

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Financial Statements

Year Ended April 30, 2017

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
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Year Ended April 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
First Alberta Campus Radio Association

Report on the Financial Statements

We have audited the accompanying financial statements of First Alberta Campus Radio Association, which comprise the statement of financial position as at April 30, 2017 and the statements of operations, changes in net assets 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

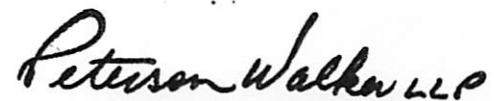
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from various sources such as fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to operations, assets or net assets.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at April 30, 2017 and the results of its operations and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.



Edmonton, Alberta
July 6, 2017

CHARTERED ACCOUNTANTS

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Statement of Financial Position
April 30, 2017

	2017	2016
ASSETS		
CURRENT		
Cash (Note 3)	\$ 465,348	\$ 529,002
Accounts receivable	22,161	23,702
Prepaid expenses	11,171	9,305
	<u>\$ 498,680</u>	<u>\$ 562,009</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 15,047	\$ 14,009
Deferred contributions (Note 4)	32,669	119,032
	<u>47,716</u>	<u>133,041</u>
NET ASSETS		
Reserve fund (Note 5)	91,000	66,000
Unrestricted	359,964	362,968
	<u>450,964</u>	<u>428,968</u>
	<u>\$ 498,680</u>	<u>\$ 562,009</u>

LEASE COMMITMENTS (Note 6)

APPROVED BY THE BOARD

A. Keith Grant Director
Shyllyndra Director

FIRST ALBERTA CAMPUS RADIO ASSOCIATION**Statement of Operations****Year Ended April 30, 2017**

	2017	2016
REVENUE		
Student fees:		
Undergraduate	\$ 109,000	\$ 110,411
Graduate	14,700	14,100
Fundraising and donations	102,200	96,173
Casino	76,950	86,271
Grants (Note 7)	27,980	38,129
Advertising	26,021	25,736
Interest and other	5,240	3,424
	<u>362,091</u>	<u>374,244</u>
EXPENSES		
Salaries and benefits	193,736	192,708
Office (Note 8)	49,894	18,253
Repairs and maintenance	27,748	25,466
Fun drive	15,323	13,748
Operating agreement	9,910	10,919
Professional fees	8,205	5,813
Telephone	7,191	6,810
Memberships and licenses	6,322	4,364
Travel and parking	5,158	2,121
Training	4,575	2,476
Rental	3,486	3,003
Non-recoverable GST	3,040	1,697
Insurance	2,918	3,781
Bad debts	1,268	1,818
Interest and bank charges	865	1,020
Postage	456	280
	<u>340,095</u>	<u>294,277</u>
REVENUE OVER EXPENSES	<u>\$ 21,996</u>	<u>\$ 79,967</u>

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Statement of Changes in Net Assets
Year Ended April 30, 2017

	Unrestricted	Reserve Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 362,968	\$ 66,000	\$ 428,968	\$ 349,001
Revenue over expenses	21,996	-	21,996	79,967
Transfer (Note 5)	(35,000)	35,000	-	-
Approved expenditures (Note 5)	10,000	(10,000)	-	-
NET ASSETS - END OF YEAR	\$ 359,964	\$ 91,000	\$ 450,964	\$ 428,968

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Statement of Cash Flows
Year Ended April 30, 2017

	2017	2016
OPERATING ACTIVITIES		
Revenue over expenses	\$ 21,996	\$ 79,967
Changes in non-cash working capital:		
Accounts receivable	1,541	26,876
Prepaid expenses	(1,866)	(4,682)
Accounts payable and accrued liabilities	1,038	8,469
Deferred contributions	(86,363)	(9,030)
	<u>(85,650)</u>	<u>21,633</u>
(DECREASE) INCREASE IN CASH	(63,654)	101,600
Cash - beginning of year	<u>529,002</u>	<u>427,402</u>
CASH - END OF YEAR	\$ 465,348	\$ 529,002

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Notes to Financial Statements

Year Ended April 30, 2017

1. NATURE OF OPERATIONS

First Alberta Campus Radio Association is incorporated under the Societies Act (Alberta) and operates as a not-for-profit entity which exists for the fundraising and operations of CJSR FM 88.5 radio station on the University of Alberta campus.

The Association is a registered charity under the Income Tax Act, and as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Equipment

Equipment is expensed on acquisition and any proceeds from the sale of equipment is recognized as revenue when realized.

Contributed goods and services

The Association receives a substantial amount of volunteer time and effort, as well as donated goods to carry out its activities. Due to the difficulty in determining the fair value of these contributed amounts, they have not been recognized in these financial statements.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period.

Advertising revenue is recognized at the time a customer is invoiced and collection is reasonably assured.

Student fees are recognized as revenue when they are received or receivable and collection is reasonably assured.

Interest revenue is recognized when it is earned.

(continues)

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Notes to Financial Statements

Year Ended April 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

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 amounts reported in the financial statements. Significant estimates include accrued liabilities and deferred contributions. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. CASH

Cash includes \$7,669 (2016--\$84,619) in casino proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming and Liquor Commission.

Cash includes \$25,000 (2016--\$25,000) in funds which can only be used in accordance with the guidelines set out by the Government of Alberta Community Spirit Program grant.

4. DEFERRED CONTRIBUTIONS

A portion of the receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Deferred contributions consist of the following:

	<u>2017</u>	<u>2016</u>
Government of Alberta - 2010 Community Spirit Program	\$ 25,000	\$ 25,000
Casino	7,669	84,619
Community Radio Fund of Canada	-	9,413
	<u>\$ 32,669</u>	<u>\$ 119,032</u>

The Association received a grant from the Government of Alberta under their Community Spirit Program in which these funds are to be used to purchase equipment.

5. RESERVE FUND

During the year, the Board restricted \$35,000 for a new transmitter and approved the use of \$10,000 for engineering expenses associated with the new transmitter. The total value of the reserve fund is \$91,000 (2016--\$66,000). This fund can only be used with Board approval.

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Notes to Financial Statements

Year Ended April 30, 2017

6. LEASE COMMITMENTS

The Association has an equipment lease which expires April 2020 and leases studio space with the University of Alberta Students' Union which expires August 2019. Future minimum lease payments are as follows:

2018	\$	15,764
2019		12,264
2020		5,324
		<hr/>
	\$	33,352

7. GRANTS

	<u>2017</u>	<u>2016</u>
Community Radio Fund of Canada	\$ 26,080	\$ 36,629
National Campus and Community Radio Association - Rendez-vous de la Francophonie project	1,500	1,500
National Campus and Community Radio Association - Micro grant	400	-
	<hr/>	<hr/>
	\$ 27,980	\$ 38,129

8. EQUIPMENT

The Association expensed the following equipment during the year, which is included as part of office expenses:

	<u>2017</u>	<u>2016</u>
Studio upgrades	\$ 19,931	\$ -
Office and computer equipment	17,334	8,423
	<hr/>	<hr/>
	\$ 37,265	\$ 8,423

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Notes to Financial Statements

Year Ended April 30, 2017

9. RELATED PARTIES

The Association is related to the the University of Alberta Students' Union and the University of Alberta Graduate Students' Association. The Students' Union and Graduate Students' Association each have a representative on the Board of Directors for the Association, collect student fees on behalf of the Association and rent office space to the Association. During the year, the following transactions occurred:

	<u>2017</u>	<u>2016</u>
Students' Union		
Student fees	\$ 109,000	\$ 110,411
Operating agreement	\$ (9,910)	\$ (10,919)
Graduate Students' Association		
Student fees	\$ 14,700	\$ 14,100

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities.

The Association is exposed to the following risks through its financial instruments:

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 an obligation. The Association's main credit risk relates to accounts receivable. Accounts receivable are generally amounts due from advertisers and funding agencies. It is management's opinion that there is no significant credit risk as of April 30, 2017.

Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of April 30, 2017.
