

Financial Statements of

TRENT RADIO

August 31, 2012

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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, 2012 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 13, 2012

TRENT RADIO

STATEMENT OF FINANCIAL POSITION (Unaudited)

August 31, 2012

	2012 \$	2011 \$
ASSETS		
CURRENT ASSETS		
Cash	-	4,358
Accounts receivable	7,367	9,605
Prepaid expenses	735	781
	8,102	14,744
CAPITAL ASSETS (note 3)	43,102	45,373
	51,204	60,117
LIABILITIES		
CURRENT LIABILITIES		
Bank advances	4,574	-
Accounts payable and accrued liabilities	37,196	38,670
Current portion of long term debt	2,390	2,199
	44,160	40,869
LONG TERM DEBT (note 4)	51,315	53,705
DEFERRED CONTRIBUTIONS (note 5)		
Operating fund	925	5,260
Capital assets	-	4,256
	925	9,516
NET ASSETS		
Invested in capital assets	3,620	9,457
Unrestricted	(48,816)	(53,430)
	(45,196)	(43,973)
	51,204	60,117

See accompanying notes to the financial statements

TRENT RADIO

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

Year Ended August 31, 2012

	Invested in capital assets \$	Unrestricted \$	Total 2012 \$	Total 2011 \$
BALANCE - beginning of year	9,457	(53,430)	(43,973)	(37,683)
Excess of revenues over expenses (expenses over revenues) for the year	(5,837)	4,614	(1,223)	(6,290)
BALANCE - end of year	3,620	(48,816)	(45,196)	(43,973)

TRENT RADIO

STATEMENT OF OPERATIONS (Unaudited)

Year Ended August 31, 2012

	2012 \$	2011 \$
REVENUES		
Membership fees	107,350	85,755
Donations and fundraising	20,386	19,834
Sponsorships	1,326	6,064
Rental income	9,960	6,230
Federal grants	5,487	5,483
Province of Ontario grants	6,169	6,108
Municipal grants	2,500	2,500
Interest income	36	214
Amortization of deferred contributions	4,253	4,253
	157,467	136,441
EXPENSES		
Salaries, wages and benefits	113,762	85,950
Advertising and promotion	1,185	936
Equipment and line rentals	3,935	4,214
Postage, stationery and office supplies	2,318	3,109
Telephone	1,105	1,057
Heat and utilities	3,812	4,406
Programming	1,763	984
Repairs and maintenance	9,119	12,860
Professional fees	2,350	2,100
Insurance	3,758	4,297
Interest and bank charges	5,470	5,358
Fundraising and sponsorship expenses	40	1,298
Bad debts	-	331
Amortization of capital assets	10,090	15,825
Miscellaneous	(17)	6
	158,690	142,731
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(1,223)	(6,290)

TRENT RADIO**STATEMENT OF CASH FLOWS (Unaudited)****Year Ended August 31, 2012**

	2012 \$	2011 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenses over revenues for the year	(1,223)	(6,290)
Add (deduct) items not involving cash:		
Amortization of capital assets	10,090	15,825
Amortization of deferred contributions	(4,253)	(4,253)
	4,614	5,282
Changes in non-cash working capital items:		
Accounts receivable	2,238	(5,657)
Prepaid expenses	47	2
Accounts payable and accrued liabilities	(1,479)	35,927
Deferred contributions for operating funding	(4,335)	3,870
	1,085	39,424
FINANCING AND INVESTING ACTIVITIES		
Repayment of long term debt	(2,199)	(2,023)
Purchase of capital assets	(7,818)	(31,661)
	(10,017)	(33,684)
INCREASE (DECREASE) IN CASH FOR THE YEAR	(8,932)	5,740
CASH POSITION - beginning of year	4,358	(1,382)
CASH POSITION - end of year	(4,574)	4,358

See accompanying notes to the financial statements

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2012

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, 2012

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:

		2012 \$		2011 \$
	Cost	Accumulated amortization	Net book value	Net book value
Land	10,000	-	10,000	10,000
Building	130,689	102,910	27,779	28,417
Office equipment	20,774	20,774	-	-
Technical equipment	250,482	245,159	5,323	6,956
	411,945	368,843	43,102	45,373

4. LONG TERM DEBT

Long term debt is as follows:

	2012 \$	2011 \$
8.5% promissory note, payable in 192 blended monthly payments of \$565, due August 15, 2025	53,705	55,904
Less principal payments due within one year classified as a current liability	(2,390)	(2,199)
	51,315	53,705

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2012

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:

	2012 \$	2011 \$
Balance - beginning of year	5,260	1,390
Add (deduct):		
Contributions received during the year	120	5,970
Amount recognized as revenue in the year	(4,455)	(2,100)
Balance - end of year	925	5,260

(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:

	2012 \$	2011 \$
Balance - beginning of year	4,256	8,509
Deduct amounts amortized to revenue	(4,256)	(4,253)
Balance - end of year	-	4,256