

RADIO ADVISORY BOARD OF CANADA

FINANCIAL STATEMENTS

OCTOBER 31, 2010

McCay, Duff & Company LLP

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Members of
Radio Advisory Board of Canada

We have audited the balance sheet of Radio Advisory Board of Canada as at October 31, 2010 and the statements of revenue and expenditure, changes in members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

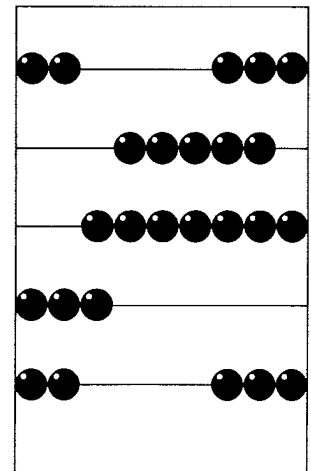
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at October 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McCay, Duff & Company LLP

McCay, Duff & Company LLP,
Licensed Public Accountants.

Ottawa, Ontario,
November 10, 2010.

THOMAS W HOWARTH C.A.
PROFESSIONAL CORPORATION
BLAIR EDWARD DAVIDSON C.A.
PROFESSIONAL CORPORATION
G W TRICKEY C.A.
PROFESSIONAL CORPORATION
ROBERT D SHANTZ C.A.
PROFESSIONAL CORPORATION
MARGARET N. EGAN C.A.
PROFESSIONAL CORPORATION
JASON T. HOWARTH C.A.
PROFESSIONAL CORPORATION
KAREN M. FREAKE, B. COMM., C.A.



RADIO ADVISORY BOARD OF CANADA

BALANCE SHEET

AS AT OCTOBER 31, 2010

	<u>2010</u>	<u>2009</u>
CURRENT		
Cash	\$ 70,959	\$ 68,612
Deposit certificates	157,053	156,290
Accounts receivable	8,511	3,430
Prepaid expenses	<u>1,072</u>	<u>3,713</u>
	237,595	232,045
CAPITAL (note 6)	<u>9,174</u>	<u>7,678</u>
	<u>\$ 246,769</u>	<u>\$ 239,723</u>

LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,708	\$ 3,372
Deferred revenue	<u>25,000</u>	<u>25,000</u>
	28,708	28,372

MEMBERS' EQUITY		
EQUITY		
Operating	208,887	203,673
Invested in capital assets	<u>9,174</u>	<u>7,678</u>
	<u>218,061</u>	<u>211,351</u>
	<u>\$ 246,769</u>	<u>\$ 239,723</u>

Commitment (note 7)

Approved on behalf of the Board:

Director

Director

	<u>2010</u>	<u>2009</u>
OPERATING EQUITY		
Balance - beginning of year	\$ 203,673	\$ 200,739
Net revenue for the year	6,710	1,020
Allocation from (to) Equity Invested in Capital Assets	(1,496)	1,914
	<u>5,214</u>	<u>2,934</u>
Balance - end of year	<u>\$ 208,887</u>	<u>\$ 203,673</u>
EQUITY INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 7,678	\$ 9,592
Purchase of capital assets	4,972	1,355
Amortization	(3,476)	(3,269)
Allocation from (to) Operating Equity	<u>1,496</u>	(1,914)
Balance - end of year	<u>\$ 9,174</u>	<u>\$ 7,678</u>

RADIO ADVISORY BOARD OF CANADA
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED OCTOBER 31, 2010

	<u>2010</u>		<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Events	\$ 27,500	\$ 59,145	\$ 152,561
Membership fees	81,250	79,200	79,250
Government grant	85,000	85,000	85,000
Scholarship grants	4,000	5,000	-
Interest and miscellaneous	<u>2,000</u>	<u>906</u>	<u>1,911</u>
	199,750	229,251	318,722
EXPENDITURE			
Amortization	4,000	3,476	3,269
Committees	34,000	39,810	45,425
Office	14,600	12,706	13,694
Personnel	78,500	78,500	76,500
Professional fees	4,000	3,511	3,536
Rent	20,000	19,039	18,917
Events	40,250	60,999	156,361
Scholarship	<u>4,000</u>	<u>4,500</u>	<u>-</u>
	<u>199,350</u>	<u>222,541</u>	<u>317,702</u>
NET REVENUE FOR THE YEAR	<u>\$ 400</u>	<u>\$ 6,710</u>	<u>\$ 1,020</u>

RADIO ADVISORY BOARD OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2010

	<u>2010</u>	<u>2009</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue for the year	\$ 6,710	\$ 1,020
Item not involving cash		
- amortization	<u>3,476</u>	<u>3,269</u>
	10,186	4,289
Net change in non-cash working capital balances		
- (increase) decrease in accounts receivable	(5,081)	5,535
- (increase) decrease in prepaid expenses	2,641	(678)
- increase (decrease) in accounts payable and accrued liabilities	336	(242)
- (decrease) in deferred revenue	<u>-</u>	<u>(22,300)</u>
	<u>(2,104)</u>	<u>(17,685)</u>
	8,082	(13,396)
INVESTING ACTIVITY		
Purchase of capital assets	<u>(4,972)</u>	<u>(1,355)</u>
INCREASE (DECREASE) IN CASH POSITION DURING THE YEAR	3,110	(14,751)
Cash position - beginning of year	<u>224,902</u>	<u>239,653</u>
CASH POSITION - END OF YEAR	<u>\$ 228,012</u>	<u>\$ 224,902</u>
CASH POSITION		
Cash	\$ 70,959	\$ 68,612
Deposit certificates	<u>157,053</u>	<u>156,290</u>
	<u>\$ 228,012</u>	<u>\$ 224,902</u>

RADIO ADVISORY BOARD OF CANADA

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2010

1. PURPOSE OF THE ORGANIZATION

The Radio Advisory Board of Canada is a member and government funded national organization which advises the Federal Government, through Industry Canada, on matters concerning the management of the radio spectrum and the development of standards and radio regulations. The Board is an unincorporated not-for-profit organization and is exempt from income tax under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accrual Basis of Accounting

Revenue and expenditures are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(b) Investments

Investments, which consist of deposit certificates, are classified as held for trading and are recorded at fair value. Fair values are determined by reference to published price quotations in an active market at year-end.

(c) Capital Assets

Capital assets are recorded at cost on acquisition and amortized in accordance with the amortization policy outlined below. Equipment leases that transfer substantially all the risks and benefits of ownership to the Board over the lease term are treated as capital leases. The capital lease obligations are reduced by the lease payments net of imputed interest.

(d) Amortization

Amortization is provided on computer equipment and furniture using the straight line basis over four and ten years respectively. One half of this rate is used in the year of acquisition. Capital leased equipment is amortized over the term of the lease.

(e) Volunteer Services

The Board receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

RADIO ADVISORY BOARD OF CANADA

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2010

3. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash, deposit certificates, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion that the Board is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

4. CAPITAL MANAGEMENT

The Board considers its capital to be the balance maintained in Members' Equity. The primary objective of the Board is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Board with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Board is not subject to any externally imposed requirements of its capital.

5. BUDGET INFORMATION

The budget figures presented for comparison purposes are unaudited and are those approved by the directors. They have been reclassified to conform with the financial statement presentation.

6. CAPITAL ASSETS

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 44,049	\$ 39,391	\$ 4,659	\$ 5,320
Furniture	<u>7,050</u>	<u>2,535</u>	<u>4,515</u>	<u>2,358</u>
	<u>\$ 51,099</u>	<u>\$ 41,926</u>	<u>\$ 9,174</u>	<u>\$ 7,678</u>

7. COMMITMENT

Premises

The Board has signed a lease agreement for a five year term ending February 2013 at a minimum annual rent of \$6,663 plus HST, plus operating costs. Annual rent, including operating costs, is approximately \$19,000 plus HST.