

CKUA RADIO FOUNDATION
Financial Statements
Year Ended August 31, 2015

CKUA RADIO FOUNDATION
Index to Financial Statements
Year Ended August 31, 2015

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Operations	2
Statement of Changes in Fund Balances	3
Statement of Financial Position	4 - 5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 18
Schedules of Expenses by Type (<i>Schedule 1</i>)	19
Schedule of Building Costs (<i>Schedule 2</i>)	20



KINGSTON
ROSS
PASNAK^{LLP}

Suite 1500, 9888 Jasper Avenue
Edmonton, Alberta T5J 5C6
T. 780.424.3000 | F. 780.429.4817 | W. krpgroup.com

November 26, 2015
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Directors of CKUA Radio Foundation

We have audited the accompanying financial statements of CKUA Radio Foundation, which comprise the statement of financial position as at August 31, 2015 and the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, CKUA Radio Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of CKUA Radio Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2015, current assets and fund balances as at August 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of CKUA Radio Foundation as at August 31, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Kingston Ross Pasknak LLP

Kingston Ross Pasknak LLP
Chartered Professional Accountants

CKUA RADIO FOUNDATION
Statement of Operations
For the Year Ended August 31, 2015

	Operating Fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2015	2014
REVENUE						
Donations	\$ 3,340,166	\$ -	\$ -	\$ -	\$ 3,340,166	3,397,692
Time sales and sponsorships	881,660	-	-	-	881,660	1,165,163
Rental and technical service	616,898	-	-	-	616,898	579,972
Amortization of deferred capital contributions (Note 15)	-	-	378,117	-	378,117	373,604
Grants	117,265	-	-	-	117,265	67,000
Other	2,842	-	-	-	2,842	3,931
	4,958,831	-	378,117	-	5,336,948	5,587,362
EXPENSES						
Programming	1,408,475	-	-	-	1,408,475	1,622,180
Technical	1,072,592	-	-	-	1,072,592	1,110,212
Administrative	805,340	-	-	-	805,340	757,005
Fundraising (Note 17)	442,833	254,999	-	-	697,832	634,309
Building costs	545,379	-	-	-	545,379	536,206
Amortization of internally funded property and equipment	-	-	448,695	-	448,695	496,109
Marketing and sales	380,981	-	-	-	380,981	663,439
Amortization of contributed property and equipment	-	-	319,518	-	319,518	322,577
Interest on long term debt	223,833	-	-	-	223,833	385,721
Volunteer and Board	80,970	-	-	-	80,970	59,548
	4,960,403	254,999	768,213	-	5,983,615	6,587,306
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS						
	(1,572)	(254,999)	(390,096)	-	(646,667)	(999,944)
OTHER INCOME						
Gain on disposal of property and equipment	-	-	654,000	-	654,000	-
Interest income	9,079	-	-	-	9,079	527
Gain on foreign exchange	185	-	-	-	185	279
Recovery from decommissioning of tower	-	-	-	-	-	19,880
	9,264	-	654,000	-	663,264	20,686
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES						
	\$ 7,692	\$(254,999)	\$ 263,904	\$ -	\$ 16,597	\$(979,258)

CKUA RADIO FOUNDATION
Statement of Changes in Fund Balances
Year Ended August 31, 2015

	Operating fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2015	2014
FUND BALANCES -						
BEGINNING OF YEAR	\$ 531,586	\$ 764,996	\$ 3,580,117	\$ 120,765	4,997,464	5,976,722
Excess (deficiency) of revenue over expenses	7,692	(254,999)	263,904	-	16,597	(979,258)
Transfers (Note 11)	(85,822)	-	(659,340)	745,162	-	-
Reduction of prior period impairment loss	-	-	5,342	-	5,342	-
Investment in property and equipment, net	10,570	-	(10,570)	-	-	-
FUND BALANCES - END OF						
YEAR	\$ 464,026	\$ 509,997	\$ 3,179,453	\$ 865,927	5,019,403	4,997,464

CKUA RADIO FOUNDATION
Statement of Financial Position
August 31, 2015

	Operating Fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2015	2014
ASSETS						
CURRENT						
Cash (Note 4)	\$ 443,266	\$ -	\$ -	\$ 807,459	\$ 1,250,725	\$ 221,890
Accounts receivable	112,222	-	-	-	112,222	176,915
Short term investments (Note 6)	171,340	-	-	58,468	229,808	464,092
Inventory	13,409	-	-	-	13,409	18,216
Goods and Services Tax receivable	20,646	-	-	-	20,646	6,282
Prepaid expenses and deposits	87,456	-	-	-	87,456	90,471
	848,339	-	-	865,927	1,714,266	977,866
INVESTMENTS (Note 6)	270,865	-	-	-	270,865	128,106
PROPERTY AND EQUIPMENT (Note 7)	-	-	19,223,177	-	19,223,177	19,670,414
OTHER ASSETS	-	509,997	-	-	509,997	764,996
	\$ 1,119,204	\$ 509,997	\$ 19,223,177	\$ 865,927	\$ 21,718,305	\$ 21,541,382

CKUA RADIO FOUNDATION
Statement of Financial Position
August 31, 2015

	Operating Fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2015	2014
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 524,116	\$ -	\$ -	\$ -	\$ 524,116	352,582
Source deductions payable	26,608	-	-	-	26,608	38,448
Revolving demand loan (Note 12)	45,034	-	-	-	45,034	5,738
Demand loan (Note 12)	-	-	5,750,000	-	5,750,000	5,750,000
Current portion of deferred revenue (Note 13)	27,782	-	-	-	27,782	34,005
	623,540	-	5,750,000	-	6,373,540	6,180,773
DEFERRED REVENUE (Note 13)	31,638	-	-	-	31,638	22,848
DEFERRED CAPITAL CONTRIBUTIONS (Note 15)	-	-	10,293,724	-	10,293,724	10,340,297
	655,178	-	16,043,724	-	16,698,902	16,543,918
FUND BALANCES						
Property and equipment	-	-	3,179,453	-	3,179,453	3,580,117
Externally restricted (Note 9)	-	-	-	344,354	344,354	69,896
Internally restricted (Note 10)	-	-	-	521,573	521,573	50,869
Unrestricted	464,026	509,997	-	-	974,023	1,296,582
	464,026	509,997	3,179,453	865,927	5,019,403	4,997,464
	\$ 1,119,204	\$ 509,997	\$ 19,223,177	\$ 865,927	\$ 21,718,305	\$ 21,541,382

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

CKUA RADIO FOUNDATION
Statement of Cash Flow
Year Ended August 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Cash receipts from donations and grants	\$ 3,642,723	\$ 9,154,900
Cash receipts from contracted services	1,547,390	1,715,707
Cash paid to suppliers	(2,413,949)	(2,248,416)
Cash paid to employees	(2,170,265)	(2,585,720)
Interest received	9,078	527
Interest paid	(303,527)	(466,094)
Cash flow from operating activities	311,450	5,570,904
INVESTING ACTIVITIES		
Purchase of property and equipment	(322,436)	(284,956)
Proceeds on disposal of property and equipment	654,000	-
Proceeds on investments	499,740	446
Purchase of investments	(408,214)	-
Change in deferred assets	254,999	191,249
Cash flow from (used by) investing activities	678,089	(93,261)
FINANCING ACTIVITIES		
Net advances (repayment) of revolving demand loan	39,296	(1,048,694)
Repayment of demand loan	-	(4,500,000)
Cash flow from (used by) financing activities	39,296	(5,548,694)
INCREASE (DECREASE) IN CASH	1,028,835	(71,051)
CASH - BEGINNING OF YEAR	221,890	292,941
CASH - END OF YEAR	\$ 1,250,725	\$ 221,890
CASH CONSISTS OF:		
Cash	\$ 443,266	\$ 159,593
Restricted cash (Note 4)	807,459	62,297
	\$ 1,250,725	\$ 221,890

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

1. PURPOSE OF THE FOUNDATION

CKUA Radio Foundation (the "Foundation") is incorporated provincially under the Societies Act of Alberta. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Foundation acquired the assets of the CKUA Radio Network from the Alberta Educational Communications Corporation and commenced operations on August 1, 1994. CKUA Radio broadcasts music, arts and culture programs throughout greater Alberta on FM radio and around the world on ckua.com.

2. CHANGE IN ACCOUNTING ESTIMATE

The estimated useful life of the Foundation's deferred charges has been revised from seven years straight-line to five years straight-line amortization effective September 1, 2014. The change in accounting estimate had no material impact on the Foundation's financial statements in the current fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Basis of Presentation

The Foundation uses the fund method of presentation to better reflect that its resources and operations are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it. The Foundation continues to follow the deferral method of accounting for contributions.

The Operating Fund accounts for the revenues and expenses associated with the delivery of the Foundation's core services including programming and technical service.

The Special Projects Fund accounts for revenues and expenses related to a one-time only, multi-year capital fundraising campaign to support the costs associated with the acquisition of the Alberta Hotel Building and related infrastructure.

The Property and Equipment Fund reports the assets, liabilities, revenues and expenses related to the acquisition and maintenance of the Foundation's capital assets.

The Restricted Fund accounts for internally and externally restricted amounts. The internally restricted amounts are assigned by the Board of Directors for specific purposes including the preservation and viability of the Foundation, and may be designated to support operations and maintenance or acquisition of capital equipment and facilities. Externally restricted funds are amounts received for specific purposes.

(continues)

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and restricted cash

Cash and restricted cash include balances with banks less cheques issued and outstanding and net of draws on the revolving demand loan. Cash subject to restrictions that prevent its use for current purposes is included in long-term restricted cash.

Investments

Investments in government securities and corporate bonds are recorded at market value.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property and equipment

Purchased property and equipment is recorded at cost less accumulated amortization. Contributed property and equipment is recorded at fair value at the date of contribution; where an appraisal was required at a later date to establish fair market value, the assets were recorded at fair market value as of the date of appraisal. Where fair market value of contributed property and equipment cannot be reasonably determined or the cost to determine fair market value would be significant in relation to the fair market value of the asset, the asset is included at a nominal value of \$1.

Property and equipment is amortized over its estimated useful life at the following rates and methods:

Buildings - CKUA	40 years	straight-line method
Office and studio equipment	10 - 20%	declining balance method
Computer equipment	30%	declining balance method
Transmission equipment	20%	declining balance method
Computer software	100%	declining balance method
Automotive	five years	straight-line method
Building - transmitter sites	10%	declining balance method
Technical equipment	10%	declining balance method
Website design	two years	straight-line method

In the year of purchase, amortization on property and equipment is taken at one half of the normal amount.

Other assets

Costs directly related to the development of the Foundation's multi-year capital campaign are presented as other assets when the organization can reliably demonstrate that there is a future economic benefit associated with these costs. These costs are expensed over their useful life, which for the multi-year capital campaign, is expected to be five (2014 - seven) years which is the period expected to be required to fund and complete the Foundation's special projects. Such costs are expensed immediately when there is insufficient evidence that the costs are recoverable.

(continues)

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Contributions that are externally restricted for purposes other than the purchase of property and equipment are recognized as revenue in the year in which the related expenses are incurred provided they meet the definition of a liability. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges are not recognized as revenue until received because their ultimate collection cannot be reasonably determined.

Contributions that are externally restricted for the purchase of property and equipment are deferred until the amounts are invested in property and equipment. Contributions invested in property and equipment, excluding land, are amortized to revenue on the same basis as the related assets are amortized.

Contributions invested in land are recognized as a direct increase to the Property and Equipment Fund or the Special Projects Fund.

Time sales and sponsorship revenue is recognized over the period that the advertising airs.

Rental and technical service revenue is recognized over the term of the rental or service agreement.

Contributed materials and services

Donated materials and services

Donated materials are reflected in the financial statements at fair value if fair value can be reasonably estimated. Donated services, including volunteer time, are not reflected in the financial statements because of the difficulty in determining their fair value. During the year approximately 7,000 hours (2014 - 6,296 hours) of volunteer time was donated to the Foundation.

Contra material and services

The Foundation enters into agreements whereby materials or services are acquired in exchange for radio advertising. The transactions are recorded at the estimated fair value of the advertising period.

Financial instruments policy

All financial instruments are initially measured at fair value, and, unless otherwise noted, the Foundation subsequently measures its financial instruments at amortized cost.

(continues)

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates pertain to the physical economic lives of property and equipment, valuation of inventory, donated property and equipment and the collectibility of accounts receivable and are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. RESTRICTED CASH

	2015	2014
Externally restricted cash:		
Alberta Gaming and Liquor Commission (casino proceeds)	\$ 3,422	\$ 62,297
National Music Centre	333,333	-
	336,755	62,297
Internally restricted cash		
Residual proceeds from the sale of Peace River tower	470,704	-
	\$ 807,459	\$ 62,297

5. ACCOUNTS RECEIVABLE

	2015	2014
Bad debts	\$ 4,340	\$ 12,940

During the year, there was no provision for allowance of doubtful accounts (2014 - nil).

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

6. INVESTMENTS

	2015 Cost	2015 Fair value	2014 Fair value
<u>Unrestricted:</u>			
<u>Short-term</u>			
Cash held in investment portfolio	\$ 12	\$ 12	\$ 76
Altamira High Interest Cash Performer, bearing interest at a floating rate of 0.75% (2014 - 1.25%).	33,983	33,983	132,352
Corporate and government bonds bearing yield rates at 1.90% to 1.95% and matures September 8, 2016	134,810	137,345	273,196
	168,805	171,340	405,624
<u>Long-term</u>			
Corporate and government bonds bearing yield rates at 1.75% to 1.85% and maturing between July 17, 2017 and July 17, 2018	270,258	270,865	128,106
<u>Restricted:</u>			
<u>Short-term</u>			
Altamira High Interest Cash Performer, bearing interest at a floating rate of 0.75% (2014 - 1.25%)	50,869	50,869	50,869
Guaranteed investment certificate which matures October 10, 2017 and earns interest at 1.45%	7,599	7,599	7,599
	58,468	58,468	58,468
Total Investments	\$ 497,531	\$ 500,673	\$ 592,198

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Buildings - CKUA	\$ 17,517,573	\$ 1,078,583	\$ 16,438,990	\$ 16,686,122
Land	1,270,800	-	1,270,800	1,270,800
Office and studio equipment	1,217,784	395,872	821,912	944,728
Computer equipment	719,263	392,332	326,931	416,419
Transmission equipment	1,248,193	1,003,152	245,041	181,187
Computer software	323,261	249,627	73,634	93,359
Automotive	68,637	48,046	20,591	34,318
Buildings - transmitter sites	113,285	98,452	14,833	18,016
Technical equipment	33,088	25,952	7,136	7,929
Website design	71,129	67,820	3,309	17,536
	\$ 22,583,013	\$ 3,359,836	\$ 19,223,177	\$ 19,670,414

8. ENDOWMENT FUND

In fiscal 2007, the CKUA Radio Foundation Board of Directors approved the establishment of an endowment fund. The CKUA Endowment Fund is a singular entity comprising two separate administrative units administered by The Calgary Foundation (TCF) and the Edmonton Community Foundation (ECF). Under the terms of the agreements with TCF and ECF the endowment fund is characterized as a permanent endowment and is recorded in the accounts of the TCF and ECF. Accordingly, the endowment assets are not recognized in the financial statements of the Foundation. The CKUA Endowment Fund is pooled with the assets of the TCF and ECF and may consist of money market funds, bonds and debentures, mortgage funds, real estate investments trust, or domestic and foreign equities.

The endowment fund comprises direct contributions from external sources as well as contributions from CKUA as determined by the Board of Directors. The intent and purpose of the CKUA Endowment Fund is to provide financial support to the CKUA Radio Network to provide programming and services which educates, informs, entertains and enlightens the listening audience and supports and promotes the arts in Alberta.

The CKUA Endowment Fund shall continue indefinitely and shall be on the basis of a perpetual life. The endowment fund shall be required to reach a level of \$400,000 (2014 - \$400,000) through contributions and reinvestment income before there can be an allocation of funds to the CKUA Radio Foundation Operating Fund.

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

9. EXTERNALLY RESTRICTED

The externally restricted fund balance represents funds designated to support operations and maintenance or acquisition of capital equipment and facilities. Changes for the year in the Externally Restricted Fund are as follows:

	2015	2014
The balance of externally restricted funds includes:		
Casino Funds	\$ 62,297	\$ 62,297
Guaranteed investment certificate	7,599	7,599
Proceeds from the National Music Centre	333,333	-
Expenditure for Operating Fund support	(58,890)	-
	\$ 344,339	\$ 69,896

10. INTERNALLY RESTRICTED

The internally restricted fund balance represents funds designated to support operations and maintenance or acquisition of capital equipment and facilities. The amount designated is at the discretion of the Board of Directors and is determined from time to time. Changes for the year in the Internally Restricted Fund are as follows:

	2015	2014
The balance of internally restricted funds includes:		
Support for the library digitization project	\$ 50,869	\$ 50,869
Transitional Property and Equipment Fund support	652,500	-
Expenditure for Operating Fund support	(181,796)	-
	\$ 521,573	\$ 50,869

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

11. TRANSFERS

Balances within the funds are monitored and transfers are made at the Board of Directors' discretion to meet Board appointed mandates.

	<u>2015</u>
Operating Fund	
Transfer of cash between the Restricted Fund.	\$ (92,662)
Transfer from the Property and Equipment Fund for the reduction of prior period impairment loss.	5,342
Transfer from the Property and Equipment Fund related to the deferred costs on the sale of the Peace River tower.	<u>1,498</u>
	<u>\$ (85,822)</u>
Property and Equipment Fund	
Transfer to the Restricted Fund for proceeds from the sale of the Peace River tower.	\$ (652,500)
Transfer to the Operating Fund for the reduction of prior period impairment loss.	(5,342)
Transfer to the Operating Fund for the deferred costs on the sale of the Peace River tower.	<u>(1,498)</u>
	<u>\$ (659,340)</u>
Restricted Fund	
Transfer from the Property and Equipment Fund for proceeds from the sale of the Peace River tower.	\$ 552,330
Proceeds from the National Music Centre	333,333
Transfer of cash between the Operating Fund.	<u>(140,501)</u>
	<u>\$ 745,162</u>

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

12. CREDIT FACILITIES

The revolving demand loan is available to a maximum of \$140,000 (2014 - \$250,000), is payable on demand and bears annual interest of prime plus 1%. At August 31, 2015 the amount withdrawn upon was \$45,034 (2014 - \$5,738).

The non-revolving demand loan is available to a maximum of \$5,750,000 (2014 - \$6,000,000), is payable in full on demand and bears interest at prime plus 1%, during the year interest only payments were made on the balance outstanding. As at August 31, 2015 the amount withdrawn upon was \$5,750,000 (2014 - \$5,750,000).

The non-revolving loan is available to a maximum of \$250,000 (2014 - \$nil), is payable on demand and bears annual interest of prime plus 1%. During the year, the non-revolving loan has not been drawn upon (2014 - \$nil).

The credit facilities are secured by a general security agreement, a mortgage in the amount of \$13,850,000 on a first fixed charge, general assignment of rents and leases, and assignment or letter of undertaking that any grants from the City of Edmonton or Province of Alberta pertaining to the project are to be used towards the pay down of the loan facilities granted in accordance to the terms of the commitment letter.

13. DEFERRED REVENUE

Deferred revenue includes amounts received by the Foundation during the year for site rental that will be provided in future periods.

	2015	2014
Deferred revenue	\$ 59,420	\$ 56,853
Less: current portion	(27,782)	(34,005)
Long-term portion	\$ 31,638	\$ 22,848

14. CONTRA GOODS AND SERVICES

During the year, the Foundation recorded in revenue and expenses of this type as follows:

	2015	2014
Revenue		
Media and marketing	\$ 52,952	\$ 350,174
Time sales and sponsorships	37,707	8,212
	\$ 90,659	\$ 358,386
Expenses by department		
Marketing and sales	\$ 55,850	\$ 354,500
Fundraising	16,297	7,175
	\$ 72,147	\$ 361,675

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

15. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of contributed property and equipment and restricted contributions that were used to purchase the Foundation's property and equipment as well as any deferred revenue on funds not spent at year-end for the purchase of property and equipment. Recognition of these amounts as revenue is deferred to periods when the related property and equipment are amortized.

Changes for the year in the deferred contributions relating to property and equipment are as follows:

	Balance August 31, 2014	Additions/ (Recoveries)	Recognized as revenue	Balance August 31, 2015
Alberta Hotel Government grants	\$ 9,941,590	\$ -	\$ 259,218	\$ 9,682,371
Casino	170,108	-	84,096	86,012
Digitization	71,301	-	13,808	57,493
Cultural spaces furniture grant	71,171	-	9,894	61,277
Grants	40,518	5,015	4,326	41,207
Alberta Educational				
Communications Corporation	20,693	(1,461)	1,801	17,431
Edmonton Community Foundation	19,574	-	4,974	14,600
Chapters	5,342	(5,342)	-	-
National Music Centre	-	333,333	-	333,333
	\$ 10,340,297	\$ 331,545	\$ 378,117	\$ 10,293,724

16. DEFINED CONTRIBUTION PENSION PLAN

The Foundation implemented a defined contribution pension plan on December 1, 2003 covering substantially all full-time and part-time employees. Contributions to the plan are based on a mandatory minimum contribution of 2% by participants' in which the Foundation contributes a maximum of 3% (2014 - 3 %) of their annual salary. During the year, the pension expense was \$61,040 (2014 - \$61,772) and has been recorded as salaries and benefits.

17. CHARITABLE FUND-RAISING ACT (ALBERTA)

The following supplementary information is included in the Operating Fund and is disclosed in compliance with the Charitable Fund-raising Act (Alberta) and related regulations:

Salaries and benefits for fund development and donor relations administrative support	\$ 322,011
Amortization expense associated with deferred charges for the special project fund	254,999
Other ancillary costs associated with fund-raising and donations	104,525
Donated or contra goods and services as disclosed in Note 15	16,297
	\$ 697,832

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

18. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of August 31, 2015. Unless otherwise noted, the Foundation's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from customers, and the maximum exposure to this risk is the carrying value of accounts receivable on the balance sheet. The Foundation has a significant number of customers which minimizes concentration of credit risk. As at year-end, the Foundation was subject to concentration of credit risk, as 12% of the accounts receivable balance was due from one customer.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its financial obligations as they become due. Cash flow from operations provides a substantial portion of the Foundation's cash requirements, and additional requirements are met with the use of the available credit facilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk with respect to the endowment fund.

Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash held in U.S. dollars. These amounts are of a short duration, which minimizes the Foundation's exposure to foreign currency fluctuations. As at August 31, 2015, the Foundation had U.S. cash in the amount of \$2,918 (2014 - \$3,783).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. The Foundation is exposed to interest rate risk primarily through its investments in corporate and government bonds and its floating interest rate on revolving line of credit, demand loan and other credit facilities.

(continues)

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2015

18. FINANCIAL INSTRUMENTS *(continued)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its equities and fixed income investments, interest and exchange rates and credit risks on fixed income investments in the custody of the Calgary Foundation and the Edmonton Community Foundation (Note 1). The risks are managed by the Calgary Foundation and the Edmonton Community Foundation's investment policies that prescribe the investment asset mix, including the degree of liquidity and concentration, the amount of foreign content and the credit ratings of debt issuers. The Foundation's exposure relates to the amount of earnings received from the portfolios.

19. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CKUA RADIO FOUNDATION
Schedules of Expenses by Type
Year Ended August 31, 2015

(Schedule 1)

	2015	2014
Salaries and benefits (Notes 16, 17)	\$ 2,164,039	\$ 2,284,254
Amortization	768,213	818,686
Fundraising	697,831	634,309
Utilities	371,667	458,963
Interest and bank charges	303,527	466,094
Rent and property taxes	274,323	325,251
Program acquisition	241,117	258,304
Repairs and maintenance	195,734	130,232
Telephone and satellite link fees	168,565	188,991
Advertising and promotion	154,144	462,456
Licenses	114,930	88,219
Automotive and travel	104,020	98,556
Insurance	90,441	102,965
Professional fees	89,316	43,323
Computer support and services	66,620	40,046
Website bandwidth	57,811	47,101
Consulting and contract work	33,926	46,348
Office	31,517	34,888
Board of Directors	19,293	8,445
Monitoring	14,907	16,480
Recordings and audio tapes	10,339	11,770
Development and training	6,994	8,685
Bad debts (Note 5)	4,340	12,940
	\$ 5,983,614	\$ 6,587,306

CKUA RADIO FOUNDATION
Schedule of Building Costs
Year Ended August 31, 2015

(Schedule 2)

	2015	2014
Interest on demand loan	\$ 223,833	\$ 385,721
Utilities	164,484	197,660
Repairs and maintenance	143,765	76,997
Property taxes	92,543	108,697
Building security	58,609	57,733
Building management and personnel costs	44,097	65,318
Insurance	21,888	20,000
Legal fees	10,690	7,400
Telephone and line fees	-	2,401
	\$ 759,909	\$ 921,927