



Financial Statements

Trent Radio

August 31, 2020

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# Independent Practitioner's Review Engagement Report

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**Grant Thornton LLP**

362 Queen Street  
Peterborough, ON  
K9H 3J6

T +1 705 743 5020  
F +1 705 743 5081  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2020, 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, 2020, 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.



Peterborough, Canada  
November 29, 2020

Chartered Professional Accountants  
Licensed Public Accountants

# Trent Radio

## Statement of Financial Position

August 31	2020	2019
<b>Assets</b>		
Current		
Cash	\$ 110,756	\$ 13,657
Accounts receivable	14,712	17,403
Prepaid expenses	<u>911</u>	<u>2,105</u>
	126,379	33,165
Property and equipment (Note 4)	<u>110,117</u>	<u>127,802</u>
	<u>\$ 236,496</u>	<u>\$ 160,967</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 7,530	\$ 3,782
Current portion of long-term debt (Note 5)	<u>4,651</u>	<u>4,279</u>
	12,181	8,061
Long-term debt (Note 5)	23,004	27,735
Deferred contributions (Note 6)	<u>960</u>	<u>935</u>
	<u>36,145</u>	<u>36,731</u>
<b>Net assets</b>		
Invested in capital assets	110,117	127,802
Unrestricted	<u>90,234</u>	<u>(3,566)</u>
	<u>200,351</u>	<u>124,236</u>
	<u>\$ 236,496</u>	<u>\$ 160,967</u>

# **Trent Radio**

## **Statement of Changes in Net Assets**

Year ended August 31

	<b>2020</b>		
	<b>Invested in capital assets</b>	<b>Unrestricted</b>	<b>Total</b>
Balance, beginning of year	\$ 127,802	\$ (3,566)	\$ 124,236
Excess (deficiency) of revenues over expenditures	<u>(17,685)</u>	<u>93,800</u>	<u>76,115</u>
Balance, end of year	<u>\$ 110,117</u>	<u>\$ 90,234</u>	<u>\$ 200,351</u>

	<b>2019</b>		
	<b>Invested in capital assets</b>	<b>Unrestricted</b>	<b>Total</b>
Balance, beginning of year	\$ 146,274	\$ (78,506)	\$ 67,768
Excess (deficiency) of revenues over expenditures	<u>(18,472)</u>	<u>74,940</u>	<u>56,468</u>
Balance, end of year	<u>\$ 127,802</u>	<u>\$ (3,566)</u>	<u>\$ 124,236</u>

# **Trent Radio**

## **Statement of Operations**

Year ended August 31

	2020	2019
Revenues		
Membership fees	\$ 141,473	\$ 158,115
Production and management fees (Note 7)	90,852	91,718
Donations, grants and fundraising	51,318	55,674
Provincial grants	9,596	5,903
Rental income	8,894	11,177
Sponsorships	4,906	1,100
Municipal grants	1,000	1,000
Miscellaneous	580	-
Merchandise sales	260	-
Interest income	8	277
Federal grants	-	8,717
	<u>308,887</u>	<u>333,681</u>
Expenditures		
Salaries and related benefits	116,952	178,440
Production and management expenses (Note 7)	44,923	34,147
Amortization	17,685	18,472
Repairs and maintenance	19,445	16,343
Office	1,546	2,480
Programming and licenses	9,206	3,688
Professional fees	4,864	3,670
Equipment rental	4,645	4,774
Heat and utilities	4,397	4,413
Insurance	4,134	3,892
Interest and bank charges	2,784	3,854
Telephone	939	993
Advertising and promotion	794	1,977
Cost of merchandise sales	458	-
Miscellaneous	-	70
	<u>232,772</u>	<u>277,213</u>
Excess of revenues over expenditures	<u>\$ 76,115</u>	<u>\$ 56,468</u>

# Trent Radio

## Statement of Cash Flows

Year ended August 31

2020

2019

Increase (decrease) in cash

### Operating

Excess of revenues over expenditures	\$ 76,115	\$ 56,468
Item not affecting cash		
Amortization	<u>17,685</u>	<u>18,472</u>
	<b>93,800</b>	74,940
Change in non-cash working capital items		
Accounts receivable	2,691	(6,909)
Prepaid expenses	1,194	(290)
Accounts payable and accrued liabilities	3,748	(56,606)
Deferred contributions for operating funding	<u>25</u>	<u>25</u>
	<b>101,458</b>	11,160

### Financing

Repayment of long-term debt	<u>(4,359)</u>	<u>(3,858)</u>
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Increase in cash **97,099** 7,302

### Cash

Beginning of year	<u>13,657</u>	<u>6,355</u>
End of year	<b><u>\$ 110,756</u></b>	<b><u>\$ 13,657</u></b>

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# **Trent Radio**

## **Notes to the Financial Statements**

August 31, 2020

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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.

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### **2. Summary of 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 property and equipment are deferred and amortized into revenue on a straight-line basis at rates corresponding with amortization rates for the related property and equipment.

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.

#### **Property and equipment**

Purchased property and equipment assets are stated at acquisition cost. Contributed property and equipment is 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 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.

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# **Trent Radio**

## **Notes to the Financial Statements**

August 31, 2020

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### **2. Summary of 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.

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### **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.

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## Trent Radio

### Notes to the Financial Statements

August 31, 2020

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#### 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. No impairment allowance has been recorded at year end as management believes the receivables are fully collectible.

(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 this debt. Consequently, the organization is not exposed to significant interest rate risk.

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#### 4. Property and equipment

The major categories of property and equipment and accumulated amortization are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 10,000	\$ -	\$ 10,000	\$ -
Building	213,564	151,463	213,564	146,563
Office equipment	20,774	20,774	20,774	20,774
Technical equipment	<u>343,400</u>	<u>305,384</u>	<u>343,400</u>	<u>292,599</u>
	<u>587,738</u>	<u>477,621</u>	<u>587,738</u>	<u>459,936</u>
Net book value	<u>\$ 110,117</u>		<u>\$ 127,802</u>	

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## Trent Radio

### Notes to the Financial Statements

August 31, 2020

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#### 5. Long-term debt

Long term debt is as follows:

	<u>2020</u>	<u>2019</u>
8.5% promissory note, repayable in blended monthly payments of \$565, due August 15, 2025	\$ <b>27,655</b>	\$ 32,014
Less principal payments due within one year classified as a current liability	<u>4,651</u>	<u>4,279</u>
Due beyond one year	<u>\$ 23,004</u>	<u>\$ 27,735</u>
Principal repayments until maturity are as follows:		
2021	\$ 4,651	
2022	5,055	
2023	5,493	
2024	5,971	
2025	<u>6,485</u>	
	<u>\$ 27,655</u>	

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#### 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:

	<u>2020</u>	<u>2019</u>
Balance - beginning of year	\$ <b>935</b>	\$ 910
Add (deduct):		
Contributions received during the year	<u>25</u>	<u>25</u>
Balance - end of year	<u>\$ <b>960</b></u>	<u>\$ 935</u>

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## **Trent Radio**

### **Notes to the Financial Statements**

August 31, 2020

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#### **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.

	<u>2020</u>	<u>2019</u>
Production and management fees	\$ 89,668	\$ 87,790
Production and management expenses	<u>(44,923)</u>	<u>(34,147)</u>
	<u>\$ 44,745</u>	<u>\$ 53,643</u>

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#### **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.

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 appeal and has been temporarily suspended. As such, students currently are not able to opt out. Until the appeal has been considered and resolved, the impact for fiscal 2021 and beyond is indeterminable.

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## **Trent Radio**

### **Notes to the Financial Statements**

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#### **9. Impacts of COVID-19**

Since January 2020, when the first case of COVID-19 was identified in Canada, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

While radio services were deemed essential, Trent Radio chose to temporarily close its studios. Broadcasting has continued on a remote basis. To assist with training and the purchase of remote recording equipment, the organization received a \$2,000 grant in the current fiscal year. Subsequent to year end, Trent Radio received approval for another COVID relief grant in the amount of \$19,369.

In response to the pandemic, the organization also waived rental income for a two month period and reduced the rent for an additional two month period.

Trent Radio is eligible for the Temporary Wage Subsidy program ('TWS'), one of the federal government's responses. Under the TWS program, the organization is entitled to receive a subsidy equal to 10% of an employee's wages up to a maximum of \$1,375 per employee to a total of \$25,000 for the organization. The total eligible assistance will be determined at the time of reconciling the payroll reporting for calendar 2020.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Trent Radio for future periods..

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