

FRIENDS OF CANADIAN BROADCASTING

FINANCIAL STATEMENTS

DECEMBER 31, 2020

HILBORN  **LLP**

Independent Auditor's Report

To the Members of Friends of Canadian Broadcasting

Qualified Opinion

We have audited the financial statements of Friends of Canadian Broadcasting (the "Organization"), which comprise the statement of financial position as at December 31, 2020, 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 Organization as at December 31, 2020, 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

Friends of Canadian Broadcasting derives revenue from donations, the completeness of which is not susceptible to 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 revenue over expenses, current assets and 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 Organization 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 qualified 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 ability of the Organization 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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

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 the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Organization.
- 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 ability of the Organization 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 Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
June 19, 2021

Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF CANADIAN BROADCASTING

Statement of Financial Position

December 31	2020 \$	2019 \$
ASSETS		
Current assets		
Cash	1,222,276	607,165
Accounts receivable	144,363	66,360
Prepaid expenses	3,084	5,712
	1,369,723	679,237
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	156,743	173,380
NET ASSETS	1,212,980	505,857
	1,369,723	679,237

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	2020 \$	2019 \$
Revenues		
New donations	124,044	147,272
Recurring donations	2,928,599	3,186,099
Other	555,094	386,328
Government assistance (note 5)	101,900	-
	<u>3,709,637</u>	<u>3,719,699</u>
Expenses		
Program expenses	1,681,880	2,486,078
Advertising	505,885	693,877
Salaries and related benefits (note 3)	478,931	7,532
Maintenance of records	108,222	141,235
Office and general	76,876	109,121
Bank charges and payment processing fees	67,384	66,942
Professional fees	68,363	54,657
Rent (note 3)	14,973	-
	<u>3,002,514</u>	<u>3,559,442</u>
Excess of revenues over expenses (expenses over revenues) for year	<u>707,123</u>	<u>160,257</u>

Statements of Changes in Net Assets

Year ended December 31	2020 \$	2019 \$
Net assets, beginning of year	505,857	345,600
Excess of revenues over expenses (expenses over revenues) for year	<u>707,123</u>	<u>160,257</u>
Net assets, end of year	<u>1,212,980</u>	<u>505,857</u>

The accompanying notes are an integral part of these financial statements

FRIENDS OF CANADIAN BROADCASTING

Statement of Cash Flows

Year ended December 31	2020 \$	2019 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	707,123	160,257
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(78,003)	29,040
Decrease in prepaid expenses	2,628	16,788
Decrease in accounts payable and accrued liabilities	(16,637)	(3,091)
Net change in cash during the year	615,111	202,994
Cash, beginning of year	607,165	404,171
Cash, end of year	1,222,276	607,165

The accompanying notes are an integral part of these financial statements

FRIENDS OF CANADIAN BROADCASTING

Notes to Financial Statements

Year ended December 31, 2020

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

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued)

(c) 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 \$144,363 (2019 - \$66,360) 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 \$156,743 (2019 - \$173,380). 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 and all of the amounts owing have been paid subsequent to year end.

3. Salaries and Rent

During the year the Organization entered into a lease for premises for the first time. In prior years, premises were maintained and provided by contractors and these costs were included in Program expenses. The Organization also engaged some regular contractors as direct employees, incurring direct salary expense for the first time.

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.

FRIENDS OF CANADIAN BROADCASTING

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Government assistance

During the year the Organization received \$101,900 in government assistance (2019 - \$nil) through the Canadian Emergency Wage Subsidy (\$101,066) and the Canadian Emergency Rent Subsidy (\$834). The assistance is not subject to any specific future terms or condition; however, the Canada Revenue Agency may require additional reporting in a future period to verify the Organization's eligibility and compliance with terms and conditions.

6. Lease commitment

The Organization is committed to lease its office premises until July 31, 2022, with the option to terminate with 60 days notice after July 31, 2021. The future annual lease payments are as follows:

	<u>\$</u>
2021	<u>36,383</u>
2022	<u>21,590</u>
	<u><u>57,973</u></u>

7. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

HILBORN

LISTENERS. THINKERS. DOERS.