

CKUA RADIO FOUNDATION
Financial Statements
Year Ended August 31, 2016

CKUA RADIO FOUNDATION
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Year Ended August 31, 2016

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November 30, 2016
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, 2016 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, deficiency of revenues over expenses, and cash flows from operations for the year ended August 31, 2016, current assets and fund balances as at August 31, 2016.

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, 2016 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 Pasnak LLP
Chartered Professional Accountants

CKUA RADIO FOUNDATION
Statement of Operations
For the Year Ended August 31, 2016

	Operating Fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2016	2015
REVENUE						
Donations	\$ 3,203,018	\$ -	\$ -	\$ -	\$ 3,203,018	\$ 3,340,166
Time sales and sponsorships	1,060,608	-	-	-	1,060,608	881,660
Rental and technical service	712,426	-	-	-	712,426	616,898
Amortization of deferred capital contributions <i>(Note 14)</i>	44,159	-	286,308	-	330,467	378,117
Grants	94,655	-	-	-	94,655	117,265
Other	2,847	-	-	-	2,847	2,842
	5,117,713	-	286,308	-	5,404,021	5,336,948
EXPENSES						
Programming	1,468,446	-	-	-	1,468,446	1,408,475
Technical	1,052,669	-	-	-	1,052,669	1,072,592
Administrative	759,143	-	-	-	759,143	805,340
Fundraising <i>(Note 16)</i>	458,268	254,999	-	-	713,267	697,832
Marketing and sales	594,653	-	-	-	594,653	380,981
Building costs	552,359	-	-	-	552,359	545,379
Amortization of internally funded property and equipment	-	-	412,145	-	412,145	448,695
Amortization of contributed property and equipment	-	-	286,308	-	286,308	319,518
Interest on demand loan	220,792	-	-	-	220,792	223,833
Volunteer and Board	109,773	-	-	-	109,773	80,970
	5,216,103	254,999	698,453	-	6,169,555	5,983,615
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS						
	(98,390)	(254,999)	(412,145)	-	(765,534)	(646,667)
OTHER INCOME						
Interest income	8,312	-	-	-	8,312	9,079
(Loss) gain on foreign exchange	(41)	-	-	-	(41)	185
Gain on disposal of property and equipment	-	-	-	-	-	654,000
	8,271	-	-	-	8,271	663,264
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES						
	\$ (90,119)	\$ (254,999)	\$ (412,145)	\$ -	\$ (757,263)	\$ 16,597

CKUA RADIO FOUNDATION
Statement of Changes in Fund Balances
Year Ended August 31, 2016

	Operating fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2016	2015
FUND BALANCES -						
BEGINNING OF YEAR	\$ 464,026	\$ 509,997	\$ 3,179,453	\$ 865,927	\$ 5,019,403	4,997,464
(Deficiency) excess of revenue over expenses	(90,119)	(254,999)	(412,145)	-	(757,263)	16,597
Transfers (<i>Note 10</i>)	152,175	-	-	(152,175)	-	-
Investment in property and equipment, net	-	-	222,655	(222,655)	-	-
Reduction of prior period impairment loss	-	-	-	-	-	5,342
FUND BALANCES - END OF						
YEAR	\$ 526,082	\$ 254,998	\$ 2,989,963	\$ 491,097	\$ 4,262,140	5,019,403

CKUA RADIO FOUNDATION
Statement of Financial Position
August 31, 2016

	Operating Fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2016	2015
ASSETS						
CURRENT						
Cash (Note 3)	\$ 187,664	\$ -	\$ -	\$ 740,498	928,162	1,250,725
Accounts receivable	179,722	-	-	-	179,722	112,222
Short term investments (Note 5)	363,363	-	-	7,599	370,962	229,808
Inventory	13,196	-	-	-	13,196	13,409
Goods and Services Tax receivable	15,286	-	-	-	15,286	20,646
Prepaid expenses and deposits	69,829	-	-	-	69,829	87,456
	829,060	-	-	748,097	1,577,157	1,714,266
INVESTMENTS (Note 5)	137,908	-	-	-	137,908	270,865
PROPERTY AND EQUIPMENT (Note 6)	-	-	19,365,920	-	19,365,920	19,223,177
OTHER ASSETS	-	254,998	-	-	254,998	509,997
	\$ 966,968	\$ 254,998	\$ 19,365,920	\$ 748,097	21,335,983	21,718,305

CKUA RADIO FOUNDATION
Statement of Financial Position
August 31, 2016

	Operating Fund	Special Projects Fund	Property and Equipment Fund	Restricted Fund	2016	2015
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 367,125	\$ -	\$ -	\$ 257,000	\$ 624,125	524,116
Source deductions payable	28,115	-	-	-	28,115	26,608
Revolving demand loan (Note 11)	-	-	-	-	-	45,034
Demand loan (Note 11)	-	-	5,969,000	-	5,969,000	5,750,000
Current portion of deferred revenue (Note 12)	10,055	-	-	-	10,055	27,782
	405,295	-	5,969,000	257,000	6,631,295	6,373,540
DEFERRED REVENUE (Note 12)	35,591	-	-	-	35,591	31,638
DEFERRED CAPITAL CONTRIBUTIONS (Note 14)	-	-	10,406,957	-	10,406,957	10,293,724
	440,886	-	16,375,957	257,000	17,073,843	16,698,902
FUND BALANCES						
Property and equipment	-	-	2,989,963	-	2,989,963	3,179,453
Externally restricted (Note 8)	-	-	-	310,812	310,812	344,354
Internally restricted (Note 9)	-	-	-	180,285	180,285	521,573
Unrestricted	526,082	254,998	-	-	781,080	974,023
	526,082	254,998	2,989,963	491,097	4,262,140	5,019,403
	\$ 966,968	\$ 254,998	\$ 19,365,920	\$ 748,097	\$ 21,335,983	21,718,305

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CKUA RADIO FOUNDATION
Statement of Cash Flow
Year Ended August 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Cash receipts from donations and grants	\$ 3,502,119	\$ 3,642,723
Cash receipts from contracted services	1,712,531	1,547,390
Cash paid to suppliers	(2,581,924)	(2,413,949)
Cash paid to employees	(2,250,932)	(2,170,265)
Interest received	8,312	9,078
Interest paid	(292,244)	(303,527)
Cash flow from operating activities	97,862	311,450
INVESTING ACTIVITIES		
Purchase of property and equipment	(841,196)	(322,436)
Proceeds on disposal of property and equipment	-	654,000
Proceeds on investments	-	499,740
Purchase of investments	(8,193)	(408,214)
Change in other assets	254,998	254,999
Cash flow (used by) from investing activities	(594,391)	678,089
FINANCING ACTIVITIES		
Proceeds from demand loan	219,000	-
Net (repayment) advances of revolving demand loan	(45,034)	39,296
Cash flow from financing activities	173,966	39,296
(DECREASE) INCREASE IN CASH	(322,563)	1,028,835
CASH - BEGINNING OF YEAR	1,250,725	221,890
CASH - END OF YEAR	\$ 928,162	\$ 1,250,725
CASH CONSISTS OF:		
Cash	\$ 187,664	\$ 443,266
Restricted cash (Note 3)	740,498	807,459
	\$ 928,162	\$ 1,250,725

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

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. 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.

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.

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CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

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

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. During the year, \$1,946 was expensed (2015 - \$322).

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
Leasehold improvements	five years	straight-line method
Office and studio equipment	10 - 20%	declining balance method
Transmission equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Computer software	100%	declining balance method
Building - transmitter sites	10%	declining balance method
Automotive	five years	straight-line 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 four (2015 - five) 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.

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CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

2. 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 7,500 hours (2015 - 7,000 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.

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CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

2. 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.

3. RESTRICTED CASH

	2016	2015
Externally restricted cash:		
Alberta Gaming and Liquor Commission (casino proceeds)	\$ 76,313	\$ 3,422
National Music Centre	433,031	333,333
	509,344	336,755
Internally restricted cash		
Residual proceeds from the sale of Peace River tower	231,154	470,704
	\$ 740,498	\$ 807,459

4. ACCOUNTS RECEIVABLE

	2016	2015
Bad debts	\$ -	\$ 4,340

During the year, there was no provision for allowance of doubtful accounts (2015 - nil).

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

5. INVESTMENTS

	2016 Cost	2016 Fair value	2015 Fair value
<u>Unrestricted:</u>			
<u>Short-term</u>			
Cash held in investment portfolio	\$ 12	\$ 12	\$ 12
Altamira High Interest Cash Performer, bearing interest at a floating rate of 0.75% (2015 - 0.75%).	85,491	85,491	33,983
Corporate and government bonds bearing yield rates at 1.75% to 1.95% and maturing between September 8, 2016 and July 17, 2017	269,939	277,860	137,345
	355,442	363,363	171,340
<u>Long-term</u>			
Corporate and government bonds bearing yield rates at 1.80% to 1.85% and matures July 17, 2018	135,129	137,908	270,865
<u>Restricted:</u>			
<u>Short-term</u>			
Guaranteed investment certificate which matures October 10, 2017 and earns interest at 1.45%	7,599	7,599	7,599
Altamira High Interest Cash Performer, transferred to unrestricted during the year	-	-	50,869
	7,599	7,599	58,468
Total Investments	\$ 498,170	\$ 508,870	\$ 500,673

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings - CKUA	\$ 17,598,413	\$ 1,488,242	\$ 16,110,171	\$ 16,438,990
Land	1,270,800	-	1,270,800	1,270,800
Office and studio equipment	1,408,383	506,446	901,937	821,912
Leasehold improvements	385,032	-	385,032	-
Transmission equipment	1,430,791	1,060,403	370,388	245,041
Computer equipment	721,391	474,344	247,047	326,931
Computer software	323,261	269,352	53,909	73,634
Buildings - transmitter sites	113,285	99,935	13,350	14,833
Automotive	68,637	61,774	6,863	20,591
Technical equipment	33,088	26,665	6,423	7,136
Website design	71,129	71,129	-	3,309
	\$ 23,424,210	\$ 4,058,290	\$ 19,365,920	\$ 19,223,177

7. 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 (2015 - \$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, 2016

8. 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:

	2016	2015
The balance of externally restricted funds includes:		
Casino Funds	\$ 76,313	\$ 62,297
Guaranteed investment certificate	7,599	7,599
Proceeds from the National Music Centre	666,666	333,333
Expenditure for Property and Equipment Fund transmitter upgrades and leasehold improvements	(439,766)	-
Expenditure for Operating support	-	(58,890)
	\$ 310,812	\$ 344,339

9. 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:

	2016	2015
The balance of internally restricted funds includes:		
Support for the library digitization project	\$ -	\$ 50,869
Transitional Property and Equipment Fund support	231,154	652,500
Expenditure for Operating Fund support	(50,869)	(181,796)
	\$ 180,285	\$ 521,573

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

10. TRANSFERS

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

	<u>2016</u>
Operating Fund	
Transfer of funds from the Restricted Fund as the support from the library digitization are no longer restricted	\$ 50,869
Transfer from the Restricted Fund for the excess costs of the National Music Center	41,806
Transfer from the Restricted Fund for transmitter repairs and upgrades	<u>59,500</u>
	<u>\$ 152,175</u>
Restricted Fund	
Transfer of funds to the Operating Fund as the support from the library digitization are no longer restricted	\$ (50,869)
Transfer from the Operating Fund for the excess costs of the National Music Center	(41,806)
Transfer from the Restricted Fund for transmitter repairs and upgrades	<u>(59,500)</u>
	<u>\$ (152,175)</u>

11. CREDIT FACILITIES

The revolving demand loan is available to a maximum of \$140,000 (2015 - \$140,000), is payable on demand and bears annual interest of prime plus 1%. During the year, the revolving demand loan has not been drawn upon (2015 - \$45,034).

The non-revolving demand loan is available to a maximum of \$5,750,000 (2015 - \$5,750,000), 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, 2016 the amount withdrawn upon was \$5,750,000 (2015 - \$5,750,000).

The non-revolving loan is available to a maximum of \$250,000 (2015 - \$250,000), is payable on demand and bears annual interest of prime plus 1%. As at August 31, 2016 the amount withdrawn upon was \$219,000 (2015 -\$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.

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

12. DEFERRED REVENUE

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

	2016	2015
Deferred revenue	\$ 45,646	\$ 59,420
Less: current portion	(10,055)	(27,782)
Long-term portion	\$ 35,591	\$ 31,638

13. CONTRA GOODS AND SERVICES

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

	2016	2015
Revenue		
Time sales and sponsorships	\$ 144,994	\$ 37,707
Media and marketing	80,486	52,952
	\$ 225,480	\$ 90,659
Expenses by department		
Marketing and sales	\$ 180,000	\$ 55,850
Automoblies	32,511	-
Fundraising	12,719	16,297
	\$ 225,230	\$ 72,147

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

14. 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, 2015	Additions/ (Recoveries)	Recognized as revenue	Balance August 31, 2016
Alberta Hotel Government grants	\$ 9,682,371	\$ -	\$ 243,016	\$ 9,439,355
Casino	86,012	83,681	14,678	155,015
Digitization	57,493	-	13,808	43,685
Cultural spaces furniture grant	61,277	-	8,748	52,529
Grants	41,207	26,686	3,446	64,447
Alberta Educational Communications Corporation	17,431	-	1,483	15,948
Edmonton Community Foundation	14,600	-	3,482	11,118
National Music Centre	333,333	333,333	41,806	624,860
	\$ 10,293,724	\$ 443,700	\$ 330,467	\$ 10,406,957

15. 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% (2015 - 3 %) of their annual salary. During the year, the pension expense was \$59,731 (2015 - \$61,040) and has been recorded as salaries and benefits.

16. 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	\$ 362,870
Amortization expense associated with deferred charges for the special project fund	254,999
Other ancillary costs associated with fund-raising and donations	82,679
Donated or contra goods and services as disclosed in Note 13	12,719
	\$ 713,267

CKUA RADIO FOUNDATION
Notes to Financial Statements
Year Ended August 31, 2016

17. 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, 2016. 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 10% 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, 2016, the Foundation had U.S. cash in the amount of \$2,539 (2015 - \$2,918).

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, 2016

17. 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 7). 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.

18. 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, 2016

(Schedule 1)

	2016	2015
Salaries and benefits <i>(Notes 15, 16)</i>	\$ 2,250,931	\$ 2,164,040
Fundraising	713,207	697,831
Amortization	698,453	768,213
Utilities	329,303	371,667
Program acquisition	307,391	241,117
Rent and property taxes	282,984	274,323
Advertising and promotion	260,492	154,144
Interest on demand loan	220,792	223,833
Repairs and maintenance	214,409	195,734
Telephone and satellite link fees	172,824	168,565
Automotive and travel	153,341	104,020
Licenses	106,065	114,930
Insurance	88,797	90,441
Interest & Bank Charges	71,452	79,695
Computer support and services	61,284	66,620
Consulting and contract work	55,938	33,926
Website bandwidth	55,515	57,811
Professional fees	35,891	89,316
Office	33,650	31,517
Board of Directors	24,972	19,293
Monitoring	14,393	14,907
Development and training	10,622	6,994
Recordings and audio tapes	6,849	10,339
Bad debts <i>(Note 4)</i>	-	4,340
	\$ 6,169,555	\$ 5,983,616

CKUA RADIO FOUNDATION
Schedule of Building Costs
Year Ended August 31, 2016

(Schedule 2)

	2016	2015
Interest on demand loan	\$ 220,792	\$ 223,833
Repairs and maintenance	178,102	143,765
Utilities	150,835	164,484
Property taxes	87,102	92,543
Building security	59,620	58,609
Building management and personnel costs	25,000	44,097
Insurance	21,973	21,888
Consultants	20,843	9,303
Legal fees	8,884	10,690
	\$ 773,151	\$ 769,212