

**Financial Statements of**

**TRENT RADIO**

**August 31, 2013 and 2012**

**Table of Contents**

	<b>Page Number</b>
<b>REVIEW ENGAGEMENT REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	1
Statements of Changes in Net Assets	2
Statements of Operations	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 - 9



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## REVIEW ENGAGEMENT REPORT

To the Directors  
Trent Radio

We have reviewed the statements of financial position of Trent Radio as at August 31, 2013, August 30, 2012 and September 1, 2011 and the statements of changes in net assets, operations and cash flows for the years ended August 31, 2013 and 2012. Our reviews were made in accordance with 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 reviews, 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 4, 2013

# TRENT RADIO

## STATEMENTS OF FINANCIAL POSITION (Unaudited)

August 31, 2013 and 2012 and August 1, 2011

	August 31, 2013 \$	August 31, 2012 \$	September 1, 2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	9,219	-	4,358
Accounts receivable	10,969	7,367	9,605
Prepaid expenses	2,510	735	781
	22,698	8,102	14,744
<b>CAPITAL ASSETS</b> (note 5)	47,565	43,102	45,373
	70,263	51,204	60,117
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank advances	-	4,574	-
Accounts payable and accrued liabilities	52,419	37,196	38,670
Current portion of long term debt	2,597	2,390	2,199
	55,016	44,160	40,869
<b>LONG TERM DEBT</b> (note 6)	48,719	51,315	53,705
<b>DEFERRED CONTRIBUTIONS</b> (note 7)			
Operating fund	15,870	925	5,260
Capital assets	-	-	4,256
	15,870	925	9,516
	119,605	96,400	104,090
<b>NET ASSETS</b>			
Invested in capital assets	47,565	3,620	9,457
Unrestricted	(96,907)	(48,816)	(53,430)
	(49,342)	(45,196)	(43,973)
	70,263	51,204	60,117

See accompanying notes to the financial statements

## TRENT RADIO

### STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

Years Ended August 31, 2013 and 2012

	Invested in capital assets \$	Unrestricted \$	2013 \$
<b>BALANCE</b> - beginning of year	3,620	(48,816)	(45,196)
Excess of revenue over expenses (expenses over revenues) for the year	(8,694)	4,548	(4,146)
Operating funds used to purchase capital assets	13,157	(13,157)	-
Operating funds used to repay debt incurred for purchase of capital assets	39,482	(39,482)	-
<b>BALANCE</b> - end of year	47,565	(96,907)	(49,342)

	Invested in capital assets \$	Unrestricted \$	2012 \$
<b>BALANCE</b> - beginning of year	9,457	(53,430)	(43,973)
Excess of revenue over expenses (expenses over revenues) for the year	(5,837)	4,614	(1,223)
<b>BALANCE</b> - end of year	3,620	(48,816)	(45,196)

# TRENT RADIO

## STATEMENTS OF OPERATIONS (Unaudited) Years Ended August 31, 2013 and 2012

	2013 \$	2012 \$
<b>REVENUES</b>		
Membership fees	109,882	107,350
Donations and fundraising	34,473	20,386
Sponsorships	855	1,326
Rental income	10,260	9,960
Federal grants	5,377	5,487
Province of Ontario grants	5,202	6,169
Municipal grants	2,500	2,500
Interest income	2	36
Amortization of deferred contributions	-	4,253
	168,551	157,467
<b>EXPENSES</b>		
Salaries, wages and benefits	104,831	113,762
Advertising and promotion	1,682	1,185
Equipment and line rentals	4,447	3,935
Postage, stationery and office supplies	3,618	2,318
Telephone	1,329	1,105
Heat and utilities	4,112	3,812
Programming	4,184	1,763
Repairs and maintenance	28,597	9,119
Professional fees	2,350	2,350
Insurance	3,591	3,758
Interest and bank charges	5,260	5,470
Fundraising and sponsorship expenses	-	40
Amortization of capital assets	8,694	10,090
Miscellaneous	2	(17)
	172,697	158,690
<b>EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR</b>	<b>(4,146)</b>	<b>(1,223)</b>

**TRENT RADIO****STATEMENTS OF CASH FLOWS (Unaudited)**  
**Years Ended August 31, 2013 and 2012**

	2013 \$	2012 \$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenues for the year	(4,146)	(1,223)
Add (deduct) items not involving cash:		
Amortization of capital assets	8,694	10,090
Amortization of deferred contributions	-	(4,253)
	4,548	4,614
Changes in non-cash working capital items:		
Accounts receivable	(3,602)	2,238
Prepaid expenses	(1,775)	47
Accounts payable and accrued liabilities	15,223	(1,479)
Deferred contributions for operating funding	14,945	(4,335)
	29,339	1,085
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Repayment of long term debt	(2,389)	(2,199)
Purchase of capital assets	(13,157)	(7,818)
	(15,546)	(10,017)
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	13,793	(8,932)
<b>CASH POSITION - beginning of year</b>	(4,574)	4,358
<b>CASH POSITION - end of year</b>	9,219	(4,574)

# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2013 and 2012

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### 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) *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.

#### (e) *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. Actual results could differ from those estimates.

# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2013 and 2012

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### 3. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective September 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). These are the organization's first financial statements prepared in accordance with ASNPO and the transitional provisions of Section 1501, First-time Adoption by Not-for-Profit Organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended August 31, 2013, the comparative information for the year ended August 31, 2012 and the opening ASNPO statement of financial position at September 1, 2011 (the organization's date of transition).

The organization issued financial statements for the year ended August 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook – Accounting. The adoption of ASNPO did not result in any adjustments to the previously reported assets, liabilities, net assets, results of operations and cash flows of the organization.

### 4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### (a) *Measurement of 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 organization.

#### (b) *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.

#### (c) *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.



# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2013 and 2012

### 4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

#### (d) 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 organization's interest-bearing liabilities include accounts payable and long-term debt.

The organization has a fixed interest rate on accounts payable and long term debt. 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.

### 5. CAPITAL ASSETS

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

	August 31, 2013		August 31, 2012	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	10,000	-	10,000	-
Building	137,008	108,390	130,689	102,910
Office equipment	20,774	20,774	20,774	20,774
Technical equipment	257,320	248,373	250,482	245,159
	425,102	377,537	411,945	368,843
Net book value		47,565		43,102

### 6. LONG TERM DEBT

Long term debt is as follows:

	2013 \$	2012 \$
8.5% promissory note, payable in 192 blended monthly payments of \$565, due August 15, 2025	51,316	53,705
Less principal payments due within one year classified as a current liability	(2,597)	(2,390)
	48,719	51,315

# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2013 and 2012

### 6. LONG TERM DEBT (continued)

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

	\$
2014	2,597
2015	2,823
2016	3,067
2017	3,334
2018	3,623
Thereafter	35,872
	<u>51,316</u>

### 7. 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:

	2013 \$	2012 \$
Balance - beginning of year	925	5,260
Add (deduct):		
Contributions received during the year	15,080	120
Amount recognized as revenue in the year	(135)	(4,455)
Balance - end of year	<u>15,870</u>	<u>925</u>

#### (b) Capital assets

Deferred contributions related to capital assets represent restricted contributions with which the organization's building was originally purchased and renovated, contributions from the Ontario Trillium Foundation to fund the cost of digitizing the organization'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:

	2013 \$	2012 \$
Balance - beginning of year	-	4,256
Deduct amounts amortized to revenue	-	(4,256)
Balance - end of year	<u>-</u>	<u>-</u>

# TRENT RADIO

**NOTES TO THE FINANCIAL STATEMENTS (Unaudited)**  
**August 31, 2013 and 2012**

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## **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.