

Financial Statements of

TRENT RADIO

August 31, 2003

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REVIEW ENGAGEMENT REPORT

To the Directors
Trent Radio

We have reviewed the statement of financial position of Trent Radio as at August 31, 2003 and the statements of changes in net assets, operations and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

McCull Turner LLP

Peterborough, Ontario
November 14, 2003

TRENT RADIO

STATEMENT OF FINANCIAL POSITION (Unaudited)
August 31, 2003

	2003	2002
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	9,778	-
Accounts receivable	3,164	9,562
Prepaid expenses	609	523
	<u>13,551</u>	<u>10,085</u>
CAPITAL ASSETS (note 3)	<u>86,022</u>	<u>61,201</u>
	<u>99,573</u>	<u>71,286</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank advances	-	3,505
Accounts payable and accrued liabilities	8,024	4,052
	<u>8,024</u>	<u>7,557</u>
LONG TERM DEBT (note 4)	<u>33,000</u>	<u>33,000</u>
	<u>41,024</u>	<u>40,557</u>
DEFERRED CONTRIBUTIONS (note 5)		
Operating fund	1,030	11,220
Capital assets	52,908	6,871
	<u>53,938</u>	<u>18,091</u>
NET ASSETS		
Invested in capital assets	44,551	54,330
Unrestricted	(39,940)	(41,692)
	<u>4,611</u>	<u>12,638</u>
	<u>99,573</u>	<u>71,286</u>

See accompanying notes to the financial statements

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TRENT RADIO

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)
Year Ended August 31, 2003

	Invested in capital assets \$	Unrestricted \$	Total 2003 \$	Total 2002 \$
BALANCE - beginning of year	54,330	(41,692)	12,638	20,694
Excess of expenses over revenues for the year	(9,779)	1,752	(8,027)	(8,056)
Purchase of capital assets	40,963	-	40,963	-
Amount funded by deferred capital contributions	(40,963)	-	(40,963)	-
BALANCE - end of year	44,551	(39,940)	4,611	12,638

See accompanying notes to the financial statements

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TRENT RADIO

STATEMENT OF OPERATIONS (Unaudited)

Year Ended August 31, 2003

	2003	2002
	\$	\$
REVENUES		
Membership fees	69,281	55,853
Donations and fundraising	6,620	7,018
Sponsorships	10,433	12,373
Rental income	7,371	6,630
Federal grants	2,740	4,932
Province of Ontario grants	3,025	2,378
Interest income	259	18
Amortization of deferred contributions	6,363	858
	<u>106,092</u>	<u>90,060</u>
EXPENSES		
Salaries, wages and benefits	72,057	58,170
Advertising and promotion	1,183	1,289
Equipment and line rentals	2,511	2,296
Postage, stationery and office supplies	2,209	1,418
Telephone	1,524	1,379
Heat and utilities	5,360	4,647
Programming	1,192	999
Repairs and maintenance	5,498	12,171
Professional fees	1,800	1,816
Insurance	3,159	2,566
Interest and bank charges	106	165
Fundraising and sponsorship expenses	20	22
Bad debts	1,338	-
Amortization of capital assets	16,142	11,178
	<u>114,119</u>	<u>98,116</u>
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	<u>(8,027)</u>	<u>(8,056)</u>

See accompanying notes to the financial statements

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TRENT RADIO**STATEMENT OF CASH FLOWS (Unaudited)**

Year Ended August 31, 2003

	2003	2002
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	(8,027)	(8,056)
Add (deduct) items not requiring an outlay of cash:		
Amortization of capital assets	16,142	11,178
Amortization of obligation under employment contract (note 4)	-	2,000
Amortization of deferred contributions	(6,363)	(858)
	1,752	4,264
Changes in non-cash working capital items:		
Accounts receivable	6,398	(3,205)
Prepaid expenses	(86)	29
Accounts payable and accrued liabilities	3,972	(1,808)
Increase (decrease) in deferred contributions for operating funding	(10,190)	(9,380)
	1,846	(10,100)
FINANCING AND INVESTING ACTIVITIES		
Contributions received for capital purposes	52,400	-
Purchases of capital assets	(40,963)	(3,031)
	11,437	(3,031)
INCREASE (DECREASE) IN CASH FOR THE YEAR	13,283	(13,131)
CASH POSITION (BANK ADVANCES) - beginning of year	(3,505)	9,626
CASH POSITION (BANK ADVANCES) - end of year	9,778	(3,505)

See accompanying notes to the financial statements

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TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2003

1. PURPOSE OF THE ORGANIZATION

Trent Radio is sponsored and operated by the students of Trent University and is shared with the community as a non-profit cultural and educational organization broadcasting to Peterborough and the Kawarthas as CFFF-FM, 92.7 FM.

The company was incorporated on January 16, 1978 without share capital under the laws of Ontario. It qualifies as a non-profit organization as defined in the Federal and Ontario Income Tax Acts, and, consequently, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Revenue recognition*

Trent Radio follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assumed.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with the amortization rates for the related capital assets.

Restricted investment income is recognized as revenue in the year in which related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) *Capital assets and accumulated amortization*

Purchased capital assets are stated at acquisition cost. Contributed capital assets are stated at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for the building is 25 years and for the equipment is 7 years.

(c) *Contributed services*

Volunteers contribute a significant number of hours per year to assist Trent Radio in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2003

3. CAPITAL ASSETS

The major categories of capital assets and accumulated amortization are as follows:

	2003		2002	
	\$		\$	
	Cost	Accumulated amortization	Net book value	Net book value
Land	10,000	-	10,000	10,000
Buildings	93,908	66,195	27,713	31,469
Office equipment	20,552	18,790	1,762	1,765
Technical equipment	157,052	110,505	46,547	17,967
	281,512	195,490	86,022	61,201

4. LONG TERM DEBT

Long term debt consists of a future obligation under an employment contract that is payable on or before September 30, 2004.

The deferred payments comprising this obligation have been charged to operating expenses as follows:

	\$
1998	3,333
1999	5,500
2000	9,250
2001	12,917
2002	2,000
	33,000

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2003

5. DEFERRED CONTRIBUTIONS

(a) *Operating funding*

Deferred contributions represent unspent restricted operating funding received in the current year that is related to the subsequent year. Changes in deferred contributions are as follows:

	2003	2002
	\$	\$
Balance - beginning of year	11,220	20,600
Add (deduct):		
Amount recognized as revenue in the year	(10,190)	(20,600)
Amount received for the following year	-	11,220
Balance - end of year	1,030	11,220

(b) *Capital assets*

Deferred contributions related to capital assets represent restricted contributions with which the company's building was originally purchased and renovated and contributions from the Ontario Trillium Foundation to fund the cost of digitising the company's collection of recordings and the creation of Studio C. The changes in the deferred contributions balance during the year are as follows:

	2003	2002
	\$	\$
Balance - beginning of year	6,871	7,729
Contributions received for capital purposes	52,400	-
Amounts amortized to revenue	(6,363)	(858)
Balance - end of year	52,908	6,871

Represented by:

Deferred capital contributions	41,471	6,871
Unspent capital contributions	11,437	-
	52,908	6,871