JAZZ.FM91

ANNUAL REPORT 2020

OUR MISSION

To be Canada's jazz station — an essential broadcaster of jazz in all its forms.

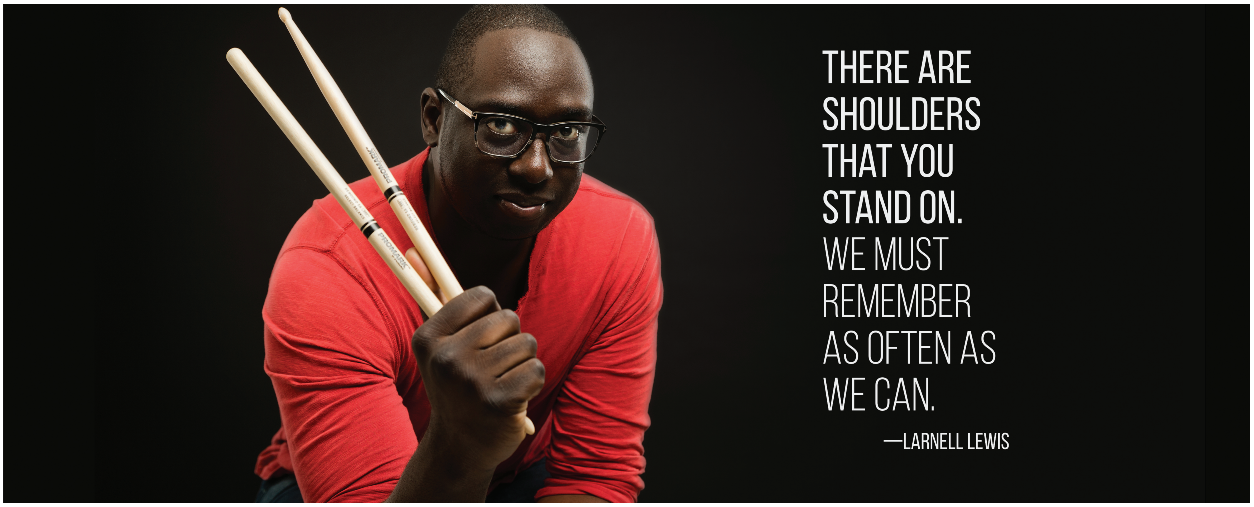

Photo: Provided by the artist

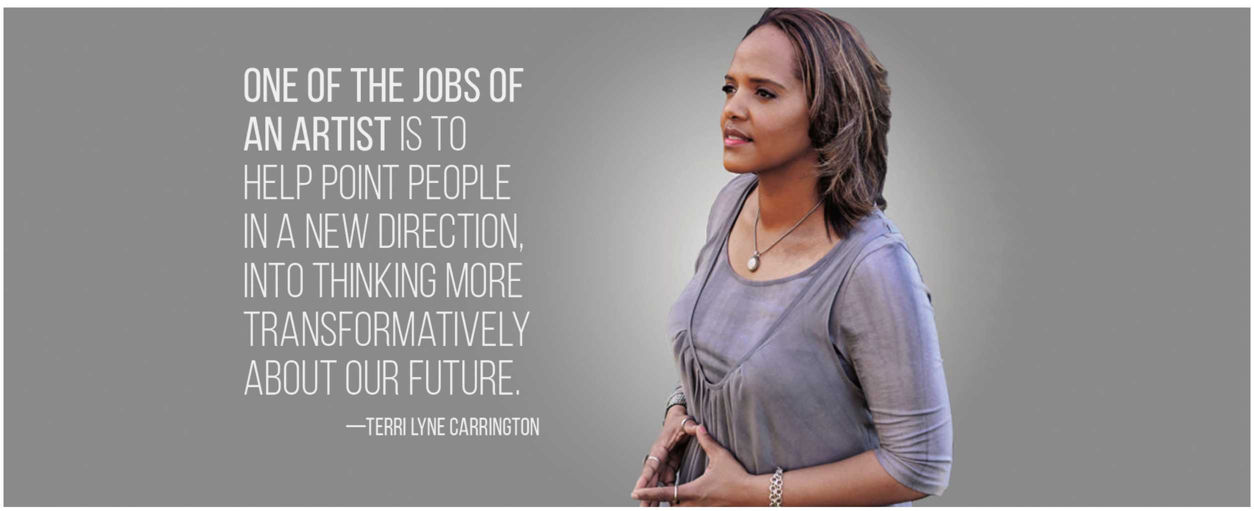

Photo: Tracy Love

Table of Contents

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REPORT TO MEMBERS

Dear Fellow Member,

On behalf of the Board of Directors, I am pleased to report on the operations and financial results of the station for the year ended August 31, 2020.

By any measure, the past year was unlike any other most of us have faced before, and we hope the worst is behind us.

For JAZZ.FM91 we can effectively divide the year in two – the first pre-COVID-19 half to February 29, 2020 and the second half to August 31, 2020 when we experienced the full effects of COVID-19 on our operations.

Operations and Financial Results

In the first half we enjoyed a very promising improvement in both donations and advertising revenue over the previous year, and at February 29, 2020 were comfortably ahead of our budget for the year. Strong support from donors resulted in fundraising being $135,000 ahead of budget, and advertising revenue was $30,000 better than expectations. At the same time, expenses were $225,000 lower than budget. Just as we were appreciating this position of increasing financial strength, COVID-19 hit.

The impact on the station of the Provincial restrictions imposed to deal with the pandemic was immediate – we cancelled live events, including our marquee *Jazz Lives* event at Koerner Hall that was scheduled for April, Live-to-Airs, and International Jazz Safaris. We also immediately formed a special COVID-19 Committee of directors and management to monitor the evolving situation and to properly and responsibly address the safety of our staff and contact with other stakeholders. The committee met regularly to assess developments and review the possible financial impact.

In addition to lost revenue from live events, advertising sales were also adversely affected. Understandably, many of our clients were faced with reduced revenue and an uncertain outlook. Several campaigns were either cancelled or reduced, and rates plummeted, reflecting the overall impact of the pandemic on the radio broadcasting industry.

As well as deftly managing the financial stress and the implementation of safety protocols at the station and work-from-home arrangements, the team at the station revamped programming with the objective of providing our listeners with some respite from all the bad news about the pandemic.

The many testimonials we received from listeners proved the concept worked — JAZZ.FM91 became a special refuge from feelings of isolation and apprehension caused by the escalating public-health crisis. The management team and on-air hosts deserve accolades for bringing such positivity to our audience.

Nevertheless, the negative financial impact on the station was unavoidable. Advertising revenue in the second half was more than $300,000 below our budget, fundraising fell short by $180,000, and there was no revenue from cancelled concerts and Jazz Safaris. This revenue shortfall was partially offset by the Federal government's Canadian Emergency Wage Subsidy (CEWS) that provided $249,000 and the $40,000 Canada Emergency Business Account (CEBA) program, $10,000 of which was forgivable and included as a grant in revenue for the year. Expenses were also lower because no costs were incurred for International Jazz Safaris and concerts. Additionally, our landlord provided rent relief that helped our situation.

In summary, because of the station's strong first half performance, together with the CEWS and our already tight cost controls, Excess of Revenue over Expenses for the year was $416,000 compared with an Excess of Expenses over Revenue the previous year of $456,000. That's an improvement of $872,000.

CRTC Licence Renewal and Amendment Application

In August 2019, as required, we filed our application to renew our broadcast licence that was set to expire on August 31, 2020. In March 2020 we also filed an application for an amendment to our Conditions of Licence with respect to the number of minutes of advertising we can air in a broadcast week.

The CRTC is expected to announce a decision on our application shortly. The change requested to our Conditions of Licence would provide us with more financial flexibility. If granted, the management team at the station will ensure any expanded inventory is used responsibly.

Management and the Board are acutely aware that the lower advertising load at JAZZ.FM91 compared to other fully commercial stations with no ceiling on advertising minutes is an important ingredient of our listener experience. We will always protect that.

Strategic Review

During the year, the Board commenced a strategic review. The purpose of the review is to confirm our vision and mission and the longer-term goals of JAZZ.FM91 and to develop strategies to achieve those goals.

The pace of transformation to digital means of listening to broadcast programming is a key focus of our work.

The review is nearing completion, and we expect to build findings and strategies into our strategic planning process this year. We will have a little more to say about this at the annual meeting.

Fundraising

The support of donors is an integral and distinguishing hallmark of JAZZ.FM91. Contributions from listeners are critical to our on-going operations and we are constantly amazed and gratified by the loyalty and passion of all our donors. During 2019 and early 2020 we began to see the results of our efforts to rebuild the financial strength of the station. To ensure the continuing momentum of these efforts, we established a Fundraising Committee of the Board to review, guide and develop this important function.

The Committee, with Marc Paris as Chair, has undertaken a detailed analysis of our fundraising revenue, including a segmentation study of past donors, and is developing a long-term plan to improve stewardship, major gifts and grants. The Volunteer Council has also taken a strong supportive role with outreach to donors.

Equity, Diversity & Inclusion

The horrific killing of George Floyd on May 25, 2020, triggered outrage and protests around the world against police brutality, racism and lack of accountability. It also accelerated an important discussion across corporate Canada of how organizations can do better to combat anti-Black systemic racism in the workplace.

As the stalwart of a genre based in Black culture and history, JAZZ.FM91 is committed to being a leader in this discussion. You can read more about our public commitment on our website.

To help guide our activities in this area, the Board and management formed an Equity, Diversity & Inclusion Committee, chaired by Sandra Caswell. The mandate of this new Committee is to provide guidance to the Board and management regarding initiatives that honour the roots of jazz, and to use our platform to be a leader in finding solutions to combat anti-Black systemic racism and other forms of bias.

Education & Community Outreach

The mission of JAZZ.FM91 is to entertain, inspire and connect our diverse community of listeners, donors and musicians. We do this through broadcasting radio programs and through outreach to the jazz community.

The Education and Community Outreach Committee guides these outreach initiatives. During the past year, the Committee, chaired by Cathy Mitro, worked closely with station management to address programming challenges created by COVID-19, including the suspension of all in-person educational activities and the move to online delivery for the JAZZ.FM91 Youth Big Band. The Committee also conducted an extensive review of all current educational and outreach activities and continues to support management in the development of new projects and directions, including digital and online delivery.

The Committee's work is an important part of JAZZ.FM91's mandate as a charitable organization and of our ongoing commitment to our community of jazz lovers, listeners and musicians.

We gratefully acknowledge the support of donors who direct funds to our education and community outreach programs.

Board Changes

Five new directors were appointed during 2020 to fill vacancies, namely, Cathy Alexander, Shirantha Beddage, Thompson Egbo-Egbo, Marc Paris and Peter von Schilling. I would like to take the opportunity to thank those directors who left the board – Rohit Bhardwaj, Dave Cole, Noelle Jenkinson, Lorne Lofsky, and Joseph Manzoli – for their contributions during their time as directors.

General Manager Appointment

On November 30, 2020, Dana Wigle was appointed General Manager of JAZZ.FM91, replacing Lorie Russell, who retired in December. Lorie had led the station as Vice President, Managing Director since March 1, 2019. Dana was previously at JAZZ.FM91 before leaving in 2017 to attend to a family emergency. Her return to familiar ground will serve JAZZ.FM91 well as we work through the COVID-19 era and prepare for renewed growth when the virus is beaten.

Lorie did an exceptional job improving the station's financial condition and delivering higher ratings. The Board thanks her for her dedicated service and wishes her good health in her retirement.

Outlook

At the time of writing this report, the outlook for Fiscal 2021 remains uncertain, although there are glimmers of real hope as far as the pandemic is concerned. We believe effective vaccines will restore confidence, and we hope there will be pent-up enthusiasm for live entertainment.

We are confident JAZZ.FM91 can be a leader in helping the jazz community recover and rebound in 2021.

A Thank You to Our Staff

In any year, our staff – behind the scenes and on-air – are the core of our operation and the voice of JAZZ.FM91. Even more so since the on-set of COVID-19 they have given exemplary service and the Board of Directors extends to them our sincere thanks for their creativity, dedication and professionalism.

I look forward to your participation in our virtual annual meeting on February 3, 2021.

Sincerely,

Brian Hemming
Chair

KPMG LLP
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Tel 905-265-5900
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INDEPENDENT AUDITORS' REPORT

To the Members of JAZZ.FM91 INC.

Opinion

We have audited the financial statements of JAZZ.FM91 INC. (the Entity), which comprise:

- the statement of financial position as at August 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2020 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity 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 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 the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

December 15, 2020

JAZZ.FM91 INC.

Statement of Financial Position

August 31, 2020, with comparative information for 2019

		2020		2019
Assets				
Current assets:				
Cash and cash equivalents (notes 3 and 5)	$	712,671	$	289,337
Short-term investments (note 3)		-		100,734
Accounts receivable (notes 2 and 4)		318,257		181,122
Prepaid expenses and other assets		99,857		102,010
Harmonized sales tax receivable		13,346		16,724
		1,144,131		689,927
Capital assets (note 8)		100,331		115,101
	$	1,244,462	$	805,028
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$	56,633	$	37,274
Accrued liabilities		97,211		141,224
Deferred revenue		127,885		246,584
Accrued employee future benefit liability (note 9)		57,890		-
Deferred rent (note 14(b))		72,422		-
		412,041		425,082
Accrued employee future benefit liability (note 9)		67,964		55,600
Deferred rent (note 14(b))		48,243		54,503
Long-term debt (note 10)		30,000		-
		558,248		535,185
Net assets:				
Invested in capital assets		100,331		115,101
Endowment (note 5)		101,200		101,200
Internally restricted (note 6)		94,000		270,000
Unrestricted		390,683		(216,458)
		686,214		269,843
Commitments and contingencies (note 14)				
Subsequent event (note 14(a))				
COVID-19 (note 16)				
	$	1,244,462	$	805,028

See accompanying notes to financial statements.

On behalf of the Board:

Signed: *Cathy Alexander* Director

Signed: *Brian Hemming* Director

JAZZ.FM91 INC.
Statement of Operations

Year ended August 31, 2020, with comparative information for 2019

		2020		2019
Revenue:				
Donations, grants and international safaris (note 12)	$	2,088,178	$	2,004,331
Advertising and sponsorships (note 12)		1,105,233		1,088,973
Other (notes 2 and 10)		259,038		-
Rental income		64,550		72,300
Concerts and events		53,512		121,827
Designated grants		10,000		34,444
Interest income		4,438		6,040
		3,584,949		3,327,915
Expenses:				
Administration		1,087,891		1,410,935
Programming, production, community outreach and education		690,417		803,576
Fundraising and international safaris		520,085		729,095
Engineering and technical		351,326		383,090
Sales (note 12)		296,969		221,641
Advertising, promotions and website costs		159,793		162,304
Amortization		44,012		30,925
Designated grants		10,000		32,922
Interest and bank charges		8,085		9,048
		3,168,578		3,783,536
Excess of revenue over expenses (expenses over revenue)	$	416,371	$	(455,621)

See accompanying notes to financial statements.

JAZZ.FM91 INC.

Statement of Changes in Net Assets

Year ended August 31, 2020, with comparative information for 2019

	Invested in capital assets	Endowment (note 5)	Internally restricted (note 6)	Unrestricted	2020 Total	2019 Total
Net assets, beginning of year	$ 115,101	$ 101,200	$ 270,000	$ (216,458)	$ 269,843	$ 725,464
Change to excess of revenue over expenses (expenses over revenue)	(44,012)	-	-	460,383	416,371	(455,621)
Investment in capital assets	29,242	-	-	(29,242)	-	-
Interfund transfer (note 6)	-	-	(176,000)	176,000	-	-
Net assets, end of year	$ 100,331	$ 101,200	$ 94,000	$ 390,683	$ 686,214	$ 269,843

See accompanying notes to financial statements.

JAZZ.FM91 INC.

Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

		2020		2019
Cash provided by (used in):				
Operations:				
Excess of revenue over expenses (expenses over revenue)	$	416,371	$	(455,621)
Items not involving cash:				
Amortization		44,012		30,925
Deferred rent		66,162		(4,955)
Loss on accrued employee future benefit liability		118,928		58,200
Change in non-cash operating working capital (note 13)		(274,957)		23,682
		370,516		(347,769)
Financing:				
Long-term debt		30,000		-
Investments:				
Purchase of capital assets		(29,242)		(15,834)
Short-term investments		100,734		214,782
Contributions to accrued employee future benefit liability		(48,674)		-
		22,818		198,948
Increase (decrease) in cash and cash equivalents		423,334		(148,821)
Cash and cash equivalents, beginning of year		289,337		438,158
Cash and cash equivalents, end of year	$	712,671	$	289,337

See accompanying notes to financial statements.

JAZZ.FM91 INC. (the "Organization") is incorporated under the laws of the Province of Ontario as a corporation without share capital to function exclusively as a charitable organization, operating an FM radio broadcasting facility on a non-profit basis. The Organization holds a broadcast licence issued by the Canadian Radio-television and Telecommunications Commission and transmits from the CN Tower. The Organization is a registered charity under the Income Tax Act (Canada).

The Organization is an enterprise that operates a non-commercial, listener-supported radio station that serves a primarily Canadian audience with innovative, enlightening, entertaining and educational programming, both on the air and within the community.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations, grants and international safaris. 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.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Unspent funds are deferred on the statement of financial position.

International safari revenue includes both receipted donations and non-receipted safari revenue. The donation is recorded when received, and the non-receipted safari revenue is recognized once the safari occurs. Non-receipted safari revenue received in advance of the safari is deferred on the statement of financial position.

Endowment funds represent amounts that have been externally restricted by donors where the principal is meant to be held in perpetuity. Endowment contributions are recognized as direct increases to net assets. Interest earned on endowment funds are recorded as deferred revenue and will be recognized as revenue at the time the interest is spent on designated purposes.

Advertising revenue is recorded in the month the advertising airs on radio.

Sponsorship revenue is recognized over the term in which the benefit is provided.

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Revenue from concerts and events is recognized in the month in which the event occurs.

Revenue from rental income is recognized on the accrual basis.

Donations and sponsorships received in-kind and exchanges of goods and services that are not issued a donation receipt are not recorded in the accounts (note 7).

Donors may make regular monthly contributions to the Organization using pre-authorized chequing and credit card arrangements. These contributions are recognized as revenue when received.

Interest income is recorded on the accrual basis.

(b) Government assistance:

The Organization applied for financial assistance under available government incentive programs. Government assistance related to current expense is recognized as revenue during the year.

(c) Cash and cash equivalents:

The Organization considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

(d) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the long lived assets are less than their net carrying amount.

1. Significant accounting policies (continued):

(d) Capital assets (continued):

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Operating equipment	10 years
Furniture and fixtures	10 years
Computer hardware and software	3 years
Office equipment	10 years
Building leasehold	Term of the lease
Broadcast equipment	10 years
Domain name	10 years
Collection	Indefinite

Collection:

The Organization’s collection includes a donated bust of Oscar Peterson. The value of the item has been capitalized on the statement of financial position at its fair value at the time of donation. Due to the nature of collection items, such items are not subject to annual amortization but are evaluated for impairment.

(e) Leased premises:

The Organization records rent expense on a straight-line basis over the term of the lease. The difference between minimum rent as specified in the lease and rent calculated on a straight-line basis is recorded as deferred rent.

(f) Employee future benefits:

The Organization had a defined benefit pension plan ("Plan") to provide pension benefits to a member of the management group. The Organization accrued its obligation under the Plan and the related costs, net of Plan assets, as the employee rendered the service necessary to earn the pension. During the year, the Plan was wound-up (note 9).

The annual benefit cost, and the change in unamortized gains and losses was recognized in the statement of operations. In addition, the net interest amount is calculated by applying the discount rate used to calculate the net defined benefit obligation. For defined benefit plans for which an actuarial valuation for funding purposes exists, an accounting policy choice between using the funding valuation or accounting valuation is available. The Organization had elected to use the funding valuation.

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

2. Government wage subsidy:

The Organization applied for and received government assistance in the form of Canada Emergency Wage Subsidy ("CEWS"). Total CEWS recorded as government wage subsidy in the statement of operations amounts to $249,038, of which $83,034 is included in accounts receivable as at year-end. Management believes that it is in compliance with all eligibility criteria under the CEWS program.

3. Investments:

Investments comprised fixed income securities, which bore interest at a rate of 2.15% (2019 - rates ranging from 2.00% to 2.25%) and mature on November 9, 2020 (2019 - between October 2, 2019 and January 2, 2020).

4. Accounts receivable:

Accounts receivable are recorded net of an allowance for doubtful accounts of $12,500 (2019 - $12,500).

5. Endowment:

In fiscal 2008, the Mary Alice Stuart family and friends endowed $51,200 to the Organization to create the Mary Alice Stuart Scholarship Fund. The Board of Directors internally restricted an additional $50,000 to match this donation. Interest earned of $765 (2019 - $773) on the endowment funds has been included in deferred revenue. The Mary Alice Stuart Scholarship Fund plans to award a minimum of one scholarship annually, paid from the annual investment earnings of the fund with any shortfall being covered by the unrestricted fund, to a student interested in, or currently pursuing, studies in music. In the current fiscal year, scholarships of nil (2019 - $2,750) were disbursed.

6. Internally restricted:

The Board of Directors has internally restricted a portion of net assets to provide for future contingencies as determined by the Board of Directors. During the year, $176,000 (2019 - $205,000) was transferred from internally restricted to unrestricted net assets.

7. Exchange of goods and services:

During the year, the Organization provided radio time with an agreed value of $46,330 (2019 - $19,089) in exchange for print advertising, promotional services, equipment rental and other goods and services. As of August 31, 2020, the Organization is obligated to provide radio time with an agreed value of $10,182 (2019 - $12,329) and has a balance of nil (2019 - nil) owed to it from other companies. In all these instances, the Organization would not purchase the goods and services at the agreed values, as such values are not accurate reflections of their cost, thus the Organization cannot determine the fair values of either the goods or services purchased or given up. Accordingly, these amounts have not been reflected as revenue and expense items in these financial statements.

8. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Operating equipment	$ 1,046,008	$ 1,040,998	$ 5,010	$ 6,637
Furniture and fixtures	325,568	325,568	-	-
Computer hardware and software	488,962	476,644	12,318	31,756
Office equipment	44,310	44,310	-	-
Building leasehold	535,055	526,613	8,442	10,493
Broadcast equipment	845,962	781,245	64,717	56,371
Domain name	11,778	11,778	-	-
Collection	9,844	-	9,844	9,844
	$ 3,307,487	$ 3,207,156	$ 100,331	$ 115,101

The Organization has held a broadcast licence with an assigned FM radio frequency since the time of its incorporation, the value of which is not reflected in these financial statements.

9. Accrued employee future benefit liability:

Effective July 1, 2005, the Organization established one individual pension plan ("Plan") for a member of senior management. Under the terms of the Plan, the Organization is to make monthly contributions to the Plan up to the date of termination or retirement of the related individual. On November 22, 2019, a resolution was approved by the Board of Directors to discontinue and terminate the Plan in whole effective March 1, 2020. The pension benefit entitlement will be paid to the sole member, with the plan termination deficit being funded over five years. On November 18, 2019, the Organization disbursed $653,382 of the pension benefit entitlement. The actuarial determination of the wind-up liability for the Plan is based on the March 1, 2020 wind-up valuation. The wind-up deficit obligation as of March 1, 2020 was $174,528. The Organization made contributions to the Plan of $48,674 between April and August 2020. Of the remaining entitlement of $125,854, a portion of $35,235 plus interest will be funded by the Organization and disbursed monthly until February 2021 and the remaining $90,619 plus interest will be funded by the Organization and disbursed annually over four years until April 2024.

10. Long-term debt:

The Organization was granted a loan (the "Loan") from TD Canada Trust in the amount of $40,000 (2019 - nil), pursuant to the Canada Emergency Business Account ("CEBA") program which provides interest-free loans of up to $40,000 to small businesses and not-for-profits. The Loan matures on December 31, 2025 and bears interest at a rate of 5.0% per annum payable monthly commencing on January 31, 2023. If at least 75% of the Loan is repaid on or prior to December 31, 2022, the remaining Loan amount will be forgiven provided that an event of default has not occurred. The $10,000 forgivable loan was recognized as a government grant in 2020.

11. Credit facility:

The Organization has a banking agreement that provides a line of credit, the borrowings from which bear interest at prime plus 1.25% and are secured by the Organization's general property. The maximum amount that may be borrowed is $250,000. As of August 31, 2020, there was nil amount drawn against this facility (2019 - nil).

12. Related party transactions:

A Director of the Organization's Board has an agreement with the Organization for advertising on the station. Subsequent to this individual joining the Board of Directors in February 2019, the Organization earned $27,250 (2019 - $5,600) of advertising revenues from this Director.

A company controlled by a Director of the Organization's Board provided $6,300 (2019 - $6,200) of software services to the Organization, which was included in sales expenses. The company had pledged to donate the incurred fees back to the Organization, of which $11,075 (2019 - $2,000) was donated in 2020.

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

13. Statement of cash flows:

The change in non-cash operating working capital consists of the following:

		2020		2019
Accounts receivable	$	(137,135)	$	84,514
Prepaid expenses and other assets		2,153		(18,093)
Harmonized sales tax receivable		3,378		4,943
Accounts payable		19,359		(80,787)
Accrued liabilities		(44,013)		(95,571)
Deferred revenue		(118,699)		128,676
	$	(274,957)	$	23,682

14. Commitments and contingencies:

(a) CN Tower:

The Organization transmits from the CN Tower using its own transmitter. All other equipment used at that location, including the FM antenna, is leased under an agreement which was extended subsequent to year-end and now expires on December 31, 2025. The annual base rent, including a share of joint operating costs and a remittance based on a percentage of side band revenue, fluctuates year over year. For fiscal 2020, and each year to the expiry of the agreement, the Organization estimates the commitment will be approximately $196,200.

(b) Office and building:

The Organization rents office premises under a long-term operating lease which expires on September 30, 2022. An amended lease was executed subsequent to year-end in September 2020. During 2020, the landlord approved deferring 50 percent of the rent owed from April to August 2020. The amended agreement further split the 50 percent rent deferral into 2 portions. The first half of the rent arrears shall be repaid on September 30, 2022, unless the Organization exercises their option to extend the lease term, at which point the rent arrears shall be repaid in equal monthly installments over 24 months commencing October 1, 2022. This first half of the rent arrears is recorded on the statement of financial position as long-term deferred rent. In consideration of the second half of the rent arrears, the Organization will provide to the landlord promotional consideration of an equal value. This portion has been recorded at the more reliably measurable fair value of the asset received in the statement of financial position as current deferred rent.

14. Commitments and contingencies (continued):

Under the terms of the amended lease, the Organization is required to pay a proportionate share of the operating costs in addition to the base rental payments. The base rental payments under the lease are as follows:

2021	$	240,730
2022		251,860
2023		21,450
	$	514,040

(c) The Organization leases equipment under operating leases. The future minimum lease payments are as follows:

2021	$	3,170
2022		3,278
2023		2,678
2024		2,378
2025		2,378
Thereafter		1,982
	$	15,864

(d) The Organization is involved in various legal actions that are within the normal course of operations. In the opinion of management, any resulting liabilities are not expected to have a material adverse effect on the financial position or net operations. As at August 31, 2020, there are currently no claims against the Organization.

15. Financial risks:

(a) Interest rate risk:

The Organization's credit facility has a variable interest rate subject to change at any time. As a result, the Organization is exposed to interest rate risk due to fluctuations in the variable interest rate. The Organization manages this risk by preparing budget and cash forecasts in order to reduce the variability of interest. There has been no change to the risk exposure from 2019.

15. Financial risks (continued):

(b) Market risk:

Market risk arises as a result of trading fixed income securities. Fluctuations in the market exposes the Organization to a risk of loss. The Organization mitigates this risk through controls to monitor and limit concentration levels, but is still subject to overall market changes. There has been no change to the risk exposure from 2019.

(c) Credit risk:

Credit risk arises as a result of the possibility that one party to a financial instrument will fail to discharge an obligation and cause the Organization to incur financial loss. The Organization manages this risk by diversifying its portfolio and by dealing with reputable and credit worthy counterparties. There has been no change to the risk exposure from 2019.

16. COVID-19:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. This has resulted in governments worldwide, including the Canadian and Provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to operations including cancellation of events. During the year, the Organization was eligible and applied for CEWS government funding as described in note 2, and the CEBA loan program as described in note 10. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts, if prolonged, could result in potential future decreases in revenue.

DIRECTORY

Board of Directors

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Catherine Mitro *(Vice Chair)*[1]

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Shirantha Beddage

Sandra Caswell[3,4]

Chris Churchill *(Secretary)*

Thompson Egbo-Egbo

Pat Holiday

Marc Paris[5]

Peter von Schilling

Bryan Snelson

[1] Chair, Education & Community Outreach Committee
[2] Chair, Audit Committee
[3] Chair, Equity, Diversity & Inclusion Committee
[4] Chair, Governance & Nominating Committee
[5] Chair, Fundraising Committee

Management

Dana Wigle
General Manager

Michael Booth
Operations Director

Brad Barker
Music Director

Suzanne Belanger
Controller

John DeHaas
Production & Creative Director

Mary Kate Dall
Fundraising & Membership Manager

Adam Feibel
Digital Manager

David McTeague
Promotions Manager

Contact

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On-Air Hosts

Brad Barker
Afternoon Drive

Heather Bambrick
The Heather Bambrick Show

David Basskin
The Nightfly

Jaymz Bee
Jazz in the City

John Devenish
Dinner Jazz

Laura Fernandez
Café Latino

Raina Hersh
The Interval and *All Request Hour*

Bill & Jesse King
Soul Nation

Ronnie Littlejohn
Gumbo Kitchen

Danny Marks
BLUZ.FM

Joe Sealy
Joe's Jazz

Walter Venafro
Saturday Afternoon Jazz and *Sunday Drive*

Glen Woodcock
The Big Band Show

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