

Financial Statements of

TRENT RADIO

August 31, 2011

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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, 2011 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 14, 2011

TRENT RADIO

STATEMENT OF FINANCIAL POSITION (Unaudited)

August 31, 2011

	2011	2010
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	4,358	
Accounts receivable	9,605	3,948
Prepaid expenses	781	783
	<u>14,744</u>	<u>4,731</u>
CAPITAL ASSETS (note 3)	<u>45,373</u>	<u>29,537</u>
	<u>60,117</u>	<u>34,268</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank advances		1,382
Accounts payable and accrued liabilities	38,670	2,743
Current portion of long term debt	2,199	2,023
	<u>40,869</u>	<u>6,148</u>
LONG TERM DEBT (note 4)	<u>53,705</u>	<u>55,904</u>
DEFERRED CONTRIBUTIONS (note 5)		
Operating fund	5,260	1,390
Capital assets	4,256	8,509
	<u>9,516</u>	<u>9,899</u>
NET ASSETS		
Invested in capital assets	9,457	21,029
Unrestricted	(53,430)	(58,712)
	<u>(43,973)</u>	<u>(37,683)</u>
	<u>60,117</u>	<u>34,268</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, 2011

	Invested in capital assets \$	Unrestricted \$	Total 2011 \$	Total 2010 \$
BALANCE - beginning of year	21,029	(58,712)	(37,683)	(32,604)
Excess of revenues over expenses (expenses over revenues) for the year	(11,572)	5,282	(6,290)	(5,079)
BALANCE - end of year	9,457	(53,430)	(43,973)	(37,683)

TRENT RADIO

STATEMENT OF OPERATIONS (Unaudited)

Year Ended August 31, 2011

	2011	2010
	\$	\$
REVENUES		
Membership fees	85,755	84,365
Donations and fundraising	19,834	7,636
Sponsorships	6,064	3,880
Rental income	6,230	8,340
Federal grants	5,483	5,479
Province of Ontario grants	6,108	6,883
Municipal grants	2,500	3,500
Interest income	214	184
Amortization of deferred contributions	4,253	12,845
	<u>136,441</u>	<u>133,112</u>
EXPENSES		
Salaries, wages and benefits	85,950	76,393
Advertising and promotion	936	1,038
Equipment and line rentals	4,214	4,001
Postage, stationery and office supplies	3,109	1,103
Telephone	1,057	1,062
Heat and utilities	4,406	4,172
Programming	984	2,572
Repairs and maintenance	12,860	12,569
Professional fees	2,100	2,050
Insurance	4,297	4,418
Interest and bank charges	5,358	5,453
Fundraising and sponsorship expenses	1,298	
Bad debts	331	
Amortization of capital assets	15,825	23,360
Miscellaneous	6	
	<u>142,731</u>	<u>138,191</u>
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	<u>(6,290)</u>	<u>(5,079)</u>

See accompanying notes to the financial statements

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TRENT RADIO
STATEMENT OF CASH FLOWS (Unaudited)
Year Ended August 31, 2011

	2011	2010
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenses over revenues for the year	(6,290)	(5,079)
Add (deduct) items not involving cash:		
Amortization of capital assets	15,825	23,360
Amortization of deferred contributions	(4,253)	(12,845)
	5,282	5,436
Changes in non-cash working capital items:		
Accounts receivable	(5,657)	(312)
Prepaid expenses	2	(42)
Accounts payable and accrued liabilities	35,927	(2,083)
Deferred contributions for operating funding	3,870	635
	39,424	3,634
FINANCING AND INVESTING ACTIVITIES		
Repayment of long term debt	(2,023)	(1,862)
Purchase of capital assets	(31,661)	-
	(33,684)	(1,862)
INCREASE IN CASH FOR THE YEAR	5,740	1,772
CASH POSITION - beginning of year	(1,382)	(3,154)
CASH POSITION - end of year	4,358	(1,382)

See accompanying notes to the financial statements

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2011

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, 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, 2011

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:

	2011		2010	
	\$		\$	
	Cost	Accumulated amortization	Net book value	Net book value
Land	10,000		10,000	10,000
Building	126,100	97,683	28,417	1,800
Office equipment	20,774	20,774		16
Technical equipment	247,252	240,296	6,956	17,721
	404,126	358,753	45,373	29,537

4. LONG TERM DEBT

Long term debt is as follows:

	2011	2010
	\$	\$
8.5% promissory note, payable in 192 blended monthly payments of \$565, due August 15, 2025	55,904	57,927
Less principal payments due within one year classified as a current liability	(2,199)	(2,023)
	53,705	55,904

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2011

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:

	2011	2010
	\$	\$
Balance - beginning of year	1,390	755
Add (deduct):		
Contributions received during the year	5,970	695
Amount recognized as revenue in the <u>year</u>	(2,100)	(60)
Balance - end of year	5,260	1,390

(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:

	2011	2010
	\$	\$
Balance - beginning of year	8,509	21,354
<u>Deduct amounts amortized to revenue</u>	<u>(4,253)</u>	<u>(12,845)</u>
Balance - end of year	4,256	8,509