

FINANCIAL STATEMENTS

RYE EYE PUBLISHING INC.

AS AT APRIL 30, 2020

RYE EYE PUBLISHING INC.

AS AT APRIL 30, 2020

I N D E X

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members:

We have reviewed the accompanying financial statements of **Rye Eye Publishing Inc.** that comprise the statement of financial position as at April 30, 2020, and the statements of changes in net assets and fund balances and operations 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, 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 **Rye Eye Publishing Inc.** as at April 30, 2020, 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.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 22, 2021

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RYE EYE PUBLISHING INC.

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2020
(With comparative figures as at April 30, 2019)
(Unaudited)

2020 2019

A S S E T S

CURRENT

Cash \$ 1,700,665 \$ 1,384,486 Accounts receivable 44,529 11,366 Prepaid WSIB 7,249 20,159 1,752,443
1,416,011

PROPERTY AND EQUIPMENT (note 4) 3,004 4,273 **TOTAL ASSETS** \$ 1,755,447 \$ 1,420,284

L I A B I L I T I E S

CURRENT

Payroll withholdings \$ 5,655 \$ 3,211 Accounts payable and accruals 3,501 3,699 Harmonized Sales Tax payable
4,902 9,915

TOTAL LIABILITIES 14,058 16,825 **N E T A S S E T S**

General fund 1,159,907 870,681 Invested in property and equipment 3,004 4,273 Contingency fund 578,478
528,505

TOTAL NET ASSETS 1,741,389 1,403,459 **TOTAL LIABILITIES AND NET ASSETS** \$ 1,755,447 \$ 1,420,284

APPROVED ON BEHALF OF THE BOARD

Director

See accompanying notes Page 2
RYE EYE PUBLISHING INC.

STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2020
(With comparative figures as at April 30, 2019)
(Unaudited)

2020 2019

General fund - unrestricted net assets

Opening balance \$ 870,681 \$ 796,254 Surplus 337,930 113,120 Amortization 1,269 1,808 Transfer to contingency fund (49,973) (40,501)

Closing balance \$ 1,159,907 \$ 870,681

General fund - net assets invested in property and equipment

Opening net book value of assets \$ 4,273 \$ 6,081 Amortization (1,269) (1,808)

Net assets investment in property and equipment \$ 3,004 \$ 4,273

Contingency fund (note 5)

Opening balance \$ 528,505 \$ 488,004 Transfer from General fund 49,973 40,501

RYE EYE PUBLISHING INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2020

(With comparative figures for the year ended April 30, 2019)

(Unaudited)

2020 2019

REVENUE

Student fees \$ 624,659 \$ 506,266 Ryerson and local advertising 47,278 52,426 Interest income 8,389
8,874 Other income - 128,873 680,326 696,439

EXPENSES

Wages and benefits 274,158 305,735 Office and general 23,595 64,537 Meetings and travel 11,748
35,534 Printing 15,971 18,085 Legal and accounting 12,855 14,234 Bad debts expense - 12,040
Commissions 2,800 2,200 Advertising and promotion - 5,020 Amortization 1,269 1,808 Convention
expense - 124,126 342,396 583,319

SURPLUS (DEFICIT) \$ 337,930 \$ 113,120 See accompanying notes Page 4

RYE EYE PUBLISHING INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2020

(With comparative figures for the year ended April 30, 2019)

(Unaudited)

2020 2019

CASH PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Student fees \$ 624,659 \$ 506,266 Advertising 14,114 59,658 Other income - 128,873 Interest income 8,389
8,874 Payments to suppliers and employees (341,128) (581,512)
Accounts payable and accruals (2,765) (664) Prepaid WSIB 12,910 1,770 316,179 123,265

CHANGE IN CASH 316,179 123,265 Cash at beginning of the year 1,384,486 1,261,221 **CASH AT END OF**
THE YEAR \$ 1,700,665 \$ 1,384,486

See accompanying notes Page 5

RYE EYE PUBLISHING INC.

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2020

(Unaudited)

1. PURPOSE OF THE ORGANIZATION

Rye Eye Publishing Inc. ("Rye Eye") is a not-for-profit corporation created on July 11, 1980 under the Canada Corporation Act, without share capital. Rye Eye is exempt from income tax under paragraph 149 (1)(l) of the Income Tax Act.

Rye Eye prepares and publishes the Eyeopener, a student newspaper owned and operated by the full-time students of Ryerson University, Toronto, Canada. The organization is therefore economically dependent upon Ryerson University.

2. BASIS OF PRESENTATION AND FUTURE ACCOUNTING CHANGES

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - *Accounting Standards for Not-For-Profit Organizations*.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Unrestricted contributions are recognized as revenue when received or receivable, provided that collection is reasonably assured and the amount can be determined. The primary contributions consist of non-academic ancillary fees collected from students, a portion of which have been allocated to Rye Eye pursuant to a referendum of the student body. Fees are collected from the students by the university and remitted to Ryerson Students' Union, which in turn remits a portion to Rye Eye Publishing Inc. The fees are received in three installments per year, usually one or two months after the beginning of each academic term; in June, October and February.

Advertising revenues are recognized when the related advertisements are published and distributed. Interest income is recognized at the time the income is earned.

Contributions which are internally restricted by the board of directors are recognized as reserve funds and are discussed in Note 5. Transfers between funds are shown in the statement of net assets. Internal restrictions represent a budgetary control and means to manage the liquid assets. The cash and receivables that comprise the two funds are commingled; they are not physically segregated into different accounts.

Property and Equipment

The property and equipment are recorded at cost. Amortization is provided for based on management estimation of their useful lives using the following rates and methods:

Computer equipment 30% of declining balance
Office Equipment and Furniture 20% of declining balance
Production Equipment 20% of declining balance

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumptions that affect the amounts in the financial statements and disclosures in the notes to the financial statements. These estimates, primarily concerning the useful lives of the property and equipment, which affects the net book value and amortization expense, as well as the allowance for doubtful accounts, is based upon management's best estimates. Actual results may be different from these estimates.

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RYE EYE PUBLISHING INC.

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2020

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Contributed Services and Related Parties

Approximately 200 volunteers contribute services to assist the organization in preparing and publishing the Eyeopener. Because of the difficulty in determining the fair value of these contributed services they have not been recognized in these financial statements.

Rye Eye uses office space in the Student Campus Centre at Ryerson University without paying rent, pursuant to an operating agreement between Ryerson University, the Palin Foundation operating as the Ryerson Student Campus Centre, the Ryerson Students' Union, and the Continuing Education Students' Association of Ryerson. No amount for contributed services or rental expenses has been included in these statements.

Cash

Cash includes cash on hand, demand deposits at financial institutions and redeemable term deposits.

Financial instruments

The Corporation initially measures its financial assets and liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost using the straight-line method.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement (directly or by adjusting the allowance account) provided the reversal is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

4. PROPERTY AND EQUIPMENT

Accumulated Net Book Value
Cost Amortization 2020 2019

Computer equipment \$ 70,209 \$ 67,310 \$ 2,899 \$ 4,142 Furniture and fixtures 19,023 18,966 58 72
Production equipment 10,101 10,054 47 59

\$ 99,333 \$ 96,330 \$ 3,004 \$ 4,273

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RYE EYE PUBLISHING INC.

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2020

5. DESCRIPTION OF FUNDS AND THE MANAGEMENT OF CAPITAL

The net assets of Rye Eye Publishing Inc. are internally segregated into two separate funds by the board of directors.

General Fund

This represents the net assets available for use in the daily operations of the newspaper. Because the major source of revenues is student fees, which are usually received in three instalments per year, sufficient cash must be maintained to ensure liquidity until the next instalment of student fees is received.

Contingency Fund

The Board of Directors authorized a contingency fund to ensure sufficient resources exist in the case of an emergency or an extraordinary expenditure. The annual amount allocated to this fund is set at 8% of student fees and a portion of the interest earned on the cash balances during the year. This fund balance represents a budgetary claim against the corporation's current working capital.

Working capital 2020 2019

Cash \$ 1,700,665 \$ 1,384,486 Accounts receivable 44,529 11,366 Current liabilities (14,058) (16,825)
Total available working capital 1,731,136 1,379,027 Contingency Fund (323,003) (323,003)

RYE EYE PUBLISHING INC.
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2020

6. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES

2020 2019

Financial assets recorded at amortized cost:

Cash \$ 1,700,665 \$ 1,384,486 Accounts receivable 44,529 11,366 \$ 1,745,194 \$ 1,395,852

Financial liabilities recorded at amortized cost:

Accounts payable and accruals \$ 3,501 \$ 3,699

The corporation is exposed to various risks through its financial instruments. The following summary describes the significant risks as at April 30, 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The corporation is exposed to this risk primarily in respect of accounts receivable. Receivables are comprised of balances due from 21 customers located in Toronto near Ryerson University with the largest customer representing 13% of the total.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk primarily through its accounts payable. The company retains cash generated from operations to meet its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not subject to this risk as all instruments are denominated in Canadian dollars.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to this risk in respect to the cash balances.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company's instruments are not subject to this risk.

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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2020

7. COVID - 19

Countries around the world continue to be affected by the COVID-19 pandemic. While the company continues to operate, it is unclear what impact this pandemic will have on business going forward. As such the impact of this event has not been reflected in the financial statements.

