

**Financial Statements of**

**TRENT RADIO**

**August 31, 2014**

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## REVIEW ENGAGEMENT REPORT

To the Directors  
Trent Radio

We have reviewed the statement of financial position of Trent Radio as at August 31, 2014 and the statements of changes in net assets, operations 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 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 review, 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 12, 2014

# TRENT RADIO

## STATEMENT OF FINANCIAL POSITION (Unaudited)

August 31, 2014

	2014 \$	2013 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	779	9,219
Accounts receivable	5,417	10,969
Prepaid expenses	1,505	2,510
	7,701	22,698
<b>CAPITAL ASSETS</b> (note 4)	46,691	47,565
	54,392	70,263
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	3,032	52,419
Current portion of long term debt	2,823	2,597
	5,855	55,016
<b>LONG TERM DEBT</b> (note 5)	45,896	48,719
<b>DEFERRED CONTRIBUTIONS</b> (note 6)		
Operating fund	23,610	15,870
	75,361	119,605
<b>NET ASSETS</b>		
Invested in capital assets	46,691	47,565
Unrestricted	(67,660)	(96,907)
	(20,969)	(49,342)
	54,392	70,263

See accompanying notes to the financial statements

## TRENT RADIO

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

Year Ended August 31, 2014

	Invested in capital assets \$	Unrestricted \$	2014 \$
<b>BALANCE</b> - beginning of year	47,565	(96,907)	(49,342)
Excess of revenue over expenses (expenses over revenues) for the year	(7,996)	36,369	28,373
Operating funds used to purchase capital assets	7,122	(7,122)	-
<b>BALANCE</b> - end of year	46,691	(67,660)	(20,969)

	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)

# TRENT RADIO

## STATEMENT OF OPERATIONS (Unaudited)

Year Ended August 31, 2014

	2014 \$	2013 \$
<b>REVENUES</b>		
Membership fees	112,787	109,882
Donations and fundraising	27,491	33,481
Sponsorships	1,817	855
Federal grants	-	5,377
Province of Ontario grants	6,889	5,202
Municipal grants	2,500	2,500
Production and management fees	36,521	2,415
Rental income	10,500	10,260
Interest income	2	2
	198,507	169,974
<b>EXPENSES</b>		
Salaries, wages and benefits	111,764	104,831
Advertising and promotion	1,477	1,682
Equipment and line rentals	4,216	4,447
Postage, stationery and office supplies	2,638	3,618
Telephone	1,352	1,329
Heat and utilities	4,452	4,112
Programming	6,943	4,184
Repairs and maintenance	10,831	28,597
Professional fees	2,900	2,350
Insurance	3,625	3,591
Interest and bank charges	5,343	5,260
Production and management expenses	6,685	1,423
Amortization of capital assets	7,996	8,694
Miscellaneous	(88)	2
	170,134	174,120
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FOR THE YEAR</b>	<b>28,373</b>	<b>(4,146)</b>

See accompanying notes to the financial statements

**TRENT RADIO**  
**STATEMENT OF CASH FLOWS (Unaudited)**  
**Year Ended August 31, 2014**

	2014	2013
	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenues for the year	28,373	(4,146)
Add amortization, an item not involving cash	7,996	8,694
	36,369	4,548
Changes in non-cash working capital items:		
Accounts receivable	5,552	(3,602)
Prepaid expenses	1,005	(1,775)
Accounts payable and accrued liabilities	(49,387)	15,223
Deferred contributions for operating funding	7,740	14,945
	1,279	29,339
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Repayment of long term debt	(2,597)	(2,389)
Purchase of capital assets	(7,122)	(13,157)
	(9,719)	(15,546)
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	<b>(8,440)</b>	<b>13,793</b>
<b>CASH POSITION - beginning of year</b>	<b>9,219</b>	<b>(4,574)</b>
<b>CASH POSITION - end of year</b>	<b>779</b>	<b>9,219</b>

# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2014

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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) *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.

# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2014

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *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.

### 3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) *Measurement of financial instruments*

Financial instruments included on the statement of financial position consist of cash, accounts receivable, 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) *Risks*

The company is exposed to various risks associated with its financial instruments 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.

(ii) *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.

(iii) *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.



# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2014

### 4. CAPITAL ASSETS

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

	August 31, 2014		August 31, 2013	
	Cost	Accumulated	Cost	Accumulated
	\$	\$	\$	\$
Land	10,000	-	10,000	-
Building	137,008	113,871	137,008	108,390
Office equipment	20,774	20,774	20,774	20,774
Technical equipment	264,442	250,888	257,320	248,373
	432,224	385,533	425,102	377,537
Net book value		46,691		47,565

### 5. LONG TERM DEBT

Long term debt is as follows:

	2014	2013
	\$	\$
8.5% promissory note, payable in 192 blended monthly payments of \$565, due August 15, 2025	48,719	51,316
Less principal payments due within one year classified as a current liability	(2,823)	(2,597)
	45,896	48,719

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

	\$
2015	2,823
2016	3,067
2017	3,334
2018	3,623
2019	3,938
Thereafter	31,934
	48,719

# TRENT RADIO

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

August 31, 2014

### 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:

	2014 \$	2013 \$
Balance - beginning of year	15,870	925
Add (deduct):		
Contributions received during the year	22,780	15,080
Amount recognized as revenue in the year	(15,040)	(135)
Balance - end of year	23,610	15,870

### 7. 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.

### 8. COMPARATIVE FIGURES

Certain 2013 comparative figures have been reclassified where necessary to conform with the financial statement presentation adopted for 2014.