

RADIO CKUT

Financial Statements

May 31, 2022

RADIO CKUT

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Amstutz Inc.
Comptables Professionnels Agréés

INDEPENDENT AUDITORS' REPORT

To the Members of
RADIO CKUT

Opinion - We have audited the financial statements of RADIO CKUT (the Entity), which comprise the balance sheet as at May 31, 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at May 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.

Basis for Opinion - 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 Entity 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

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 Entity'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 Entity'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 Entity 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.



By: Stéphanie Beauchamp Amstutz, CPA auditor
November 21, 2022
Montreal, Quebec
Permit No: A142099

RADIO CKUT
BALANCE SHEET
as at May 31, 2022

	<u>2 0 2 2</u>	<u>2 0 2 1</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 174,850	\$ 149,650
Short-term investments, at cost	433,531	326,506
Accounts receivable (Note 3)	25,094	91,829
Prepaid expenses	<u>7,782</u>	<u>6,666</u>
	641,257	574,651
PROPERTY AND EQUIPMENT (Note 4)	<u>38,570</u>	<u>45,995</u>
	<u>\$ 679,827</u>	<u>\$ 620,646</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges (Note 5)	\$ 35,488	\$ 27,063
Deferred revenues	<u>22,800</u>	<u>-</u>
	<u>58,288</u>	<u>27,063</u>
NET ASSETS		
NET ASSETS		
Invested in property and equipment	38,570	45,995
Internally restricted (Note 7)	582,969	547,588
Unrestricted	<u>-</u>	<u>-</u>
	<u>621,539</u>	<u>593,583</u>
	<u>\$ 679,827</u>	<u>\$ 620,646</u>

COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD



.....Director



.....Director

The accompanying notes form an integral part of the financial statements.

RADIO CKUT
STATEMENT OF CHANGES IN NET ASSETS
as at May 31, 2022

				<u>2 0 2 2</u>	<u>2 0 2 1</u>
	Invested in property and equipment	Internally restricted	Un- restricted	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 45,995	\$ 547,588	\$ -	\$ 593,583	\$ 277,788
Excess of revenues over expenses	-	-	27,956	27,956	315,795
Amortization	(7,425)	-	7,425	-	-
Internally restricted (Note 7)	<u>-</u>	<u>35,381</u>	<u>(35,381)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>38,570</u>	\$ <u>582,969</u>	\$ <u>-</u>	\$ <u>621,539</u>	\$ <u>593,583</u>

The accompanying notes form an integral part of the financial statements.

RADIO CKUT
STATEMENT OF OPERATIONS
year ended May 31, 2022

	<u>2 0 2 2</u>	<u>2 0 2 1</u>
REVENUES		
On-Air sales	\$ 213,862	\$ 364,065
Student fees	261,525	264,049
Grants	71,691	121,799
Donations	41,625	49,408
Miscellaneous	1,542	545
Promotion	864	3,430
Grants (in kind)	-	78,615
Sub-carrier rental	-	7,306
Production and studio rental	-	275
	<u>591,109</u>	<u>889,492</u>
EXPENSES		
Salaries, commissions and fringe benefits	282,412	278,033
General office	60,978	20,171
Office rent	55,934	54,305
Rentals	51,166	47,535
Transmission equipment maintenance	26,141	18,241
Fundraising and promotion	19,965	12,660
Bad debts	16,604	19,645
Sub-carrier expense	9,970	5,157
Script and royalties	9,942	8,894
Amortization	7,425	9,090
Contract services	6,485	7,296
Bank and administration charges	5,508	2,592
Telecommunications	3,774	5,166
Professional fees	3,765	3,587
Insurance	3,084	2,710
Advertising (in kind)	-	78,615
	<u>563,153</u>	<u>573,697</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>27,956</u>	\$ <u>315,795</u>

The accompanying notes form an integral part of the financial statements.

RADIO CKUT
STATEMENT OF CASH FLOWS
year ended May 31, 2022

	<u>2 0 2 2</u>	<u>2 0 2 1</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 27,956	\$ 315,795
Items not affecting cash		
Amortization	<u>7,425</u>	<u>9,090</u>
	35,381	324,885
Changes in non cash operating working capital		
Accounts receivable	66,735	41,027
Prepaid expenses	(1,116)	14
Accounts payable and accrued charges	8,425	(4,342)
Deferred revenues	<u>22,800</u>	<u>(27,200)</u>
	<u>132,225</u>	<u>334,384</u>
INVESTING ACTIVITIES		
(Increase) in short-term investments	(107,025)	(201,402)
Acquisition of property and equipment	<u>-</u>	<u>(8,319)</u>
	<u>(107,025)</u>	<u>(209,721)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	25,200	124,663
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>149,650</u>	<u>24,987</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>174,850</u>	\$ <u>149,650</u>

Cash and cash equivalents are comprised of cash.

The accompanying notes form an integral part of the financial statements

RADIO CKUT
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2022

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The organization was incorporated under Part II of the Canada Corporations Act and is a non-profit organization under the Income Tax Act.

Radio CKUT is a campus-community radio station based at McGill University and provides alternative music, news and spoken word programming to the city of Montreal, surrounding areas and around the world, 24 hours a day, 365 days a year. The Station operates under license from the Canadian Radio-television and Telecommunications Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting estimates

The preparation of financial statements in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Revenue recognition

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

Cash and cash equivalents

The organization's policy is to disclose cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition.

Property and equipment

Property and equipment are stated at cost. Amortization is calculated to amortize the cost of the assets less their residual values over their estimated useful lives, using the following methods and rates:

Production studio equipment	10-20% declining-balance
Transmission equipment	15 years straight-line
Mobile unit equipment	20% declining-balance
Office equipment	10-20% declining-balance
Computer equipment and web site	20% declining-balance
Leasehold improvements	10% declining-balance
Archive and server equipment	10-20% declining-balance
Alarm system	20% declining-balance

RADIO CKUT
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

Volunteers contribute about 45,000 hours per year to assist Radio CKUT in carrying out its activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Financial instruments

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

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued charges.

3.	ACCOUNTS RECEIVABLE	<u>2 0 2 2</u>	<u>2 0 2 1</u>
	Accounts receivable	\$ 16,109	\$ 73,380
	Sales taxes receivable	3,110	12,231
	Student fees receivable	<u>5,875</u>	<u>6,218</u>
		<u>\$ 25,094</u>	<u>\$ 91,829</u>

4.	PROPERTY AND EQUIPMENT	<u>2 0 2 2</u>	<u>2 0 2 1</u>		
		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	Production studio equipment	\$ 195,353	\$ 172,317	\$ 23,036	\$ 25,485
	Transmission equipment	155,611	151,300	4,311	6,787
	Mobile unit equipment	17,038	15,285	1,753	2,191
	Office equipment	31,211	29,873	1,338	1,673
	Computer equipment	78,414	72,488	5,926	7,408
	Web site	26,519	26,519	-	-
	Leasehold improvements	31,473	31,473	-	-
	Archive and server equipment	5,552	3,346	2,206	2,451
	Alarm system	<u>4,493</u>	<u>4,493</u>	<u>-</u>	<u>-</u>
		<u>\$ 545,664</u>	<u>\$ 507,094</u>	<u>\$ 38,570</u>	<u>\$ 45,995</u>

Amortization provided for in the current period totalled \$7,425 (2021 - \$9,090).

RADIO CKUT
 NOTES TO THE FINANCIAL STATEMENTS
 May 31, 2022

5.	ACCOUNTS PAYABLE AND ACCRUED CHARGES	<u>2 0 2 2</u>	<u>2 0 2 1</u>
	Accrued charges	\$ 14,247	\$ 12,204
	Government remittances	<u>21,241</u>	<u>14,859</u>
		\$ <u>35,488</u>	\$ <u>27,063</u>

6. LINES OF CREDIT

The organization has the use of credit facilities on credit cards totalling \$19,000 which bears interest at the rate of 11.70%.

7. INTERNALLY RESTRICTED NET ASSETS

The board of directors passed a resolution in May 1991 whereby any excess of revenues over expenses would be restricted to be used to invest in property and equipment.

8. FINANCIAL INSTRUMENTS

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date, i.e. May 31, 2022.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued charges.

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 organization's main credit risks relate to its accounts receivable.

RADIO CKUT
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2022

9. COMMITMENTS

The organization is committed to pay rent under the following lease agreements:

Office premises - the lease for office premises is for a term of 5 years expiring May 31, 2027. The minimum lease payments for next year are \$57,612.

Broadcast tower - the lease for the broadcast tower is for a term of 5 years expiring December 31, 2022 with an annual rent of \$21,108 and operating costs of \$8,760 starting January 1, 2018, both subject to annual adjustments.

Transmitter - the term of the lease for the transmitter remains in effect for a period expiring December 31, 2022 with a 5 year renewal option. The minimum annual lease payments are \$20,556.

10. REFERENDUM

A referendum to fund Radio CKUT operations shall be conducted at least once every five years. The next referendum is due in 2026. In the event that Radio CKUT were to lose a referendum, student fees would immediately cease to be collected and transferred to the station. Should a referendum fail, Radio CKUT would need to immediately implement an austerity plan which would involve staffing cuts, seek new quarters to house the station as the current premises are leased from McGill, renegotiate the CRTC license assuming community affiliation only, and seek other sources of funding to replace some/all of what would be lost.