

**Media Voice Generation
o/a Context with Lorna Dueck
Financial Statements
For the year ended August 31, 2015**

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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, 2015 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 years ended August 31, 2015 and 2014, current assets as at August 31, 2015 and 2014 and net assets as at September 1, 2014 and 2013 and August 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended August 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

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, 2015 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.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
October 28, 2015


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


August 31	2015	2014
Assets		
Current		
Cash	\$ 384,425	\$ 617,089
Receivables	45,252	56,803
Prepaid expenses	1,852	6,298
	431,529	680,190
Restricted assets		
Investments (Note 2)	57,914	63,243
Capital assets (Note 3)		
	152,471	282,038
	\$ 641,914	\$ 1,025,471

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 60,717	\$ 57,004
Deferred revenue (Note 4)	4,950	141,673
	65,667	198,677
Deferred capital contributions (Note 5)		
	91,266	206,945
	156,933	405,622
Net assets		
Invested in capital assets (Note 6)	61,205	75,093
Restricted for endowment purposes (Note 8)	50,000	50,000
Internally restricted	250,000	250,000
Unrestricted	123,776	244,756
	484,981	619,849
	\$ 641,914	\$ 1,025,471

On behalf of the Board:


 _____ Director


 _____ Director

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

For the year ended August 31	2015	2014
Revenue		
Donations:		
Individuals	\$ 731,707	\$ 869,737
Corporations	133,300	211,790
Foundations and other charities	894,462	1,032,387
Advertising and sponsorship	36,000	20,900
Show royalties	39,198	15,681
Speaking, writing and special projects	13,200	11,160
Amortization of deferred capital contributions	115,679	122,375
Other revenue	4,040	10,894
	<u>1,967,586</u>	<u>2,294,924</u>
Expenses		
Production expenses		
Airtime	376,231	398,053
Amortization expense	87,417	93,267
Salaries and benefits	535,113	435,918
Other production expenses	575,518	563,211
	<u>1,574,279</u>	<u>1,490,449</u>
General and administrative expenses		
Amortization expense	18,389	18,735
Salaries and benefits	143,909	110,008
Other general and administrative expenses	80,833	124,957
Unrealized (gain) loss on investments	4,873	(8,022)
	<u>248,004</u>	<u>245,678</u>
Fundraising expenses		
Amortization expense	29,229	29,729
Salaries and benefits	157,159	153,473
Other fundraising expenses	93,783	152,890
	<u>280,171</u>	<u>336,092</u>
	<u>2,102,454</u>	<u>2,072,219</u>
Excess (deficiency) of revenue over expenses	\$ (134,868)	\$ 222,705

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	2015 Total	2014 Total
Balance, beginning of year	\$ 75,093	\$ 50,000	\$ 250,000	\$ 244,756	\$ 619,849	\$ 397,144
Excess (deficiency) of revenue over expenses	(19,356)	-	-	(115,512)	(134,868)	222,705
Investment in capital assets	5,468	-	-	(5,468)	-	-
Balance, end of year	\$ 61,205	\$ 50,000	\$ 250,000	\$ 123,776	\$ 484,981	\$ 619,849

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	2015	2014
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (134,868)	\$ 222,705
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	135,035	141,731
Amortization of deferred capital contributions	(115,679)	(122,375)
Amortization of deferred revenue	(250,473)	(220,927)
Unrealized change in fair value of investments	4,873	(8,022)
Changes in non-cash working capital balances		
Receivables	11,551	(17,143)
Prepaid expenses	4,446	(491)
Accounts payable and accrued liabilities	3,713	(13,583)
	<u>(341,402)</u>	<u>(18,105)</u>
Cash flows from investing activities		
Purchase of capital assets	(5,468)	(30,745)
Purchase of investments	-	(946)
Proceeds on sale of investments	456	-
	<u>(5,012)</u>	<u>(31,691)</u>
Cash flows from financing activity		
Deferred revenue received	113,750	167,650
Increase (decrease) in cash during the year	(232,664)	117,854
Cash, beginning of year	617,089	499,235
Cash, end of year	\$ 384,425	\$ 617,089

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, 2015

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 and was continued under the Canada Not-for-profit Corporations Act on January 29, 2014. 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.

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, 2015

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.

2. Investments

	<u>2015</u>	<u>2014</u>
Cash on deposit with investment manager	\$ -	\$ 22,458
Money market fund	-	2,869
Equities	<u>57,914</u>	<u>37,916</u>
	<u>\$ 57,914</u>	<u>\$ 63,243</u>

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

August 31, 2015

3. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	\$ 8,367	\$ 8,367	\$ 8,367	\$ 8,367
Computer equipment	67,871	48,614	64,978	39,200
Office furniture and equipment	187,404	149,709	184,828	120,022
Leasehold improvements	481,991	386,472	481,991	290,537
	\$ 745,633	\$ 593,162	\$ 740,164	\$ 458,126
Net book value		\$ 152,471		\$ 282,038

Included in capital assets are contributed capital assets which include computer software with a cost of \$2,612 (2014 - \$2,612) and accumulated amortization of \$2,612 (2014 - \$2,612), computer equipment with a cost of \$34,472 (2014 - \$34,472) and accumulated amortization of \$18,236 (2014 - \$11,942), office furniture and equipment with a cost of \$154,085 (2014 - \$154,085) and accumulated amortization of \$119,989 (2014 - \$92,625) and leasehold improvements with a cost of \$478,883 (2014 - \$478,883) and accumulated amortization of \$383,364 (2014 - \$287,429).

4. Deferred Revenue

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

	2015	2014
Balance, beginning of year	\$ 141,673	\$ 194,950
Amounts received during the year	113,750	167,650
Amounts recognized in revenue in the current year	(250,473)	(220,927)
Balance, end of year	\$ 4,950	\$ 141,673

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

August 31, 2015

5. 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.

	2015	2014
Balance, beginning of year	\$ 206,945	\$ 329,320
Amount amortized in current year	(115,679)	(122,375)
Balance, end of year	\$ 91,266	\$ 206,945

6. Investment in Capital Assets

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

	2015	2014
Capital assets, at cost	\$ 745,633	\$ 740,164
Accumulated amortization	(593,162)	(458,126)
Deferred contributions related to capital assets	(91,266)	(206,945)
Investment in capital assets	\$ 61,205	\$ 75,093

7. Allocated Expenses

Salaries and benefits of certain employees of \$303,867 (2014 - \$255,777) have been allocated to more than one functional area as follows:

	2015	2014
Production	\$ 130,836	\$ 93,585
General and Administrative	72,067	31,587
Fundraising	100,964	130,605
	\$ 303,867	\$ 255,777

Lease payments for the year in the amount of \$129,661 (2014 - \$151,030) have been allocated to the following functional areas: production \$82,754, general and administrative \$23,417 and fundraising \$23,490.

Amortization for the year in the amount of \$135,035 (2014 - \$141,731) has been allocated to the following functional areas: production \$87,417, general and administrative \$18,389 and fundraising \$29,229.

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

August 31, 2015

8. 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.

9. Commitments and Contingent Liability

The Organization has an operating lease agreement for its premises at \$72,169 per annum, which expires August 2016. As a condition of the lease agreement, the Organization has also entered into a studio rental agreement at \$279,621 per annum, which expires April 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 \$200,000 (2014 - \$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, 2015, the balance drawn on the credit facility is \$Nil (2014 - \$Nil).

10. Financial Instrument Risks

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.