



Grant Thornton

Praise FM Cape Breton (Faith Baptist Church)

Financial projections and notes

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Notice to reader on the compilation of a financial projection

We have compiled the financial projection for Praise FM Cape Breton (operating under the Faith Baptist Church), consisting of the statements of financial position as at July 31, 2017, 2018, 2019, 2020 and 2021 and the statements of operations and surplus earnings and cash flows for the years then ending using assumptions, including the hypothesis set out in the notes, with an effective date of August 8, 2016, and other information provided by management. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection issued by the Chartered Professional Accountants of Canada.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions hypothesis, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions, including the hypotheses. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occurs, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication.

Sydney, Canada

August 8, 2016



Chartered Accountants

Praise FM Cape Breton (Faith Baptist Church)
Projected statements of operations and surplus

Year ending July 31 (Unaudited - See notice to reader)	2017	2018	2019	2020	2021
Church Sponsorships	\$ 4,800	\$ 5,040	\$ 5,290	\$ 5,550	\$ 5,830
Business Sponsorships	7,200	7,560	7,940	8,340	8,760
Listener donations	5,000	5,250	5,510	5,790	6,080
Amortization of deferred capital contributions	7,800	9,100	8,220	7,510	6,960
Total Revenue	24,800	26,950	26,960	27,190	27,630
Expenses					
App development	150	160	170	180	190
Broadband and telephone	1,440	1,510	1,590	1,670	1,750
Depreciation	7,950	9,520	8,850	8,320	7,910
Electricity	6,000	6,300	6,620	6,950	7,300
Equipment maintenance	1,500	1,580	1,660	1,740	1,830
Marketing	1,800	1,890	1,980	2,080	2,180
Miscellaneous	500	530	560	590	620
Royalties	500	530	560	590	620
Songs (Canadian Artists)	500	530	560	590	620
Streaming	1,200	1,260	1,320	1,390	1,460
Website hosting	300	320	340	360	380
	21,840	24,130	24,210	24,460	24,860
Excess of revenue over expenditures	\$ 2,960	\$ 2,820	\$ 2,750	\$ 2,730	\$ 2,770
Surplus, beginning of year	\$ 10,000	\$ 12,960	\$ 15,780	\$ 18,530	\$ 21,260
Excess of revenue over expenditures	2,960	2,820	2,750	2,730	2,770
Surplus, end of year	\$ 12,960	\$ 15,780	\$ 18,530	\$ 21,260	\$ 24,030

See accompanying notes to the financial projection.

Praise FM Cape Breton (Faith Baptist Church)**Projected statements of financial position**July 31
(Unaudited - See notice to reader)

2016

2017

2018

2019

2020

2021

Opening

Assets

Current

Cash	\$ 10,000	\$ 12,160	\$ 13,890	\$ 15,850	\$ 17,970	\$ 20,260
Accounts receivable	-	1,030	1,120	1,120	1,130	1,150
	<u>10,000</u>	<u>13,190</u>	<u>15,010</u>	<u>16,970</u>	<u>19,100</u>	<u>21,410</u>

Capital assets

	<u>27,500</u>	<u>91,050</u>	<u>83,030</u>	<u>75,680</u>	<u>68,860</u>	<u>62,450</u>
	<u>\$ 37,500</u>	<u>\$ 104,240</u>	<u>\$ 98,040</u>	<u>\$ 92,650</u>	<u>\$ 87,960</u>	<u>\$ 83,860</u>

Liabilities

Current

Payables and accruals	\$ -	\$ 1,580	\$ 1,660	\$ 1,740	\$ 1,830	\$ 1,920
	<u>-</u>	<u>1,580</u>	<u>1,660</u>	<u>1,740</u>	<u>1,830</u>	<u>1,920</u>

Deferred capital contributions

	<u>27,500</u>	<u>89,700</u>	<u>80,600</u>	<u>72,380</u>	<u>64,870</u>	<u>57,910</u>
	<u>27,500</u>	<u>91,280</u>	<u>82,260</u>	<u>74,120</u>	<u>66,700</u>	<u>59,830</u>

Net assets

Unrestricted surplus

	<u>10,000</u>	<u>12,960</u>	<u>15,780</u>	<u>18,530</u>	<u>21,260</u>	<u>24,030</u>
	<u>10,000</u>	<u>12,960</u>	<u>15,780</u>	<u>18,530</u>	<u>21,260</u>	<u>24,030</u>
	<u>\$ 37,500</u>	<u>\$ 104,240</u>	<u>\$ 98,040</u>	<u>\$ 92,650</u>	<u>\$ 87,960</u>	<u>\$ 83,860</u>

On behalf of the Board

Director_____
Director

See accompanying notes to the financial projection.

Praise FM Cape Breton (Faith Baptist Church)**Projected statements of cash flows**

Year ending July 31

(Unaudited - See notice to reader)

	2017	2018	2019	2020	2021
Increase (decrease) in cash and cash equivalents					
Operating					
Excess of revenue over expenses	\$ 2,960	\$ 2,820	\$ 2,750	\$ 2,730	\$ 2,770
Amortization of deferred capital contributions	(7,800)	(9,100)	(8,220)	(7,510)	(6,960)
Depreciation	7,950	9,520	8,850	8,320	7,910
	<u>3,110</u>	<u>3,240</u>	<u>3,380</u>	<u>3,540</u>	<u>3,720</u>
Change in non-cash operating working capital	550	(10)	80	80	70
	<u>3,660</u>	<u>3,230</u>	<u>3,460</u>	<u>3,620</u>	<u>3,790</u>
Financing					
Increase in deferred capital contributions	70,000	-	-	-	-
	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investing					
Purchase of capital assets	(71,500)	(1,500)	(1,500)	(1,500)	(1,500)
	<u>(71,500)</u>	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,500)</u>
Net increase in cash and cash equivalents	2,160	1,730	1,960	2,120	2,290
Cash and cash equivalents,					
Beginning of year	<u>10,000</u>	<u>12,160</u>	<u>13,890</u>	<u>15,850</u>	<u>17,970</u>
End of year	<u>\$ 12,160</u>	<u>\$ 13,890</u>	<u>\$ 15,850</u>	<u>\$ 17,970</u>	<u>\$ 20,260</u>

See accompanying notes to the financial projection.

Praise FM Cape Breton (Faith Baptist Church)

Projected schedule of capital assets

Year ending July 31
(Unaudited - See notice to reader)

	2017	2018	2019	2020	2021
Studio equipment					
Opening	\$ 21,700	\$ 18,710	\$ 16,320	\$ 14,410	\$ 12,880
Additions	1,500	1,500	1,500	1,500	1,500
Disposals	-	-	-	-	-
Depreciation	4,490	3,890	3,410	3,030	2,730
Ending	18,710	16,320	14,410	12,880	11,650
Furniture and fixtures					
Opening	5,800	4,640	3,710	2,970	2,380
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	1,160	930	740	590	480
Ending	4,640	3,710	2,970	2,380	1,900
Tower and transmitter					
Opening	-	67,700	63,000	58,300	53,600
Additions	70,000	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	2,300	4,700	4,700	4,700	4,700
Ending	67,700	63,000	58,300	53,600	48,900

Praise FM Cape Breton (Faith Baptist Church)

Projected schedule of deferred capital contributions

Year ending July 31
(Unaudited - See notice to reader)

		2017	2018	2019	2020	2021
Studio equipment	20%					
Opening		\$ 21,700	\$ 17,360	\$ 13,890	\$ 11,110	\$ 8,890
Additions						
Disposals		-	-	-	-	-
Depreciation		4,340	3,470	2,780	2,220	1,780
Ending		17,360	13,890	11,110	8,890	7,110
Furniture and fixtures	20%					
Opening		5,800	4,640	3,710	2,970	2,380
Additions		-	-	-	-	-
Disposals		-	-	-	-	-
Depreciation		1,160	930	740	590	480
Ending		4,640	3,710	2,970	2,380	1,900
Tower and transmitter	15 years					
Opening		-	67,700	63,000	58,300	53,600
Additions		70,000	-	-	-	-
Disposals		-	-	-	-	-
Depreciation		2,300	4,700	4,700	4,700	4,700
Ending		67,700	63,000	58,300	53,600	48,900

Praise FM Cape Breton (Faith Baptist Church)

Business plan

Notes to the financial projection

(Unaudited – See notice to reader)

The accompanying financial projection has been prepared using assumptions that, to the best of management's knowledge and belief, reflect the expected financial position and results of operations and changes in financial position for the projection period.

This projection reflects management's judgement, based on circumstances as at August 8, 2016, the date of the financial projection, that reflect the planned courses of action of the company for the period from July 1, 2016, to June 30, 2019, together with the hypotheses that assume a set of economic conditions or courses of action which, in the judgement of management, are consistent but are not necessarily the most probable.

Some hypotheses and assumptions, although reasonable and plausible at the time, may not materialize and unanticipated events and circumstances may occur subsequent to the date of this financial projection. Therefore, the actual results achieved during the projection period will vary from the financial projection and the variations may be material.

This financial projection has been prepared solely for project review and financing requirements. Readers are cautioned that these financial projections may not be appropriate for other purposes.

The proponent does not intend to update this projection subsequent to issue.

1. Nature of operations

Praise FM will be a Christian radio station in Sydney, Nova Scotia operated by the Faith Baptist Church. Praise FM will be a listener supported radio station and will be part of the ministry of Faith Baptist Church.

2. Summary of significant accounting policies

Basis of accounting

Property and equipment

Capital expenditures will be depreciated based on their estimated useful lives. .

Praise FM Cape Breton (Faith Baptist Church)

Business plan

Notes to the financial projection

(Unaudited – See notice to reader)

3. Summary of significant assumptions

Statements of Revenues and Expenditures

Revenues

Projected revenues are based on management's best estimates of listener support. They have projected to receive the following amounts from various financial supporters:

Financial Partners	#	Monthly Support	Total Annual Support
Churches	4	\$ 100	\$ 4,800
Businesses	4	150	7,200
Listener Support	Various		5,000
Total			\$ 17,000

For years 2018 through 2021 management has projected an annual growth in financial support of 5%.

To date the Church has received confirmation of support from the following organizations:

Financial Partners	Monthly Commitment
Munro Academy	\$ 100
Grace Fellowship Church	100
Westminster Bible Presbyterian	100
Highland Church	100
Mackley Equipment	250
Total	\$ 650

Expenditures

The following expenses are based on management's best estimates using historical financial data as a basis:

App Development	Streaming
Broadband and telephone	Website hosting
Royalties	

Electricity is based on a local radio station of similar size to Praise FM.

Equipment maintenance is based on discussions with a radio engineer who was involved in setup and design of studios and equipment.

Praise FM Cape Breton (Faith Baptist Church)

Business plan

Notes to the financial projection

(Unaudited – See notice to reader)

Expenditures (*continued*)

Marketing will increase as supporters and listeners increases and is estimated to be approximately 10% of sponsorship and donation revenue.

For years 2018 through 2021 management has projected an annual increase in expenditures of 5%.

Balance Sheet

Deferred capital contributions

Deferred capital contributions relates to donations used to purchase capital assets, which is being recognized as revenue at a rate consistent with the depreciation of the related assets.



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