

Financial Statements of

TRENT RADIO

August 31, 2010

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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, 2010 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.

McColl Turner LLP

Licensed Public Accountants

Peterborough, Ontario
November 10, 2010

TRENT RADIO

STATEMENT OF FINANCIAL POSITION (Unaudited)

August 31, 2010

	2010 \$	2009 \$
ASSETS		
CURRENT ASSETS		
Accounts receivable	3,948	2,593
Prepaid expenses	783	741
	4,731	3,334
CAPITAL ASSETS (note 3)	29,537	52,897
	34,268	56,231
LIABILITIES		
CURRENT LIABILITIES		
Bank advances	1,382	3,154
Accounts payable and accrued liabilities	2,743	3,783
Current portion of long term debt	2,023	1,862
	6,148	8,799
LONG TERM DEBT (note 4)	55,904	57,927
DEFERRED CONTRIBUTIONS (note 5)		
Operating fund	1,390	755
Capital assets	8,509	21,354
	9,899	22,109
NET ASSETS		
Invested in capital assets	21,029	31,544
Unrestricted	(58,712)	(64,148)
	(37,683)	(32,604)
	34,268	56,231

See accompanying notes to the financial statements

TRENT RADIO

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

Year Ended August 31, 2010

	Invested in capital assets \$	Unrestricted \$	Total 2010 \$	Total 2009 \$
BALANCE - beginning of year	31,544	(64,148)	(32,604)	(24,071)
Excess of revenues over expenses (expenses over revenues) for the year	(10,515)	5,436	(5,079)	(8,533)
BALANCE - end of year	21,029	(58,712)	(37,683)	(32,604)

TRENT RADIO

STATEMENT OF OPERATIONS (Unaudited)

Year Ended August 31, 2010

	2010	2009
	\$	\$
REVENUES		
Membership fees	84,365	84,715
Donations and fundraising	7,636	16,218
Sponsorships	3,880	5,194
Rental income	8,340	8,340
Federal grants	5,479	5,078
Province of Ontario grants	6,883	5,863
Municipal grants	3,500	3,500
Interest income	184	247
Amortization of deferred contributions	12,845	18,342
	133,112	147,497
EXPENSES		
Salaries, wages and benefits	76,393	83,587
Advertising and promotion	1,038	426
Equipment and line rentals	4,001	4,023
Postage, stationery and office supplies	1,103	1,157
Telephone	1,062	1,265
Heat and utilities	4,172	5,102
Programming	2,572	7,676
Repairs and maintenance	12,569	14,562
Professional fees	2,050	2,100
Insurance	4,418	4,374
Interest and bank charges	5,453	4,869
Fundraising and sponsorship expenses	-	450
Amortization of capital assets	23,360	26,383
Miscellaneous	-	56
	138,191	156,030
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(5,079)	(8,533)

TRENT RADIO**STATEMENT OF CASH FLOWS (Unaudited)****Year Ended August 31, 2010**

	2010 \$	2009 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenses over revenues for the year	(5,079)	(8,533)
Add (deduct) items not involving cash:		
Amortization of capital assets	23,360	26,383
Amortization of deferred contributions	(12,845)	(18,342)
	5,436	(492)
Changes in non-cash working capital items:		
Accounts receivable	(312)	221
Prepaid expenses	(42)	69
Accounts payable and accrued liabilities	(2,083)	1,115
Deferred contributions for operating funding	635	(340)
	3,634	573
FINANCING AND INVESTING ACTIVITIES		
Repayment of long term debt	(1,862)	-
INCREASE IN CASH FOR THE YEAR	1,772	573
CASH POSITION - beginning of year	(3,154)	(3,727)
CASH POSITION - end of year	(1,382)	(3,154)

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2010

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, 2010

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:

		2010 \$		2009 \$
	Cost	Accumulated amortization	Net book value	Net book value
Land	10,000	-	10,000	10,000
Building	94,439	92,639	1,800	5,578
Office equipment	20,774	20,758	16	77
Technical equipment	247,252	229,531	17,721	37,242
	372,465	342,928	29,537	52,897

4. LONG TERM DEBT

In June 2009, Trent Radio entered into a promissory note which amalgamated the previous components of long-term debt. Terms of the new promissory note are as follows:

	2010 \$	2009 \$
8.5% promissory note, payable in 192 blended monthly payments of \$565, due August 15, 2025	57,927	59,789
Less principal payments due within one year classified as a current liability	(2,023)	(1,862)
	55,904	57,927

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2010

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:

	2010 \$	2009 \$
Balance - beginning of year	755	1,095
Add (deduct):		
Contributions received during the year	695	60
Amount recognized as revenue in the year	(60)	(400)
Balance - end of year	1,390	755

(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:

	2010 \$	2009 \$
Balance - beginning of year	21,354	39,696
Deduct amounts amortized to revenue	(12,845)	(18,342)
Balance - end of year	8,509	21,354

6. COMPARATIVE FIGURES

Certain 2009 comparative figures have been reclassified where necessary to conform with the financial statement presentation adopted for 2010.