Financial Statements of

TRENT RADIO

August 31, 2005

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McCOLL TURNER

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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, 2005 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.

McColl Turner LLP

Peterborough, Ontario
November 15, 2005

TRENT RADIO

STATEMENT OF FINANCIAL POSITION (Unaudited)

August 31, 2005

	2005 $	2004 $
ASSETS		
CURRENT ASSETS		
Accounts receivable	5,650	7,031
Prepaid expenses	617	668
	6,267	7,699
CAPITAL ASSETS (note 3)	123,492	144,339
	129,759	152,038
LIABILITIES		
CURRENT LIABILITIES		
Bank advances	11,378	14,697
Accounts payable and accrued liabilities	7,578	15,800
Current portion of long term debt	2,559	2,377
	21,515	32,874
LONG TERM DEBT (note 4)	28,919	31,478
DEFERRED CONTRIBUTIONS (note 5)		
Operating fund	1,636	805
Capital assets	79,076	79,039
	80,712	79,844
NET ASSETS		
Invested in capital assets	58,542	65,300
Unrestricted	(59,929)	(57,458)
	(1,387)	7,842
	129,759	152,038

TRENT RADIO
STATEMENT OF CHANGES IN NET ASSETS (Unaudited)
Year Ended August 31, 2005

	Invested in capital assets $	Unrestricted $	Total 2005 $	Total 2004 $
BALANCE - beginning of year	65,300	(57,458)	7,842	4,611
Excess of revenues over expenses (expenses over revenues) for the year	(9,896)	667	(9,229)	3,231
Purchase of capital assets	3,138	(3,138)	-	51,657
Amount funded by deferred capital contributions	-	-	-	(51,657)
BALANCE - end of year	58,542	(59,929)	(1,387)	7,842

TRENT RADIO

STATEMENT OF OPERATIONS (Unaudited)

Year Ended August 31, 2005

	2005 $	2004 $
REVENUES		
Membership fees	89,484	84,539
Donations and fundraising	1,037	2,167
Sponsorships	2,198	4,761
Rental income	7,740	6,880
Federal grants	5,690	5,720
Province of Ontario grants	5,943	3,517
Municipal grants	2,865	-
Interest income	88	941
Amortization of deferred contributions	14,089	14,089
	129,134	122,614
EXPENSES		
Salaries, wages and benefits	85,574	67,791
Advertising and promotion	271	276
Equipment and line rentals	3,748	2,943
Postage, stationery and office supplies	1,408	2,548
Telephone	1,641	1,681
Heat and utilities	5,401	5,650
Programming	915	1,182
Repairs and maintenance	7,042	5,118
Professional fees	1,800	2,500
Insurance	3,774	3,721
Interest and bank charges	2,612	245
Amortization of capital assets	23,985	25,164
Miscellaneous	192	564
	138,363	119,383
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FOR THE YEAR	(9,229)	3,231

See accompanying notes to the financial statements

TRENT RADIO

STATEMENT OF CASH FLOWS (Unaudited)

Year Ended August 31, 2005

	2005 $	2004 $
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues) for the year	(9,229)	3,231
Add (deduct) items not involving cash:		
Amortization of capital assets	23,985	25,164
Amortization of deferred contributions	(14,089)	(14,089)
	667	14,306
Changes in non-cash working capital items:		
Accounts receivable	1,381	(3,867)
Prepaid expenses	51	(59)
Accounts payable and accrued liabilities	(8,222)	7,776
Increase (decrease) in deferred contributions for operating funding	831	(225)
	(5,292)	17,931
FINANCING AND INVESTING ACTIVITIES		
Contributions received for capital purposes	14,126	40,220
Purchases of capital assets	(3,138)	(83,481)
Increase (decrease) in long term debt	(2,377)	855
	8,611	(42,406)
INCREASE (DECREASE) IN CASH FOR THE YEAR	3,319	(24,475)
CASH POSITION (BANK ADVANCES) - beginning of year	(14,697)	9,778
CASH POSITION (BANK ADVANCES) - end of year	(11,378)	(14,697)

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 is a registered charity under the Income Tax Act (Canada) and, as such, 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.

(d) Financial instruments

Financial instruments included on the statement of financial position consist of accounts receivable, bank advances, accounts payable and accrued liabilities and long term debt. The fair value of these financial instruments, other than the long term debt, approximates their carrying value due to their short term maturities. The fair value of the long term debt approximates its carrying value, as the future cash flows associated with the long term debt approximate the future cash flows for similar instruments that would be available to the company.

Management has determined that the company is not subject to any significant currency, credit or interest rate risk.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

3. CAPITAL ASSETS

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

	2005 $			2004 $
	Cost	Accumulated amortization	Net book value	Net book value
Land	10,000	-	10,000	10,000
Buildings	94,439	73,751	20,688	24,466
Office equipment	20,774	19,386	1,388	1,612
Technical equipment	242,918	151,502	91,416	108,261
	368,131	244,639	123,492	144,339

4. LONG TERM DEBT

Long term debt consists of deferred payments under an employment contract that were initially payable on September 30, 2004 and that have been converted to a promissory note payable over ten years as follows:

	2005 $	2004 $
7.5% promissory note, payable in 120 blended monthly payments of $400, due August 15, 2014	31,478	33,855
Less principal payments due within one year shown as a current liability	2,559	2,377
	28,919	31,478

The amounts comprising this obligation were charged to operating expenses in the years in which they were earned.

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:

	2005 $	2004 $
Balance - beginning of year	805	1,030
Add (deduct):		
Contributions received for operating purposes	831	-
Amount recognized as revenue in the year	-	(225)
Balance - end of year	1,636	805

(b) Capital assets

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

	2005 $	2004 $
Balance - beginning of year	79,039	52,908
Add (deduct):		
Contributions received for capital purposes	14,126	40,220
Amounts amortized to revenue	(14,089)	(14,089)
Balance - end of year	79,076	79,039
Represented by:		
Deferred capital contributions	64,950	79,039
Unspent capital contributions	14,126	-
	79,076	79,039

6. COMMITMENT

The company is committed to the purchase of a new transmitter at an approximate cost of $17,000 contingent upon the receipt of an equivalent amount of funding.