

RADIO ADVISORY BOARD OF CANADA

FINANCIAL STATEMENTS

OCTOBER 31, 2007

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, 2007 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, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

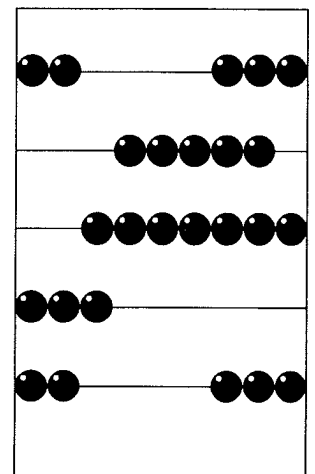
McCay, Duff & Company LLP

McCay, Duff & Company LLP,
Licensed Public Accountants.

Ottawa, Ontario,
November 9, 2007.

THOMAS W HOWARTH C.A.
PROFESSIONAL CORPORATION
A G MONSOUR 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

BRYAN E SULLIVAN C.A.
PROFESSIONAL CORPORATION
CONSULTANT



RADIO ADVISORY BOARD OF CANADA

BALANCE SHEET

AS AT OCTOBER 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT		
Cash	\$ 116,372	\$ 88,402
Investments (note 5)	88,598	85,278
Accounts receivable	2,757	3,417
Prepaid expenses	<u>3,644</u>	<u>7,012</u>
	211,371	184,109
CAPITAL (note 6)	<u>13,685</u>	<u>9,539</u>
	<u>\$ 225,056</u>	<u>\$ 193,648</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,489	\$ 9,046
Deferred revenue	<u>28,750</u>	<u>15,934</u>
	32,239	24,980
MEMBERS' EQUITY		
EQUITY		
Operating	179,132	159,129
Invested in capital assets	<u>13,685</u>	<u>9,539</u>
	<u>192,817</u>	<u>168,668</u>
	<u>\$ 225,056</u>	<u>\$ 193,648</u>

Approved on behalf of the Board:

Director

Director

RADIO ADVISORY BOARD OF CANADA
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED OCTOBER 31, 2007

	<u>2007</u>	<u>2006</u>
OPERATING EQUITY		
Balance - beginning of year	\$ 159,129	\$ 130,246
Net revenue for the year	24,149	27,106
Allocation from (to) Equity Invested in Capital Assets	(4,146)	<u>1,777</u>
	<u>20,003</u>	<u>28,883</u>
Balance - end of year	<u>\$ 179,132</u>	<u>\$ 159,129</u>
EQUITY INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 9,539	\$ 11,316
Purchase of capital assets	8,616	2,468
Amortization	(4,470)	(4,245)
Allocation from (to) Operating Equity	<u>4,146</u>	(1,777)
Balance - end of year	<u>\$ 13,685</u>	<u>\$ 9,539</u>

RADIO ADVISORY BOARD OF CANADA
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED OCTOBER 31, 2007

	<u>2007</u>		<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Symposia	\$ 51,000	\$ 57,663	\$ 45,200
Membership fees	75,000	75,250	73,250
Government grant	60,000	60,000	60,000
Scholarship grants	4,000	2,132	4,802
Interest and miscellaneous	1,000	2,554	2,606
Other events	<u>3,000</u>	<u>585</u>	<u>2,000</u>
	194,000	198,184	187,858
EXPENDITURE			
Amortization	4,000	4,470	4,245
Other events	3,000	452	4,613
Committees	25,000	20,890	11,919
Office	24,000	14,260	20,687
Personnel	73,000	72,049	64,997
Professional fees	4,000	3,978	4,326
Rent	17,400	16,588	15,498
Symposia	32,000	36,516	29,165
Scholarship	<u>6,000</u>	<u>4,832</u>	<u>5,302</u>
	<u>188,400</u>	<u>174,035</u>	<u>160,752</u>
NET REVENUE FOR THE YEAR	<u>\$ 5,600</u>	<u>\$ 24,149</u>	<u>\$ 27,106</u>

RADIO ADVISORY BOARD OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2007

	<u>2007</u>	<u>2006</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue for the year	\$ 24,149	\$ 27,106
Item not involving cash		
- amortization	<u>4,470</u>	<u>4,245</u>
	28,619	31,351
Net change in non-cash working capital balances		
- (increase) decrease in accounts receivable	660	(834)
- decrease in prepaid expenses	3,368	1,459
- increase (decrease) in accounts payable and accrued liabilities	(5,557)	805
- increase in deferred revenue	<u>12,816</u>	<u>5,185</u>
	<u>11,287</u>	<u>6,615</u>
	39,906	37,966
INVESTING ACTIVITY		
Purchase of capital assets	(<u>8,616</u>)	(<u>2,468</u>)
INCREASE IN CASH POSITION DURING THE YEAR	31,290	35,498
Cash position - beginning of year	<u>173,680</u>	<u>138,182</u>
CASH POSITION - END OF YEAR	<u>\$ 204,970</u>	<u>\$ 173,680</u>
CASH POSITION		
Cash	\$ 116,372	\$ 88,402
Investments	<u>88,598</u>	<u>85,278</u>
	<u>\$ 204,970</u>	<u>\$ 173,680</u>

RADIO ADVISORY BOARD OF CANADA

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2007

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 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, 2007

3. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash, short-term investments, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximates 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.

In April 2005, the Accounting Standards Board issued new Handbook sections on financial instruments, Section 3855 and Section 3861. Section 3855 Financial Instruments - Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements.

The Board has adopted both of the sections for the fiscal year ended October 31, 2007. No adjustment was required to opening net assets, as a result of the change in accounting for financial assets classified as "Held for Trading" and measured at fair value rather than cost.

4. 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.

5. INVESTMENTS

	<u>2007</u>	<u>2006</u>
Money market funds	\$ 31,282	\$ 30,202
G.I.C.	<u>57,316</u>	<u>55,076</u>
	<u>\$ 88,598</u>	<u>\$ 85,278</u>

RADIO ADVISORY BOARD OF CANADA

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2007

6. CAPITAL ASSETS

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 40,447	\$ 29,985	\$ 10,462	\$ 6,053
Furniture	4,324	1,101	3,223	3,486
Capital leased equipment	<u>53,035</u>	<u>53,035</u>	<u>-</u>	<u>-</u>
	<u>\$ 97,806</u>	<u>\$ 84,121</u>	<u>\$ 13,685</u>	<u>\$ 9,539</u>

7. COMMITMENT

Premises

The Board has signed a lease agreement for a five year term ending February 2008 at a minimum annual rent of \$6,236 plus operating costs. Annual rent, including operating costs, is approximately \$13,000 plus GST.