

United Christian Broadcasters
Media Canada
Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Current		
Cash and bank (Note 2)	146,030	78,672
Accounts receivable (Note 3)	199,416	161,536
Prepaid expenses	34,439	31,172
	379,885	271,380
Capital assets (Note 4)	1,763,906	1,778,439
	2,143,791	2,049,819
Liabilities		
Current		
Bank indebtedness (Note 5)	40,000	93,000
Accounts payable and accruals (Note 6)	273,465	382,641
Current portion of deferred revenue (Note 7)	71,129	71,206
Due to related party (Note 8)	-	50,000
Loans payable (Note 9)	-	90,245
Current portion of long-term debt (Note 10)	38,700	330,392
	423,294	1,017,484
Deferred revenue (Note 7)	420,703	474,028
Long-term debt (Note 10)	702,076	708,661
	1,122,779	1,182,689
	1,546,073	2,200,173
Net Assets		
General	(1,166,188)	(1,928,793)
Invested in Capital Assets	1,763,906	1,778,439
	597,718	(150,354)
	2,143,791	2,049,819

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, 2020

	2020	2019
Revenue		
Advertising revenue	699,349	849,800
Donations - Fundraising	606,067	669,225
Donations - Other	1,101,363	998,692
Donations - WFYT	159,271	153,385
Subscriptions - WFYT	23,272	-
Other income	12,736	24,294
Program revenue	57,168	85,390
Government assistance	354,550	-
	3,013,776	2,780,786
Expenses		
Salaries and benefits	1,290,225	1,363,804
Transmitter site expenses	184,655	175,097
Amortization	145,315	147,688
Rent	140,120	132,277
General and administrative	105,194	108,755
WFYT	92,310	112,655
Telephone and utilities	85,134	86,631
Computer equipment maintenance	82,947	80,220
Repairs and maintenance	44,887	35,965
Bank charges and interest	43,351	50,345
Interest on long-term debt	42,229	59,888
Broadcasting fees	40,449	72,842
Vehicle expenses	38,776	50,560
Insurance	37,379	33,225
Advertising	37,076	131,480
Professional fees	11,992	10,920
Office supplies	9,701	10,184
Training	8,317	20,496
Fundraising	6,106	51,412
Travel and entertainment	4,995	26,540
Talent quest	4,000	5,000
Dues and fees	3,841	3,670
Bad debts	1,412	11,459
Miscellaneous	32	910
Total expenses	2,460,443	2,782,023
Surplus (deficiency) of revenue over expenses before other items	553,333	(1,237)
Other items		
Gain (loss) on disposal of capital assets	194,739	(1,939)
Surplus (deficiency) of revenue over expenses	748,072	(3,176)

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, 2020

	<i>General</i>	<i>Invested in Capital Assets</i>	<i>2020</i>	<i>2019</i>
Net assets, beginning of year	(1,928,793)	1,778,439	(150,354)	(147,178)
Excess (deficiency) of revenue over expenses	698,648	49,424	748,072	(3,176)
Purchases of capital assets during the year	(130,782)	130,782	-	-
Transfers	194,739	(194,739)	-	-
Net assets, end of year	(1,166,188)	1,763,906	597,718	(150,354)

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, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Surplus (deficiency) of revenue over expenses	748,072	(3,176)
Amortization	145,315	147,688
Gain (loss) on disposal of capital assets	(194,739)	1,939
	698,648	146,451
Changes in working capital accounts		
Accounts receivable	(37,880)	130,234
Prepaid expenses and deposits	(3,267)	(11,925)
Accounts payable and accruals	(109,176)	116,696
	548,325	381,456
Financing		
Advances from related party	-	70,000
Repayment of advances from related party	(50,000)	(20,000)
Advances of long-term debt	726,500	1,075
Repayment of long-term debt	(1,035,690)	(229,811)
Advances of loans payable	-	90,245
Repayments of loans payable	(90,245)	-
Net advances (repayment) of demand loan	(53,000)	(54,000)
Deferred revenue	(53,402)	(10,955)
	(555,837)	(153,446)
Investing		
Purchase of capital assets	(119,869)	(118,997)
Proceeds on disposal of capital assets	194,739	-
	74,870	(118,997)
Increase (decrease) in cash resources	67,358	109,013
Cash resources, beginning of year	78,672	(30,341)
Cash resources, end of year	146,030	78,672

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, 2020

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.

	Method	Rate
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, 2020

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

	2020	2019
Trade accounts receivable	173,179	127,763
HST recoverable	26,237	33,773
	199,416	161,536

4. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	1,483,259	102,673	1,380,586	1,333,696
Vehicle	56,763	38,130	18,633	13,925
Computer equipment	123,172	112,317	10,855	13,155
Radio equipment	255,929	182,952	72,977	90,739
Furniture and equipment	178,821	78,992	99,829	104,962
Leasehold improvements	64,175	63,251	924	1,321
Radio transmitters	586,401	417,920	168,481	197,398
Website	60,690	49,069	11,621	23,243
	2,809,210	1,045,304	1,763,906	1,778,439

During the year, capital assets were acquired at an aggregate cost of \$130,782, (2019 - \$130,786) of which \$10,913 (2019 - \$11,789) were acquired by means of long-term debt.

During the year, the organization did not receive donated furniture and equipment. These contributed capital assets have been recorded at their fair value of \$Nil (2019 - \$85,819).

United Christian Broadcasters
Media Canada
Notes to the Financial Statements
For the year ended December 31, 2020

5. Bank Indebtedness

	2020	2019
Operating line of credit	-	93,000
Canada emergency business account loan (CEBA)	40,000	-
	40,000	93,000

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%.

The CEBA loan is an interest-free government loan of \$40,000 for qualifying businesses and is facilitated through RBC. The interest free period extends to January 1, 2023. 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.

\$10,000 is eligible for forgiveness if the loan is fully repaid on or before December 31, 2022. The portion of the loan that is forgiven would be included in income in that year.

6. Accounts Payable and Accruals

	2020	2019
Accounts payable and accruals	171,321	295,348
HST payable (Note 11)	87,293	87,293
Socan differences (Note 11)	14,851	-
	273,465	382,641

7. Deferred Revenue

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

	2020	2019
Balance, beginning of year	545,234	470,370
Amount received during the year	25,541	168,289
Less: Amount recognized as revenue during the year	(78,943)	(93,425)
Subtotal	491,832	545,234
Less: current portion	71,129	71,206
Balance, end of year	420,703	474,028

United Christian Broadcasters
Media Canada
Notes to the Financial Statements
For the year ended December 31, 2020

8. Related Party Transactions

During the year a board member issued loans to the organization totalling \$Nil (2019 - \$70,000).

Amounts due to/from related parties are as follows:

	2020	2019
Due to:		
Loan payable, due on demand, no fixed terms of repayment, bearing 5% 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

	2020	2019
Loans payable - due on demand, bearing interest ranging from 0% to 4.50% annually	-	90,245

10. Long-term Debt

	2020	2019
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
Mortgage payable - 5.15%, due December 2025, monthly payments of \$5,769 interest and principal, secured by a general security agreement	722,210	-
Honda Financial loan - 4.99%, due May 2024, monthly combined payments of principal and interest of \$243	9,532	-
Toyota Financial loan - 5.99%, due January 2024, monthly combined payments of principal and interest of \$291	9,034	11,523
Loan payable - 2%, due December 2020, repayable in installments continuing until December 2020	-	100,000
Promissory note - non-interest bearing, due March 2020, no specific payment terms	-	28,000
	740,776	1,039,053
Less: Current portion	38,700	330,392
	702,076	708,661

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

	Principal
2021	38,700
2022	40,743
2023	42,896
2024	40,154
2025	578,283
	740,776

United Christian Broadcasters
Media Canada
Notes to the Financial Statements
For the year ended December 31, 2020

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 prior 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.

The organization reported their 2019 SOCAN dues using a "low-usage" rate, however, subsequent to this submission, the organization was informed that the reporting forms and radio station classification had changed. The organization has quantified this difference resulting in an estimated balance owing of \$14,851. No further correspondence has been received on this balance due and outcome is unknown, however, the amount has been accrued in the current year.

12. Commitments

The organization has various operating leases for its premises expiring no later than October 2023.

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

The organization has various tower leases expiring no later than August 2025.

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

2021	103,886
2022	76,934
2023	64,246
2024	30,282
2025	19,388
	294,736

13. Subsequent Event

Ongoing at 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.

15. Comparative figures

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