

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Financial Statements

Year Ended April 30, 2023

DRAFT August 29, 2023 DRAFT

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Index to Financial Statements
Year Ended April 30, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12

DRAFT August 29, 2023 DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of
First Alberta Campus Radio Association

Qualified Opinion

We have audited the financial statements of First Alberta Campus Radio Association (the Association), which comprise the statement of financial position as at April 30, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at April 30, 2023, 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.

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
August 31, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Statement of Financial Position
April 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash (Note 3)	\$ 418,026	\$ 394,527
Accounts receivable (Note 9)	149,731	173,921
Prepaid expenses	13,232	19,799
	<u>\$ 580,989</u>	<u>\$ 588,247</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	\$ 37,420	\$ 42,568
Deferred contributions (Note 4)	21,566	21,591
	<u>58,986</u>	<u>64,159</u>
NET ASSETS		
Internally restricted funds (Note 5)	200,000	200,000
Unrestricted	322,003	324,088
	<u>522,003</u>	<u>524,088</u>
	<u>\$ 580,989</u>	<u>\$ 588,247</u>
LEASE COMMITMENT (Note 6)		

APPROVED BY THE BOARD

_____ Director

_____ Director

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Statement of Operations
Year Ended April 30, 2023

	2023	2022
REVENUE		
Student fees:		
Undergraduate (Note 9)	\$ 150,348	\$ 131,040
Graduate (Note 9)	14,790	16,469
Fundraising and donations	112,650	122,265
Grants (Note 7)	33,226	65,222
Advertising	13,537	15,753
Casino	2,565	21,161
Interest and other	1,728	2,215
	<u>328,844</u>	<u>374,125</u>
EXPENSES		
Salaries and benefits	222,392	247,502
Professional fees	20,004	22,631
Repairs and maintenance (Note 8)	18,419	64,343
Office (Note 8)	16,434	22,364
Fun drive	13,251	9,615
Operating agreement (Note 9)	11,056	10,695
Telephone	8,120	7,871
Insurance	7,176	6,799
Interest and bank charges	5,060	5,727
Memberships and licenses	4,711	7,001
Travel and parking	2,641	2,152
Rental	1,465	1,349
Bad debts	200	-
	<u>330,929</u>	<u>408,049</u>
REVENUE UNDER EXPENSES	<u>\$ (2,085)</u>	<u>\$ (33,924)</u>

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Statement of Changes in Net Assets
Year Ended April 30, 2023

	Unrestricted	Internally Restricted Funds	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 324,088	\$ 200,000	\$ 524,088	\$ 558,012
Revenue under expenses	(2,085)	-	(2,085)	(33,924)
NET ASSETS - END OF YEAR	\$ 322,003	\$ 200,000	\$ 522,003	\$ 524,088

DRAFT August 29, 2023 DRAFT

FIRST ALBERTA CAMPUS RADIO ASSOCIATION
Statement of Cash Flows
Year Ended April 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Revenue under expenses	\$ (2,085)	\$ (33,924)
Changes in non-cash working capital:		
Accounts receivable	24,190	(28,277)
Prepaid expenses	6,567	(5,283)
Accounts payable and accrued liabilities	(5,148)	(22,903)
Deferred contributions	(25)	(47,097)
	<u>25,584</u>	<u>(103,560)</u>
INCREASE (DECREASE) IN CASH	23,499	(137,484)
Cash - beginning of year	<u>394,527</u>	<u>532,011</u>
CASH - END OF YEAR	\$ 418,026	\$ 394,527

DRAFT August 29, 2023

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Notes to Financial Statements

Year Ended April 30, 2023

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, 2023

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. RESTRICTED CASH

Cash includes \$66 (2022--\$91) in casino proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

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>2023</u>	<u>2022</u>
Edmonton Community Foundation - policy grant	\$ 21,500	\$ 21,500
Casino	66	91
	<u>\$ 21,566</u>	<u>\$ 21,591</u>

5. INTERNALLY RESTRICTED FUNDS

The Association has a stabilization fund. These funds are to ensure the long-term viability of the Association and can only be used with Board approval. The current value of the fund is \$200,000 (2022--\$200,000).

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Notes to Financial Statements

Year Ended April 30, 2023

6. LEASE COMMITMENT

The Association leases studio space with the University of Alberta Students' Union which expires August 2025. Future minimum lease payments are as follows:

2024	\$	12,024
2025		12,024
2026		4,008
	\$	<u>28,056</u>

7. GRANTS

	<u>2023</u>	<u>2022</u>
Community Radio Fund of Canada	\$ 21,000	\$ 16,692
Canada summer job grant	12,226	13,560
Canadian Heritage - COVID relief	-	12,668
Government of Alberta - Community Spirit Program	-	10,480
Edmonton Community Foundation - Rapid response grant	-	6,289
Rupertsland Institute - Metis Training program	-	5,533
	<u>\$ 33,226</u>	<u>\$ 65,222</u>

8. EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Office and computer equipment	\$ -	\$ 4,682

The Association expensed the following transmitter and tower site repairs during the year, which is included as part of repairs and maintenance:

Equipment, project management and engineering services	\$ -	\$ 45,357
--	------	-----------

FIRST ALBERTA CAMPUS RADIO ASSOCIATION

Notes to Financial Statements

Year Ended April 30, 2023

9. RELATED PARTIES

The Association is related to 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:

	2023	2022
Students' Union		
Student fees	\$ 150,348	\$ 131,040
Operating agreement	\$ (11,056)	\$ (10,695)
Graduate Students' Association		
Student fees	\$ 14,790	\$ 16,469

Included in accounts receivable are amounts owing from the Students' Union of \$146,242 (2022--\$158,040).

Included in accounts payable and accrued liabilities are amounts owing to the Students' Union of \$1,418 (2022--\$913).

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 University of Alberta Students' Union. It is management's opinion that there is no significant credit risk as of April 30, 2023.

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, 2023.
