

# McCAY, DUFF & COMPANY LLP

CHARTERED ACCOUNTANTS

141 LAURIER AVE. WEST  
6TH FLOOR  
OTTAWA, ONTARIO K1P 5J3  
TEL: (613) 236-2367  
FAX: (613) 236-5041  
1 (800) 267-6551  
mccayduff@mccayduff.com  
WEB: www.mccayduff.com

## AUDITORS' REPORT

To the Members,  
Radio Advisory Board of Canada.

We have audited the balance sheet of Radio Advisory Board of Canada as at October 31, 2002 and the statements of revenue and expenditure, changes in 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.

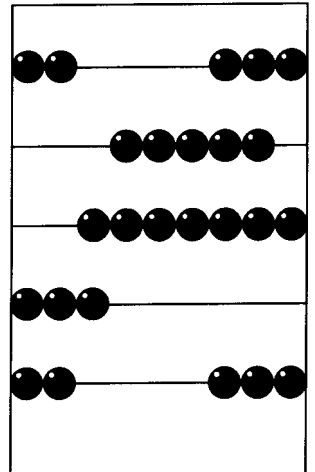
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at October 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*McCay, Duff + Co. LLP*

Chartered Accountants

Ottawa, Ontario,  
November 13, 2002.

THOMAS W. HOWARTH, CA  
BRYAN E. SULLIVAN, CA  
ALBERT G. MONSOUR, B.Admin. CA  
BLAIR E. DAVIDSON, B.Comm. CFP, CA  
G. WARREN TRICKEY, B.Comm. CA  
ROBERT D. SHANTZ, B.Math. CA  
MARGARET N. EGAN, B.Admin. CA, C.I.M.  
CONSULTANT-ELDREN E. MCCONNELL, CA



**RADIO ADVISORY BOARD OF CANADA**

**BALANCE SHEET**

**AS AT OCTOBER 31, 2002**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 15,567	\$ 13,352
Investments (note 4)	96,494	93,494
Accounts receivable	2,170	44,546
Prepaid expenses	<u>1,143</u>	<u>641</u>
	115,374	152,033
<b>CAPITAL (note 5)</b>	<u>3,873</u>	<u>12,602</u>
	<u>\$ 119,247</u>	<u>\$ 164,635</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 5,607	\$ 4,311
Current portion of obligation under capital lease	<u>-</u>	<u>10,688</u>
	5,607	14,999
<b>MEMBERS' EQUITY</b>		
<b>EQUITY</b>		
Operating	109,767	147,722
Invested in capital assets	<u>3,873</u>	<u>1,914</u>
	<u>113,640</u>	<u>149,636</u>
	<u>\$ 119,247</u>	<u>\$ 164,635</u>

**Approved on behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**RADIO ADVISORY BOARD OF CANADA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED OCTOBER 31, 2002**

	<u>2002</u>	<u>2001</u>
<b>OPERATING EQUITY</b>		
Balance - beginning of year	\$ 147,722	\$ 135,662
Net revenue (expenditure) for the year	( 35,996)	13,475
Allocation from (to) Equity Invested in Capital Assets	<u>( 1,959)</u>	<u>( 1,415)</u>
	<u>( 37,955)</u>	<u>12,060</u>
Balance - end of year	<u>\$ 109,767</u>	<u>\$ 147,722</u>
 <b>EQUITY INVESTED IN CAPITAL ASSETS</b>		
Balance - beginning of year	\$ 1,914	\$ 499
Purchase of capital assets	3,313	-
Capital lease payments	10,688	13,333
Amortization	<u>( 12,042)</u>	<u>( 11,918)</u>
Allocation from (to) Operating Equity	<u>1,959</u>	<u>1,415</u>
Balance - end of year	<u>\$ 3,873</u>	<u>\$ 1,914</u>

**RADIO ADVISORY BOARD OF CANADA**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED OCTOBER 31, 2002**

	<u>2002</u>		<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Symposia	\$ -	\$ 17,071	\$ 335,250
Membership fees	67,925	67,040	64,725
Government grant	50,000	45,000	45,000
Interest and miscellaneous	<u>5,000</u>	<u>1,483</u>	<u>4,788</u>
	122,925	130,594	449,763
<b>EXPENDITURE</b>			
Amortization	14,000	12,042	11,918
Equipment rental	1,000	1,119	2,334
Interest on capital lease obligation	1,000	418	1,484
Meeting support	11,500	24,557	11,270
Office	26,750	28,270	21,580
Personnel	66,000	65,585	64,789
Professional fees	2,750	2,781	2,744
Rent	9,000	9,390	8,376
Symposia	<u>-</u>	<u>22,428</u>	<u>311,793</u>
	<u>132,000</u>	<u>166,590</u>	<u>436,288</u>
<b>NET REVENUE (EXPENDITURE)</b>			
<b>FOR THE YEAR</b>	<u>\$ ( 9,075)</u>	<u>\$ ( 35,996)</u>	<u>\$ 13,475</u>

**RADIO ADVISORY BOARD OF CANADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED OCTOBER 31, 2002**

	<u>2002</u>	<u>2001</u>
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Cash from operations		
Net revenue (expenditure) for the year	\$( 35,996)	\$ 13,475
Item not involving cash		
- amortization	<u>12,042</u>	<u>11,918</u>
	( 23,954)	25,393
Net change in non-cash working capital balances		
- decrease (increase) in accounts receivable	42,376	( 40,548)
- decrease (increase) in prepaid expenses	( 502)	8,777
- increase (decrease) in accounts payable and accrued liabilities	1,296	454
- increase (decrease) in deferred revenue	<u>-</u>	<u>( 47,000)</u>
	<u>43,170</u>	<u>( 78,317)</u>
	19,216	( 52,924)
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	( 3,313)	-
<b>FINANCING ACTIVITY</b>		
Capital lease payments	<u>( 10,688)</u>	<u>( 13,333)</u>
<b>INCREASE (DECREASE) IN CASH POSITION DURING THE YEAR</b>	5,215	( 66,257)
Cash position - beginning of year	<u>106,846</u>	<u>173,103</u>
<b>CASH POSITION - END OF YEAR</b>	<u>\$ 112,061</u>	<u>\$ 106,846</u>
<b>CASH POSITION</b>		
Cash	\$ 15,567	\$ 13,352
Investments	<u>96,494</u>	<u>93,494</u>
	<u>\$ 112,061</u>	<u>\$ 106,846</u>

# **RADIO ADVISORY BOARD OF CANADA**

## **NOTES TO FINANCIAL STATEMENTS**

**OCTOBER 31, 2002**

### **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 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 using the straight line basis over four years. One half of this rate is used in the year of acquisition. Capital leased equipment is amortized over the term of the lease which is five years.

#### **(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.

### **3. FINANCIAL INSTRUMENTS**

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities and obligation under capital lease. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate or credit risks arising from these financial instruments.

**RADIO ADVISORY BOARD OF CANADA**

**NOTES TO FINANCIAL STATEMENTS**

**OCTOBER 31, 2002**

**4. INVESTMENTS**

	<b>2002</b>	<b>2001</b>
Money market funds	\$ 44,219	\$ 43,494
G.I.C.	52,275	50,000
	\$ 96,494	\$ 93,494

**5. CAPITAL ASSETS**

	<b>2002</b>		<b>2001</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>	<b>Net</b>
Computer equipment	\$ 17,424	\$ 13,551	\$ 3,873	\$ 1,995
Capital leased equipment	53,035	53,035	-	10,607
	\$ 70,459	\$ 66,586	\$ 3,873	\$ 12,602

**6. OBLIGATION UNDER CAPITAL LEASE**

	<b>2002</b>	<b>2001</b>
The capital lease obligation is repayable at \$3,944 quarterly, including GST and imputed interest and expires September 15, 2002. Imputed interest on the obligation is approximately 8%.	\$ -	\$ 10,688
Current portion	-	10,688
	\$ -	\$ -

**7. COMMITMENT**

Premises

The Board has leased premises at a minimum annual rental of approximately \$9,100 until 2003. Subsequent to year end the Board has signed a lease agreement for a five year term ending February 2008 at a minimum annual rent of approximately \$11,500.