Financial Statements of

MARTLET PUBLISHING SOCIETY

Year ended April 30, 2017

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Members of the Martlet Publishing Society

Report on the Financial Statements

We have audited the accompanying financial statements of Martlet Publishing Society, which comprise the statement of financial position as at April 30, 2017, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 in our audit 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 Martlet Publishing Society as at April 30, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

The financial statements of Martlet Publishing Society as at and for the year ended April 30, 2016 are unaudited. Accordingly, we do not express an opinion on them.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles applied by Martlet Publishing Society in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
February 21, 2018

MARTLET PUBLISHING SOCIETY
Statement of Financial Position

April 30, 2017, with comparative unaudited information for 2016

	2017	2016 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 103,549	$ 86,682
Short-term investments	5,416	5,370
Accounts receivable	10,926	5,222
Prepaid expenses	3,227	1,789
	123,118	99,063
Capital assets (note 2)	-	138
	$ 123,118	$ 99,201
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 11,650	$ 6,207
Net assets:		
Unrestricted	111,468	92,994
Commitments and contingencies (note 3)		
	$ 123,118	$ 99,201

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Member

____________________ Member

MARTLET PUBLISHING SOCIETY

Statement of Operations and Changes in Net Assets

Year ended April 30, 2017, with comparative unaudited information for 2016

	2017	2016 (unaudited)
Revenues:		
Advertising	$ 25,452	$ 53,147
Memberships	134,014	142,337
Interest income	71	475
	159,537	195,959
Expenses:		
Wages and benefits	87,926	115,411
Printing and production costs	25,301	23,182
Office and general	12,784	6,034
Rent and utilities	7,784	8,763
Professional fees	1,990	2,424
Insurance	1,876	2,165
Telephone	1,400	1,497
Travel	520	30
Advertising and promotion	500	139
Licenses, fees and dues	373	60
Education, training and support	358	493
Amortization of capital assets	138	1,099
Interest and bank charges	113	74
	141,063	161,371
Excess of revenues over expenses	18,474	34,588
Net assets, beginning of year	92,994	58,406
Net assets, end of year	$ 111,468	$ 92,994

See accompanying notes to financial statements.

MARTLET PUBLISHING SOCIETY

Statement of Cash Flows

Year ended April 30, 2017, with comparative unaudited information for 2016

	2017	2016 (unaudited)
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	$ 18,474	$ 34,588
Amortization of capital assets	138	1,099
	18,612	35,687
Changes in non-cash operating working capital:		
Accounts receivable	(5,704)	6,546
Prepaid expenses	(1,438)	(1,414)
Accounts payable and accrued liabilities	5,443	(9,560)
	16,913	31,259
Investing:		
Net increase in short-term investments	(46)	(5,370)
Net increase in cash and cash equivalents	16,867	25,889
Cash and cash equivalents, beginning of year	86,682	60,793
Cash and cash equivalents, end of year	$ 103,549	$ 86,682

See accompanying notes to financial statements.

Nature of operations:

Martlet Publishing Society (the "Society") is incorporated under the Society Act of British Columbia. On November 28, 2016, the new Societies Act (British Columbia) became effective. The Society has until November 28, 2018 to transition to the new act.

The Society publishes an independent weekly student newspaper at the University of Victoria.

1. Significant accounting policies:

The financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies used in the preparation of the financial statements.

(a) Revenue recognition:

Membership dues are recorded when received or receivable. Advertising revenue is recognized on a pro-rata basis as the advertisments are published.

The Society follows the deferral method of accounting whereby contributions are recognized as revenue as related expenses are incurred. Unrestricted contributions are recognized when received or receivable.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash and short term deposits with original maturity dates of less than 90 days, when acquired.

(c) Short-term investments:

Short-term investments consist of term deposits maturing within one year and are stated at cost, which together with accrued interest income approximates fair value.

(d) Capital assets:

Capital assets are recorded at cost. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computers	4 years

(e) Contributed materials and services:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased.

1. Significant accounting policies (continued):

(f) Use of estimates:

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in the future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Capital assets:

2017	Cost	Accumulated amortization	Net book value
Computers	$ 7,012	$ 7,012	$ -

2016 (unaudited)	Cost	Accumulated amortization	Net book value
Computers	$ 7,012	$ 6,874	$ 138

3. Commitments and contingencies:

The Society is committed to janitorial, utilities and maintenance payments for premises under operating leases until April 30, 2021.

Minimum annual lease payments:

2018	$	7,838
2019		7,838
2020		7,838
2021		7,838

4. Financial risks:

The Society's financial instruments include cash, short-term investments, accounts receivable and accounts payable and accrued liabilities.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from its financial instruments.

The Society manages it liquidity risk by maintaining its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to risk exposure from 2016.