

Trent Radio
Financial Statements
(Unaudited)
Year ended August 31, 2022



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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, 2022 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 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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Organization derives revenue from 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, 2022 and August 31, 2021, current assets and net assets as at August 31, 2022 and August 31, 2021. 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.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (Continued)

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, 2022, 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 10, 2022**

Trent Radio
Statement of Financial Position
August 31, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 208,222	\$ 267,175
Accounts receivable	105,053	13,851
Prepaid expenses	3,318	2,997
HST receivable	<u>7,198</u>	<u>3,017</u>
	323,791	287,040
Property and equipment (note 4)	<u>98,517</u>	100,032
	\$ 422,308	\$ 387,072
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,197	\$ 9,587
Employee remittances payable	3,991	3,304
Deferred contributions (note 5)	<u>960</u>	<u>7,030</u>
	16,148	19,921
Unrestricted	307,643	257,034
Invested in capital assets	<u>98,517</u>	110,117
	406,160	367,151
	\$ 422,308	\$ 387,072
On behalf of the Board		
_____	Member	
_____	Member	

See accompanying notes

Trent Radio

Statement of Operations Year ended August 31, 2022 (Unaudited)

	2022	2021
REVENUE		
Membership fees	\$ 188,636	\$ 184,289
Production & management fees (note 6)	101,987	127,548
Community Radio Fund of Canada	60,900	67,811
Donations, grants and fundraising	21,331	32,865
Federal - Canada Summer Jobs	13,338	11,959
Rental	11,503	11,462
Provincial - Trent Work Study Program	10,398	6,974
Municipal - Community Investment Grants	9,250	7,500
Sponsorships and on-air time sales	6,350	10,236
Merchandise sales	554	535
Miscellaneous	60	60
	424,307	461,239
EXPENDITURES		
Salaries and related benefits	271,660	231,507
Management fees	21,191	3,576
Repairs and maintenance	20,606	7,255
Artist fees and honoraria	19,000	13,100
Office and general	13,576	7,947
Amortization	9,240	10,087
Professional fees	6,517	4,568
Subcontract	4,359	1,798
Insurance	4,344	4,158
Utilities	4,186	3,518
Dues and subscriptions	3,247	2,858
Advertising	2,680	116
Memberships	2,645	2,876
Bank charges	1,039	725
Merchandise	1,008	331
Freight	-	19
	385,298	294,439
EXCESS OF REVENUE OVER EXPENDITURES	\$ 39,009	\$ 166,800

See accompanying notes

Trent Radio

Statement of Changes in Net Assets Year ended August 31, 2022 (Unaudited)

		Unrestricted	Invested in capital assets	Total 2022	Total 2021
BALANCE, BEGINNING OF YEAR	\$	267,119	\$ 100,032	\$ 367,151	200,351
Excess (deficiency) of revenue over expenditures		48,252	(9,243)	39,009	166,800
Capital contributions		(7,728)	7,728	-	-
BALANCE, END OF YEAR	\$	307,643	\$ 98,517	\$ 406,160	367,151

See accompanying notes

Trent Radio
Statement of Cash Flows
Year ended August 31, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 39,009	\$ 166,800
Adjustment for Amortization	<u>9,240</u>	<u>10,087</u>
	48,249	176,887
Change in non-cash working capital items		
Increase in accounts receivable	(91,202)	(3,142)
Increase in prepaid expenses	(321)	(2,086)
(Increase) decrease in HST receivable	(4,181)	986
Increase in accounts payable and accrued liabilities	1,613	5,580
Increase (decrease) in employee remittances payable	687	(221)
(Decrease) increase in deferred contributions	(6,070)	6,070
Decrease in current portion of long-term debt	<u>-</u>	<u>(4,651)</u>
	(51,225)	179,423
INVESTING ACTIVITY		
Purchase of property and equipment	(7,728)	-
FINANCING ACTIVITY		
Repayment of long-term debt	<u>-</u>	<u>(23,004)</u>
(DECREASE) INCREASE IN CASH	(58,953)	156,419
CASH, BEGINNING OF YEAR	<u>267,175</u>	<u>110,756</u>
CASH, END OF YEAR	\$ 208,222	\$ 267,175

See accompanying notes

Trent Radio

Notes to the Financial Statements

August 31, 2022

(Unaudited)

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 requires 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.

Trent Radio

Notes to the Financial Statements

August 31, 2022

(Unaudited)

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.

Trent Radio

Notes to the Financial Statements

August 31, 2022

(Unaudited)

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 approximates 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 \$105,053 (2021-\$13,851). 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 \$11,197 (2021-\$9,587). 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.

Trent Radio

Notes to the Financial Statements

August 31, 2022

(Unaudited)

4. Property and equipment

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 10,000	\$ -	\$ 10,000	10,000
Buildings	213,566	156,332	57,234	59,619
Equipment	343,400	319,070	24,330	30,413
Office equipment	28,500	21,547	6,953	-
	<u>\$ 595,466</u>	<u>\$ 496,949</u>	<u>\$ 98,517</u>	<u>100,032</u>

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 appointed 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.

	<u>2022</u>	<u>2021</u>
Production and management fees	\$ 101,087	\$ 127,548
Production and management expenses	(76,087)	(41,281)
	<u>\$ 25,000</u>	<u>\$ 86,267</u>

Trent Radio

Notes to the Financial Statements

August 31, 2022

(Unaudited)

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.