	23,820	27,338
Online advertising	-	-	2,295
Swag sales	-	-	229
Interest	265	-	56
Students' Union advertising	-	-	8,524
	250,985	287,983	288,603
<b>EXPENSES</b>			
Wages and benefits	150,560	155,024	129,168
Outreach and marketing	3,596	44,486	36,491
Printing	38,508	32,322	28,277
Professional fees	13,100	15,210	13,743
Insurance	4,880	10,264	5,144
Rental	9,960	9,960	9,710
Office	10,309	8,046	4,141
Amortization	2,000	6,135	2,309
General operating	4,980	4,624	3,190
Equipment and infrastructure	3,679	2,493	2,989
Communication	700	321	-
Fees	390	290	190
Public relations	1,000	-	161
Bad debts	1,500	-	-
Travel	-	-	355
	245,162	289,175	235,868
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 5,823</b>	<b>\$ (1,192)</b>	<b>\$ 52,735</b>

**THE GATEWAY STUDENT JOURNALISM SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended June 30, 2019**

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General Fund

**THE GATEWAY STUDENT JOURNALISM SOCIETY**  
**Statement of Cash Flows**  
**Year Ended June 30, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (1,192)	\$ 52,735
Item not affecting cash:		
Amortization of capital assets	6,135	2,309
	<u>4,943</u>	<u>55,044</u>
Changes in non-cash working capital:		
Accounts receivable	(20,182)	4,347
Accounts payable	(7,707)	(5,649)
Prepaid expenses	466	302
Goods and services tax payable	(3,404)	(1,014)
Employee deductions payable	-	216
	<u>(30,827)</u>	<u>(1,798)</u>
Cash flow from operating activities	<u>(25,884)</u>	<u>53,246</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(16,698)	(1,823)
Long term investments	-	(10,055)
Cash flow used by investing activities	<u>(16,698)</u>	<u>(11,878)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from capital leases	15,538	-
Repayment of obligations under capital lease	(4,748)	-
Cash flow from financing activities	<u>10,790</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(31,792)</b>	<b>41,368</b>
Cash - beginning of year	<u>112,503</u>	<u>71,135</u>
<b>CASH - END OF YEAR</b>	<b>\$ 80,711</b>	<b>\$ 112,503</b>



**THE GATEWAY STUDENT JOURNALISM SOCIETY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**THE GATEWAY STUDENT JOURNALISM SOCIETY**

**Notes to Financial Statements**

**Year Ended June 30, 2019**

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

Leases

Leases are classified as either capital or operating leases. At the time the society enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Impairment of Long Lived Assets

The society 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 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 the carrying value exceeds its fair value.

Net assets

- a) Net assets invested in capital assets represents the organization's net investment in capital assets which is comprised of the unamortized amount of capital assets purchased with restricted funds.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

Revenue recognition

The Gateway Student Journalism Society follows the deferral method of accounting for contributions.

Revenue from advertising sales is recognized at the time the ad is first ran. Revenues from student fees is recognized over the course of the academic term to which the fees relate. Interest income is recognized when earned.

Fund accounting

The Gateway Student Journalism Society follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

The Invested in Capital Assets Fund reports the assets, liabilities, revenues, and expenses related to The Gateway Student Journalism Society's capital assets.

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**THE GATEWAY STUDENT JOURNALISM SOCIETY**

**Notes to Financial Statements**

**Year Ended June 30, 2019**

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

Non-monetary transactions

In the normal course of operations, the society enters into non-monetary transactions under which suppliers provide goods and services in exchange for advertising space in the society's publications. These goods and services, which otherwise would be paid for in cash, are accounted for at the more reliably measured of the fair value of the advertising services provided or the fair value of goods and services received.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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3. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 75,781	\$ 62,693	\$ 13,088	\$ 3,390
Equipment	7,396	5,632	1,764	901
Computer software	14,794	14,794	-	-
	<u>\$ 97,971</u>	<u>\$ 83,119</u>	<u>\$ 14,852</u>	<u>\$ 4,291</u>

The following assets included above are



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9. FINANCIAL INSTRUMENTS

The society