

**Media Voice Generation
o/a Context with Lorna Dueck
Financial Statements
For the year ended August 31, 2013**

Media Voice Generation
o/a Context with Lorna Dueck
Financial Statements
For the year ended August 31, 2013

	Contents
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Revenue and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13



Tel: 905 639 9500
Fax: 905 633 4939
Toll-free: 888 236 2383
www.bdo.ca

BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Board of Directors of Media Voice Generation o/a Context with Lorna Dueck

We have audited the accompanying financial statements of Media Voice Generation o/a Context with Lorna Dueck (the "Organization"), which comprise the statement of financial position as at August 31, 2013 and the statements of revenue and expenses, changes in net assets and cash flows 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 Organization'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 Organization'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, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore we were not able to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the year ended August 31, 2013, current assets as at August 31, 2013 and net assets as at September 1, 2012 and August 31, 2013.

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 Media Voice Generation o/a Context with Lorna Dueck as at August 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the Organization adopted Canadian accounting standards for not-for-profit organizations on September 1, 2012 with a transition date of September 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at August 31, 2012 and September 1, 2011, and the statements of revenue and expenses, changes in net assets, and cash flows for the year ended August 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.


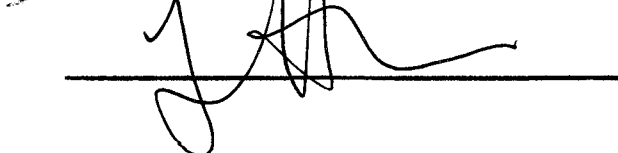
BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants
Burlington, Ontario
November 26, 2013

**Media Voice Generation
o/a Context with Lorna Dueck
Statement of Financial Position**

	August 31 2013	August 31 2012 (Note 2)	September 1 2011 (Note 2)
Assets			
Current			
Cash	\$ 499,235	\$ 526,741	\$ 627,863
Receivables	39,660	43,827	62,649
Prepaid expenses	5,807	19,367	4,977
	<u>544,702</u>	<u>589,935</u>	<u>695,489</u>
Restricted assets			
Investments (Note 3)	54,275	53,460	56,975
Capital assets (Note 4)	<u>393,024</u>	<u>494,980</u>	<u>478,190</u>
	<u>\$ 992,001</u>	<u>\$ 1,138,375</u>	<u>\$ 1,230,654</u>
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	\$ 70,587	\$ 108,428	\$ 428,050
Deferred revenue (Note 5)	194,950	228,062	212,717
	<u>265,537</u>	<u>336,490</u>	<u>640,767</u>
Deferred capital contributions (Note 6)	<u>329,320</u>	<u>373,243</u>	<u>480,603</u>
	<u>594,857</u>	<u>709,733</u>	<u>1,121,370</u>
Net assets			
Invested in capital assets (Note 7)	63,704	121,737	(2,413)
Restricted for endowment purposes (Note 9)	50,000	50,000	50,000
Internally restricted	250,000	250,000	-
Unrestricted	33,440	6,905	61,697
	<u>397,144</u>	<u>428,642</u>	<u>109,284</u>
	<u>\$ 992,001</u>	<u>\$ 1,138,375</u>	<u>\$ 1,230,654</u>

On behalf of the Board:


 _____ Director

 _____ Director

The accompanying notes are an integral part of these financial statements.

**Media Voice Generation
o/a Context with Lorna Dueck
Statement of Revenue and Expenses**

For the year ended August 31	2013	2012
		(Note 2)
Revenue		
Donations:		
Individuals	\$ 624,328	\$ 679,484
Corporations	204,572	310,660
Foundations and other charities	1,020,929	1,189,832
Advertising and sponsorship	49,750	30,640
Product sales	5,491	1,156
Show royalties	15,300	15,586
Speaking, writing and special projects	28,304	21,943
Amortization of deferred capital contributions	105,113	117,388
Other revenue	7,647	3,309
	2,061,434	2,369,998
Expenses		
Production expenses		
Airtime	408,867	438,172
Amortization expense	90,422	82,694
Salaries and benefits	490,473	421,174
Other production expenses	574,323	548,519
	1,564,085	1,490,559
General and administrative expenses		
Amortization expense	18,608	17,848
Salaries and benefits	104,124	107,766
Other general and administrative expenses	101,403	96,898
	224,135	222,512
Fundraising expenses		
Amortization expense	28,934	28,986
Salaries and benefits	159,568	178,463
Other fundraising expenses	116,210	130,120
	304,712	337,569
	2,092,932	2,050,640
Excess (deficiency) of revenue over expenses	\$ (31,498)	\$ 319,358

The accompanying notes are an integral part of these financial statements.

**Media Voice Generation
o/a Context with Lorna Dueck
Statement of Changes in Net Assets**

For the year ended August 31

	Invested in Capital Assets	Restricted for Endowment Purposes	Internally Restricted	Unrestricted	2013 Total	2012 Total
						(Note 2)
Balance, beginning of year	\$ 121,737	\$ 50,000	\$ 250,000	\$ 6,905	\$ 428,642	\$ 109,284
Excess (deficiency) of revenue over expenses	(32,851)	-	-	1,353	(31,498)	319,358
Investment in capital assets	(25,182)	-	-	25,182	-	-
Balance, end of year	\$ 63,704	\$ 50,000	\$ 250,000	\$ 33,440	\$ 397,144	\$ 428,642

The accompanying notes are an integral part of these financial statements.

**Media Voice Generation
o/a Context with Lorna Dueck
Statement of Cash Flows**

For the year ended August 31	2013	2012
		(Note 2)
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (31,498)	\$ 319,358
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	137,964	129,528
Amortization of deferred capital contributions	(105,113)	(117,388)
Amortization of deferred revenue	(250,972)	(508,727)
Unrealized change in fair value of investments	(833)	3,385
Write off of impaired capital assets	-	114
Changes in non-cash working capital balances		
Receivables	4,167	18,822
Prepaid expenses	13,560	(14,390)
Accounts payable and accrued liabilities	(37,841)	(319,622)
	<u>(270,566)</u>	<u>(488,920)</u>
Cash flows from investing activities		
Purchase of capital assets	(36,008)	(146,432)
Proceeds on sale of investments	18	130
	<u>(35,990)</u>	<u>(146,302)</u>
Cash flows from financing activities		
Deferred capital contributions received	61,190	10,028
Deferred revenue received	217,860	524,072
	<u>279,050</u>	<u>534,100</u>
Decrease in cash during the year	(27,506)	(101,122)
Cash, beginning of year	526,741	627,863
Cash, end of year	\$ 499,235	\$ 526,741

The accompanying notes are an integral part of these financial statements.

Media Voice Generation o/a Context with Lorna Dueck Notes to Financial Statements

August 31, 2013

1. Significant Accounting Policies

Nature and Purpose of Organization

Media Voice Generation was incorporated as a corporation without share capital by letters patent under the Canada Corporations Act on April 16, 2004. The Organization is a registered charity, whose objects are to advance, teach, demonstrate and implement the truths of the Gospel of Jesus Christ through the establishment and operation of a media ministry. The Organization is exempt from payment of income taxes as provided under the Income Tax Act.

Basis of Accounting

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and rate corresponding with the amortization method for the related capital assets.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Endowment contributions are included directly in the endowment fund. The net investment income generated by these assets is reported as revenue in the general fund.

Advertising and sponsorship and speaking, writing and special projects revenue is recognized when the service has been completed and collectibility is reasonably assured.

Internally Restricted Fund

The internally restricted funds represent funds designated by the Board of Directors to provide financial support during periods of cash shortages. During the year, the Organization transferred \$Nil (2012 - \$250,000) from unrestricted net assets to internally restricted net assets.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization based on the estimated useful life of the asset, is calculated as follows:

Computer software	-	50% straight-line basis
Computer equipment	-	30% straight-line basis
Office furniture and equipment	-	20% straight-line basis
Leasehold improvements	-	20% straight-line basis

Media Voice Generation o/a Context with Lorna Dueck Notes to Financial Statements

August 31, 2013

1. Significant Accounting Policies (Continued)

Contributed Services

The Organization benefits from the contribution of volunteer services and the exchange of services with other organizations. Due to the difficulty in determining their value and in that they would otherwise not have been purchased, contributed services and services exchanged with other organizations are not recognized in the financial statements.

Allocation of Support Services

The Organization engages in production and fundraising programs and the supporting administrative functions. The cost of each program includes the salaries and benefits, supplies and other expenses that are directly related to providing the program. Some employees provide services to more than one department and their salaries and benefits are allocated between departments. All allocations are based on an estimate of time in each function.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any realized gains and losses reported in operations. In addition, all bonds have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Media Voice Generation o/a Context with Lorna Dueck Notes to Financial Statements

August 31, 2013

2. Adoption of Canadian Accounting Standards for Not-for-Profit Organizations

Effective September 1, 2012, the Organization adopted the requirements of the new accounting framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting. These are the Organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended August 31, 2013, the comparative information presented in these financial statements for the year ended August 31, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition of September 1, 2011.

The Organization issued financial statements for the year ended August 31, 2012 using Canadian generally accepted accounting principles prescribed by the CICA Handbook – Accounting Part V - Pre-changeover Accounting Standards. The pre-changeover Canadian GAAP financial statements were previously subject to audit, however were not audited or reviewed under ASNPO. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenses and cash flows of the Organization.

The following exemption was used at the date of transition to ASNPO:

Financial Instruments

The Organization has elected to designate its investment in a corporate bond in the fair value category with gains and losses reported in revenue.

3. Investments

	<u>2013</u>	<u>2012</u>
		(Note 2)
Cash on deposit with investment manager	\$ 1,547	\$ 156
Money market fund	2,836	2,798
Equities	29,464	29,703
Corporate bond	<u>20,428</u>	<u>20,803</u>
	<u>\$ 54,275</u>	<u>\$ 53,460</u>

The corporate bond matures on November 12, 2013 and bears interest at a rate of 5% per annum.

**Media Voice Generation
o/a Context with Lorna Dueck
Notes to Financial Statements**

August 31, 2013

4. Capital Assets

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 8,367	\$ 8,244	\$ 8,367	\$ 7,380
Computer equipment	34,233	25,345	33,613	18,187
Office furniture and equipment	184,828	88,177	149,440	56,656
Leasehold improvements	481,991	194,629	481,991	96,208
	\$ 709,419	\$ 316,395	\$ 673,411	\$ 178,431
Net book value		\$ 393,024		\$ 494,980

Included in capital assets are contributed capital assets which include computer software with a cost of \$2,612 (2012 - \$2,612) and accumulated amortization of \$2,612 (2012 - \$2,612), computer equipment with a cost of \$4,952 (2012 - \$4,952) and accumulated amortization of \$3,391 (2012 - \$2,220), office furniture and equipment with a cost of \$154,085 (2012 - \$121,895) and accumulated amortization of \$65,262 (2012 - \$37,898) and leasehold improvements with a cost of \$478,883 (2012 - \$478,883) and accumulated amortization of \$191,521 (2012 - \$95,586).

5. Deferred Revenue

Deferred contributions represent the unamortized amount of externally restricted funds from donations received for future operating expenditures.

	2013		2012	
	2013	2012	2012	2012
Balance, beginning of year	\$ 228,062	\$ 212,717		
Amounts received during the year	217,860	524,072		
Amounts recognized in revenue in the current year	(250,972)	(508,727)		
Balance, end of year	\$ 194,950	\$ 228,062		

**Media Voice Generation
o/a Context with Lorna Dueck
Notes to Financial Statements**

August 31, 2013

6. Deferred Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized and unspent amount of restricted contributions received for the purchase of capital assets.

	2013	2012
		(Note 2)
Balance, beginning of year	\$ 373,243	\$ 480,603
Contributions received restricted for capital purposes	61,190	10,028
Amount amortized in current year	(105,113)	(117,388)
Balance, end of year	<u>\$ 329,320</u>	<u>\$ 373,243</u>

7. Investment in Capital Assets

The Organization's investment in capital assets is calculated as follows:

	2013	2012
		(Note 2)
Capital assets, at cost	\$ 709,419	\$ 673,411
Accumulated amortization	(316,395)	(178,431)
Deferred contributions related to capital assets	(329,320)	(373,243)
Investment in capital assets	<u>\$ 63,704</u>	<u>\$ 121,737</u>

Media Voice Generation o/a Context with Lorna Dueck Notes to Financial Statements

August 31, 2013

8. Allocated Expenses

In 2013 salaries and benefits of certain employees in the amount of \$238,899 (2012 - \$309,627) have been allocated to more than one functional area as follows:

	<u>2013</u>	<u>2012</u>
		(Note 2)
Production	\$ 95,917	\$ 103,440
General and Administrative	36,827	44,490
Fundraising	<u>106,155</u>	<u>161,697</u>
	<u>\$ 238,899</u>	<u>\$ 309,627</u>

Lease payments for the year in the amount of \$150,423 (2012 - \$150,125) have been allocated to the following functional areas: production \$85,758, general and administrative \$24,818 and fundraising \$39,847.

Amortization for the year in the amount of \$137,964 (2012 - \$129,528) has been allocated to the following functional areas: production \$90,422, general and administrative \$18,608 and fundraising \$28,934.

9. Restrictions on Fund Balances

During the 2006/2007 year, the Organization received \$50,000 for endowment purposes. The trust agreement states that this amount is subject to externally imposed restrictions stipulating that the resources be maintained permanently. The investment income is to be used for staff education and media communications.

10. Commitments and Contingent Liability

The Organization has an operating lease agreement for its premises at \$72,169 per annum which expires August 2016.

The Organization is contingently liable, under a letter of credit related to the rental operating lease, to the Canadian Broadcasting Corporation Real Estate Division Services in the amount of \$325,000 (2012 - \$325,000).

Subsequent to the year end date, the letter of credit related to the rental operating lease has been reduced to \$200,000.

A letter of credit has been issued against the Organization's authorized credit facility of \$500,000, secured by a guarantee provided by a donor. As at August 31, 2013, the balance drawn on the credit facility is \$Nil (2012 - \$Nil).

**Media Voice Generation
o/a Context with Lorna Dueck
Notes to Financial Statements**

August 31, 2013

11. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on its receivables. This risk has not changed from the prior year.

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Organization's accounts payable and accrued liabilities. This risk has not changed from the prior year.

Market Risk

The Organization is exposed to fluctuations in equity markets on its investments. This risk has not changed from the prior year.