

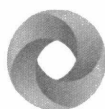
Financial Statements of

TRENT RADIO

August 31, 2018

Table of Contents

	Page Number
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 9



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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, 2018, 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, 2018, 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.

Other matter

The financial statements of Trent Radio as at and for the year ended August 31, 2017 were reviewed by McColl Turner LLP, who expressed an unmodified conclusion on those statements on November 16, 2017. The partner and staff of McColl Turner LLP joined grant Thornton LLP subsequent to November 16, 2017.

Grant Thornton LLP

Peterborough, Canada
November 21, 2018

Chartered Professional Accountants
Licensed Public Accountants

TRENT RADIO
STATEMENT OF FINANCIAL POSITION
August 31

	2018	2017
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	6,355	11,647
Accounts receivable	10,494	6,010
Prepaid expenses	1,815	1,619
	18,664	19,276
CAPITAL ASSETS (note 4)	146,276	129,575
	164,940	148,851
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	60,390	54,540
Current portion of long term debt	3,938	3,623
	64,328	58,163
LONG TERM DEBT (note 5)	31,934	35,872
DEFERRED CONTRIBUTIONS (note 6)	910	22,837
	97,172	116,872
NET ASSETS		
Invested in capital assets	146,274	129,573
Unrestricted	(78,506)	(97,593)
	67,768	31,980
	164,940	148,852

TRENT RADIO

STATEMENT OF CHANGES IN NET ASSETS

Year Ended August 31

	Invested in capital assets \$	Unrestricted \$	2018 \$
BALANCE - beginning of year	129,573	(97,593)	31,980
Excess of revenues over expenses (expenses over revenues) for the year	(20,587)	56,375	35,788
<u>Operating funds used to purchase capital assets</u>	<u>37,288</u>	<u>(37,288)</u>	<u>-</u>
BALANCE - end of year	146,274	(78,506)	67,768

STATEMENT OF CHANGES IN NET ASSETS

Year Ended August 31

	Invested in capital assets \$	Unrestricted \$	2017 \$
BALANCE - beginning of year	66,612	(55,998)	10,614
Excess of revenues over expenses (expenses over revenues) for the year	(16,951)	38,317	21,366
<u>Operating funds used to purchase capital assets</u>	<u>79,912</u>	<u>(79,912)</u>	<u>-</u>
BALANCE - end of year	129,573	(97,593)	31,980

TRENT RADIO
STATEMENT OF OPERATIONS
Year Ended August 31

	2018	2017
	\$	\$
REVENUES		
Membership fees	137,517	126,999
Donations and fundraising	56,527	63,592
Sponsorships	1,100	2,805
Federal grants	6,720	2,706
Province of Ontario grants	5,668	6,667
Municipal grants	1,000	2,500
Production and management fees (note 7)	74,667	74,983
Rental income	10,992	10,955
Interest income	175	60
	<u>294,366</u>	<u>291,267</u>
EXPENSES		
Salaries, wages and benefits	167,106	158,590
Advertising and promotion	1,177	1,369
Equipment and line rentals	4,590	4,899
Postage, stationery and office supplies	1,760	3,444
Telephone	1,262	904
Heat and utilities	4,202	4,916
Programming	2,259	2,764
Repairs and maintenance	8,345	23,490
Professional fees	3,850	3,460
Insurance	3,642	3,226
Interest and bank charges	6,518	4,825
Production and management expenses (note 7)	34,408	38,768
Bad debts	(1,300)	2,295
Amortization of capital assets	20,587	16,951
Miscellaneous	172	-
	<u>258,578</u>	<u>269,901</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	<u>35,788</u>	<u>21,366</u>

TRENT RADIO
STATEMENT OF CASH FLOWS
Year Ended August 31

	2018	2017
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	35,788	21,366
Add amortization, an item not involving cash	20,587	16,951
	56,375	38,317
Changes in non-cash working capital items:		
Accounts receivable	(4,484)	13,821
Prepaid expenses	(196)	(23)
Accounts payable and accrued liabilities	5,850	9,912
Deferred contributions for operating funding	(21,927)	22,757
	35,618	84,784
FINANCING AND INVESTING ACTIVITIES		
Repayment of long term debt	(3,622)	(3,334)
Purchase of capital assets	(37,288)	(79,912)
	(40,910)	(83,246)
INCREASE (DECREASE) IN CASH FOR THE YEAR	(5,292)	1,538
CASH POSITION - beginning of year	11,647	10,109
CASH POSITION - end of year	6,355	11,647

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2018

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Use of estimates

Management reviews the carrying value of items in the financial statements at each reporting date to assess the need for revisions or any possibility of impairment. Management determines estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. 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 estimate 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

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 a party to contractual provision 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.

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

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

(a) 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.

(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.

TRENT RADIO
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) *Risks (continued)*

(i) *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 \$995 (2017 - \$2,295).

(ii) *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:

	August 31, 2018		August 31, 2017	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	10,000	-	10,000	-
Building	213,566	141,597	213,566	134,745
Office equipment	20,774	20,774	20,774	20,774
Technical equipment	343,400	279,093	306,112	265,358
	587,740	441,464	550,452	420,877
Net book value		<u>146,276</u>		<u>129,575</u>

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2018

5. LONG TERM DEBT

Long term debt is as follows:

	2018	2017
	\$	\$
8.5% promissory note, repayable in blended monthly payments of \$565, due August 15, 2025	35,872	39,495
Less principal payments due within one year classified as a current liability	(3,938)	(3,623)
	31,934	35,872

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

	\$
2019	3,938
2020	4,283
2021	4,651
2022	5,055
2023	5,493
Thereafter	12,452
	35,872

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:

	2018	2017
	\$	\$
Balance - beginning of year	22,837	80
Add (deduct):		
Contributions received during the year	-	31,170
Amounts recognized as revenue in the year	(21,927)	(8,413)
Balance - end of year	910	22,837

TRENT RADIO

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2018

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.

	2018	2017
	\$	\$
Production and management fees	74,667	74,983
Production and management expenses	(34,408)	(38,768)
	40,259	36,215

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.