

## **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, 2000 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 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, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Ottawa, Ontario,  
November 8, 2000.

**RADIO ADVISORY BOARD OF CANADA**

**BALANCE SHEET**

**AS AT OCTOBER 31, 2000**

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 31,327	\$ 18,404
Investments (note 4)	141,776	125,548
Accounts receivable	3,998	4,305
Prepaid expenses	<u>9,418</u>	<u>641</u>
	186,519	148,898
<b>CAPITAL (note 5)</b>	<u>24,520</u>	<u>32,856</u>
	<u>\$ 211,039</u>	<u>\$ 181,754</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 3,857	\$ 10,273
Deferred revenue	47,000	-
Current portion of obligation under capital lease	<u>13,333</u>	<u>12,346</u>
	64,190	22,619
<b>OBLIGATION UNDER CAPITAL LEASE (note 6)</b>	<u>10,688</u>	<u>24,021</u>
	74,878	46,640
<b>MEMBERS' EQUITY</b>		
<b>EQUITY (DEFICIT)</b>		
Operating	135,662	138,625
Invested in capital assets	<u>499</u>	<u>( 3,511)</u>
	<u>136,161</u>	<u>135,114</u>
	<u>\$ 211,039</u>	<u>\$ 181,754</u>

**Approved on behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Electronic copy of the Auditors' Report for FY 1999/2000  
**RADIO ADVISORY BOARD OF CANADA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED OCTOBER 31, 2000**

	<u>2000</u>	<u>1999</u>
<b>OPERATING EQUITY</b>		
Balance - beginning of year	\$ 138,625	\$ 187,110
Net revenue (expenditure) for the year	1,047	( 50,540)
Allocation from (to) Equity Invested in Capital Assets	<u>( 4,010)</u>	<u>2,055</u>
	<u>( 2,963)</u>	<u>( 48,485)</u>
Balance - end of year	<u>\$ 135,662</u>	<u>\$ 138,625</u>
 <b>EQUITY (DEFICIT) INVESTED IN CAPITAL ASSETS</b>		
Balance - beginning of year	\$( 3,511)	\$( 1,456)
Purchase of capital assets	2,596	-
Capital lease payments	12,346	11,431
Amortization	<u>( 10,932)</u>	<u>( 13,486)</u>
Allocation from (to) Operating Equity	<u>4,010</u>	<u>( 2,055)</u>
Balance - end of year	<u>\$ 499</u>	<u>\$( 3,511)</u>

**RADIO ADVISORY BOARD OF CANADA**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED OCTOBER 31, 2000**

	<u>2000</u>		<u>1999</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Spectrum 20/20	\$ -	\$ -	\$ 108,859
Membership fees	66,000	65,821	64,265
Government grant	45,000	45,000	45,000
Annual general meeting	-	2,050	2,130
Interest and miscellaneous	<u>6,000</u>	<u>6,310</u>	<u>6,434</u>
	117,000	119,181	226,688
<b>EXPENDITURE</b>			
Amortization	14,500	10,932	13,486
Equipment rental	3,000	2,137	3,001
Interest on capital lease obligation	3,000	2,472	3,386
Meeting support	13,000	12,830	12,399
Office	19,500	13,785	22,503
Personnel	68,500	62,481	88,397
Professional fees	4,000	2,179	3,698
Rent	10,500	8,105	10,581
Spectrum 20/20	-	-	114,739
Travel	<u>10,000</u>	<u>3,213</u>	<u>5,038</u>
	<u>146,000</u>	<u>118,134</u>	<u>277,228</u>
<b>NET REVENUE (EXPENDITURE)</b>			
<b>FOR THE YEAR</b>	<u>\$( 29,000)</u>	<u>\$ 1,047</u>	<u>\$( 50,540)</u>

**RADIO ADVISORY BOARD OF CANADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED OCTOBER 31, 2000**

	<u>2000</u>	<u>1999</u>
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Cash from operations		
Net revenue (expenditure) for the year	\$ 1,047	\$( 50,540)
Item not involving cash		
- amortization	<u>10,932</u>	<u>13,486</u>
	11,979	( 37,054)
Net change in non-cash working capital balances		
- decrease (increase) in accounts receivable	307	( 4,305)
- decrease (increase) in prepaid expenses	( 8,777)	20,488
- increase (decrease) in accounts payable and accrued liabilities	( 6,416)	2,252
- increase (decrease) in deferred revenue	<u>47,000</u>	<u>( 25,050)</u>
	<u>32,114</u>	<u>( 6,615)</u>
	44,093	( 43,669)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	( 2,596)	-
<b>FINANCING ACTIVITIES</b>		
Capital lease payments	<u>( 12,346)</u>	<u>( 11,431)</u>
<b>INCREASE (DECREASE) IN CASH POSITION DURING THE YEAR</b>		
	29,151	( 55,100)
Cash position - beginning of year	<u>143,952</u>	<u>199,052</u>
<b>CASH POSITION - END OF YEAR</b>	<u>\$ 173,103</u>	<u>\$ 143,952</u>
<b>CASH POSITION</b>		
Cash	\$ 31,327	\$ 18,404
Investments	<u>141,776</u>	<u>125,548</u>
	<u>\$ 173,103</u>	<u>\$ 143,952</u>

# **RADIO ADVISORY BOARD OF CANADA**

## **NOTES TO FINANCIAL STATEMENTS**

**OCTOBER 31, 2000**

### **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.

### **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, 2000**

**4. INVESTMENTS**

	<b>2000</b>	<b>1999</b>
Money market funds	\$ 41,776	\$ 49,851
G.I.C.	100,000	75,697
	<b>\$ 141,776</b>	<b>\$ 125,548</b>

**5. CAPITAL ASSETS**

	<b>2000</b>		<b>1999</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>	<b>Net</b>
Computer equipment	\$ 14,111	\$ 10,805	\$ 3,306	\$ 1,035
Capital leased equipment	53,035	31,821	21,214	31,821
	<b>\$ 67,146</b>	<b>\$ 42,626</b>	<b>\$ 24,520</b>	<b>\$ 32,856</b>

**6. OBLIGATION UNDER CAPITAL LEASE**

	<b>2000</b>	<b>1999</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%.	\$ 24,021	\$ 36,367
Current portion	13,333	12,346
	<b>\$ 10,688</b>	<b>\$ 24,021</b>

The minimum lease payments and the imputed interest under the lease obligation are as follows:

<b>Fiscal Year</b>	<b>Minimum Lease Payments</b>	<b>Imputed Interest</b>
2001	\$ 14,818	\$ 1,484
2002	11,113	426
	<b>\$ 25,931</b>	<b>\$ 1,910</b>

**7. COMMITMENTS**

Premises

The Board has leased premises at a minimum annual rental of approximately \$9,100 until 2003.

**RADIO ADVISORY BOARD OF CANADA**  
**FINANCIAL STATEMENTS**  
**OCTOBER 31, 2000**

**McCAY, DUFF & COMPANY LLP, CHARTERED ACCOUNTANTS**

OFFICE COPY \*\* 6 copies \*\*

**RADIO ADVISORY BOARD OF CANADA**

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2000**

**McCAY, DUFF & COMPANY LLP, CHARTERED ACCOUNTANTS**

**RADIO ADVISORY BOARD OF CANADA**

**OCTOBER 31, 2000**