

**FRIENDS OF CANADIAN BROADCASTING**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

**HILBORN** **LLP**

## Independent Auditor's Report

To the Members of  
**Friends of Canadian Broadcasting**

We have audited the accompanying financial statements of Friends of Canadian Broadcasting, which comprise the statement of financial position as at December 31, 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 organization'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 organization'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*

Friends of Canadian Broadcasting derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, current assets and net assets.

## Independent Auditor's Report (continued)

### *Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Friends of Canadian Broadcasting as at December 31, 2017 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.



Toronto, Ontario  
May 12, 2018

Chartered Professional Accountants  
Licensed Public Accountants

# FRIENDS OF CANADIAN BROADCASTING

## Statement of Financial Position

Year ended December 31, 2017	2017 \$	2016 \$
<b>ASSETS</b>		
Current assets		
Cash and term deposit	638,313	317,683
Accounts receivable	271,838	188,749
Prepaid expenses	20,850	-
	<b>931,001</b>	<b>506,432</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	570,498	310,774
<b>NET ASSETS</b>	<b>360,503</b>	<b>195,658</b>
	<b>931,001</b>	<b>506,432</b>

The accompanying notes are an integral part of these financial statements

Approved by the Board of Directors:

Director

Director

# FRIENDS OF CANADIAN BROADCASTING

## Statements of Operations

Year ended December 31, 2017	2017 \$	2016 \$
Revenues		
New donations	98,803	202,869
Recurring donations	2,842,751	2,550,482
Other	170,419	123,951
	<u>3,111,973</u>	<u>2,877,302</u>
Expenses		
Communication - Media	407,899	428,737
Communication - Supporters	948,357	705,790
Communication - General public	389,329	540,845
Management fees	93,242	93,225
Office services	380,743	413,334
Records	152,256	156,055
Research	471,515	418,273
Board of Directors	80,841	93,714
Advertising	22,946	136,977
We're Voting CBC	-	2,546
	<u>2,947,128</u>	<u>2,989,496</u>
Excess of revenues over expenses (expenses over revenues) for year	<u>164,845</u>	<u>(112,194)</u>

## Statements of Changes in Net Assets

Year ended December 31, 2017	2017 \$	2016 \$
Net assets, beginning of year	195,658	307,852
Excess of revenues over expenses (expenses over revenues) for year	<u>164,845</u>	<u>(112,194)</u>
Net assets, end of year	<u>360,503</u>	<u>195,658</u>

The accompanying notes are an integral part of these financial statements

# FRIENDS OF CANADIAN BROADCASTING

## Statement of Cash Flows

Year ended December 31, 2017	2017 \$	2016 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	164,845	(112,194)
Change in non-cash working capital items		
Increase in accounts receivable	(83,089)	(88,339)
Increase in prepaid expenses	(20,850)	-
Increase in accounts payable and accrued liabilities	259,724	101,947
Net change in cash during the year	320,630	(98,586)
Cash, beginning of year	317,683	416,269
Cash, end of year	638,313	317,683
Cash and term deposit consists of:		
Cash	632,927	312,297
Term deposit	5,386	5,386
	638,313	317,683

The accompanying notes are an integral part of these financial statements

# FRIENDS OF CANADIAN BROADCASTING

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## Notes to Financial Statements

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Year ended December 31, 2017

### Nature of operations

Friends of Canadian Broadcasting was incorporated on August 25, 1987 as a not-for-profit organization. The mission of Friends of Canadian Broadcasting is to enhance the quality and quantity of Canadian programming in the audio-visual system. The organization is exempt from income tax by virtue of Section 149 (1)(1) of the Income Tax Act.

### 1. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

#### (a) Revenue recognition

Revenues relating to fund-raising activities in the current year that are received prior to February 1 of the subsequent year are accrued as at the year end.

#### (b) Financial instruments

##### (i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

# FRIENDS OF CANADIAN BROADCASTING

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## Notes to Financial Statements (continued)

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Year ended December 31, 2017

1. **Significant accounting policies (continued)**

(c) **Allocation of expenses**

Certain fundraising and general support expenses are allocated across various functions based on estimated time spent as described in note 3.

(d) **Management 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 reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. **Financial instruments risk management**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The organization's financial instruments bear the following financial risks:

(a) **Credit risk**

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization has accounts receivable of \$271,838 (2016 - \$188,749) which are not subject to credit risk as all of the amounts have been collected subsequent to year end.

(b) **Liquidity risk**

The organization does have a liquidity risk in accounts payable and accrued liabilities of \$570,498 (2016 - \$310,774). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and has sufficient revenues before committing to expenses. The liquidity risk exposure to the organization is low.

# FRIENDS OF CANADIAN BROADCASTING

## Notes to Financial Statements (continued)

Year ended December 31, 2017

### 3. Allocation of expenses

Certain general support and fundraising expenses totaling \$1,406,607 (2016 - \$1,268,904) have been allocated as follows:

	2017	2016
	\$	\$
Communication - Media	317,205	318,761
Communication - Supporters	344,007	189,748
Communication - General Public	234,996	276,414
Management Fees	93,242	93,225
Office Services	144,936	179,197
Records	28,805	26,104
Research	192,282	150,806
Board of Directors	45,955	32,103
Other	5,179	2,546
	<u>1,406,607</u>	<u>1,268,904</u>

### 4. Management of capital

The organization's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mission to enhance the quality and quantity of Canadian programming in the audio-visual system. The organization strictly monitors its capital in order to ensure it has sufficient revenue before committing to expenses.

# HILBORN

LISTENERS. THINKERS. DOERS.