

**PRINCE EDWARD COUNTY RADIO CORPORATION**  
**FINANCIAL STATEMENTS**  
**AS AT AUGUST 31, 2021**

**PRINCE EDWARD COUNTY RADIO CORPORATION**  
**TABLE OF CONTENTS**  
**AS AT AUGUST 31, 2021**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16
Schedule of Operating Expenses	17
Schedule of Overhead Expenses	18

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the financial statements of Prince Edward County Radio Corporation (the Corporation), which comprise the statement of financial position as at August 31, 2021, and the statements of net assets, operations 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 Corporation as at August 31, 2021, and its results of 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**

In common with many not-for-profit organizations, the Corporation 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 Corporation and we were not able to determine whether, as at and for the years ended August 31, 2021 and August 30, 2020, any adjustments might be necessary to donations revenue, excess of revenues over expenditures 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 Corporation 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 these financial statements, management is responsible for assessing the Corporation'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 Corporation, or to cease operations, or has no realistic alternative but to do so.

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

**INDEPENDENT AUDITOR'S REPORT  
(CONT'D)**

**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 Corporation'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 Corporation'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 Corporation 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.


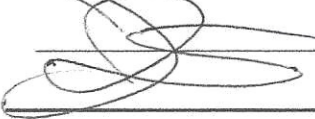


BELLEVILLE, Canada  
November 18, 2021

Chartered Professional Accountants  
Licensed Public Accountants



**PRINCE EDWARD COUNTY RADIO CORPORATION**  
**STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2021**

	2021	2020
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	234,263	177,350
Accounts receivable	74,116	78,612
Due from The Community Foundation	54,350	100
Prepaid expenses and deposits	5,445	6,596
Grants and subsidies receivable - Note 3	6,703	17,984
	374,877	280,642
<b>TANGIBLE CAPITAL ASSETS - at cost</b>		
less accumulated amortization - Note 4	159,406	181,338
<b>INTANGIBLE ASSETS - at cost</b>		
less accumulated amortization - Note 5	4,460	5,723
	538,743	467,703
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	31,364	34,914
Government remittances payable	37,443	20,979
Deferred revenue - Note 6	24,299	29,795
	93,106	85,688
<b>LONG-TERM</b>		
Canada Emergency Business Account (CEBA) loan payable - Note 7	37,191	35,030
<b>DEFERRED CAPITAL CONTRIBUTIONS - Note 8</b>	40,886	44,405
	171,183	165,123
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	367,560	302,580
<b>COMMITMENTS - Note 9</b>		
<b>APPROVED ON BEHALF OF THE BOARD</b>		
	Director	<i>Treasurer 30 Dec/21</i>
	Director	<i>BOARD CHAIR DEC 30/2021</i>
	538,743	467,703

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY RADIO CORPORATION  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2021**

	<b>2021</b>	2020
	<b>\$</b>	\$
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>302,580</b>	228,763
<b><u>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</u></b>	<b><u>64,980</u></b>	<u>73,817</u>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>367,560</u></b>	<u>302,580</u>

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY RADIO CORPORATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	2021	2020
	\$	\$
<b>REVENUE</b>		
Advertising	267,289	264,799
Donations	80,342	69,771
Grants	37,759	48,760
Fundraising revenue	18,449	33,104
	<b>403,839</b>	416,434
<b>COST OF SALES</b>		
Advertising and commission	89,353	85,090
Donation expenses	663	
Grants expenses	600	
Fundraising expenses	1,177	21,070
	<b>91,793</b>	106,160
<b>GROSS PROFIT</b>	<b>312,046</b>	310,274
<b>OTHER INCOME</b>		
Government assistance - Discount on zero-interest loan - Note 7	579	5,596
Interest	214	505
Amortization of deferred capital contributions	5,748	5,184
	<b>6,541</b>	11,285
	<b>318,587</b>	321,559
<b>EXPENDITURES</b>		
Operating expenses - Schedule 1	46,831	47,137
Overhead expenses - Schedule 2	70,909	70,935
Wages and salaries - Note 14	127,805	127,170
Production labour expenses	8,062	2,500
	<b>253,607</b>	247,742
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>64,980</b>	73,817

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY RADIO CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	2021	2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for year	64,980	73,817
Adjustment for items which do not affect cash -		
Amortization of deferred capital contributions	(5,748)	(5,184)
Amortization of intangible assets	1,263	1,263
Amortization of tangible capital assets	24,791	23,970
Discount on zero-interest loan	(579)	(5,596)
Accrued interest on CEBA loan	2,740	626
	<b>87,447</b>	<b>88,896</b>
Net change in non-cash working capital balances related to operations - Note 10	<b>(29,904)</b>	<b>(12,862)</b>
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>57,543</b>	<b>76,034</b>
<b>INVESTING ACTIVITIES</b>		
Capital spending utilized - Note 8	2,229	9,527
Purchase of tangible capital assets	(2,859)	(14,789)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(630)</b>	<b>(5,262)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in CEBA loan - Note 7	20,000	40,000
Repayment of CEBA loan - Note 7	(20,000)	
<b>CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES</b>	<b>NIL</b>	<b>40,000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR</b>	<b>56,913</b>	<b>110,772</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>177,350</b>	<b>66,578</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>234,263</b>	<b>177,350</b>
<b>REPRESENTED BY:</b>		
Cash	234,263	177,350

The accompanying notes form an integral part of these financial statements



**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**1. NATURE OF OPERATIONS**

Prince Edward County Radio Corporation is a not-for-profit organization dedicated to the development and operation of a radio broadcasting station in Prince Edward County. The Corporation is incorporated under the Canada Not-for-profit Corporations Act without share capital and is exempt from taxation under Section 149 of the Income Tax Act.

The application to the Canadian Radio-television and Telecommunications Commission (CRTC) for a license to operate an over-the-air broadcasting station in Prince Edward County was approved on January 21, 2014.

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies adopted by the Corporation that are considered to be particularly significant:

**(a) Basis of Accounting**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**(b) Accounting 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 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. Significant items subject to such estimates and assumptions include valuation of accounts receivable, and the estimated useful life of tangible capital assets and intangible assets. Actual results could differ from those estimates.

**(c) Tangible Capital Assets and Amortization**

Tangible capital assets are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in statement of operations in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Computer equipment	Straight-line	Over 5 years
Leasehold improvements	Straight-line	Over 15 years
Radio transmission equipment	Straight-line	Over 15 years
Studio equipment	Straight-line	Over 10 years

**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**2. ACCOUNTING POLICIES (Cont'd)**

**(d) Intangible Assets**

Intangible assets are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in the statement of operations in the year of disposal. Amortization of definite lived intangible assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Engineering and licensing costs	Straight-line	Over 10 years
Incorporation costs	Straight-line	Over 10 years

**(e) Government Assistance**

Government assistance, in the form of wage subsidies due to the Coronavirus (COVID-19), has been deducted from wages and benefits as the Corporation incurs the related eligible wages. Government assistance recognized is further described in Note 16 to these financial statements.

**(f) Leases**

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

**(g) Deferral Method**

The Corporation uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period 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.

**(h) Revenue Recognition**

Advertising revenue is recognized once the advertisement is broadcast. Advertising funds received for broadcasts in a subsequent period are deferred. Provision is made for expected discounts and collection losses based on the Corporation's past experience.

Donation and fundraising and grant revenue is recorded as revenue in the period to which it relates. Grants earned but not received at year end are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**2. ACCOUNTING POLICIES (Cont'd)**

**(h) Revenue Recognition (Cont'd)**

Amortization of deferred capital contributions revenue is recognized in the period to which it relates, on a basis similar to the amortization of the related tangible capital asset.

Membership revenue is recorded as revenue in the period to which it relates. Membership revenue received in advance of the fiscal year to which it relates is recorded as deferred revenue.

Merchandise revenue is recognized at the time goods are shipped to customers. Provision is made for expected returns and collection losses based on the Corporation's past experience.

**(i) Financial Instruments**

**(i) Measurement of Financial Instruments**

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

Financial assets measured at amortized cost include cash, accounts receivable, due from The Community Foundation and grants and subsidies receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and loan payable.

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

**(j) Contributed Services and Materials**

Directors, committee members and owners volunteer their time to assist in the Corporation's activities. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made, and accordingly, these contributed services are not recognized in the financial statements.

Contributions of materials are recorded only when such materials have a fair value that can be reasonably estimated and when those materials would have otherwise been purchased in the support of normal operating activities of the Corporation.

**PRINCE EDWARD COUNTY RADIO CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**3. GRANTS AND SUBSIDIES RECEIVABLE**

Grants receivable consist of the following:

	2021	2020
	\$	\$
Canada Summer Job Grant	1,730	1,371
Community Radio Fund of Canada		
- COVID-19 Relief Fund		12,906
- Emergency Preparedness Fund		3,707
Canada Emergency Wage Subsidy - Note 16	4,973	
	<b>6,703</b>	<b>17,984</b>

**4. TANGIBLE CAPITAL ASSETS**

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Computer equipment	3,796	2,959	3,166	2,263
Leasehold improvements	52,218	27,641	52,218	24,160
Radio transmission equipment	159,566	76,932	159,566	66,294
Studio equipment	100,869	49,511	98,640	39,535
	<b>316,449</b>	<b>157,043</b>	<b>313,590</b>	<b>132,252</b>
Cost less accumulated amortization	<b>\$ 159,406</b>		<b>\$ 181,338</b>	

During the year, tangible capital assets were acquired at an aggregate cost of \$2,859 (2020 - \$14,789).

**5. INTANGIBLE ASSETS**

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Engineering and licensing costs	11,700	7,791	11,700	6,528
Incorporation costs	926	375	926	375
	<b>12,626</b>	<b>8,166</b>	<b>12,626</b>	<b>6,903</b>
Cost less accumulated amortization	<b>\$ 4,460</b>		<b>\$ 5,723</b>	

**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**6. DEFERRED REVENUE**

Deferred revenue is comprised of certain advertising, memberships and other sources of revenue collected which relate to future years' operations.

Grants and other funding received with restrictions imposed by third parties are recognized as revenue when those funds are spent in accordance with the stated restrictions.

Deferred revenue consists of the following:

	2021	2020
	\$	\$
Advertising	9,704	6,364
Memberships	120	120
Ministry of Employment and Social Development		
- New Horizons for Seniors		3,099
- The Heights Project	14,046	18,602
Community Radio Fund of Canada		
- Micro-Grant		1,610
- Emergency Preparedness	273	
PEC Adaption Fund Grant	156	
	<b>24,299</b>	<b>29,795</b>

**7. LONG-TERM DEBT**

The loan payable consists of a \$60,000 (2020 - \$40,000) loan under the Canada Emergency Business Account program. The loan is unsecured, non-interest bearing with no repayment requirements until December 31, 2022. Up to \$20,000 is forgivable if certain conditions are met, including repayment of \$40,000 on or before December 31, 2022. Amounts owing after December 31, 2022 are converted into a 3-year term loan, repayable in monthly instalments, bearing interest at 5% per annum. During the year, \$20,000 was repaid on the loan.

In accordance with the accounting policies described in Note 2(i)(i) to these financial statements, the loan was initially recognized at its fair value, estimated by using the present value of all future cash payments using a rate of interest available for similar instruments. The carrying value of the loan represents the fair value at acquisition plus interest accrued at the effective rate.



**PRINCE EDWARD COUNTY RADIO CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**8. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent the unamortized amount of grants received and spent for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The change in the deferred capital contributions balance are as follows:

	2021		2020	
	Cumulative Capital Spending \$	Cumulative Amortization \$	Cumulative Capital Spending \$	Cumulative Amortization \$
Ontario Trillium Foundation	20,000	10,562	20,000	9,242
Minister of Employment and Social Development				
- New Horizons	9,438	4,247	9,438	3,303
- The Heights Project	1,508	226	1,508	75
John M. & Bernice Parrott Foundation	24,590	8,607	24,590	6,149
National Campus and Community Radio Association - Accessibility Grant	6,819	1,023	6,819	341
Community Radio Fund of Canada - Emergency Preparedness Grant	1,200	120	1,200	40
Municipal COVID-19 Recovery Grant	1,150	58		
PEC Adaption Fund Grant	1,079	55		
	<b>65,784</b>	<b>24,898</b>	63,555	19,150
Cumulative capital spending less cumulative amortization	<b>\$ 40,886</b>		\$ 44,405	

During the year, capital spending related to grants received amounted to \$2,229 (2020 - \$9,527).

**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**9. LEASE COMMITMENTS**

The Corporation has entered into agreements to lease certain premises. These operating leases expire at various dates between August, 2023 and August, 2024. The annual minimum rental payments required under these leases are as follows:

	\$
2022	34,820
2023	35,217
2024	14,037
	84,074

**10. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS**

Cash provided from (used in), as determined in the change year-over-year, in non-cash working capital is compiled as follows:

	2021	2020
	\$	\$
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
Accounts receivable	4,496	(15,820)
Due from The Community Foundation	(54,250)	1,367
Prepaid expenses and deposits	1,151	(146)
Grants and subsidies receivable	11,281	(15,192)
	(37,322)	(29,791)
<b>INCREASE (DECREASE) IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	(3,550)	(368)
Government remittances payable	16,464	3,921
Deferred revenue	(5,496)	13,376
	7,418	16,929
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>		<b>(29,904)</b>
		(12,862)

**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**11. RELATED PARTY TRANSACTIONS**

Directors and key management personnel are related parties of the Corporation due to their authority for planning, directing and controlling activities of the Corporation.

During the year, the Corporation received revenue from certain board directors and key management personnel as follows:

	2021	2020
	\$	\$
Donations	4,793	7,317
Memberships	100	100
	<b>4,893</b>	<b>7,417</b>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**12. NON-MONETARY TRANSACTIONS**

During the year, the Corporation entered into non-monetary transactions with various organizations whereby it provides broadcast advertising in exchange for print advertising, rent, and various office expenditures. These transactions were recorded at fair value resulting in an amount of \$24,747 (2020 - \$25,237).

**13. FINANCIAL RISKS AND CONCENTRATIONS OF RISK**

The Corporation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. These risks are as follows:

**(a) Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Corporation is exposed to interest rate risk as the Corporation has a loan payable, as disclosed in Note 7 to these financial statements. As prevailing interest rates fluctuate, the fair value of the loan fluctuates as well. Risk is mitigated as the Corporation has intention and ability to carry this instrument to maturity. There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**13. FINANCIAL RISKS AND CONCENTRATIONS OF RISK (Cont'd)**

**(b) Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet all cash outflow obligations as they come due. The Corporation manages its liquidity risk by monitoring its operating cash flow requirements to ensure financial resources are available.

**(c) Credit Risk**

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to discharge an obligation. The Corporation is exposed to credit risk in the event of non-performance by clients in connection with its accounts and other receivables. The Corporation manages its credit risk by performing regular evaluations of its receivables, aggressively pursues delinquent accounts and maintains provisions for estimated uncollectible accounts.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk. However, the future impact is unknown as detailed in Note 16 to these financial statements.

**14. COVID-19**

Since the beginning of calendar year 2020, a virus known as COVID-19 has caused a world-wide pandemic, including being present in Canada. The pandemic has had a considerable impact both globally and locally, which has the potential to create financial stress on the Corporation.

Both federal and provincial governments have introduced legislative measures to combat the financial impact of the pandemic as well as combating the spread of the virus, including forced closures and/or operating restrictions on several businesses.

The Corporation is eligible for government assistance as a result of COVID-19, in the form of the Canada Emergency Wage Subsidy (CEWS), retroactive to March 15, 2020. During the year, the Corporation recognized government assistance, in accordance with its accounting policy as described in Note 2(e), in the amount of \$25,240 (2020 - \$23,763).

The pandemic could impact credit risk, supply chains, future revenue streams, availability of volunteers and/or employees.

At the date these financial statements were issued, management does not anticipate these events impacting the Corporation's ability to continue as a going concern.

At the time that these financial statements were finalized, the amount of the operational and financial impact on the Corporation could not be determined, including its customers, suppliers or other third parties.

**PRINCE EDWARD COUNTY RADIO CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**15. COMPARATIVE FIGURES**

In order to conform with the financial statement presentation adopted for the current year, certain elements of the comparative figures have been regrouped.

**16. SUBSEQUENT EVENT**

Subsequent to year end, the Board approved the creation of two funds: an Operating Reserve Fund and a Capital Reserve Fund. The purpose of the Operating Reserve Fund is to guard against unforeseeable short-term cash flow issues not contemplated in annual operating budgeting. The purpose of Capital Reserve Fund is to save for future capital purchases and projects that require significant cash outlay such as the replacement of critical transmission and operating equipment. The Board also approved to restrict \$50,000 for purposes of the Operating Reserve Fund.



**PRINCE EDWARD COUNTY RADIO CORPORATION  
SCHEDULE OF OPERATING EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2021**

	2021	2020
	\$	\$
Bad debts	1,075	277
Bank charges and interest	3,865	3,668
Interest on long-term debt - Note 7	2,740	626
Insurance	3,621	4,288
License fees	13,372	10,903
Office expenses	3,375	3,528
Professional fees	13,145	21,827
Studio consumables	5,638	2,020
	<b>46,831</b>	<b>47,137</b>

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY RADIO CORPORATION  
SCHEDULE OF OVERHEAD EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2021**

	2021	2020
	\$	\$
Amortization of intangible assets	1,263	1,263
Amortization of tangible capital assets	24,791	23,970
Rent	34,435	33,610
Repairs and maintenance	1,694	2,523
Telephone	2,420	2,784
Utilities	6,306	6,785
	<b>70,909</b>	<b>70,935</b>

The accompanying notes form an integral part of these financial statements