Trent Radio

Financial Statements

(Unaudited)

Year ended August 31, 2021

Table of Contents

J.D.Watson & Associates
CHARTERED PROFESSIONAL ACCOUNTANT
353 Reid Street, Peterborough, ON K9H 4G3
Tel: 1(855)774-1268, Fax: (705)243-0680
www.ca4you.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Trent Radio

We have reviewed the statement of financial position of Trent Radio as at August 31, 2021 and the statements of operations, changes in net assets 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 management.

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 the partners 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. A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (Continued)

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2021 and August 31, 2020, current assets and net assets as at August 31, 2021 and August 31, 2020. Our review conclusion on the financial statements for the year ended August 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 the Organization as at August 31, 2021, 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.

J.D. Watson & Associates

Chartered Professional Accountant Authorized
to practice public accounting by the Institute of
Chartered Professional Accountants of Ontario

Peterborough, Ontario,
November 24, 2021

Trent Radio
Statement of Financial Position
August 31, 2021
(Unaudited)

		2021		2020
ASSETS				
CURRENT ASSETS				
Cash	**$**	**267,175**	$	110,756
Accounts receivable		**13,851**		10,709
Prepaid expenses		**2,997**		911
HST receivable		**3,017**		4,003
		287,040		126,379
Property and equipment (note 4)		**100,032**		110,119
	$	**387,072**	$	236,498
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	**$**	**9,587**	$	4,007
Employee remittances payable		**3,304**		3,525
Deferred contributions (note 5)		**7,030**		960
Current portion of long-term debt		**-**		4,651
		19,921		13,143
Long-term debt		**-**		23,004
		19,921		36,147
Unrestricted		**257,034**		162,293
Invested in capital assets		**110,117**		38,058
		367,151		200,351
	$	**387,072**	$	236,498

On behalf of the Board

______________________ Member

See accompanying notes

Trent Radio
Statement of Operations
Year ended August 31, 2021
(Unaudited)

		2021	2020
REVENUE			
Membership fees	**$**	**184,289** $	141,473
Production & management fees (note 6)		**127,548**	90,852
Community Radio Fund of Canada		**67,811**	19,238
Donations, grants and fundraising		**32,865**	32,080
Federal - Canada Summer Jobs		**11,959**	-
Rental		**11,462**	8,894
Sponsorships and on-air time sales		**10,236**	4,906
Municipal - Community Investment Grants		**7,500**	1,000
Provincial - Trent Work Study Program		**6,974**	9,596
Merchandise sales		**535**	260
Miscellaneous		**60**	580
Interest income		**-**	8
		461,239	308,887
EXPENDITURES			
Salaries and related benefits		**231,507**	151,166
Artist fees and honoraria		**13,100**	4,000
Amortization		**10,087**	17,685
Office and general		**7,947**	8,069
Repairs and maintenance		**7,255**	19,445
Professional fees		**4,568**	6,703
Insurance		**4,158**	4,134
Management fees		**3,576**	7,236
Utilities		**3,518**	4,397
Memberships		**2,876**	1,211
Dues and subscriptions		**2,858**	2,156
Subcontract		**1,798**	2,973
Bank charges		**725**	2,784
Merchandise		**331**	458
Advertising		**116**	350
Freight		**19**	5
		294,439	232,772
EXCESS OF REVENUE OVER EXPENDITURES	**$**	**166,800** $	76,115

See accompanying notes

Trent Radio
Statement of Changes in Net Assets
Year ended August 31, 2021
(Unaudited)

	Unrestricted	Invested in capital assets	**Total 2021**	Total 2020
BALANCE, BEGINNING OF YEAR	$ 90,234	$ 110,117	**$ 200,351**	$ 124,236
Excess of revenue over expenditures	166,800	-	**166,800**	76,115
BALANCE, END OF YEAR	**$ 257,034**	**$ 110,117**	**$ 367,151**	$ 200,351

See accompanying notes

Trent Radio
Statement of Cash Flows
Year ended August 31, 2021
(Unaudited)

		2021	2020
OPERATING ACTIVITIES			
Excess of revenue over expenditures	$	**166,800**	$ 76,115
Adjustment for			
Amortization		**10,087**	17,685
		176,887	93,800
Change in non-cash working capital items			
Increase in accounts receivable		**(3,142)**	2,691
(Increase) decrease in prepaid expenses		**(2,086)**	1,194
Decrease in HST receivable		**986**	-
Increase in accounts payable and accrued liabilities		**5,580**	3,748
Decrease in employee remittances payable		**(221)**	-
Increase in deferred contributions		**6,070**	25
Decrease in current portion of long-term debt		**(4,651)**	-
		179,423	101,458
FINANCING ACTIVITY			
Repayment of long-term debt		**(23,004)**	(4,359)
INCREASE IN CASH		**156,419**	97,099
CASH, BEGINNING OF YEAR		**110,756**	13,657
CASH, END OF YEAR	$	**267,175**	$ 110,756

See accompanying notes

1. Nature of operations

Trent Radio is primarily sponsored and operated by the Trent University students. The organization is a non-profit cultural and educational radio 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. The registered charity as defined under the Income Tax Act (Canada) is exempt from income tax.

2. Basis of accounting and significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit enterprises.

(a) **Contributed services**

Volunteers contribute their time to assist the organization in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(b) **Property and equipment**

Property and equipment are statement at 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 is 25 years for the building and 7 years for the equipment.

(c) **Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts payable and accrued liabilities.

(d) **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Basis of accounting and significant accounting policies, continued

(d) Revenue recognition, continued

Membership and rental income are recognized over the terms of service.

Production and management fees are earned as services are performed under the TSAPC agreement.

(e) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, and HST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

3. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximate their carrying value based on the presumption that the organization is a going concern and thus expects to fully repay the outstanding amounts.

(b) Credit risk

The organization does have credit risk in accounts receivable $13,851 (2020-$10,709). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management, the credit risk exposure to the organization is low and is not material

(c) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities of $9,587 (2020-$4,007). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate credit to repay trade creditors as they become due. In the opinion of management, the liquidity risk exposure to the organization low and is not material.

4. Property and equipment

	Cost	Accumulated amortization	2021 Net	2020 Net
Land	**$ 10,000**	**$ -**	**$ 10,000**	$ 10,000
Buildings	**213,566**	**153,947**	**59,619**	62,103
Equipment	**343,400**	**312,987**	**30,413**	38,016
Office equipment	**20,774**	**20,774**	**-**	-
	$ 587,740	**$ 487,708**	**$ 100,032**	$ 110,119

5. Deferred contributions

Deferred contributions represent unspent restricted operating funding received in the current year that is related to the subsequent year.

6. Trent annual yearbook

Trent Radio has been appointment by the Trent Student Annual Publication (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.

	2021	2020
Production and management fees	$ 127,548	$ 89,668
Production and management expenses	(41,281)	(44,923)
	$ 86,267	$ 44,745

7. Economic dependence

Membership fees consist of student fees levied from full-time students enrolled at the Trent University Peterborough campus during the fall and winter semesters. Trent Radio relies on the University to levy the appropriate fees from 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 was appealed in 2021. Under the Appeals Court of Ontario, it was affirmed that the "Student Choice Initiative" was imposed unlawfully. As of the year end, the university has retained their own discretion on levying student fees.