

Radio Western

Financial Statements

**May 31, 2013, May 1, 2012 and
June 1, 2011**



November 5, 2013

Independent Auditor's Report

To the Members of Radio Western

We have audited the accompanying financial statements of Radio Western, which comprise the statement of financial position as at May 31, 2013, May 31, 2012 and June 1, 2011 and the statement of operations and members' capital and cash flows for the years ended May 31, 2013 and May 31, 2012, and the related notes, which comprise 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Radio Western as at May 31, 2013, May 31, 2012 and June 1, 2011 and the results of its operations, members' capital and its cash flows for the years ended May 31, 2013 and May 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Radio Western
Statement of Financial Position

	May 31, 2013 \$	May 31, 2012 \$	June 1, 2011 \$
Assets			
Current assets			
Cash (note 2)	368,105	262,809	247,637
Accounts receivable	196	5,092	12,796
Prepaid expenses	6,113	4,652	6,388
Due from the University Students' Council of The University of Western Ontario (note 4)	77,587	124,032	47,425
	452,001	396,585	314,246
Fixed assets (note 5)	44,794	43,722	32,311
	496,795	440,307	346,557
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (note 7)	8,584	11,441	7,547
Deferred revenue	10,876	-	-
	19,460	11,441	7,547
Members' capital	477,335	428,866	339,010
	496,795	440,307	346,557

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Radio Western

Statements of Operations and Members' Capital

For the years ended May 31, 2013 and May 31, 2012

	2013 \$	2012 \$
Revenue		
Student fees (note 4)	376,737	405,127
Advertising	3,216	10,337
Fundraising	7,525	4,743
Other	5,596	5,183
	<hr/> 393,074	<hr/> 425,390
Expenses		
Salaries and commissions (note 4)	200,927	191,879
Technical and broadcast	23,577	22,165
Equipment and supplies (note 4)	17,922	20,970
Amortization	10,949	9,411
USC administration fee (note 4)	6,300	6,300
Travel and promotion	7,589	10,975
Telephone	10,401	10,117
Occupancy	28,326	26,387
Office	27,929	25,166
Service, maintenance and equipment	10,410	10,035
Honoraria	275	2,129
	<hr/> 344,605	<hr/> 335,534
Excess of revenue over expenses for the year	48,469	89,856
Members' capital - Beginning of year	<hr/> 428,866	<hr/> 339,010
Members' capital - End of year	<hr/> <hr/> 477,335	<hr/> <hr/> 428,866

The accompanying notes are an integral part of these financial statements.

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Statements of Cash Flows

For the years ended May 31, 2013 and May 31, 2012

	2013 \$	2012 \$
Cash generated from (used in)		
Operating activities		
Excess of revenue over expenses for the year	48,469	89,856
Items not affecting cash		
Amortization	10,949	9,411
	<u>59,418</u>	<u>99,267</u>
Changes in non-cash working capital balances:		
Accounts receivable	4,896	7,704
Prepaid expenses	(1,461)	1,736
Due from the University Students' Council of The University of Western Ontario	46,445	(76,607)
Accounts payable and accrued liabilities	(2,857)	3,894
Deferred revenue	10,876	-
	<u>57,899</u>	<u>(63,273)</u>
Investing activities		
Purchase of fixed assets	<u>(12,021)</u>	<u>(20,822)</u>
Increase in cash	105,296	15,172
Cash - Beginning of year	<u>262,809</u>	<u>247,637</u>
Cash - End of year	<u>368,105</u>	<u>262,809</u>

The accompanying notes are an integral part of these financial statements.

Radio Western

Notes to Financial Statements

May 31, 2013 and May 31, 2012

1 Purpose of the organization

Radio Western (the Organization) is a community-based campus radio station. The Organization is affiliated with the University Students' Council of the University of Western (the USC) and is incorporated under the statutes of the province of Ontario. The Organization is a not-for-profit organization under the Income Tax Act.

2 Significant accounting policies

Basis of presentation

Effective June 1, 2012, Radio Western elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework are consistent with those presently applied under Canadian generally accepted accounting standards. As such, there are no adjustments to opening members' capital as at June 1, 2011, the statement of financial position at May 31, 2012 or to excess of revenues over expenses for the year ended May 31, 2012.

These financial statements have been prepared in accordance with ASNPO within the framework of accounting policies summarized below.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. The most significant revenue stream is derived from student fees collected by the USC on behalf of the Organization. These student fees are recognized in the year in which they relate.

Deferred revenue

Radio Western recognizes amounts received for future services as deferred revenue and amortizes the amounts to revenue as the related services are rendered.

Fixed assets

Fixtures and equipment are recorded at cost. Normal maintenance and repair expenditures are expensed as incurred. Amortization is provided on the declining balance basis calculated monthly at the rates set out below, commencing in the month of purchase, except for leasehold improvements which use the straight line method. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

Declining balance basis:

Computer equipment	33% declining balance
Radio and office equipment	20% declining balance
Leasehold improvements	10 years straight line

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Notes to Financial Statements

May 31, 2013 and May 31, 2012

Cash

An amount of \$10,876 (2012 and 2011 - \$Nil) is restricted by the provisions of a grant and can only be used to cover certain qualifying expenditures. This balance has also been recorded as deferred revenue.

Financial instruments

Part II of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3856 establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard prescribes when to recognize a financial instrument in the statement of financial position and at what amount. Depending on the balance sheet classification, fair value or cost based measures are used. The standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses on financial instruments are recognized in the statement of operations or in the statement of changes in fund balances.

The Organization has made the following classifications for its financial instruments:

- i) Cash is classified as “held for trading”. It is measured at fair value and any gains or losses resulting from the re-measurement at the end of each period are recognized in net income. The carrying value of this instrument approximates fair value, due to its short-term nature.
- ii) Accounts receivable and amounts due from the USC are classified as “loans and receivables”. They are recorded at cost, which upon their initial measurement is equal to their fair value. The carrying value of these instruments approximates fair value, due to their short-term maturity.
- iii) Accounts payable and accrued liabilities are classified as “other financial liabilities”. They are recorded at their cost which upon their initial measurement is equal to their fair value. The carrying value of these instruments approximates fair value, due to their short-term maturity.

Foreign exchange risk

The Organization had no revenue or operating expenses during the years presented, nor monetary assets or liabilities at year-end dates that were denominated in a foreign currency.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization is exposed to credit risk from members and customers and manages this risk through evaluation and monitoring.

Interest rate risk

The Organization is exposed to market interest rate fluctuations with respect to its cash at May 31, 2013, May 31, 2012 and June 1, 2011.

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Notes to Financial Statements

May 31, 2013 and May 31, 2012

Use of estimates

A precise determination of many assets and liabilities is dependent on future events and the preparation of periodic financial statements necessarily involves the use of estimates and approximations. The financial statements have, in management's opinion, been properly prepared and within the framework of accounting policies summarized above.

3 Taxation

Under the provisions of the Income Tax Act, Canada and the Corporations Tax Act, Ontario, the Organization is exempt from federal and provincial income taxes.

4 Transactions with the University of Western Ontario and University Students' Council

University of Western Ontario

The Organization occupies office space owned by Western University (UWO). In consideration of student levies paid to the University, certain space is provided rent free.

University Students' Council

During fiscal 2013, the USC transferred \$376,737 (2012 - \$405,127) of student fees collected on the Organization's behalf.

Under the terms of its operations, the Organization has leased certain equipment from the USC for an amount equal to the annual amortization charged against this equipment by the USC in accordance with the accounting policies followed by the USC. The amount of these lease payments for fiscal 2013 was \$10,625 (2012 - \$13,519). During the year, the Organization was charged \$6,300 (2012 - \$6,300) for administrative services and \$200,927 (2012 - \$191,879) for salaries and benefits.

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Notes to Financial Statements

May 31, 2013 and May 31, 2012

5 Fixed assets

			2013
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	22,687	8,595	14,092
Radio equipment	52,133	22,525	29,608
Leasehold improvements	1,103	9	1,094
	<u>75,923</u>	<u>31,129</u>	<u>44,794</u>

			2012
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	12,357	4,220	8,137
Radio equipment	51,546	15,961	35,585
	<u>63,903</u>	<u>20,181</u>	<u>43,722</u>

			2012
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	7,311	1,704	5,607
Radio equipment	35,770	9,066	26,704
	<u>43,081</u>	<u>10,770</u>	<u>32,311</u>

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Notes to Financial Statements

May 31, 2013 and May 31, 2012

6 Capital management

The Organization's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to continue the delivery of their product.

In the management of capital, the Organization considers the fund balances, as well as cash. The Organization manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Organization may attempt to raise additional funds or reduce expenses.

In order to facilitate the management of its capital requirements, the Organization prepares annual expenditure budgets that are updated as necessary depending on various factors, including student fees, fundraising campaigns and general governmental conditions. The annual and updated budgets are approved by the Board of Directors.

The Organization has not changed its approach to capital management during the current year, and does not use specific quantitative measures to manage capital. The Organization is not subject to any external capital restrictions.

7 Government remittances

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts become due. No amounts were payable to government authorities for 2013, 2012 or 2011.

