Charles Havill

CHARTERED ACCOUNTANT

Medium II Publications
Financial Statements
April 30, 2011

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Independent Auditor's Report

To the Directors of
Medium II Publications

Report on the Financial Statements

I have audited the accompanying financial statements of Medium II Publications, which comprise the statement of financial position as at April 30, 2011, and the statements of operations and 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 generally accepted accounting policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, including the assessment of risks of material misstatements 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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Basis for Qualified Opinion

The organization has recorded advertisement revenue in the amount of $30,023 for the year. I was unable to obtain sufficient appropriate audit evidence with respect to the advertisement revenue recorded as the organization was unable to provide customer invoices and related deposit slips. Consequently, I was not able to determine whether any adjustments might be necessary to revenues, excess of expenditures over revenues, assets and net assets.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Medium II Publications as at April 30, 2011 and of its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Charles Havill

Oakville, Canada
December 19, 2011

Chartered Accountant
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Medium II Publications
Statement of Operations and Net Assets

Year ended April 30,	2011	2010
Revenues		
Advertising	$ 30,023	$ 39,138
Incidental fees (Note 6)	79,242	76,168
	109,265	115,306
Expenditures		
Publishing	30,088	31,305
Wages and benefits	73,212	84,683
Telephone	3,400	1,048
Office and general	7,624	11,062
Depreciation	1,465	2,562
	115,789	130,660
Excess of expenditures over revenues	(6,524)	(15,354)
Net assets, beginning of year	(1,373)	13,981
Net assets, end of year	$ (7,897)	$ (1,373)

See accompanying notes to the financial statements.

Medium II Publications
Statement of Financial Position

April 30,	2011	2010
Assets		
Current		
Cash	$ 3,268	
Receivables	12,167	$ 5,840
	15,435	5,840
Capital assets (Note 3)	3,184	4,650
	$ 18,619	$ 10,490
Liabilities		
Current		
Bank overdraft		$ 1,807
Payables and accruals	$ 26,516	10,056
	26,516	11,863
Net Assets		
Unrestricted	(7,897)	(1,373)
	$ 18,619	$ 10,490

On behalf of the board

Director

Director

See accompanying notes to the financial statements.

Medium II Publications
Statement of Cash Flows

Year ended April 30,	2011	2010
Cash derived from (applied to)		
Operating		
Excess of expenditures over revenues	$ (6,524)	$ (15,354)
Depreciation	1,465	2,562
	(5,059)	(12,792)
Change in non-cash operating working capital		
Receivables	(6,327)	28,402
Payables and accruals	16,461	(18,111)
Net increase (decrease) in cash	5,075	(2,501)
(Bank overdraft) cash, beginning of year	(1,807)	694
Cash (bank overdraft), end of year	$ 3,268	$ (1,807)

See accompanying notes to the financial statements

1. Nature of operations

Medium II Publications was incorporated under the laws of Ontario without share capital to operate the student newspaper at the University of Toronto at Mississauga. It is a non-profit organization and exempt from income tax.

2. Significant accounting policies

Accrual basis of accounting

Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

Capital assets

Rates and bases of depreciation applied to write off the cost of capital assets over their estimated useful lives are as follows:

Office furniture and equipment	20% diminishing balance basis
Computer equipment	30% and 55% diminishing balance basis
Software	100% diminishing balance basis

Financial instruments

Cash is classified as a held-for-trading financial instrument and is carried at fair value. All other financial instruments are classified as loans and receivables or other financial liabilities and their carrying value approximates fair value due to their short term nature.

In accordance with the CICA Handbook, the organization has adopted Section 3861, *Financial Instruments – Disclosures and Presentation* in place of Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation.*

Measurement uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Significant areas requiring the use of significant judgement include rates and basis of depreciation of capital assets and the amounts included in receivables and payables and accruals. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in the future periods could be significant.

2. Significant accounting policies (continued)

Future accounting pronouncements

In September 2010, the Accounting Standards Board of Canada (AcSB) substantially approved the Exposure Draft with regard to Accounting Standards for not-for-profit organizations (NFPO) which will replace the existing standards for NFPO. Mandatory adoption of these new standards are required for fiscal years beginning on or after January 1, 2012 with early adoption permitted. The organization will have the right to elect to apply NFPO accounting standards under International Financial Reporting Standards or Canadian reporting standards in conjunction with Accounting Standards for Private Enterprises where applicable. The impact on the organization's future financial reporting is not reasonably determinable or estimable at this time as no election has been made as to which accounting standards for NFPO will be applied.

3. Capital assets

	Cost	Accumulated Depreciation	2011 Net Book Value	2010 Net Book Value
Office furniture and equipment	$ 66,726	$ 64,744	$ 1,982	$ 2,477
Computer equipment	19,584	18,382	1,202	2,173
Software	1,915	1,915		
	$ 88,225	$ 85,041	$ 3,184	$ 4,650

4. Capital disclosures

The organization manages its capital to maintain its ability to continue as a going concern and to fulfil its role as a non-profit organization. The capital structure of the organization consists of net assets.

The organization is not subject to any externally imposed capital requirements and the overall strategy with respect to capital management remains unchanged from the year ended April 30, 2010.

5. Financial instruments

Credit risk

The organization does not have a significant exposure to any individual customer or counterpart, due to the significant number of long term customers.

6. Incidental Fees

Incidental fees were received according to the following individual payments:

	2011	2010
September	$ 45,700	$ 43,531
November	15,000	
January	10,897	25,221
March	7,645	7,416
	$ 79,242	$ 76,168