Media Voice Generation
o/a Context with Lorna Dueck
Financial Statements
For the year ended August 31, 2014

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Contents

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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, 2014 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, 2014, current assets as at August 31, 2014 and net assets as at September 1, 2013 and August 31, 2014.

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, 2014 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
November 27, 2014

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

August 31		2014		2013
Assets				
Current				
Cash	$	**617,089**	$	499,235
Receivables		**56,803**		39,660
Prepaid expenses		**6,298**		5,807
		680,190		544,702
Restricted assets				
Investments (Note 2)		**63,243**		54,275
Capital assets (Note 3)		**282,038**		393,024
	$	**1,025,471**	$	992,001

Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	$	**57,004**	$	70,587
Deferred revenue (Note 4)		**141,673**		194,950
		198,677		265,537
Deferred capital contributions (Note 5)		**206,945**		329,320
		405,622		594,857
Net assets				
Invested in capital assets (Note 6)		**75,093**		63,704
Restricted for endowment purposes (Note 8)		**50,000**		50,000
Internally restricted		**250,000**		250,000
Unrestricted		**244,756**		33,440
		619,849		397,144
	$	**1,025,471**	$	992,001

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	2014	2013
Revenue		
Donations:		
Individuals	$ **869,737**	$ 624,328
Corporations	**211,790**	204,572
Foundations and other charities	**1,032,387**	1,020,929
Advertising and sponsorship	**20,900**	49,750
Product sales	**2,212**	5,491
Show royalties	**15,681**	15,300
Speaking, writing and special projects	**11,160**	28,304
Amortization of deferred capital contributions	**122,375**	105,113
Other revenue	**8,682**	7,647
	2,294,924	2,061,434
Expenses		
Production expenses		
Airtime	**398,053**	408,867
Amortization expense	**93,267**	90,422
Salaries and benefits	**435,918**	490,473
Other production expenses	**563,211**	574,323
Total production expenses	**1,490,449**	1,564,085
General and administrative expenses		
Amortization expense	**18,735**	18,608
Salaries and benefits	**110,008**	104,124
Other general and administrative expenses	**124,957**	100,570
Unrealized (gain) loss on investments	**(8,022)**	833
Total general and administrative expenses	**245,678**	224,135
Fundraising expenses		
Amortization expense	**29,729**	28,934
Salaries and benefits	**153,473**	159,568
Other fundraising expenses	**152,890**	116,210
Total fundraising expenses	**336,092**	304,712
	2,072,219	2,092,932
Excess (deficiency) of revenue over expenses	$ **222,705**	$ (31,498)

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	**2014 Total**	2013 Total
Balance, beginning of year	$ 63,704	$ 50,000	$ 250,000	$ 33,440	**$ 397,144**	$ 428,642
Excess (deficiency) of revenue over expenses	(19,356)	-	-	242,061	**222,705**	(31,498)
Investment in capital assets	30,745	-	-	(30,745)	**-**	-
Balance, end of year	$ 75,093	$ 50,000	$ 250,000	$ 244,756	**$ 619,849**	$ 397,144

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	2014	2013
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	$ **222,705**	$ (31,498)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	**141,731**	137,964
Amortization of deferred capital contributions	**(122,375)**	(105,113)
Amortization of deferred revenue	**(220,927)**	(250,972)
Unrealized change in fair value of investments	**(8,022)**	(833)
Changes in non-cash working capital balances		
Receivables	**(17,143)**	4,167
Prepaid expenses	**(491)**	13,560
Accounts payable and accrued liabilities	**(13,583)**	(37,841)
	(18,105)	(270,566)
Cash flows from investing activities		
Purchase of capital assets	**(30,745)**	(36,008)
Purchase of investments	**(946)**	-
Proceeds on sale of investments	**-**	18
	(31,691)	(35,990)
Cash flows from financing activities		
Deferred capital contributions received	**-**	61,190
Deferred revenue received	**167,650**	217,860
	167,650	279,050
Increase (decrease) in cash during the year	**117,854**	(27,506)
Cash, beginning of year	**499,235**	526,741
Cash, end of year	$ **617,089**	$ 499,235

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

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

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

	2014	2013
Cash on deposit with investment manager	$ 22,458	$ 1,547
Money market fund	2,869	2,836
Equities	37,916	29,464
Corporate bond	-	20,428
	$ 63,243	$ 54,275

3. Capital Assets

	2014		2013	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computer software	**$ 8,367**	**$ 8,367**	$ 8,367	$ 8,244
Computer equipment	**64,978**	**39,200**	34,233	25,345
Office furniture and equipment	**184,828**	**120,022**	184,828	88,177
Leasehold improvements	**481,991**	**290,537**	481,991	194,629
	$ 740,164	**$ 458,126**	$ 709,419	$ 316,395
Net book value		**$ 282,038**		$ 393,024

Included in capital assets are contributed capital assets which include computer software with a cost of $2,612 (2013 - $2,612) and accumulated amortization of $2,612 (2013 - $2,612), computer equipment with a cost of $34,472 (2013 - $4,952) and accumulated amortization of $11,942 (2013 - $3,391), office furniture and equipment with a cost of $154,085 (2013 - $154,085) and accumulated amortization of $92,625 (2013 - $65,262) and leasehold improvements with a cost of $478,883 (2013 - $478,883) and accumulated amortization of $287,429 (2013 - $191,521).

4. Deferred Revenue

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

	2014	2013
Balance, beginning of year	**$ 194,950**	$ 228,062
Amounts received during the year	**167,650**	217,860
Amounts recognized in revenue in the current year	**(220,927)**	(250,972)
Balance, end of year	**$ 141,673**	$ 194,950

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.

	2014	2013
Balance, beginning of year	$ **329,320**	$ 373,243
Contributions received restricted for capital purposes	**-**	61,190
Amount amortized in current year	**(122,375)**	(105,113)
Balance, end of year	$ **206,945**	$ 329,320

6. Investment in Capital Assets

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

	2014	2013
Capital assets, at cost	$ **740,164**	$ 709,419
Accumulated amortization	**(458,126)**	(316,395)
Deferred contributions related to capital assets	**(206,945)**	(329,320)
Investment in capital assets	$ **75,093**	$ 63,704

7. Allocated Expenses

Salaries and benefits of certain employees of $255,777 (2013 - $238,899) have been allocated to more than one functional area as follows:

	2014	2013
Production	$ **93,585**	$ 95,917
General and Administrative	**31,587**	36,827
Fundraising	**130,605**	106,155
	$ **255,777**	$ 238,899

Lease payments for the year in the amount of $151,030 (2013 - $150,423) have been allocated to the following functional areas: production $86,095, general and administrative $24,917 and fundraising $40,018.

Amortization for the year in the amount of $141,731 (2013 - $137,964) has been allocated to the following functional areas: production $93,267, general and administrative $18,735 and fundraising $29,729.

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 $247,230 per annum, which expires April 2015.

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 (2013 - $325,000).

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, 2014, the balance drawn on the credit facility is $Nil (2013 - $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.