

Financial Statements of

TRENT RADIO

August 31, 2007

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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, 2007 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.

McC Coll Turner LLP

Licensed Public Accountants

Peterborough, Ontario
November 15, 2007

TRENT RADIO
STATEMENT OF FINANCIAL POSITION (Unaudited)
August 31, 2007

	2007 \$	2006 \$
ASSETS		
CURRENT ASSETS		
Cash	435	1,676
Accounts receivable	11,517	5,426
Prepaid expenses	722	663
	<u>12,674</u>	<u>7,765</u>
CAPITAL ASSETS (note 3)	<u>106,781</u>	<u>133,438</u>
	<u>119,455</u>	<u>141,203</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	4,488	8,346
Current portion of long term debt	-	2,334
	<u>4,488</u>	<u>10,680</u>
LONG TERM DEBT (note 4)	<u>70,789</u>	<u>59,793</u>
DEFERRED CONTRIBUTIONS (note 5)		
Operating fund	1,020	745
Capital assets	58,038	76,380
	<u>59,058</u>	<u>77,125</u>
NET ASSETS		
Invested in capital assets	48,744	57,058
Unrestricted	(63,624)	(63,453)
	<u>(14,880)</u>	<u>(6,395)</u>
	<u>119,455</u>	<u>141,203</u>

See accompanying notes to the financial statements

TRENT RADIO

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

Year Ended August 31, 2007

	Invested in capital assets \$	Unrestricted \$	Total 2007 \$	Total 2006 \$
BALANCE - beginning of year	57,058	(63,453)	(6,395)	(1,387)
Excess of expenses over revenues for the year	(9,159)	674	(8,485)	(5,008)
Purchase of capital assets	845	(845)	-	-
BALANCE - end of year	48,744	(63,624)	(14,880)	(6,395)

See accompanying notes to the financial statements

TRENT RADIO
STATEMENT OF OPERATIONS (Unaudited)
Year Ended August 31, 2007

	2007	2006
	\$	\$
REVENUES		
Membership fees	89,714	93,757
Donations and fundraising	22,909	6,650
Sponsorships	6,233	-
Rental income	7,920	7,740
Federal grants	5,693	18,872
Province of Ontario grants	9,823	10,364
Municipal grants	1,000	3,500
Interest income	12	187
Amortization of deferred contributions	18,342	18,342
	<u>161,646</u>	<u>159,412</u>
EXPENSES		
Salaries, wages and benefits	103,961	110,936
Advertising and promotion	563	723
Equipment and line rentals	3,455	5,378
Postage, stationery and office supplies	997	1,453
Telephone	1,321	1,503
Heat and utilities	4,845	4,924
Programming	5,446	1,804
Repairs and maintenance	10,667	8,998
Professional fees	2,050	1,850
Insurance	4,080	3,767
Interest and bank charges	4,638	2,822
Fundraising and sponsorship expenses	607	-
Amortization of capital assets	27,501	20,062
Miscellaneous	-	200
	<u>170,131</u>	<u>164,420</u>
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	<u>(8,485)</u>	<u>(5,008)</u>

See accompanying notes to the financial statements

TRENT RADIO
STATEMENT OF CASH FLOWS (Unaudited)
Year Ended August 31, 2007

	2007	2006
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenses over revenues for the year	(8,485)	(5,008)
Add (deduct) items not involving cash:		
Amortization of capital assets	27,501	20,062
Amortization of deferred contributions	(18,342)	(18,342)
	674	(3,288)
Changes in non-cash working capital items:		
Accounts receivable	(6,091)	224
Prepaid expenses	(59)	(46)
Accounts payable and accrued liabilities	(3,857)	(8,176)
Increase (decrease) in deferred contributions for operating funding	275	(891)
	(9,058)	(12,177)
FINANCING AND INVESTING ACTIVITIES		
Contributions received for capital purposes	-	15,646
Purchases of capital assets	(845)	(30,008)
Net increase in long term debt	8,662	28,149
	7,817	13,787
INCREASE (DECREASE) IN CASH FOR THE YEAR	(1,241)	1,610
CASH POSITION - beginning of year	1,676	66
CASH POSITION - end of year	435	1,676

See accompanying notes to the financial statements

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2007

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 cash, accounts receivable, 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.

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2007

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:

	2007		2006	
	\$		\$	
	Cost	Accumulated amortization	Net book value	Net book value
Land	10,000	-	10,000	10,000
Building	94,439	81,306	13,133	16,911
Office equipment	20,774	20,424	350	501
Technical equipment	247,252	163,954	83,298	106,026
	372,465	265,684	106,781	133,438

TRENT RADIO
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
August 31, 2007

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:

	2007	2006
	\$	\$
8.4% promissory note, payable in 144 blended monthly payments of \$508, due August 15, 2018	44,789	46,127
Advances from employee	26,000	16,000
Less principal payments due within one year shown as a current liability	-	(2,334)
	<u>70,789</u>	<u>59,793</u>

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

In March 2007, Trent Radio ceased to make principal repayments on the promissory note but continued with monthly interest only payments in the amount of \$312. The terms of the promissory note have been renegotiated for a one year period committing Trent Radio to these interest only payments. Accordingly, no current portion has been reflected in these financial statements.

The advances from employee bear interest at prime and have no fixed terms of repayment.

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2007

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:

	2007	2006
	\$	\$
Balance - beginning of year	745	1,636
Add (deduct):		
Contributions received for operating purposes	375	100
Amount recognized as revenue in the year	(100)	(991)
Balance - end of year	1,020	745

(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 digitizing 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:

	2007	2006
	\$	\$
Balance - beginning of year	76,380	79,076
Add (deduct):		
Contributions received for capital purposes	-	15,646
Amounts amortized to revenue	(18,342)	(18,342)
Balance - end of year	58,038	76,380

6. COMPARATIVE FIGURES

Certain 2006 comparative figures have been reclassified where necessary to conform with the financial statement presentation adopted for 2007.