

PRINCE EDWARD COUNTY RADIO CORPORATION
FINANCIAL STATEMENTS
AS AT AUGUST 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Prince Edward County Radio Corporation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Prince Edward County Radio Corporation (the Corporation), which comprise the statement of financial position as at August 31, 2022, and the statements of net assets, operations 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 Corporation as at August 31, 2022, and its results of 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 not-for-profit organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether, as at and for the years ended August 31, 2022 and August 31, 2021, any adjustments might be necessary to donations revenue, excess of revenues over expenditures and 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 Corporation 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 these financial statements, management is responsible for assessing the Corporation'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 Corporation, or to cease operations, or has no realistic alternative but to do so.

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

**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

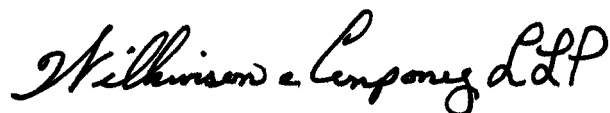
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation 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.

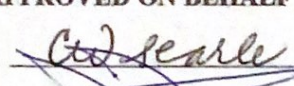
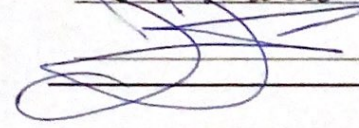
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



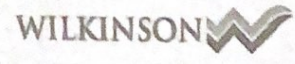
BELLEVILLE, Canada
December 15, 2022

Chartered Professional Accountants
Licensed Public Accountants

**PRINCE EDWARD COUNTY RADIO CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2022**

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash	229,514	234,263
Short-term investments - Note 3	150,000	
Accounts receivable	92,554	74,116
Inventory	1,437	
Due from The Community Foundation	502	54,350
Prepaid expenses and deposits	5,023	5,445
Grants and subsidies receivable - Note 4		6,703
	<hr/>	
	479,030	374,877
TANGIBLE CAPITAL ASSETS - at cost		
less accumulated amortization - Note 5	165,869	159,406
INTANGIBLE ASSETS - at cost		
less accumulated amortization - Note 6	3,197	4,460
	<hr/>	
	648,096	538,743
<hr/>		
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	38,623	31,363
Government remittances payable	39,567	37,443
Deferred revenue - Note 7	21,761	24,299
	<hr/>	
	99,951	93,105
LONG-TERM		
Canada Emergency Business Account (CEBA) loan payable - Note 8	37,250	37,191
DEFERRED CAPITAL CONTRIBUTIONS - Note 9	64,027	40,887
	<hr/>	
	201,228	171,183
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NET ASSETS		
NET ASSETS	446,868	367,560
COMMITMENTS - Note 10		
APPROVED ON BEHALF OF THE BOARD		
 _____	Director	
 _____	Director	
	<hr/>	
	648,096	538,743
	<hr/>	

The accompanying notes form an integral part of these financial statements



**PRINCE EDWARD COUNTY RADIO CORPORATION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2022**

	Operating Reserve Fund \$	Capital Reserve Fund \$	Unrestricted \$	2022 \$	2021 \$
NET ASSETS - BEGINNING OF YEAR	NIL	NIL	367,560	367,560	302,580
EXCESS OF REVENUE OVER EXPENDITURES	NIL	NIL	79,308	79,308	64,980
CHANGE IN INTERNALLY RESTRICTED FUNDS	100,000	50,000	(150,000)	NIL	NIL
	100,000	50,000	(70,692)	79,308	64,980
NET ASSETS - END OF YEAR	100,000	50,000	296,868	446,868	367,560

The accompanying notes form an integral part of these financial statements

PRINCE EDWARD COUNTY RADIO CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021
	\$	\$
REVENUE		
Advertising	352,945	267,289
Donations	68,603	80,342
Grants	64,345	37,759
Fundraising revenue	12,530	18,449
	498,423	403,839
COST OF SALES		
Advertising and commission	98,403	89,353
Donation expenses	1,999	663
Grants expenses		600
Fundraising expenses	3,798	1,177
	104,200	91,793
GROSS PROFIT	394,223	312,046
OTHER INCOME		
Government assistance - Discount on zero-interest loan - Note 8	2,105	579
Interest	415	214
Amortization of deferred capital contributions	6,859	5,748
	9,379	6,541
	403,602	318,587
EXPENDITURES		
Operating expenses - Schedule 1	54,568	46,831
Overhead expenses - Schedule 2	74,981	70,909
Wages and salaries - Note 15	181,995	127,805
Production labour expenses	12,750	8,062
	324,294	253,607
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	79,308	64,980

The accompanying notes form an integral part of these financial statements

PRINCE EDWARD COUNTY RADIO CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	79,308	64,980
Adjustment for items which do not affect cash -		
Amortization of deferred capital contributions	(6,859)	(5,748)
Amortization of intangible assets	1,263	1,263
Amortization of tangible capital assets	26,142	24,791
Discount on zero-interest loan	(2,105)	(579)
Accrued interest on CEBA loan	2,163	2,740
	99,912	87,447
Net change in non-cash working capital balances related to operations - Note 11	47,944	(29,904)
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	147,856	57,543
INVESTING ACTIVITIES		
Capital spending utilized - Note 9	30,000	2,229
Purchase of tangible capital assets	(32,605)	(2,859)
Purchase of short-term investments	(150,000)	
CASH FLOWS USED IN INVESTING ACTIVITIES	(152,605)	(630)
FINANCING ACTIVITIES		
Increase in CEBA loan - Note 8		20,000
Repayment of CEBA loan - Note 8		(20,000)
CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES	NIL	NIL
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	(4,749)	56,913
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	234,263	177,350
CASH AND CASH EQUIVALENTS - END OF YEAR	229,514	234,263
REPRESENTED BY:		
Cash	229,514	234,263

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

1. NATURE OF OPERATIONS

Prince Edward County Radio Corporation is a not-for-profit organization dedicated to the development and operation of a radio broadcasting station in Prince Edward County. The Corporation is incorporated under the Canada Not-for-profit Corporations Act without share capital and is exempt from taxation under Section 149 of the Income Tax Act.

The application to the Canadian Radio-television and Telecommunications Commission (CRTC) for a license to operate an over-the-air broadcasting station in Prince Edward County was approved on January 21, 2014.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Corporation that are considered to be particularly significant:

(a) Basis of Accounting

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

(b) Accounting Estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, and the estimated useful life of tangible capital assets and intangible assets. Actual results could differ from those estimates.

(c) Short-Term Investments

Short-term investments are classified as fair value through profit and loss and are initially recorded at their acquisition cost on the date of trade. Short-term investments are subsequently adjusted to fair value as at the date of the balance sheet and the corresponding change in unrealized gains and losses are recorded in income.

(d) Inventories

Inventories are valued at the lower of net realizable value. When the cost of inventories exceed the net realizable value, the cost of inventories will be written down to net realizable value. Any such write-down will be included in cost of goods sold for the year of write-down. If circumstances or events lead to a subsequent increase in the net realizable value of the inventory that was written down, the amount of the write-down will be reversed and recorded in cost of goods sold in the year of the reversal.

PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. ACCOUNTING POLICIES (Cont'd)

(e) Tangible Capital Assets and Amortization

Tangible capital assets are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in statement of operations in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Computer equipment	Straight-line	Over 5 years
Leasehold improvements	Straight-line	Over 15 years
Radio transmission equipment	Straight-line	Over 15 years
Studio equipment	Straight-line	Over 10 years

(f) Intangible Assets

Intangible assets are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in the statement of operations in the year of disposal. Amortization of definite lived intangible assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Engineering and licensing costs	Straight-line	Over 10 years
Incorporation costs	Straight-line	Over 10 years

(g) Government Assistance

Government assistance, in the form of wage subsidies due to the Coronavirus (COVID-19), has been deducted from wages and benefits as the Corporation incurs the related eligible wages. Government assistance recognized is further described in Note 15 to these financial statements.

(h) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

(i) Deferral Method

The Corporation uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period 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.

PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

2. ACCOUNTING POLICIES (Cont'd)

(j) Revenue Recognition

Advertising revenue is recognized once the advertisement is broadcast. Advertising funds received for broadcasts in a subsequent period are deferred. Provision is made for expected discounts and collection losses based on the Corporation's past experience.

Donation and fundraising and grant revenue is recorded as revenue in the period to which it relates. Grants earned but not received at year end are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Amortization of deferred capital contributions revenue is recognized in the period to which it relates, on a basis similar to the amortization of the related tangible capital asset.

Membership revenue is recorded as revenue in the period to which it relates. Membership revenue received in advance of the fiscal year to which it relates is recorded as deferred revenue.

Merchandise revenue is recognized at the time goods are shipped to customers. Provision is made for expected returns and collection losses based on the Corporation's past experience.

(k) Financial Instruments

(i) Measurement of Financial Instruments

The Corporation initially measures its financial assets and liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, with the exception of short-term investments, which are measured in accordance with Note 2(c) to these financial statements.

Financial assets measured at amortized cost include cash, accounts receivable, due from The Community Foundation and grants and subsidies receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and loan payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

**PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

2. ACCOUNTING POLICIES (Cont'd)

(l) Contributed Services and Materials

Directors, committee members and owners volunteer their time to assist in the Corporation's activities. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made, and accordingly, these contributed services are not recognized in the financial statements. During the 2022 fiscal year end a total of 108 (2021 - 104) volunteers contributed 21,266 (2021 - 19,609) hours of volunteer work.

Contributions of materials are recorded only when such materials have a fair value that can be reasonably estimated and when those materials would have otherwise been purchased in the support of normal operating activities of the Corporation.

3. SHORT-TERM INVESTMENTS

The cost and market values of short-term investments are as follows:

	2022		2021	
	Cost Amount \$	Market Value \$	Cost Amount \$	Market Value \$
Guaranteed Investment Certificate	75,000	75,000	NIL	NIL
Money Market Fund	75,000	75,000	NIL	NIL
	150,000	150,000	NIL	NIL

During the year, short-term investments were purchased for \$150,000 (2021 - \$NIL). The effective interest rate is 2.25% and they have maturity dates of August 2023.

4. GRANTS AND SUBSIDIES RECEIVABLE

Grants receivable consist of the following:

	2022 \$	2021 \$
Canada Summer Job Grant		1,730
Canada Emergency Wage Subsidy - Note 15		4,973
	NIL	6,703

PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

5. TANGIBLE CAPITAL ASSETS

	2022		2021	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	5,159	3,854	3,796	2,959
Leasehold improvements	83,460	32,163	52,218	27,641
Radio transmission equipment	159,566	87,570	159,566	76,932
Studio equipment	100,869	59,598	100,869	49,511
	349,054	183,185	316,449	157,043
Cost less accumulated amortization	\$ 165,869		\$ 159,406	

During the year, tangible capital assets were acquired at an aggregate cost of \$32,605 (2021 - \$2,859).

6. INTANGIBLE ASSETS

	2022		2021	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Engineering and licensing costs	11,700	9,054	11,700	7,791
Incorporation costs	926	375	926	375
	12,626	9,429	12,626	8,166
Cost less accumulated amortization	\$ 3,197		\$ 4,460	

**PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

7. DEFERRED REVENUE

Deferred revenue is comprised of certain advertising, memberships and other sources of revenue collected which relate to future years' operations.

Grants and other funding received with restrictions imposed by third parties are recognized as revenue when those funds are spent in accordance with the stated restrictions.

Deferred revenue consists of the following:

	2022	2021
	\$	\$
Advertising	16,733	9,704
Memberships	730	120
Ministry of Employment and Social Development		
- The Heights Project		14,046
Community Radio Fund of Canada		
- Music Library	391	
- Emergency Preparedness		273
- Local Journalism Initiative	3,907	
PEC Adaption Fund Grant		156
	21,761	24,299

8. LONG-TERM DEBT

The loan payable consists of a \$40,000 (2021 - \$60,000) loan under the Canada Emergency Business Account (CEBA) program. The loan is unsecured, non-interest bearing with no repayment requirements until December 31, 2023. Up to \$20,000 is forgivable if certain conditions are met, including repayment of \$40,000 on or before December 31, 2023. Amounts owing after December 31, 2023 are converted into a 2-year term loan, repayable in monthly instalments, bearing interest at 5% per annum.

In accordance with the accounting policies described in Note 2(k)(i) to these financial statements, the loan was initially recognized at its fair value, estimated by using the present value of all future cash payments using a rate of interest available for similar instruments. The carrying value of the loan represents the fair value at acquisition plus interest accrued at the effective rate.

PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants received and spent for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The change in the deferred capital contributions balance are as follows:

	2022		2021	
	Cumulative Capital Spending \$	Cumulative Amortization \$	Cumulative Capital Spending \$	Cumulative Amortization \$
Ontario Trillium Foundation	20,000	11,882	20,000	10,562
Minister of Employment and Social Development				
- New Horizons	9,438	5,191	9,438	4,247
- The Heights Project	1,508	377	1,508	226
John M. & Bernice Parrott Foundation				
- Digital control board	24,590	11,066	24,590	8,607
- Sound and whisper booth	30,000	1,000		
National Campus and Community Radio Association - Accessibility Grant	6,819	1,705	6,819	1,023
Community Radio Fund of Canada - Emergency Preparedness Grant	1,200	200	1,200	120
Municipal COVID-19 Recovery Grant	1,150	173	1,150	58
PEC Adaption Fund Grant	1,079	163	1,079	54
	95,784	31,757	65,784	24,897
Cumulative capital spending less cumulative amortization	\$ 64,027		\$ 40,887	

During the year, capital spending related to grants received amounted to \$30,000 (2021 - \$2,229).

**PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

10. LEASE COMMITMENTS

The Corporation has entered into agreements to lease certain premises. These operating leases expire at various dates between August, 2023 and August, 2024. The annual minimum rental payments required under these leases are as follows:

	\$
2023	35,217
2024	14,037
	49,254

11. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in), as determined in the change year-over-year, in non-cash working capital is compiled as follows:

	2022	2021
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(18,438)	4,496
Inventory	(1,437)	
Due from The Community Foundation	53,848	(54,250)
Prepaid expenses and deposits	422	1,151
Grants and subsidies receivable	6,703	11,281
	41,098	(37,322)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,260	(3,550)
Government remittances payable	2,124	16,464
Deferred revenue	(2,538)	(5,496)
	6,846	7,418
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	47,944	(29,904)

**PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

12. RELATED PARTY TRANSACTIONS

Directors and key management personnel are related parties of the Corporation due to their authority for planning, directing and controlling activities of the Corporation.

During the year, the Corporation received revenue from certain board directors and key management personnel as follows:

	2022	2021
	\$	\$
Advertising	2,419	
Donations	4,135	4,793
Memberships	110	100
	6,664	4,893

As at August 31, 2022, there were accounts receivable of \$2,129 (2021 - \$NIL) included in accounts receivable on the statement of financial position.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. NON-MONETARY TRANSACTIONS

During the year, the Corporation entered into non-monetary transactions with various organizations whereby it provides broadcast advertising in exchange for print advertising, rent, and various office expenditures. These transactions were recorded at fair value resulting in an amount of \$22,238 (2021 - \$24,747).

14. FINANCIAL RISKS AND CONCENTRATIONS OF RISK

The Corporation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. These risks are as follows:

(a) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Corporation is exposed to interest rate risk as the Corporation has a loan payable, as disclosed in Note 8 to these financial statements. As prevailing interest rates fluctuate, the fair value of the loan fluctuates as well. Risk is mitigated as the Corporation has intention and ability to carry this instrument to maturity. There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**PRINCE EDWARD COUNTY RADIO CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

13. FINANCIAL RISKS AND CONCENTRATIONS OF RISK (Cont'd)

(b) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet all cash outflow obligations as they come due. The Corporation manages its liquidity risk by monitoring its operating cash flow requirements to ensure financial resources are available.

(c) Credit Risk

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to discharge an obligation. The Corporation is exposed to credit risk in the event of non-performance by clients in connection with its accounts and other receivables. The Corporation manages its credit risk by performing regular evaluations of its receivables, aggressively pursuing delinquent accounts and maintaining provisions for estimated uncollectible accounts.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk. However, the future impact is unknown as detailed in Note 15 to these financial statements.

15. COVID-19

Since the beginning of calendar year 2020, a virus known as Coronavirus (COVID-19) has caused a world-wide pandemic, including being present in Canada. The pandemic has had a considerable impact both globally and locally, which has the potential to create financial stress on the Corporation.

Both federal and provincial governments have introduced legislative measures to combat the financial impact of the pandemic as well as combating the spread of the virus, including forced closures and/or operating restrictions on several businesses.

The Corporation is eligible for government assistance as a result of COVID-19, in the form of the Canada Emergency Wage Subsidy (CEWS), retroactive to March 15, 2020. During the year, the Corporation recognized government assistance, in accordance with its accounting policy as described in Note 2(g), in the amount of \$NIL (2021 - \$25,240).

The pandemic could impact credit risk, supply chains, future revenue streams, availability of volunteers and/or employees.

At the date these financial statements were issued, management did not anticipate these events impacting the Corporation's ability to continue as a going concern.

At the time that these financial statements were finalized, the amount of the operational and financial impact on the Corporation could not be determined, including its customers, suppliers or other third parties.