

FRIENDS OF CANADIAN BROADCASTING

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, 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, 2021, 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 9, 2022

Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF CANADIAN BROADCASTING

Statement of Financial Position

December 31	2021 \$	2020 \$
ASSETS		
Current assets		
Cash	544,719	1,222,276
Accounts receivable	125,191	144,363
Prepaid expenses	3,084	3,084
	672,994	1,369,723
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	235,319	156,743
NET ASSETS	437,675	1,212,980
	672,994	1,369,723

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director

Director

FRIENDS OF CANADIAN BROADCASTING

Statement of Operations

Year ended December 31	2021 \$	2020 \$
Revenue		
New donations	147,069	124,044
Recurring donations	2,989,240	2,928,599
Other	159,964	555,094
Government assistance (note 5)	45,611	101,900
	3,341,884	3,709,637
Expenses		
Program expenses	1,809,785	1,681,880
Advertising (note 3)	1,305,700	505,885
Salaries and related benefits	664,413	478,931
Maintenance of records	66,602	108,222
Office and general	123,804	76,876
Bank charges and payment processing fees	66,982	67,384
Professional fees	43,520	68,363
Rent	36,383	14,973
	4,117,189	3,002,514
Excess of revenues over expenses (expenses over revenues) for year	(775,305)	707,123

Statement of Net Assets

Year ended December 31	2021 \$	2020 \$
Net assets, beginning of year	1,212,980	505,857
Excess of revenues over expenses (expenses over revenues) for year	(775,305)	707,123
Net assets, end of year	437,675	1,212,980

The accompanying notes are an integral part of these financial statements

FRIENDS OF CANADIAN BROADCASTING

Statement of Cash Flows

Year ended December 31	2021 \$	2020 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	(775,306)	707,123
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	19,172	(78,003)
Decrease in prepaid expenses	-	2,628
Increase (decrease) in accounts payable and accrued liabilities	78,577	(16,637)
Net change in cash	(677,557)	615,111
Cash, beginning of year	1,222,276	607,165
Cash, end of year	544,719	1,222,276

The accompanying notes are an integral part of these financial statements

FRIENDS OF CANADIAN BROADCASTING

Notes to Financial Statements

Year ended December 31, 2021

Nature of operations

Friends of Canadian Broadcasting (the "Organization") 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 are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(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 the statement of operations.

Financial assets measured at amortized cost include 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; or
- 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 events occurring after the impairment date confirm that a reversal is necessary, the reversal is recognized in the statement of income up to the amount of the previously recognized impairment.

FRIENDS OF CANADIAN BROADCASTING

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 instrument 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:

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 Company reduces its exposure to the credit risk associated with cash by maintaining these funds with Canadian financial institutions. The Organization has accounts receivable of \$125,191 (2020 - \$144,363) which have been collected subsequent to year end.

Liquidity risk

The Organization does have a liquidity risk in accounts payable and accrued liabilities of \$235,320 (2020 - \$156,743). 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.

FRIENDS OF CANADIAN BROADCASTING

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Advertising

Included in advertising are those costs related to the Canadian federal election held on September 20, 2021 in the amount of \$114,031 (2020 - \$nil) and \$940,941 (2020 - \$nil) on a national advertising campaign.

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.

5. Government assistance

During the year the Organization received \$45,611 in government assistance (2020 - \$101,900) through the Canadian Emergency Wage Subsidy for \$41,597 (2020 - \$101,066) and the Canadian Emergency Rent Subsidy for \$4,014 (2020 - \$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. Commitments

The Organization is committed to lease its office premises until July 31, 2022 and data storage until February 25, 2023. The future annual payments are as follows:

	<u>\$</u>
2022	47,448
2023	<u>25,858</u>
	<u>73,306</u>

7. Impact of global pandemic

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on the Organization. No adjustments have been made in the financial statements as a result of these events other than the government assistance noted in note 5.

HILBORN

LISTENERS. THINKERS. DOERS.