

Financial Statements of

TRENT RADIO

August 31, 2008

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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, 2008 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
October 31, 2008

TRENT RADIO

STATEMENT OF FINANCIAL POSITION (Unaudited)

August 31, 2008

	2008	2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	-	435
Accounts receivable	2,814	11,517
Prepaid expenses	810	722
	3,624	12,674
CAPITAL ASSETS (note 3)	79,280	106,781
	82,904	119,455
LIABILITIES		
CURRENT LIABILITIES		
Bank advances	3,727	-
Accounts payable and accrued liabilities	2,668	4,488
	6,395	4,488
LONG TERM DEBT (note 4)	59,789	70,789
DEFERRED CONTRIBUTIONS (note 5)		
Operating fund	1,095	1,020
Capital assets	39,696	58,038
	40,791	59,058
NET ASSETS		
Invested in capital assets	39,585	48,744
Unrestricted	(63,656)	(63,624)
	(24,071)	(14,880)
	82,904	119,455

See accompanying notes to the financial statements

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TRENT RADIO

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

Year Ended August 31, 2008

	Invested in capital assets \$	Unrestricted \$	Total 2008 \$	Total 2007 \$
BALANCE - beginning of year	48,744	(63,624)	(14,880)	(6,395)
Excess of expenses over revenues for the year	(9,159)	(32)	(9,191)	(8,485)
BALANCE - end of year	39,585	(63,656)	(24,071)	(14,880)

See accompanying notes to the financial statements

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TRENT RADIO
STATEMENT OF OPERATIONS (Unaudited)
Year Ended August 31, 2008

	2008	2007
	\$	\$
REVENUES		
Membership fees	81,065	89,714
Donations and fundraising	11,334	22,909
Sponsorships	6,972	6,233
Rental income	7,940	7,920
Federal grants	4,495	5,693
Province of Ontario grants	5,946	9,823
Municipal grants	3,500	1,000
Interest income	570	12
Amortization of deferred contributions	18,342	18,342
	<u>140,164</u>	<u>161,646</u>
EXPENSES		
Salaries, wages and benefits	91,536	103,961
Advertising and promotion	398	563
Equipment and line rentals	3,739	3,455
Postage, stationery and office supplies	822	997
Telephone	1,039	1,321
Heat and utilities	4,677	4,845
Programming	860	5,446
Repairs and maintenance	5,440	10,667
Professional fees	2,060	2,050
Insurance	4,151	4,080
Interest and bank charges	5,120	4,638
Fundraising and sponsorship expenses	1,612	607
Bad debts	400	-
Amortization of capital assets	27,501	27,501
	<u>149,355</u>	<u>170,131</u>
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	<u>(9,191)</u>	<u>(8,485)</u>

See accompanying notes to the financial statements

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TRENT RADIO
STATEMENT OF CASH FLOWS (Unaudited)
Year Ended August 31, 2008

	2008	2007
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenses over revenues for the year	(9,191)	(8,485)
Add (deduct) items not involving cash:		
Amortization of capital assets	27,501	27,501
Amortization of deferred contributions	(18,342)	(18,342)
	(32)	674
Changes in non-cash working capital items:		
Accounts receivable	8,703	(6,091)
Prepaid expenses	(88)	(59)
Accounts payable and accrued liabilities	(1,820)	(3,857)
Increase in deferred contributions for operating funding	75	275
	6,838	(9,058)
FINANCING AND INVESTING ACTIVITIES		
Purchase of capital assets	-	(845)
Net increase (decrease) in long term debt	(11,000)	8,662
	(11,000)	7,817
DECREASE IN CASH FOR THE YEAR	(4,162)	(1,241)
CASH POSITION - beginning of year	435	1,676
CASH POSITION - end of year	(3,727)	435

See accompanying notes to the financial statements

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2008

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.

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2008

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:

	2008		2007	
	\$		\$	
	Cost	Accumulated amortization	Net book value	Net book value
Land	10,000	-	10,000	10,000
Building	94,439	85,083	9,356	13,133
Office equipment	20,774	20,576	198	350
Technical equipment	247,252	187,526	59,726	83,298
	372,465	293,185	79,280	106,781

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:

	2008	2007
	\$	\$
8.4% promissory note, payable in 144 blended monthly payments of \$508, due August 15, 2018	44,789	44,789
Advances from employee	15,000	26,000
	59,789	70,789

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

TRENT RADIO
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
August 31, 2008

4. LONG TERM DEBT (continued)

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.

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:

	2008 \$	2007 \$
Balance - beginning of year	1,020	745
Add (deduct):		
Contributions received for operating purposes	175	375
Amount recognized as revenue in the year	(100)	(100)
Balance - end of year	1,095	1,020

(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:

	2008 \$	2007 \$
Balance - beginning of year	58,038	76,380
Deduct amounts amortized to revenue	(18,342)	(18,342)
Balance - end of year	39,696	58,038