

**United Christian Broadcasters  
Media Canada  
Financial Statements**  
*December 31, 2022*

**United Christian Broadcasters  
Media Canada  
Contents**

*For the year ended December 31, 2022*

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	<i>Page</i>
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	3
Statement of Operations.....	4
Statement of Changes in Net Assets.....	5
Statement of Cash Flows.....	6
<b>Notes to the Financial Statements.....</b>	<b>7</b>

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To the Members of United Christian Broadcasters Media Canada:

### Qualified Opinion

We have audited the financial statements of United Christian Broadcasters Media Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenue over expenditures, assets and changes in net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kingston, Ontario

June 9, 2023

*MNP LLP*

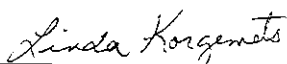
Chartered Professional Accountants

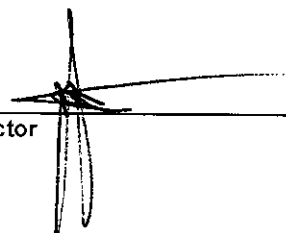
Licensed Public Accountants

**United Christian Broadcasters**  
**Media Canada**  
**Statement of Financial Position**  
*As at December 31, 2022*

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash and bank (Note 2)	436,939	416,283
Accounts receivable and other amounts receivable (Note 3)	224,539	208,010
Prepaid expenses	81,798	35,269
	<b>743,276</b>	659,562
<b>Capital assets (Note 4)</b>	<b>1,553,413</b>	1,681,566
	<b>2,296,689</b>	2,341,128
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 5)	60,000	60,000
Accounts payable and accruals	108,974	125,259
Current portion of deferred revenue (Note 6)	56,129	69,087
Current portion of long-term debt (Note 7)	46,290	43,961
	<b>271,393</b>	298,307
<b>Deferred revenue (Note 6)</b>	<b>369,568</b>	376,257
<b>Long-term debt (Note 7)</b>	<b>920,013</b>	666,112
	<b>1,289,581</b>	1,042,369
	<b>1,560,974</b>	1,340,676
<b>Net Assets</b>		
General	(817,698)	(681,114)
Invested in capital assets	<b>1,553,413</b>	1,681,566
	<b>735,715</b>	1,000,452
	<b>2,296,689</b>	2,341,128

Approved on behalf of the Board

  
 Director

  
 Director

The accompanying notes are an integral part of these financial statements

**United Christian Broadcasters**  
**Media Canada**  
**Statement of Operations**

*For the year ended December 31, 2022*

	2022	2021
<b>Revenue</b>		
Advertising revenue	535,116	626,840
Donations - Fundraising	637,942	618,720
Donations - Other	1,281,510	1,206,132
Donations - WFYT	140,429	145,743
Subscriptions - WFYT	26,793	27,317
Other income	28,883	127,720
Program revenue	17,860	44,042
Government assistance	-	186,029
	<b>2,668,533</b>	<b>2,982,543</b>
<b>Expenses</b>		
Salaries and benefits	1,404,743	1,298,044
Transmitter site expenses	205,092	180,727
Computer equipment maintenance	143,182	117,197
Amortization	112,035	130,387
General and administrative	111,562	92,454
Advertising	106,730	88,359
WFYT	97,179	87,477
Professional fees	95,712	48,221
Rent	83,530	129,760
Telephone and utilities	82,340	82,381
Broadcasting fees	67,390	38,373
Fundraising	49,314	26,988
Repairs and maintenance	46,430	37,886
Insurance	46,363	38,983
Interest on long-term debt	42,277	36,937
Credit card charges and interest	41,867	36,073
Vehicle expenses	36,135	41,371
Travel and entertainment	27,102	8,315
Training	20,442	6,559
Office supplies	16,997	12,470
Miscellaneous	11,733	468
Bank charges and interest	5,301	6,565
Dues and fees	5,155	4,183
Bad debts	3,939	27,995
Talent quest	200	200
<b>Total expenses</b>	<b>2,862,750</b>	<b>2,578,373</b>
<b>Surplus (deficiency) of revenue over expenses before other items</b>	<b>(194,217)</b>	<b>404,170</b>
<b>Other items</b>		
Gain (loss) on disposal of capital assets	-	(1,436)
Write-down on capital assets	(70,520)	-
<b>Surplus (deficiency) of revenue over expenses</b>	<b>(264,737)</b>	<b>402,734</b>

*The accompanying notes are an integral part of these financial statements*

**United Christian Broadcasters**  
**Media Canada**  
**Statement of Changes in Net Assets**  
*For the year ended December 31, 2022*

	<i>General</i>	<i>Invested in Capital Assets</i>	<i>2022</i>	<i>2021</i>
<b>Net assets, beginning of year</b>	(681,114)	1,681,566	<b>1,000,452</b>	597,718
<b>Excess (deficiency) of revenue over expenses</b>	(82,182)	(182,555)	<b>(264,737)</b>	402,734
<b>Purchases of capital assets during the year</b>	(54,402)	54,402	-	-
<b>Net assets, end of year</b>	<b>(817,698)</b>	<b>1,553,413</b>	<b>735,715</b>	1,000,452

*The accompanying notes are an integral part of these financial statements*

**United Christian Broadcasters**  
**Media Canada**  
**Statement of Cash Flows**  
*For the year ended December 31, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Surplus (deficiency) of revenue over expenses	(264,737)	402,734
Amortization	112,035	130,387
Gain (loss) on disposal of capital assets	-	1,436
Write-down on capital assets	70,520	-
	(82,182)	534,557
Changes in working capital accounts		
Accounts receivable and other amounts receivable	(16,529)	(8,594)
Prepaid expenses and deposits	(46,529)	(830)
Accounts payable and accruals	(16,285)	(148,206)
	(161,525)	376,927
<b>Financing</b>		
Advances on bank indebtedness	-	20,000
Advances of long-term debt	300,000	1,120
Repayment of long-term debt	(43,770)	(40,496)
Deferred revenue	(19,647)	(46,488)
	236,583	(65,864)
<b>Investing</b>		
Purchase of capital assets	(54,402)	(41,330)
Proceeds on disposal of capital assets	-	520
	(54,402)	(40,810)
<b>Increase in cash resources</b>	20,656	270,253
<b>Cash resources, beginning of year</b>	416,283	146,030
<b>Cash resources, end of year</b>	436,939	416,283

*The accompanying notes are an integral part of these financial statements*



**United Christian Broadcasters**  
**Media Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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**1. Significant Accounting Policies**

**Nature of Business**

United Christian Broadcasters Media Canada (the "organization") is a Christian Media company operating radio stations specializing in Christian programming and print material.

The organization was originally incorporated with Letters Patent dated August 17, 2001 under the Canada Corporations Act as a corporation without share capital. The organization was continued under the Canada Not-For-Profit Corporations Act by a Certificate of Continuance dated May 6, 2014.

The organization operates as a registered charitable organization and is exempt from income tax under subparagraph 149(1)(f) for the Canadian Income Tax Act.

***Basis of Accounting***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

***Cash and Cash Equivalents***

Cash and cash equivalents consists of cash on hand and cash in the bank.

***Capital Assets***

Capital assets are stated at cost less accumulated amortization.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	3 %
Vehicle	declining balance	20 %
Computer equipment	declining balance	30 %
Radio equipment	declining balance	20 %
Furniture and equipment	declining balance	30 %
Leasehold improvements	declining balance	20 %
Radio transmitters	declining balance	30 %
Website	declining balance	50 %

***Revenue Recognition***

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Donations related to the purchase of land are netted against the purchase cost of the land.

***Contributed Services***

Volunteers contributed an indeterminable number of hours each year to assist the organization in carrying out its activities. Because of the difficulty in determining their fair value, contributions of such services are not recognized in the financial statements.

***Non-monetary Transactions***

In the normal course of its business, the organization enters into non-monetary transactions under which goods and services are acquired in exchange for advertising and other services. These goods and services, which would otherwise be payable in cash, are accounted for at their fair market value.

**United Christian Broadcasters**  
**Media Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**1. Significant Accounting Policies (continued)**

***Use of Estimates***

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**2. Cash and Bank**

The organization's bank accounts are held at three chartered banks and financial institutions. The bank accounts earn interest at nominal rates up to 3.60% annually.

**3. Accounts Receivable and other amounts receivable**

	<b>2022</b>	<b>2021</b>
Trade accounts receivable	<b>71,772</b>	80,901
Donations in transit	<b>114,538</b>	100,057
HST recoverable	<b>38,229</b>	27,052
	<b>224,539</b>	208,010

**4. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>	<b>2021 Net book value</b>
Buildings	<b>1,484,693</b>	<b>184,331</b>	<b>1,300,362</b>	1,340,580
Vehicle	<b>39,048</b>	<b>19,233</b>	<b>19,815</b>	17,579
Computer equipment	<b>27,915</b>	<b>19,060</b>	<b>8,855</b>	10,720
Radio equipment	<b>178,906</b>	<b>119,778</b>	<b>59,128</b>	73,126
Furniture and equipment	<b>143,515</b>	<b>117,915</b>	<b>25,600</b>	89,549
Leasehold improvements	<b>-</b>	<b>-</b>	<b>-</b>	647
Radio transmitters	<b>406,952</b>	<b>270,203</b>	<b>136,749</b>	143,555
Website	<b>60,690</b>	<b>57,786</b>	<b>2,904</b>	5,810
	<b>2,341,719</b>	<b>788,306</b>	<b>1,553,413</b>	1,681,566

During the year, capital assets were acquired at an aggregate cost of \$54,402 (2021 - \$50,003) of which \$Nil (2021 - \$8,673) were acquired by means of long-term debt.

During the year, write downs of capital assets were made as the result of a review and analysis of useful lives of assets totaling \$70,520 (2021 - \$Nil).

**United Christian Broadcasters**  
**Media Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**5. Bank Indebtedness**

	<b>2022</b>	2021
Line of credit	-	-
Canada emergency business account loan (CEBA)	<b>60,000</b>	60,000
	<b>60,000</b>	60,000

The organization has an unused line of credit with a credit limit of \$150,000, that is due on demand and bears interest at the bank's prime rate plus 1.80%.

The CEBA loan is an interest-free government loan of \$60,000 for qualifying businesses and is facilitated through RBC. The interest free period extends to January 1, 2024. The annual interest rate once the interest-free period expires is fixed at 5% and the balance of the loan must be repaid in full by December 31, 2025.

\$20,000 is eligible for forgiveness if the loan is fully repaid on or before December 31, 2023. The portion of the loan that is forgiven would be included in income in that year.

**6. Deferred Revenue**

Deferred revenue consists of donations received for future capital and expansion costs.

	<b>2022</b>	2021
Balance, beginning of year	<b>445,344</b>	491,832
Amount received during the year	<b>139,019</b>	32,350
Less: Amount recognized as revenue during the year	<b>(158,666)</b>	(78,838)
Subtotal	<b>425,697</b>	445,344
Less: current portion	<b>56,129</b>	69,087
Balance, end of year	<b>369,568</b>	376,257

**United Christian Broadcasters**  
**Media Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**7. Long-term Debt**

	<b>2022</b>	2021
Mortgage payable - 5.15%, due December 2025, monthly payments of \$5,769 interest and principal, secured by a general security agreement	<b>654,292</b>	689,010
Honda Financial loan - 4.99%, due May 2024, monthly combined payments of principal and interest of \$243	<b>3,106</b>	6,341
Toyota Financial loan - 5.99%, due January 2024, monthly combined payments of principal and interest of \$291	<b>4,480</b>	6,757
Toyota Financial loan - 5.34%, due March 2024, monthly combined payments of principal and interest of \$295	<b>4,425</b>	7,965
1300800 Ontario Inc. loan - 5%, due June 2027, annual payments of interest only	<b>300,000</b>	-
	<b>966,303</b>	710,073
Less: Current portion	<b>46,290</b>	43,961
	<b>920,013</b>	666,112

Principal repayments on long-term debt in each of the next four years are estimated as follows:

	<b>Principal</b>
2023	46,290
2024	41,030
2025	578,983
2026	-
2027	300,000
	<b>966,303</b>

**United Christian Broadcasters**  
**Media Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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**8. Commitments**

The organization has various operating leases for its premises expiring no later than August 2025.

The organization has various operating leases for its vehicles, expiring no later than March 2026.

The organization has various tower leases expiring no later than September 2030.

The organization has entered into various lease agreements with estimated minimum annual payments as follows:

2023	112,460
2024	78,354
2025	53,155
2026	4,079
2027	3,101
Thereafter	8,584
	<hr/>
	259,733

**9. Financial Instruments**

Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

Financial instruments consist of cash and bank, accounts receivable, bank indebtedness, accounts payable and accruals, and long-term debt.

The organization initially recognized its financial instruments at fair value and subsequently measure them at amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year and the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed the original cost.

**Credit Risk**

The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable, being \$186,310 at year-end.

**Interest Risk**

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The exposure of the organization to interest rate risk arises from its interest bearing bank financial instruments which are bank indebtedness and long-term debt. A significant portion of the organization's exposure with the above financial instruments is limited due to interest rates being fixed. The organization has not quantified the impact that changes in interest rate will have on these instruments, but the risk is deemed to be within normal operating risk levels.

**10. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.