

THE GATEWAY STUDENT JOURNALISM SOCIETY
Financial Statements
Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Gateway Student Journalism Society

We have audited the accompanying financial statements of The Gateway Student Journalism Society, which comprise the statement of financial position as at June 30, 2018 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended

Independent Auditor's Report to the Members of The Gateway Student Journalism Society *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Gateway Student Journalism Society as at June 30, 2018, 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.

Edmonton, Alberta
September 28, 2018

THE GATEWAY STUDENT JOURNALISM SOCIETY
Statement of Financial Position
June 30, 2018

| | 2018 | 2017 |
|---------------------------------------|-------------------|------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 112,503 | \$ 71,135 |
| Accounts receivable | 761 | 5,108 |
| Goods and services tax recoverable | 2,854 | 1,840 |
| Prepaid expenses | 1,566 | 1,868 |
| | 117,684 | 79,951 |
| CAPITAL ASSETS <i>(Note 3)</i> | 4,291 | 4,776 |
| LONG TERM INVESTMENTS <i>(Note 4)</i> | 13,988 | 3,933 |
| | <u>\$ 135,963</u> | <u>\$ 88,660</u> |

LIABILITIES AND NET ASSETS

CURRENT

THE GATEWAY STUDENT JOURNALISM SOCIETY
Statement of Revenues and Expenditures
Year Ended June 30, 2018

| | Budget 2018 | Total 2018 | Total 2017 |
|-----------------------------|----------------|---------------|---------------|
| TRADE SALES | | | |
| Student fees | \$ 207,453 | \$ 208,161 | \$ 201,506 |
| Sponsorships | - | 42,000 | 35,788 |
| Local advertising | 23,000 | 27,338 | 27,784 |
| Students' Union advertising | - | 8,524 | 1,352 |
| Online advertising | 6,100 | 2,295 | 4,824 |
| Swag sales | - | 229 | - |
| Interest | | | |

THE GATEWAY STUDENT JOURNALISM SOCIETY
Statement of Changes in Net Assets
Year Ended June 30, 2018

| | General Fund | Invested in Capital Assets | 2018 | 2017 |
|---|--------------|-------------------------------|-----------|----------|
| NET ASSETS - BEGINNING OF YEAR | \$ 30,120 | \$ 4,776 | \$ 34,896 | \$ 7,260 |

THE GATEWAY STUDENT JOURNALISM SOCIETY
Statement of Cash Flows
Year Ended June 30, 2018

| | 2018 | 2017 |
|-------------------------------------|-----------|------|
| OPERATING ACTIVITIES | | |
| Excess of trade sales over expenses | \$ 52,735 | █ |

THE GATEWAY STUDENT JOURNALISM SOCIETY

Notes to Financial Statements

Year Ended June 30, 2018

1. PURPOSE OF THE SOCIETY

The Gateway Student Journalism Society (the "society") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The society's purposes are to:

1. To sponsor the advancement of the education of University of Alberta students through the various practices of journalism and the publication of Gateway, the student newspaper.

2. To provide a fair, reliable, clear source of information, focused mainly, but not exclusively, on issues which directly affect students, whether they are local, national or international.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash is defined by the society as funds on deposit with Canadian financial institutions.

Investments

Investments, which consist primarily of Guaranteed Investment Certificates, are carried at cost. Those with a maturity date greater than twelve months are shown as long term investments, while those with maturity dates of less than twelve months are shown as short term investments.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

| | | |
|--------------------|-------------|--------------------------|
| Computer equipment | 30% and 55% | declining balance method |
| Equipment | 20% | declining balance method |
| Computer software | 100% | declining balance method |

The society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

THE GATEWAY STUDENT JOURNALISM SOCIETY

Notes to Financial Statements

Year Ended June 30, 2018

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

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 GATEWAY STUDENT JOURNALISM SOCIETY

Notes to Financial Statements

Year Ended June 30, 2018

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

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

THE GATEWAY STUDENT JOURNALISM SOCIETY

Notes to Financial Statements

Year Ended June 30, 2018

4. LONG TERM INVESTMENTS

| | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| Guaranteed Investment Certificate maturing on June 6, 2023. The GIC bears interest at the following rates for each year: year one 1.9%, year two 2.15%, year three 2.4%, year four 2.55% and year five 2.7%. | \$ 10,013 | \$ - |
| Guaranteed Investment Certificate maturing on May 31, 2023. The GIC bears interest at the following rates for each year: year one 1.9%, year two 2.15%, year three | | |

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Notes to Financial Statements

Year Ended June 30, 2018

7. BUDGET

The 2018 operating budget was approved by the board of directors on September 28, 2017. The budget figures have been provided for information purposes only and have not been audited or reviewed.

8. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of June 30, 2018.

(a) Credit risk