

RADIO ADVISORY BOARD OF CANADA

FINANCIAL STATEMENTS

OCTOBER 31, 2005

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, 2005 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.

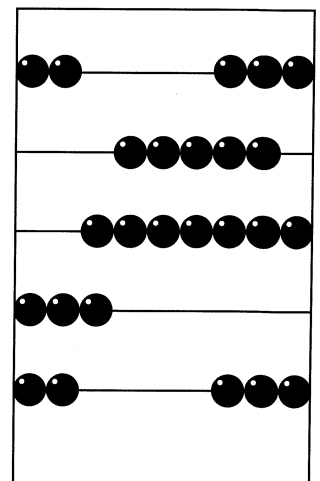
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at October 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Mccay, Duff & Co. LLP

Chartered Accountants

Ottawa, Ontario,
November 11, 2005.

THOMAS W. HOWARTH, CA
BRYAN E. SULLIVAN, CA
ALBERT G. MONSOUR, B.ADMN, CA
BLAIR E. DAVIDSON, B.COMM, CFP, CA
G. WARREN TRICKEY, B.COMM, CA
ROBERT D. SHANTZ, B.MATH, CA
MARGARET N. EGAN, B.ADMN, CA, C.I.M.



RADIO ADVISORY BOARD OF CANADA

BALANCE SHEET

AS AT OCTOBER 31, 2005

	<u>2005</u>	<u>2004</u>
CURRENT		
Cash	\$ 54,576	\$ 37,371
Investments (note 4)	83,606	102,402
Accounts receivable	2,583	955
Prepaid expenses	<u>8,471</u>	<u>4,842</u>
	149,236	145,570
CAPITAL (note 5)	<u>11,316</u>	<u>12,329</u>
	<u>\$ 160,552</u>	<u>\$ 157,899</u>

	LIABILITIES	
CURRENT		
Accounts payable and accrued liabilities	\$ 8,241	\$ 10,749
Deferred revenue	<u>10,749</u>	<u>982</u>
	18,990	11,731

	MEMBERS' EQUITY	
EQUITY		
Operating	130,246	133,839
Invested in capital assets	<u>11,316</u>	<u>12,329</u>
	<u>141,562</u>	<u>146,168</u>
	<u>\$ 160,552</u>	<u>\$ 157,899</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, 2005

	<u>2005</u>	<u>2004</u>
OPERATING EQUITY		
Balance - beginning of year	\$ 133,839	\$ 116,504
Net revenue (expenditure) for the year	(4,606)	22,694
Allocation from (to) Equity Invested in Capital Assets	<u>1,013</u>	<u>(5,359)</u>
	<u>(3,593)</u>	<u>17,335</u>
Balance - end of year	<u>\$ 130,246</u>	<u>\$ 133,839</u>
EQUITY INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 12,329	\$ 6,970
Purchase of capital assets	3,138	7,899
Amortization	<u>(4,151)</u>	<u>(2,540)</u>
Allocation from (to) Operating Equity	<u>(1,013)</u>	<u>5,359</u>
Balance - end of year	<u>\$ 11,316</u>	<u>\$ 12,329</u>

RADIO ADVISORY BOARD OF CANADA
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED OCTOBER 31, 2005

	<u>2005</u>		<u>2004</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Symposia	\$ 50,500	\$ 50,356	\$ 55,132
Membership fees	71,000	65,798	67,685
Government grant	60,000	60,000	60,000
Interest and miscellaneous	2,000	1,358	4,408
Annual awards ceremony	<u>16,000</u>	<u>14,000</u>	<u>-</u>
	199,500	191,512	187,225
EXPENDITURE			
Amortization	4,000	4,151	2,540
Annual awards ceremony	14,400	11,492	-
Meeting support	25,000	41,182	32,127
Office	27,750	24,849	19,401
Personnel	71,500	69,542	68,210
Professional fees	4,000	2,829	2,759
Rent	14,000	13,207	13,407
Symposia	<u>38,850</u>	<u>28,866</u>	<u>26,087</u>
	<u>199,500</u>	<u>196,118</u>	<u>164,531</u>
NET REVENUE (EXPENDITURE) FOR THE YEAR	<u>\$ -</u>	<u>\$ (4,606)</u>	<u>\$ 22,694</u>

RADIO ADVISORY BOARD OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2005

	<u>2005</u>	<u>2004</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue (expenditure) for the year	\$(4,606)	\$ 22,694
Item not involving cash		
- amortization	<u>4,151</u>	<u>2,540</u>
	(455)	25,234
Net change in non-cash working capital balances		
- (increase) decrease in accounts receivable	(1,628)	148
- increase in prepaid expenses	(3,629)	(2,587)
- increase (decrease) in accounts payable and accrued liabilities	(2,508)	5,333
- increase (decrease) in deferred revenue	<u>9,767</u>	<u>(12,620)</u>
	<u>2,002</u>	<u>(9,726)</u>
	1,547	15,508
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(3,138)</u>	<u>(7,899)</u>
INCREASE (DECREASE) IN CASH POSITION DURING THE YEAR	(1,591)	7,609
Cash position - beginning of year	<u>139,773</u>	<u>132,164</u>
CASH POSITION - END OF YEAR	<u>\$ 138,182</u>	<u>\$ 139,773</u>
CASH POSITION		
Cash	\$ 54,576	\$ 37,371
Investments	<u>83,606</u>	<u>102,402</u>
	<u>\$ 138,182</u>	<u>\$ 139,773</u>

RADIO ADVISORY BOARD OF CANADA

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2005

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 stated at cost, which approximates market value.

(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.

RADIO ADVISORY BOARD OF CANADA

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2005

3. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate or credit risk arising from these financial instruments. The carrying amounts reported on the balance sheet for these financial instruments approximate fair values due to their immediate or short-term maturities.

4. INVESTMENTS

	2005	2004
Money market funds	\$ 29,343	\$ 48,809
G.I.C.	54,263	53,593
	\$ 83,606	\$ 102,402

5. CAPITAL ASSETS

	2005		2004	
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 30,600	\$ 22,058	\$ 8,542	\$ 10,810
Furniture	3,088	314	2,774	1,519
Capital leased equipment	53,035	53,035	-	-
	\$ 86,723	\$ 75,407	\$ 11,316	\$ 12,329

6. 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 is approximately \$13,000 plus GST.