Grant Thornton

Financial Statements

Trent Radio

August 31, 2019

Contents

Independent Practitioner's Review Engagement Report

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To the Directors of
Trent Radio

We have reviewed the accompanying financial statements of Trent Radio that comprise the statement of financial position as at August 31, 2019, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Trent Radio as at August 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Peterborough, Canada
November 27, 2019

Chartered Professional Accountants
Licensed Public Accountants

Trent Radio
Statement of Financial Position

August 31	2019	2018
Assets		
Current		
Cash	**$ 13,657**	$ 6,355
Accounts receivable	**17,403**	10,494
Prepaid expenses	**2,105**	1,815
	33,165	18,664
Capital assets (Note 4)	**127,802**	146,274
	$ 160,967	$ 164,938

	2019	2018
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 3,782**	$ 60,388
Current portion of long-term debt (Note 5)	**4,279**	3,938
	8,061	64,326
Long-term debt (Note 5)	**27,735**	31,934
Deferred contributions (Note 6)	**935**	910
	36,731	97,170
Net assets		
Invested in capital assets	**127,802**	146,274
Unrestricted	**(3,566)**	(78,506)
	124,236	67,768
	$ 160,967	$ 164,938

See accompanying notes to the financial statements.

Trent Radio
Statement of Changes in Net Assets
Year ended August 31

2019

	Invested in capital assets	Unrestricted	Total
Balance, beginning of year	$ 146,274	$ (78,506)	**$ 67,768**
Excess (deficiency) of revenues over expenditures	(18,472)	74,940	**56,468**
Balance, end of year	$ 127,802	$ (3,566)	**$ 124,236**

2018

	Invested in capital assets	Unrestricted	Total
Balance, beginning of year	$ 129,573	$ (97,593)	$ 31,980
Excess (deficiency) of revenues over expenditures	(20,587)	56,375	35,788
Operating funds used to purchase capital assets	37,288	(37,288)	-
Balance, end of year	$ 146,274	$ (78,506)	$ 67,768

Trent Radio
Statement of Operations

Year ended August 31	2019	2018
Revenues		
Membership fees	**$ 158,115**	$ 137,517
Production and management fees (Note 7)	**91,718**	74,667
Donations and fundraising	**55,674**	56,527
Rental income	**11,177**	10,992
Federal grants	**8,717**	6,720
Provincial grants	**5,903**	5,668
Sponsorships	**1,100**	1,100
Municipal grants	**1,000**	1,000
Interest income	**277**	175
	333,681	294,366
Expenditures		
Salaries and related benefits	**178,440**	167,106
Production and management expenses (Note 7)	**34,147**	33,760
Amortization	**18,472**	20,587
Repairs and maintenance	**16,343**	8,345
Equipment rental	**4,774**	4,590
Heat and utilities	**4,413**	4,202
Insurance	**3,892**	3,642
Interest and bank charges	**3,854**	6,518
Programming and licenses	**3,688**	2,259
Professional fees	**3,670**	3,850
Office	**2,480**	1,760
Advertising and promotion	**1,977**	1,825
Telephone	**993**	1,262
Miscellaneous	**70**	172
Bad debts (recovered)	**-**	(1,300)
	277,213	258,578
Excess of revenues over expenditures	**$ 56,468**	$ 35,788

Trent Radio
Statement of Cash Flows

Year ended August 31	2019	2018
Increase (decrease) in cash		
Operating		
Excess of revenues over expenditures	**$ 56,468**	$ 35,788
Item not affecting cash		
Amortization	**18,472**	20,587
	74,940	56,375
Change in non-cash working capital items		
Accounts receivable	**(6,909)**	(4,484)
Prepaid expenses	**(290)**	(196)
Accounts payable and accrued liabilities	**(56,606)**	5,850
Deferred contributions for operating funding	**25**	(21,927)
	11,160	35,618
Financing		
Repayment of long-term debt	**(3,858)**	(3,622)
Investing		
Purchase of capital assets	**-**	(37,288)
Increase (decrease) in cash	**7,302**	(5,292)
Cash		
Beginning of year	**6,355**	11,647
End of year	**$ 13,657**	$ 6,355

See accompanying notes to the financial statements.

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

Basis of presentation

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

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 assured.

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 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.

Membership fees and rental income are taken into income ratably over the terms of service.

Production and management fees are earned for providing management and administration services under the TSAPC agreement. These fees are recognized when services are performed.

Capital assets

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.

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.

2. Significant accounting policies (continued)

Financial instruments

The organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The organization accounts for the following as financial instruments:

- cash
- accounts receivable
- accounts payable
- long term debt

A financial asset or liability is recognized when the organization becomes party to contractual provisions of the instrument.

The organization initially measures its financial assets and financial liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash which is subsequently measured at fair value.

Financial assets or liabilities obtained in related party transactions are measured at the exchange amount.

The organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to revenue and expenditures as appropriate in the year they become known. Items subject to significant management estimates include the collectibility of accounts receivable and the estimated useful life of capital assets. Actual results could differ from those estimates.

3. Financial instruments risks

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

(a) 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.

3. Financial instruments risks (continued)

(b) 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. An impairment allowance is recorded based on management's review and identification of specific accounts. At year end, accounts receivable includes an allowance for doubtful accounts in the amount of $ nil (2018 - $995).

(c) 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. 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:

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 10,000	$ -	$ 10,000	$ -
Building	213,564	146,563	213,564	141,597
Office equipment	20,774	20,774	20,774	20,774
Technical equipment	343,400	292,599	343,400	279,093
	587,738	459,936	587,738	441,464
Net book value	**$ 127,802**		$ 146,274	

5. Long-term debt

Long term debt is as follows:

	2019	2018
8.5% promissory note, repayable in blended monthly payments of $565, due August 15, 2025	**$ 32,014**	$ 35,872
Less principal payments due within one year classified as a current liability	**4,279**	3,938
Due beyond one year	**$ 27,735**	$ 31,934

Principal repayments until maturity are as follows:

2020	$ 4,279
2021	4,651
2022	5,055
2023	5,493
2024	5,971
Subsequent years	6,565
	$ 32,014

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:

	2019	2018
Balance - beginning of year	$ 910	$ 22,837
Add (deduct):		
Contributions received during the year	25	-
Amounts recognized as revenue in the year	-	(21,927)
Balance - end of year	$ 935	$ 910

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. As such, Trent Radio receives an annual sum from TSAPC and incurs costs in relation to management and administration.

	2019	2018
Production and management fees	$ 87,790	$ 74,349
Production and management expenses	(34,147)	(33,760)
	$ 53,643	$ 40,589

8. Economic dependence

Membership fees consist primarily of ancillary student fees levied to full-time students enrolled at the Peterborough campus of Trent University. Trent Radio relies upon the University to determine enrolment data and levy the appropriate fees to the students. Until January 2019, the levy had been approved by student referendum.

In January 2019 the Ministry of Training, Colleges and Universities established a new framework dividing ancillary fees into essential and non-essential categories. Under this new framework, students have the ability to opt out of non-essential fees each semester. The levy for Trent Radio is part of the non-essential ancillary fees. This framework is currently under review and consequently the impact for fiscal 2020 and beyond is indeterminable.