United Christian Broadcasters Media Canada
Statement of Financial Position
As at December 31, 2019

	2019	2018
Assets		
Current		
Cash and bank *(Note 2)*	**78,672**	-
Accounts receivable *(Note 3)*	**161,536**	291,770
Prepaid expenses	**31,172**	19,247
	271,380	311,017
Capital assets *(Note 4)*	**1,778,439**	1,711,461
	2,049,819	2,022,478
Liabilities		
Current		
Bank indebtedness *(Note 5)*	**93,000**	177,341
Accounts payable and accruals *(Note 6)*	**382,641**	265,945
Current portion of deferred revenue *(Note 7)*	**71,206**	70,958
Due to related party *(Note 8)*	**50,000**	-
Loans payable *(Note 9)*	**90,245**	-
Current portion of long-term debt *(Note 10)*	**330,392**	356,000
	1,017,484	870,244
Long-term debt *(Note 10)*	**708,661**	900,000
Deferred revenue *(Note 7)*	**474,028**	399,412
	1,182,689	1,299,412
	2,200,173	2,169,656
Net Assets		
General	**(1,928,793)**	(1,858,639)
Invested in Capital Assets	**1,778,439**	1,711,461
	(150,354)	(147,178)
	2,049,819	2,022,478

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, 2019

	2019	2018
Revenue		
Advertising revenue	**849,800**	706,458
Donations - Fundraising	**669,225**	661,624
Donations - Other	**998,692**	793,557
Donations - WFYT	**153,385**	101,746
Other income	**24,294**	12,598
Program revenue	**85,390**	78,366
	2,780,786	2,354,349
Expenses		
Salaries and benefits	**1,363,804**	1,421,502
Rent	**278,063**	176,284
Amortization	**147,688**	125,003
Advertising	**131,480**	140,263
Telephone and utilities	**114,047**	135,068
WFYT	**112,655**	131,086
General and administrative	**108,755**	110,991
Computer equipment maintenance	**80,220**	62,584
Broadcasting fees	**72,842**	84,414
Interest on long-term debt	**59,888**	-
Bank charges and interest	**50,345**	34,870
Fundraising	**51,412**	31,466
Vehicle expenses	**50,560**	44,150
Repairs and maintenance	**37,860**	7,973
Insurance	**33,225**	24,179
Travel and entertainment	**26,540**	16,959
Training	**20,496**	23,917
Bad debts	**11,459**	2,748
Professional fees	**10,920**	11,169
Office supplies	**10,184**	13,856
Talent quest	**5,000**	5,200
Dues and fees	**3,670**	3,144
Miscellaneous	**910**	95
Total expenses	**2,782,023**	2,606,921
Deficiency of revenue over expenses before other items	**(1,237)**	(252,572)
Other items		
Loss on disposal of capital assets	**(1,939)**	-
Deficiency of revenue over expenses	**(3,176)**	(252,572)

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, 2019

	General	*Invested in Capital Assets*	***2019***	*2018*
Net assets, beginning of year	(1,858,639)	1,711,461	**(147,178)**	105,394
Excess (deficiency) of revenue over expenses	146,451	(149,627)	**(3,176)**	(252,572)
Purchases of capital assets during the year	(216,605)	216,605	**-**	-
Net assets, end of year	**(1,928,793)**	**1,778,439**	**(150,354)**	(147,178)

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, 2019

	2019	*2018*
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	**(3,176)**	(252,572)
Amortization	**147,688**	125,003
Gain (loss) on disposal of capital assets	**1,939**	-
	146,451	(127,569)
Changes in working capital accounts		
Accounts receivable	**130,234**	(121,101)
Prepaid expenses and deposits	**(11,925)**	12,510
Accounts payable and accruals	**116,696**	48,452
	381,456	(187,708)
Financing		
Advances from related party	**70,000**	-
Repayment of advances from related party	**(20,000)**	-
Advances of long-term debt	**1,075**	1,256,000
Repayment of long-term debt	**(229,811)**	-
Advances of loans payable	**90,245**	-
Net advances (repayment) of demand loan	**(54,000)**	122,000
Deferred revenue	**(10,955)**	175,003
	(153,446)	1,553,003
Investing		
Purchase of capital assets	**(118,997)**	(1,547,767)
Donations used for purchase of land	**-**	160,000
	(118,997)	(1,387,767)
Increase (decrease) in cash resources	**109,013**	(22,472)
Cash resources, beginning of year	**(30,341)**	(7,869)
Cash resources, end of year	**78,672**	(30,341)
Cash resources are composed of:		
Cash and bank	**78,672**	-
Bank overdraft	**-**	(30,341)
	78,672	(30,341)

1. Significant Accounting Policies

Nature of Business

United Christian Broadcasters Media Canada (the "organization") operates radio stations specializing in Christian programming.

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.

	Method	Rate
Buildings	declining balance	3 %
Computer equipment	declining balance	30 %
Furniture and equipment	declining balance	30 %
Leasehold improvements	declining balance	20 %
Radio equipment	declining balance	20 %
Radio transmitters	declining balance	30 %
Vehicle	declining balance	20 %
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.

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 two chartered banks. The bank accounts earn interest at nominal rates.

3. Accounts Receivable

	2019	2018
Trade accounts receivable	127,763	138,452
HST recoverable	33,773	153,318
	161,536	291,770

4. Capital Assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buildings	1,395,007	61,311	1,333,696	1,267,866
Computer equipment	121,352	108,197	13,155	17,611
Furniture and equipment	161,183	56,221	104,962	23,928
Leasehold improvements	64,175	62,854	1,321	1,886
Radio equipment	255,499	164,760	90,739	103,024
Radio transmitters	574,671	377,273	197,398	246,741
Vehicle	45,851	31,926	13,925	5,855
Website	60,690	37,447	23,243	44,550
	2,678,428	899,989	1,778,439	1,711,461

Included in furniture and equipment is $85,819 of assets not yet in use and therefore no amortization has been taken on these assets.

During the year, capital assets were acquired at an aggregate cost of $130,786, (2018 - $1,547,767) of which $11,789 (2018 - $1,050,838) were acquired by means of long-term debt.

During the year, the Organization received donated furniture and equipment. These contributed capital assets have been recorded at their fair value of $85,819 (2018 – $Nil).

5. Bank Indebtedness

	2019	2018
Operating line of credit	93,000	147,000
Bank overdraft	-	30,341
	93,000	177,341

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

6. Accounts Payable and Accruals

	2019	2018
Accounts payable and accruals	**295,348**	178,652
HST payable (Note 11)	**87,293**	87,293
	382,641	265,945

7. Deferred Revenue

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

	2019	2018
Balance, beginning of year	**470,370**	295,367
Amount received during the year	**168,289**	426,812
Less: Amount recognized as revenue during the year	**(93,425)**	(91,809)
Less: Amounts recognized against the purchase of land	**-**	(160,000)
Subtotal	**545,234**	470,370
Less: current portion	**71,206**	70,958
Balance, end of year	**474,028**	399,412

8. Related Party Transactions

During the year a board member issued loans to the organization totalling $70,000 (2018 - $Nil).

Amounts due to/from related parties are as follows:

	2019	2018
Due to:		
Loan payable, due on demand, no fixed terms of repayment, bearing 7% annual interest.	**50,000**	-

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value.

9. Loans Payable

	2019	2018
Loans payable - due on demand, bearing interest ranging from 0% to 4.50% annually	**90,245**	-

10. Long-term Debt

	2019	2018
Mortgage payable - prime + 2%, due December 2023, monthly payments of $4,958 interest and annual payments of $100,000 principal, secured by a general security agreement	**899,530**	1,000,000
Honda Financial loan - 4.99%, due May 2024, monthly combined payments of principal and interest of $243	**11,523**	-
Loan payable - 2%, due December 2020, repayable in installments continuing until December 2020	**100,000**	100,000
Promissory note - non-interest bearing, due March 2020, no specific payment terms	**28,000**	156,000
	1,039,053	1,256,000
Less: Current portion	**330,392**	356,000
	708,661	900,000

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

	Principal
2020	330,392
2021	102,514
2022	102,641
2023	502,307
2024	1,199
	1,039,053

11. Contingencies

The organization obtained a Canada Revenue Agency (CRA) ruling that the supply of advertising services, radio airtime and sponsorship fees by the charity are not subject to HST. As advised by the CRA, the organization has de-registered for HST purposes and has advised customers of the changes as of May 2017. The organization has accrued $87,293 representing their best estimate of a potential tax liability. The matter is still being resolved with the CRA and the outcome is unknown.

The organization received a discount on equipment purchased during the year contingent on purchasing another piece of equipment from the same vendor. In the event that the organization does not purchase the second piece of equipment, the potential liability is $28,962.

12. Commitments

The organization has various operating leases for its premises expiring no later than October 2024. The organization has various operating leases for its vehicles, expiring no later than March 2022.

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

2020	136,194
2021	76,824
2022	49,873
2023	37,187
2024	3,224
	303,302

13. Subsequent Events

On February 28, 2020, the Organization sold vacant land for a sale price of $200,000 and repaid the related mortgage in the amount of $100,000.

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The extent of the impact on the Organization's operations and financial condition is unknown.

14. 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, amount due to a related party, loans payable 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 $161,536 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.