MEDIUM II PUBLICATIONS

Financial Statements
April 30, 2012

MEDIUM II PUBLICATIONS

Financial Statements
For the year ended April 30, 2012

Contents

FRUITMAN KATES LLP
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Independent Auditors' Report

To the Directors of Medium II Publications

We have audited the accompanying financial statements of ***Medium II Publications***, which comprise the statement of financial position as at April 30, 2012, and the statements of operations and 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 generally accepted accounting principles, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider internal control relevant to the organization'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 organization'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 Medium II Publications as at April 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter
The financial statements of Medium II Publications as at and for the year ended April 30, 2011 were audited by another auditor who expressed a qualified opinion on those financial statements on December 19, 2011.

Fruitman Kates LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
October 5, 2012

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Statement of Financial Position
As at April 30, 2012

	2012	2011
Assets		
Current		
Cash	$ -	$ 3,268
Accounts receivable	9,112	11,369
	9,112	14,637
Capital assets (note 3)	9,292	3,184
	$ 18,404	**$ 17,821**
Liabilities and Fund Balances		
Liabilities		
Current		
Bank indebtedness (note 4)	$ 2,648	$ -
Accounts payable and accrued liabilities	13,049	25,718
	15,697	25,718
General fund	2,707	(7,897)
	$ 18,404	**$ 17,821**

Approved on behalf of the board

__________________________ Director

__________________________ Director

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Statement of Operations and Changes in General Fund
For the year ended April 30, 2012

	2012	2011
Revenues		
Fees	$ 81,458	$ 79,242
Advertising	42,029	30,023
	123,487	109,265
Expenditures		
Salaries and benefits	56,890	73,212
Publishing	34,748	20,740
Professional fees	12,789	6,594
Office and general	5,713	10,377
Amortization	1,940	1,466
Telephone and communications	803	3,400
	112,883	115,789
Excess (deficiency) of revenues over expenditures	**10,604**	**(6,524)**
General fund, beginning of year	(7,897)	(1,373)
General fund, end of year	**$ 2,707**	**$ (7,897)**

See accompanying notes to the financial statements

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Statement of Cash Flows
For the year ended April 30, 2012

	2012	2011
Cash flows from (used in):		
Operating activities		
Excess (deficiency) of revenues over expenditures	$ 10,604	$ (6,524)
Adjustment for		
Amortization	1,940	1,466
	12,544	(5,058)
Change in non-cash working capital items		
Accounts receivable	2,257	(5,529)
Accounts payable and accrued liabilities	(12,669)	15,662
	2,132	5,075
Investing activity		
Purchase of capital assets	(8,048)	-
Financing activity		
Bank indebtedness	2,648	(1,807)
Increase (decrease) in cash	(3,268)	3,268
Cash, beginning of year	3,268	-
Cash, end of year	**$ -**	**$ 3,268**

See accompanying notes to the financial statements

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Notes to Financial Statements
For the year ended April 30, 2012

1. General

Medium II Publications ("Medium") was incorporated under the laws of Ontario as a non-profit organization without share capital. Pursuant to the Income Tax Act (Canada), Medium is classified as a non-for-profit organization and therefore, is not subject to income tax.

Medium publishes the student newspaper at the University of Toronto at the Mississauga campus.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) Revenue recognition

Medium follows the deferral method of accounting for contributions.

Fees comprising student incidental fees from the Univeristy of Toronto, Mississauga campus are recorded as revenue based on the student enrollment for the fall and winter semesters.

Advertising revenue is recorded as revenue when earned and collection is assured. Advertising revenue received, that relates to a future period, is recorded as deferred revenue.

(b) Contributed services

Members of the Medium's board of directors and other officers donate their time without monetary compensation. Because of the difficulty involved in determining the fair value of contributed services, they are not recognized in the financial statements.

(c) Capital assets

Capital assets are recorded at cost and amortized over their useful lives on a declining balance basis at the following annual rates:

Computer equipment	30-50%
Furniture and equipment	20%

2. Significant accounting policies (continued)

(d) Impairment of long-lived assets

Medium 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 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.

(e) Use of estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

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Notes to Financial Statements
For the year ended April 30, 2012

2. Significant accounting policies (continued)

(f) Financial instruments

Medium's financial instruments consist of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities.

Assets / Liabilities	Category	Measurement
Cash	Held for trading	Fair value
Bank indebtedness	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liability	Amortized cost

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the financial position date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in current years earnings.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other financial liabilities

Other financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

(g) Future change in accounting policies

The CICA issued Handbook Part III, Accounting Standards for Not-for-Profit Organizations, which provides proposed new accounting standards for the not-for-profit sector. Medium will adopt the new standards for the fiscal year ended April 30, 2013. Medium is in the process of identifying key accounting policy changes as it relates to Medium's operations in preparation for the conversion to the new standard.

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3. Capital assets

	2012		2011	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	$ 67,326	$ 65,429	$ 66,726	$ 64,744
Computer equipment	27,032	19,637	19,584	18,382
	94,358	85,066	86,310	83,126
Net book value	$ 9,292		$ 3,184	

4. Bank indebtedness

	2012	2011
Bank balance at year end	$ (11,276)	$ (12,891)
Less: outstanding cheques	13,924	9,623
	$ 2,648	$ (3,268)

5. Financial instruments

The carrying value of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximates fair value due to the immediate or short term of these instruments.

It is management's opinion that Medium is not exposed to credit or interest rate risk.

6. Related party transactions

During the year, Medium paid the Editor In Chief a fee in the amount of $15,500 (2011 - $23,800) for managing Medium's operations. The fee was in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed by the related parties. The parties are related by virtue of the fact that Editor is a member of Medium's board.

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7. Capital management

Medium's objective when managing capital - defined as working capital (current assets less current liabilities) - are to maintain financial strength and manage liquidity requirements while publishing newspapers to provide the students with an information and communication platform. Medium is not subject to externally imposed capital management requirements.

Medium manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk of the underlying assets. Medium's objective is met by retaining adequate net assets to provide for the possibility that cash flows from revenues will not be sufficient to meet future cash flow requirements.

8. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.