

Financial Statements of

TRENT RADIO

August 31, 2016

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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, 2016 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 inquiry, analytical procedures and discussion related to information supplied to us by the organization.

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 accounting standards for not-for-profit organizations.

McColl Turner LLP

Licensed Public Accountants

Peterborough, Ontario
November 14, 2016

TRENT RADIO

STATEMENT OF FINANCIAL POSITION (Unaudited)

August 31, 2016

	2016	2015
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	10,109	29,285
Accounts receivable	19,830	5,775
Prepaid expenses	1,596	1,692
	<u>31,535</u>	<u>36,752</u>
CAPITAL ASSETS (note 4)	<u>66,612</u>	<u>42,214</u>
	<u>98,147</u>	<u>78,966</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	44,624	2,898
Current portion of long term debt	3,334	3,066
	<u>47,958</u>	<u>5,964</u>
LONG TERM DEBT (note 5)	39,495	42,833
DEFERRED CONTRIBUTIONS (note 6)	80	31,300
	<u>87,533</u>	<u>80,097</u>
NET ASSETS		
Invested in capital assets	66,612	42,214
Unrestricted	(55,998)	(43,345)
	<u>10,614</u>	<u>(1,131)</u>
	<u>98,147</u>	<u>78,966</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, 2016

	Invested in capital assets \$	Unrestricted \$	2016 \$
BALANCE - beginning of year	42,214	(43,345)	(1,131)
Excess of revenues over expenses (expenses over revenues) for the year	(9,883)	21,628	11,745
Operating funds used to purchase capital assets	34,281	(34,281)	-
BALANCE - end of year	66,612	(55,998)	10,614

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

Year Ended August 31, 2015

	Invested in capital assets \$	Unrestricted \$	2015 \$
BALANCE - beginning of year	46,691	(67,660)	(20,969)
Excess of revenues over expenses (expenses over revenues) for the year	(8,511)	28,349	19,838
Operating funds used to purchase capital assets	4,034	(4,034)	-
BALANCE - end of year	42,214	(43,345)	(1,131)

See accompanying notes to the financial statements

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TRENT RADIO

STATEMENT OF OPERATIONS (Unaudited)

Year Ended August 31, 2016

	2016	2015
	\$	\$
REVENUES		
Membership fees	113,225	116,211
Donations and fundraising	72,263	47,885
Sponsorships	1,149	2,172
Federal grants	7,052	2,640
Province of Ontario grants	7,214	4,544
Municipal grants	750	2,500
Production and management fees (note 7)	67,035	69,470
Rental income	10,365	10,584
Interest income	324	-
	<u>279,377</u>	<u>256,006</u>
EXPENSES		
Salaries, wages and benefits	163,801	142,877
Advertising and promotion	930	1,938
Equipment and line rentals	4,260	4,245
Postage, stationery and office supplies	2,038	2,064
Telephone	839	1,395
Heat and utilities	4,643	4,601
Programming	3,338	2,595
Repairs and maintenance	24,288	15,019
Professional fees	3,500	2,900
Insurance	3,468	3,563
Interest and bank charges	4,489	4,450
Production and management expenses (note 7)	41,784	42,162
Amortization of capital assets	9,883	8,511
Miscellaneous	371	(152)
	<u>267,632</u>	<u>236,168</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	<u>11,745</u>	<u>19,838</u>

See accompanying notes to the financial statements

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TRENT RADIO

STATEMENT OF CASH FLOWS (Unaudited)

Year Ended August 31, 2016

	2016	2015
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	11,745	19,838
Add amortization, an item not involving cash	9,883	8,511
	21,628	28,349
Changes in non-cash working capital items:		
Accounts receivable	(14,055)	(358)
Prepaid expenses	96	(187)
Accounts payable and accrued liabilities	41,726	(134)
Deferred contributions for operating funding	(31,220)	7,690
	18,175	35,360
FINANCING AND INVESTING ACTIVITIES		
Repayment of long term debt	(3,070)	(2,820)
Purchase of capital assets	(34,281)	(4,034)
	(37,351)	(6,854)
INCREASE (DECREASE) IN CASH FOR THE YEAR	(19,176)	28,506
CASH POSITION - beginning of year	29,285	779
CASH POSITION - end of year	10,109	29,285

See accompanying notes to the financial statements

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TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2016

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 organization 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) *Basis of accounting*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) *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.

(c) *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.

(d) *Financial instruments*

Financial instruments are measured at fair value and then subsequently measured at amortized cost. Transaction costs incurred on the recognition of financial instruments are recognized over the life of the instrument.

(e) *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, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Significant items subject to such estimates and assumptions include the collectibility of accounts receivable and the estimated useful life of capital assets. Actual results could differ from those estimates.

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) *Measurement of 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 organization.

(b) *Risks*

The company is exposed to various risks associated with its financial instruments as described below. Unless otherwise noted, there has been no change in risk exposure from the prior year.

(i) *Liquidity risk*

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements.

(ii) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge the obligation. The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable. Accounts receivable are non-interest bearing and are generally due in 30 days. At year end there is no allowance for doubtful accounts as the organization believes the amounts are fully collectible.

(iii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2016

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(iii) Interest rate risk (continued)

The long-term debt is at a fixed rate of interest and payments are based on the contractual requirements of the debt instrument. A change in market interest rates has no impact on cash flows required to service these debts. Consequently, the organization is not exposed to significant interest rate risk.

4. CAPITAL ASSETS

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

	August 31, 2016		August 31, 2015	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	10,000	-	10,000	-
Building	171,289	126,203	137,008	119,351
Office equipment	20,774	20,774	20,774	20,774
Technical equipment	268,476	256,950	268,476	253,919
	<u>470,539</u>	<u>403,927</u>	<u>436,258</u>	<u>394,044</u>
Net book value		<u>66,612</u>		<u>42,214</u>

5. LONG TERM DEBT

Long term debt is as follows:

	2016 \$	2015 \$
8.5% promissory note, repayable in blended monthly payments of \$565, due August 15, 2025	42,829	45,899
Less principal payments due within one year classified as a current liability	(3,334)	(3,066)
	<u>39,495</u>	<u>42,833</u>

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2016

5. LONG TERM DEBT (continued)

Principal repayments of the long term debt are due as follows:

	\$
2017	3,334
2018	3,622
2019	3,937
2020	4,282
2021	4,651
Thereafter	23,003
	<u>42,829</u>

6. DEFERRED CONTRIBUTIONS

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:

	2016	2015
	\$	\$
Balance - beginning of year	31,300	23,610
Add (deduct):		
Contributions received during the year	80	30,470
Amounts recognized as revenue in the year	(31,300)	(22,780)
<u>Balance - end of year</u>	<u>80</u>	<u>31,300</u>

7. TRENT ANNUAL YEARBOOK

Trent Radio has been appointed by the Trent Student Annual Publication Corporation (TSAPC) to manage and administer the affairs of TSAPC for the period commencing September 1, 2014 and ending on August 31, 2017. As such, Trent Radio will be paid an annual sum from TSAPC and incur costs in relation to management and administration.

	2016	2015
	\$	\$
Production and management fees	67,035	69,470
Production and management expenses	(41,784)	(42,162)
	<u>25,251</u>	<u>27,308</u>

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2016

8. ECONOMIC DEPENDENCE

Membership fees consist primarily of ancillary student fees levied to students enrolled at Trent University. Trent Radio relies upon the University to determine enrolment data and levy the appropriate fees to the students. The levy has been approved by student referendum and is collected from full-time students of Trent University in Peterborough.