

**United Christian Broadcasters
Media Canada
Financial Statements**
December 31, 2023

**United Christian Broadcasters
Media Canada
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For the year ended December 31, 2023

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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, 2023, 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, 2023, 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.

MNP LLP

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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 25, 2024

MNP LLP

Chartered Professional Accountants

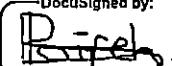
Licensed Public Accountants

MNP
LLP

**United Christian Broadcasters
Media Canada**
Statement of Financial Position
As at December 31, 2023

	2023	2022
Assets		
Current		
Cash and bank (Note 2)	205,836	436,939
Accounts receivable and other amounts receivable (Note 3)	228,837	224,539
Prepaid expenses	48,363	81,798
	483,036	743,276
Capital assets (Note 4)	1,731,601	1,553,413
	2,214,637	2,296,689
Liabilities		
Current		
Bank indebtedness (Note 5)	80,000	60,000
Accounts payable and accruals	124,370	108,974
Current portion of deferred revenue (Note 6)	24,781	56,129
Current portion of long-term debt (Note 7)	38,666	46,290
	267,817	271,393
Deferred revenue (Note 6)	419,163	369,568
Long-term debt (Note 7)	878,872	920,013
	1,298,035	1,289,581
	1,565,852	1,560,974
Net Assets		
General	(1,082,816)	(817,698)
Invested in capital assets	1,731,601	1,553,413
	648,785	735,715
	2,214,637	2,296,689

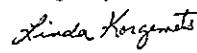
Approved on behalf of the Board

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Director

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Director

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**United Christian Broadcasters
Media Canada
Statement of Operations**
For the year ended December 31, 2023

	2023	2022
Revenue		
Advertising revenue	543,493	535,116
Donations - Fundraising	829,253	637,942
Donations - Other	1,550,891	1,281,510
Donations - WFYT	98,738	140,429
Event revenue	38,112	-
Interest revenue	8,403	-
Other income	42,747	28,883
Program revenue	19,965	17,860
Subscriptions - WFYT	19,389	26,793
	3,150,991	2,668,533
Expenses		
Salaries and benefits	1,675,432	1,404,743
Transmitter site expenses	266,872	205,092
Computer equipment maintenance	193,472	143,182
WFYT	98,260	97,179
Broadcasting fees	97,927	67,390
Telephone and utilities	90,165	82,340
General and administrative	88,302	111,562
Professional fees	84,436	95,712
Event expenses	76,975	190
Amortization	75,180	112,035
Advertising	65,892	106,730
Fundraising	54,700	49,314
Credit card charges and interest	54,211	41,867
Insurance	40,813	46,363
Vehicle expenses	40,774	36,135
Interest on long-term debt	40,241	42,277
Travel and entertainment	34,115	27,102
Training	32,297	20,442
Rent	30,662	83,530
Property Tax	26,137	25,457
Bank charges and interest	25,699	5,301
Repairs and maintenance	21,164	20,973
Engineering services	20,354	-
Dues and fees	8,189	5,155
Office supplies	5,292	16,997
Bad debts	3,504	3,939
Talent quest	-	200
Miscellaneous	756	11,543
Total expenses	3,251,821	2,862,750
Deficiency of revenue over expenses before other items	(100,830)	(194,217)
Other items		
Gain on disposal of capital assets	13,900	-
Write-down on capital assets	-	(70,520)
Deficiency of revenue over expenses	(86,930)	(264,737)

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, 2023

	<i>General</i>	<i>Invested in Capital Assets</i>	2023	2022
Net assets, beginning of year	(817,698)	1,553,413	735,715	1,000,452
Deficiency of revenue over expenses	(25,650)	(61,280)	(86,930)	(264,737)
Purchases of capital assets during the year	(259,968)	259,968	-	-
Disposal of capital assets	20,500	(20,500)	-	-
Net assets, end of year	(1,082,816)	1,731,601	648,785	735,715

**United Christian Broadcasters
Media Canada**
Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(86,930)	(264,737)
Amortization	75,180	112,035
Gain on disposal of capital assets	(13,900)	-
Write-down on capital assets	-	70,520
CEBA loan forgiveness	(20,000)	-
	(45,650)	(82,182)
Changes in working capital accounts		
Accounts receivable and other amounts receivable	(4,298)	(16,529)
Prepaid expenses and deposits	33,435	(46,529)
Accounts payable and accruals	15,396	(16,285)
	(1,117)	(161,525)
Financing		
Advances on bank indebtedness	80,000	-
Repayments of bank indebtedness	(40,000)	-
Advances of long-term debt	-	300,000
Repayment of long-term debt	(48,765)	(43,770)
Deferred revenue	18,247	(19,647)
	9,482	236,583
Investing		
Purchase of capital assets	(259,968)	(54,402)
Proceeds on disposal of capital assets	20,500	-
	(239,468)	(54,402)
Increase (decrease) in cash resources	(231,103)	20,656
Cash resources, beginning of year	436,939	416,283
Cash resources, end of year	205,836	436,939

**United Christian Broadcasters
Media Canada**
Notes to the Financial Statements
For the year ended December 31, 2023

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 straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Years
Buildings	straight-line	25 to 50 years
Vehicle	straight-line	6 to 8 years
Computer equipment	straight-line	4 to 10 years
Radio equipment	straight-line	5 to 50 years
Furniture and equipment	straight-line	10 to 20 years
Radio transmitters	straight-line	10 to 20 years
Website	straight-line	3 years

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, 2023

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.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the period.

All financial assets and liabilities are subsequently accounted for using amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accruals, government remittances payable, and long-term-debt.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the period, thus all such related party debt instruments are subsequently measured at amortized cost.

**United Christian Broadcasters
Media Canada**
Notes to the Financial Statements
For the year ended December 31, 2023

1. Significant Accounting Policies (continued)

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in deficiency of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the period.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in deficiency of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

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

	2023	2022
Trade accounts receivable	134,861	71,772
Donations in transit	59,019	114,538
HST recoverable	34,957	38,229
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	228,837	224,539
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**United Christian Broadcasters
Media Canada**
Notes to the Financial Statements
For the year ended December 31, 2023

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Buildings	1,543,306	214,358	1,328,948	1,300,362
Vehicle	16,345	8,149	8,196	19,815
Computer equipment	46,688	29,713	16,975	8,855
Radio equipment	251,089	135,576	115,513	59,128
Furniture and equipment	160,905	126,133	34,772	25,600
Radio transmitters	471,637	275,458	196,179	136,749
Website	64,518	57,998	6,520	2,904
Assets not in use	24,498	-	24,498	-
	2,578,986	847,385	1,731,601	1,553,413

During the year, capital assets were acquired at an aggregate cost of \$259,968 (2022 - \$54,402) of which \$Nil (2022 - \$Nil) 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 \$Nil (2022 - \$70,520).

During the current year, the Organization changed their accounting estimate for amortizing capital assets for their estimated useful lives from declining-balance to the straight-line method. This change better reflects the assets' useful lives.

5. Bank Indebtedness

	<i>2023</i>	<i>2022</i>
Operating line of credit	80,000	-
Canada emergency business account loan (CEBA)	-	60,000
	80,000	60,000

The Organization has an unused balance of \$120,000 on the line of credit with a total credit limit of \$200,000, 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 18, 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 January 18, 2024. The portion of the loan that is forgiven would be included in income in that year. The CEBA loan was repaid during the year with the \$20,000 forgiveable portion recognized in income.

**United Christian Broadcasters
Media Canada**
Notes to the Financial Statements
For the year ended December 31, 2023

6. Deferred Revenue

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

	2023	2022
Balance, beginning of year	425,697	445,344
Amount received during the year	156,413	139,019
Less: Amount recognized as revenue during the year	<u>(138,166)</u>	<u>(158,666)</u>
Subtotal	443,944	425,697
Less: current portion	24,781	56,129
Balance, end of year	419,163	369,568

7. Long-term Debt

	2023	2022
Mortgage payable - 5.15%, due December 2025, monthly payments of \$5,769 interest and principal, secured by a general security agreement	617,538	654,292
Honda Financial loan - 4.99%, due May 2024, monthly combined payments of principal and interest of \$243.	-	3,106
Toyota Financial loan - 5.99%, due January 2024, monthly combined payments of principal and interest of \$291.	-	4,480
Toyota Financial loan - 5.34%, due March 2024, monthly combined payments of principal and interest of \$295.	-	4,425
1300800 Ontario Inc. loan - 5%, due June 2027, annual payments of interest only	300,000	300,000
	917,538	966,303
Less: Current portion	38,666	46,290
	878,872	920,013

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

	Principal
2024	38,666
2025	578,872
2026	-
2027	<u>300,000</u>
	917,538

**United Christian Broadcasters
Media Canada**
Notes to the Financial Statements
For the year ended December 31, 2023

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 April 2027.

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

The Organization has an operating lease for scheduling software expiring no later than 2034.

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

2024	203,519
2025	183,842
2026	137,489
2027	132,239
2028	97,911
Thereafter	25,314
	<hr/>
	780,314

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 and other amounts 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 \$134,861 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.