

THE GATEWAY STUDENT JOURNALISM SOCIETY

Financial Statements

Year Ended June 30, 2023

THE GATEWAY STUDENT JOURNALISM SOCIETY
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Year Ended June 30, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of The Gateway Student Journalism Society

We have reviewed the accompanying financial statements of The Gateway Student Journalism Society (the Society) that comprise the statement of financial position as at June 30, 2023, and the statements of revenues and expenditures, 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 accounting standards for not-for-profit organizations (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The Gateway Student Journalism Society as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

Without modifying our conclusion, we draw your attention to Note 3 in the financial statements, which indicates that the Society incurred a net loss of \$105,384 during the year ended June 30, 2023. As stated in Note 3, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern.

Edmonton, Alberta
January 22, 2024



YATES WHITAKER LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

THE GATEWAY STUDENT JOURNALISM SOCIETY
Statement of Financial Position
June 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 176,724	\$ 267,109
Accounts receivable <i>(Note 4)</i>	-	9,981
Goods and services tax recoverable	1,157	1,577
Prepaid expenses	2,262	3,279
	180,143	281,946
CAPITAL ASSETS <i>(Note 5)</i>	2,740	3,693
LONG TERM INVESTMENTS <i>(Note 6)</i>	15,771	15,505
	\$ 198,654	\$ 301,144
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 27,266	\$ 23,639
Employee deductions payable	-	733
	27,266	24,372
NET ASSETS		
General fund	168,648	273,079
Invested in capital assets	2,740	3,693
	171,388	276,772
	\$ 198,654	\$ 301,144

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

THE GATEWAY STUDENT JOURNALISM SOCIETY
Statement of Revenues and Expenditures
Year Ended June 30, 2023

	Budget 2023	Total 2023	Total 2022
REVENUES			
Grant income	\$ 1,550	\$ 7,175	\$ 32,727
Donations	-	5,038	-
Advertising	2,000	2,247	40
Interest	413	279	443
Student fees	-	-	130,987
Fundraising	1,000	-	-
	<u>4,963</u>	<u>14,739</u>	<u>164,197</u>
EXPENSES			
Wages and benefits	79,531	77,479	73,743
Rental	11,232	11,192	10,881
Professional fees	14,031	9,510	12,110
Insurance	9,459	9,466	7,919
General operating	3,354	3,973	4,150
Printing	-	3,463	856
Office	3,818	3,055	4,752
Amortization	-	953	1,491
Equipment and infrastructure	-	590	1,611
Outreach and marketing	500	260	1,631
Fees	628	151	741
Travel	-	31	-
Sub-contracts	500	-	-
Volunteer appreciation	250	-	-
Bad debts	-	-	750
	<u>123,303</u>	<u>120,123</u>	<u>120,635</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(118,340)	(105,384)	43,562
OTHER EXPENSES			
Loss on disposal of capital assets	-	-	2,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (118,340)	\$ (105,384)	\$ 40,855

THE GATEWAY STUDENT JOURNALISM SOCIETY
Statement of Changes in Net Assets
Year Ended June 30, 2023

	General Fund	Invested in Capital Assets	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 273,079	\$ 3,693	\$ 276,772	\$ 235,917
Deficiency of revenues over expenses	(104,431)	(953)	(105,384)	40,855
NET ASSETS - END OF YEAR	<u>\$ 168,648</u>	<u>\$ 2,740</u>	<u>\$ 171,388</u>	<u>\$ 276,772</u>

THE GATEWAY STUDENT JOURNALISM SOCIETY

Statement of Cash Flows

Year Ended June 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (105,384)	\$ 40,855
Items not affecting cash:		
Amortization of capital assets	953	1,491
Loss on disposal of capital assets	-	2,707
	<u>(104,431)</u>	<u>45,053</u>
Changes in non-cash working capital:		
Accounts receivable	9,981	247,822
Goods and services tax recoverable	420	(702)
Prepaid expenses	1,017	(2,179)
Accounts payable	3,627	(106,135)
Employee deductions payable	(733)	265
	<u>14,312</u>	<u>139,071</u>
Cash flow from (used by) operating activities	<u>(90,119)</u>	<u>184,124</u>
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	-	630
Long term investments	(266)	(441)
Cash flow from (used by) investing activities	<u>(266)</u>	<u>189</u>
FINANCING ACTIVITY		
Repayment of obligations under capital lease	-	(432)
Cash flow from (used by) financing activity	<u>-</u>	<u>(432)</u>
INCREASE (DECREASE) IN CASH FLOW	(90,385)	183,881
Cash - beginning of year	<u>267,109</u>	<u>83,228</u>
CASH - END OF YEAR	\$ 176,724	\$ 267,109

THE GATEWAY STUDENT JOURNALISM SOCIETY

Notes to Financial Information

Year Ended June 30, 2023

1. PURPOSE OF THE SOCIETY

The Gateway Student Journalism Society (the "Society") is a not-for-profit organization 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:

Equipment	20%
Computer equipment	30% and 55%
Computer software	100%

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.

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.

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THE GATEWAY STUDENT JOURNALISM SOCIETY
Notes to Financial Information
Year Ended June 30, 2023

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 Society'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.

Revenues from student fees is recognized over the course of the academic term to which the fees relate. Revenue from advertising sales is recognized at the time the advertisement is first ran. 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 Operating Fund.

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

Government assistance

Government assistance is recorded when there is a reasonable assurance that the Society had complied with, and will continue to comply with, all the necessary conditions to obtain the grant or subsidy. Government assistance for current year expenses is recorded as other revenue.

Contributed services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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THE GATEWAY STUDENT JOURNALISM SOCIETY

Notes to Financial Information

Year Ended June 30, 2023

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.

Budget amounts

The budget amounts presented on the statements of operations and accumulated surplus and changes in net assets are taken from the Society's annual budget prepared in July 2022. Certain budget amounts have been reclassified to conform to the current year's financial statement preparation.

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 the useful life of capital assets and 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

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.

3. GOING CONCERN

The Society received approximately 0% (2022 - 80%) of its funding from the University of Alberta Students' Union in the form of Student Fees. As of January 1, 2022 the Society no longer received funding from the University of Alberta Students' Union. Management is working on finding funds to replace this revenue and restructure operations accordingly or obtaining alternative support from the University of Alberta Students' Union.

The accompanying financial statements have been prepared assuming that the Society will continue as a going concern. The Society's ability to continue as a going concern is dependent upon its ability to achieve profitable operations and generate new funds therefrom, and to continue to obtain sufficient funds to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the company were unable to continue its operations.

THE GATEWAY STUDENT JOURNALISM SOCIETY
Notes to Financial Information
Year Ended June 30, 2023

4. ACCOUNTS RECEIVABLE

	2023	2022
Canada Emergency Wage Subsidy (CEWS) Receivable	\$ -	\$ 8,432
Canada Emergency Rent Subsidy (CERS) Receivable	-	1,549
	\$ -	\$ 9,981

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 8,195	\$ 5,894	\$ 2,301	\$ 2,876
Computer equipment	61,594	61,155	439	817
Computer software	14,794	14,794	-	-
	\$ 84,583	\$ 81,843	\$ 2,740	\$ 3,693

6. LONG TERM INVESTMENTS

	2023	2022
Guaranteed Investment Certificate maturing in June 2028, bearing interest at 3.70% per year.	\$ 11,253	\$ 11,098
Guaranteed Investment Certificate maturing in May 2028, bearing interest at 3.70% per year.	4,518	4,407
	\$ 15,771	\$ 15,505

7. LEASE COMMITMENT

The Society is under an operating lease for office space and administrative fees which was renewed during the year and expires on August 31, 2025. Under the terms of the agreement, the Society will pay \$883 per month for rent, utilities and custodial services, as well as \$80 per month for administrative fees from September 2022 to August 2023. Starting September 2023 until August 2025 the Society will pay \$958 per month for rent, utilities and custodial services, as well as \$86 per month for administrative fees.

Contractual obligation repayment schedule:

2024	\$ 12,366
2025	12,528
2026	2,088
	\$ 26,982

THE GATEWAY STUDENT JOURNALISM SOCIETY

Notes to Financial Information

Year Ended June 30, 2023

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, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, obligations under capital leases, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

9. BUDGET

The 2023 operating budget was approved by the board of directors in July 2022. The budget figures have been provided for information purposes only and have not been audited or reviewed.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
