JAZZ.FM91

ANNUAL REPORT 2021

ENTERTAIN … EDUCATE … INSPIRE

JAZZ.FM91 OUR VISION

MAKE JAZZ ACCESSIBLE TO EVERYONE…
BECAUSE JAZZ IS ALL OF US, AT OUR BEST

SOUND OF JAZZ — DECEMBER, 2021


DISCOVER WOMEN IN JAZZ

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REPORT TO MEMBERS

Dear Fellow Member,

When we reported to you last year, there were glimmers of hope that the pandemic was being brought under control. We looked forward to vaccines being a key to returning normalcy to our lives, including live entertainment. While much progress was made, 2021 was another challenging year for many.

At JAZZ.FM91, the policies and procedures put in place in 2020 to deal with uncertainty and change, the decisiveness of the management team, and the amazing support of our donors and our business partners, resulted in a year of strong financial results and progress in the long-term development of the station.

Despite the challenges posed by the pandemic, 2021 was a year of positive change at JAZZ.FM91. In the General Manager's Report, Dana Wigle reviews our financial results and many of the initiatives undertaken during the year.

We added key staff members to strengthen our resources and new programming to increase our reach and accessibility to the broader jazz community, in Canada and globally. All these initiatives were taken in pursuit of the goals and mandates of the 5-year Strategic Plan that was developed over the course of the year. As we reported last year, the strategic review was initiated by the Board, with the full plan developed by management with the involvement of all staff and ultimately approved by the Board. It is now a cornerstone of all strategic decisions taken by the senior management team.

Board Committees

The Board fulfills its mandate directly and through its committees. Each committee has a separate mandate (all can be found on the JAZZ.FM91 website) and a workplan for the year. In 2021 the committees implemented several new policies and procedures, all designed to improve overall governance at JAZZ.FM91. Following is a summary of that work:

Audit

- Monthly review of financial statements
- Reviewed and recommended revised investment policy for JAZZ.FM91
- Reviewed and recommended funding and winding-up of the Individual Pension Plan

Education & Community Outreach

- Monitored activities affected by COVID-19 restrictions and consulted with management
- Initiated and consulted with management on Discover Women in Jazz project

Fundraising

- Detailed contributions to strategic review, identifying key constituencies and value propositions
- Consulted on inaugural JAZZ.FM91 wine auction
- Coordinated requests to board of directors for matching funds for on-air campaign

Human Resources

- Developed and implemented robust procedure for General Manager's goal setting and performance evaluation
- Developed and reviewed with management a Management Succession Plan

Equity, Diversity & Inclusion

- Developed, with management, practices to ensure ED&I is one of the station's core values
- Statement of commitment now included in all postings for new positions
- New programming developed to reflect all the communities we serve

Governance

- Continued to review and recommend policies related to director term limits and board size
- Initiated work to prepare Articles of Amendment and new By-laws to conform with new legislation

New Articles and By-laws

New Provincial legislation governing not-for-profit organizations was proclaimed in 2021. For JAZZ.FM91, this means replacing the Letters Patent that, with certain updates, the station has operated under since 1974. This is a great opportunity for us to clean up, streamline and add clarity to our constating documents.

The Articles of Amendment and By-law No. 4 are included with other materials for the annual and special meeting. A special resolution for approval of the Articles and the new By-law and authorizing the corporation to take all necessary steps to bring effect to these documents is set out in the Notice of Meeting.

In addition to streamlining and adding clarity to our constating documents, the most significant changes relate to board size and director tenure limits. The Board believes a flexible board size (minimum of 3 and maximum of 13) provides the best means for adjusting the number of directors to the governance needs of the station from time to time as well as available skill sets. We also recommend Members empower the Board to set the number of directors from time to time.

The new By-law also limits the tenure that any director can serve to six years. Limiting the tenure of a director has become the norm amongst for-profit and non-profit organizations and is recognized as a strong governance mechanism. A tenure limit ensures regular and scheduled board renewal and the opportunity for the introduction of fresh perspectives and ideas.

The By-laws will continue to include a provision for the Board to have staggered terms so that, as far as possible, one-third of the directors retire each year. As set out in the Report of the Governance & Nominating Committee, we are taking this opportunity to reset the terms of all directors. Please see that Report for more details.

Outlook

Despite restrictions that are still in effect because of COVID, we are nonetheless hopeful about 2022. We are cautiously planning a return of some live events this year and are excited about new programming and community outreach programs that are under development.

A Thank You to Our Staff

Our team has become adept at adjusting to unexpected change and finding innovative ways to keep our stakeholders engaged and supportive. The board commends them for their creativity and dedication and for keeping each other safe during these challenging times.

The Board of Directors also extends thanks to our Members, and indeed all our donors, for their valuable contribution to JAZZ.FM91 and to the broader jazz community. We look forward to your participation in our virtual annual meeting on February 3, 2022.

Sincerely,

Brian Hemming
Chair

GENERAL MANAGER'S REPORT

In some very important ways, Fiscal 21 was a successful year for JAZZ.FM91.

It was an opportunity for reflection and planning. It was a year of change; a year of evaluating, adjusting, and growing to meet the needs of a changing community landscape. The ongoing impact of COVID-19 meant that we needed to find new ways to engage our listener supporters, support the artists we serve and provide Education & Outreach that was more easily accessible.

Despite the challenges, we enhanced our programming, provided innovative ways for artists to connect with audiences, strengthened our team at the station, and delivered financial results that were similar to the previous fiscal year, and better than our internal forecast.

Operations and Financial Results

COVID-19 restrictions had an impact on many of our operations throughout 2021. This negatively affected our financial results when compared to Fiscal 2020, which experienced the full effects of restrictions for only half the year.

The ongoing restrictions in Fiscal 2021 had a negative impact on advertising revenue for the entire radio market. This, together with no in-person concerts and events were the main factors affecting revenue, offset partially by an increase in government subsidies and strong continuing support from donors.

Expenses were also lower, primarily administrative costs and fundraising (no concerts or jazz safaris). Savings in these areas were partially offset by higher costs for programming, reflecting our strategy to strengthen resources and build for the future, including our digital platforms.

The overall result was that the Excess of Revenue over Expenses for Fiscal 2021 was $405,000 compared with $416,000 the previous fiscal year, a decline of only $11,000.

At August 31, 2021 our balance sheet was stronger than a year earlier. We finished the fiscal year with total assets of $1.6 million compared with $1.2 million a year earlier, including cash and cash equivalents of just over $1 million compared with $700,000 the previous year.

Strategic Planning

The strategic review initiated by the Board in 2020 continued in the new year. In February 2021, Rob Straker, a management consultant with expertise in strategic planning and a JAZZ.FM91 member, volunteered to assist us with the project. Together we reviewed our Mission, Vision and Values as the foundation for the best way forward. All staff at JAZZ.FM91 participated in workshops to determine **Who we are** as an organization and **Why we matter** to answer **What we need to focus on**. The exercise was an interactive, bonding experience and the result was a new vision, mission and set of values that every member of the team, including the Board of Directors, agreed to and embraced:

Vision

To make jazz accessible to everyone

Mission

To entertain, inspire and unite our local community and the global jazz community we serve through programming, live performance, education and storytelling. We believe jazz is unifying at its core. Jazz is collaborative and improvisational; it is curious and fearless and inclusive. Jazz is all of us at our best.

Our Values

Collaborative: To collaborate with artists, staff, supporters, community partners, and our Board.

Communicative: To be clear, transparent, and inclusive in our communications to all members of our community.

Empowering: To encourage ideas, provide assistance where needed, allow for mistakes, and recognize and reward talent.

Inclusive: To be inclusive and anti-racist, celebrating all cultures in our content, operations, and hiring practices.

Innovative: To challenge assumptions, provide solutions, keep an open mind, welcome new ideas, and try new things.

Preserving: To preserve and respect the voices of artists we serve and contributions of individual and corporate supporters.

Responsive: To be responsive and attentive to the times and prepared to lead the call for change.

Based on the new Vision, Mission and Core Values for JAZZ.FM91, we established strategic priorities that will be our reference points for all key decision-making at the station:

1. Strengthen financial resources and capabilities
2. Develop a stronger digital platform incorporating audio and video content.
3. Deliver a superior listener experience through new programs/experiences for underserved audiences, more participatory programs, and easier access via a full range of platforms.
4. Develop a diverse, inclusive, and collaborative work environment where everyone feels supported, able to contribute to success, and recognized for their contribution.

Reviewing and updating our strategic priorities will be ongoing to ensure we reach our objectives.

Digital Growth

Developing and strengthening our digital properties is a strategic priority at JAZZ.FM91.

In 2021 we created two new digital specialty streams: **RESPECT: The Best in Vocal Jazz** and **The Oscar Peterson Channel**.

We also added new podcasts, including **The Torch** with Ralph Benmergui**, This Bright North** with Nicky Schrire, **In the Land of the Misty Giant**, and **Songs My Parents Shared with Me**.

Appointment of a new streaming provider has made JAZZ.FM91 more accessible and created new revenue opportunities through sponsorship and ad insertion.

Programming

The ongoing COVID restrictions made hosting traditional, in-person concerts and events such as Jazz Lives, Live-to-Airs and The Sound of Jazz impossible in 2021. These long-adored concerts provide unique content, generate revenue and support artists, so we had to find new ways to bring these shows to our listeners and to support the artists who share their music with us.

We brought back The Sound of Jazz Concert Series for the 45th season. Thanks to the generous support of our sponsors, the six-concert series was broadcast live from the Long & McQuade Performance Hall. It was also streamed live on Facebook and the concerts will be featured on our YouTube channel for 12 months. By streaming and broadcasting the concerts, the series was more accessible as well as employing local musicians at a time when they needed it most.

International Jazz Day on April 30 featured an entire day of virtual performances and interviews from Canadian and International musicians. From 10am to 8pm we welcomed a new artist every hour and provided an honorarium for every artist who joined us that day.

In the past 12 months JAZZ.FM 91 has been recognized for some of our exceptional programming.

New York Festival Radio Awards
Social Justice Category: John Devenish's Black History Month Vignettes

Now Magazine 26th Annual Readers' Choice Awards
Winner Best Radio Station
Runner-Up Best on-air Host: Heather Bambrick

Canadian Radio Awards 2021
Winner Community Station of the Year
Winner Sound of Success for Community Partner spots
Runner-Up Music Director of the Year: Brad Barker

Education and Outreach

COVID restrictions once again presented unique challenges for our Education and Outreach programs. However, Jazzology was uninterrupted as students could either join Heather Bambrick virtually or record at the station safely, without direct contact.

While unable to gather as a full ensemble, the Youth Big Band was successfully formed and all rehearsals and performances were hosted virtually.

Discover Women in Jazz was a new outreach initiative, made possible by the generous support of a sponsor. This program featured five local female musicians and provided them with a small budget for their band, rehearsal and performance space, recording, broadcasting and mixing of all performances as well as promotion for each of their performances. The concerts were broadcast during Sound of Jazz and the accompanying videos are hosted on our YouTube channel.

Working closely with the Education and Outreach Committee, we are reviewing all Education and Outreach programs for opportunities to improve or expand them as part of our vision to make jazz more accessible.

Fundraising

Being listener-supported is what makes JAZZ.FM91 exceptional. Our supporters and members are integral to the success of JAZZ.FM91 and the feedback from our supporters helps to make us better and guide our decisions.

Working closely with the Fundraising Committee we began making changes to some of our fundraising efforts. We received countless messages telling similar stories about how the music and the special relationship with the hosts boosted spirits during these trying times.

Based on this feedback we conducted an onsite analysis of our fundraising efforts and are developing fresh ways to engage our listeners and seek their support.

In late 2021, Tenny Nigoghossian joined JAZZ.FM91 as Acting Chief of Development and Sheila Hicks joined as Strategic Fundraising Counsel. Tenny and Sheila are experts in engagement and stewardship. We are focusing on more stewardship and shorter, more focused on-air appeals to ensure we make good on our promise of more music.

We also explored new ways to fundraise "off air" and in early June hosted our first virtual Fine Wine and Spirits auction. The inaugural auction resulted in $70,000 in net revenue.

Staff Development

In 2021 JAZZ.FM91 added new talent and expertise to our team and welcomed back some veterans:

Dani Elwell returned as Creative Consultant. Dani joined the team to develop and build our new digital specialty streams and has since taken on an extended role in programming.

Glenn Knight returned as Production Director, and Tenny Nigoghossian as Acting Chief of Development.

Javon Anderson (Digital Content and Promotions Coordinator), Jelani Watson: Assistant to the General Manager, and Ralph Carter: Account Executive joined the team in 2021, and in January 2022 we welcomed Simon Au as Director of Finance and Human Resources.

Looking Forward

The outlook for Fiscal 2022 is encouraging. While there is lingering uncertainty around COVID-19, radio advertising is increasing steadily and plans for new programming are moving forward. Fiscal 2021 was a year of reviewing, strategizing and planning. Fiscal 2022 will be a year for growth and rebuilding.

Sincerely,

Dana Wigle
General Manager

Financial Statements of

JAZZ.FM91 INC.

And Independent Auditors' Report thereon

Year ended August 31, 2021

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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, 2021
- 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, 2021, 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 9, 2021

JAZZ.FM91 INC.

Statement of Financial Position

August 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (note 3 and 5)	$ 1,025,701	$ 712,671
Short-term investments (note 3)	100,064	–
Accounts receivable (notes 2 and 4)	186,528	318,257
Prepaid expenses and other assets	89,270	99,857
Harmonized sales tax receivable	16,705	13,346
	1,418,268	1,144,131
Long-term investments (notes 3 and 5)	105,408	–
Capital assets (note 8)	75,620	100,331
	$ 1,599,296	$ 1,244,462
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 65,211	$ 56,633
Accrued liabilities	140,733	97,211
Deferred revenue	62,790	127,885
Accrued employee future benefit liability (note 9)	67,964	57,890
Deferred rent (note 14(b))	72,983	72,422
	409,681	412,041
Accrued employee future benefit liability (note 9)	–	67,964
Deferred rent (note 14(b))	58,071	48,243
Long-term debt (note 10)	40,000	30,000
	507,752	558,248
Net assets:		
Invested in capital assets	75,620	100,331
Endowment (note 5)	101,200	101,200
Internally restricted (note 6)	94,000	94,000
Unrestricted	820,724	390,683
	1,091,544	686,214
Commitments and contingencies (note 14)		
Subsequent event (note 9)		
COVID-19 (note 16)		
	$ 1,599,296	$ 1,244,462

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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Donations, grants and international safaris (note 12)	$ 1,942,651	$ 2,088,178
Advertising and sponsorships (note 12)	917,509	1,105,233
Other (notes 2, 10 and 14(b))	380,262	259,038
Rental	28,750	64,550
Concerts and events	12,078	53,512
Designated grants	22,982	10,000
Interest	8,332	4,438
	3,312,564	3,584,949
Expenses:		
Administration	923,351	1,087,891
Programming, production, community outreach and education	769,075	690,417
Fundraising and international safaris	331,814	520,085
Engineering and technical	365,922	351,326
Sales (note 12)	288,645	296,969
Advertising, promotions and website costs	158,688	159,793
Amortization	38,854	44,012
Designated grants	23,159	10,000
Interest and bank charges	7,726	8,085
	2,907,234	3,168,578
Excess of revenue over expenses	$ 405,330	$ 416,371

See accompanying notes to financial statements.

JAZZ.FM91 INC.

Statement of Changes in Net Assets

Year ended August 31, 2021, with comparative information for 2020

	Invested in capital assets	Endowment	Internally restricted	Unrest	2021 Total	2020 Total
			ricted			
Net assets, beginning of year	$ 100,331	$ 101,200	$ 94,000	$ 390,683	$ 686,214	$ 269,843
Excess of revenue over expenses (expenses over revenue)	(38,854)	–	–	444,184	405,330	416,371
Investment in capital assets	14,143	–	–	(14,143)	–	–
Net assets, end of year	$ 75,620	$ 101,200	$ 94,000	$ 820,724	$ 1,091,544	$ 686,214

See accompanying notes to financial statements.

JAZZ.FM91 INC.
Statement of Cash Flows

Year ended August 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 405,330	$ 416,371
Items not involving cash:		
Amortization	38,854	44,012
Deferred rent	10,389	66,162
Loss on accrued employee future benefit liability	–	118,928
Change in non-cash operating working capital (note 13)	125,962	(274,957)
	580,535	370,516
Financing:		
Long-term debt	10,000	30,000
Investments:		
Purchase of capital assets	(14,143)	(29,242)
Short-term investments	(100,064)	100,734
Long-term investments	(105,408)	–
Contributions to accrued employee future benefit liability	(57,890)	(48,674)
	(277,505)	22,818
Increase in cash and cash equivalents	313,030	423,334
Cash and cash equivalents, beginning of year	712,671	289,337
Cash and cash equivalents, end of year	$ 1,025,701	$ 712,671

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.

1. Significant accounting policies (continued):

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.

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):

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

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) Lease 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 2020, 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") and the Canada Emergency Rent Subsidy ("CERS"). Total subsidies recorded as other revenue in the statement of operations amounts to CEWS of $231,558 (2020 - $249,038) and CERS of $102,799 (2020 - nil), of which a combined $8,268 (2020 - $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 and CERS programs.

3. Investments:

Investments are comprised of fixed income securities. The short-term investments bear interest at a rate of 0.93% and mature on August 8, 2022. The long-term investments bear interest at rates ranging from 1.06% to 1.29% and mature between November 23, 2022 and November 25, 2024.

In 2020, the fixed income securities included in cash and cash equivalents bore interest at a rate of 2.15% and matured on November 9, 2020.

4. Accounts receivable:

Accounts receivable are recorded net of an allowance for doubtful accounts of $16,215 (2020 - $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 $938 (2020 - $765) 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 $1,450 (2020 - nil) 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, nil (2020 - $176,000) 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 $23,622 (2020 - $46,330) and office space and a parking spot with an agreed value of $15,750 in exchange for tech services, software, print advertising, promotional services, equipment rental and other goods and services. As at August 31, 2021, the Organization is obligated to provide radio time with an agreed value of $5,790 (2020 - $10,182) and has a balance of nil (2020 - 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:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Operating equipment	$ 1,046,008	$ 1,042,625	$ 3,383	$ 5,010
Furniture and fixture	325,568	325,568	–	–
Computer hardware and software	488,962	488,962	–	12,318
Office equipment	44,310	44,310	–	–
Building leasehold	535,055	528,663	6,392	8,442
Broadcast equipment	859,135	804,104	55,031	64,717
Domain name	11,778	11,778	–	–
Collection	10,814	–	10,814	9,844
	$ 3,321,630	$ 3,246,010	$ 75,620	$ 100,331

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 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 and the updated actuarial report on the wind-up as of March 1, 2021. 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, and further contributions of $57,890 between September 2020 and August 2021. The balance as at August 31, 2021 is $67,964.

Subsequent to year-end, the Board of Directors approved to fund the remaining unfunded wind-up liabilities as at November 1, 2021. The Organization made a payment of $71,576 on October 15, 2021 to pay the liability balance plus interest.

10. Long-term debt:

In 2020, the Organization was granted a loan (the "Loan") from TD Canada Trust (the "Bank") in the amount of $40,000, pursuant to the Canada Emergency Business Account ("CEBA") program which provides interest-free loans 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. In 2021, the Organization was granted an additional loan of $20,000 pursuant to the CEBA program, resulting in a total loan of $60,000. The terms of the loan agreement were amended such that if $40,000 of the Loan amount is repaid on or prior to the initial term date of December 31, 2022, the Bank will forgive the remaining balance. The additional $10,000 forgivable loan was recognized as a government grant in 2021.

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 at August 31, 2021, there was no amount drawn against this facility (2020 - 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 $27,750 (2020 - $27,250) of advertising revenue from this Director.

A Director of the Organization's Board is the Board Chair of a streaming company that the Organization commenced using for its streaming service in March 2021. The annual fees for the streaming company are estimated to be in the $3,500 to $5,000 range.

In 2020, a company controlled by a former Director of the Organization's Board provided $6,300 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 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:

	2021	2020
Accounts receivable	$ 131,729	$ (137,135)
Prepaid expenses and other assets	10,587	2,153
Harmonized sales tax receivable	(3,359)	3,378
Accounts payable	8,578	19,359
Accrued liabilities	43,522	(44,013)
Deferred revenue	(65,095)	(118,699)
	$ 125,962	$ (274,957)

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 2022, 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 in September 2020 and the landlord approved deferring 50 percent of the rent owed from April to September 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. The amended lease also provided the Organization with a rent abatement of $7 per square foot from October 2020 to May 2021 in consideration of promotional services to the Landlord of an equal value. The second half of the rent arrears and the rent abatement have been recorded at the more reliably measurable fair value of the asset received in the statement of financial position as current deferred rent. The Organization recognized $35,905 as other revenue for promotional services provided to the Landlord in 2021.

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:

2022	$ 251,860
2023	21,450
	$ 273,310

14. Commitments and contingencies (continued):

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

2022	$ 3,278
2023	2,678
2024	2,378
2025	2,378
2026	1,982
	$ 12,694

(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, 2021, 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 2020.

(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 2020.

15. Financial risks (continued):

(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 2020.

16. COVID-19:

In March 2020, 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, caused material disruption to operations including suspension of revenue-generating events. During the year, the Organization was eligible and applied for CEWS and CERS 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

Brian Hemming *(Chair)*[1]

Catherine Mitro *(Vice Chair)*[2]

Cathy Alexander[3]

Shirantha Beddage

Sandra Caswell[4]

Chris Churchill *(Secretary)*

Thompson Egbo-Egbo

Greg Gooding

Christopher Grossman

Marc Paris[5]

Peter von Schilling[6]

Bryan Snelson

[1] Co-chair, Equity, Diversity & Inclusion Committee
[2] Chair, Education & Community Outreach Committee
[3] Chair, Audit Committee
[4] Chair, Governance & Nominating Committee
[5] Chair, Fundraising Committee
[6] Chair, Human Resources Committee

Management

Dana Wigle
General Manager

Simon Au
Finance & HR Director

Brad Barker
Music Director

Michael Booth
Operations Director

Suzanne Belanger
Controller

Dani Elwell
Creative Strategist

Glenn Knight
Production Director

Tenny Nigoghossian
Acting Chief of Development

Mary Kate Dall
Fundraising & Membership Manager

Adam Feibel
Digital Manager

Contact

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Email: info@jazz.fm

Website: jazz.fm

Charitable Reg. No.
11886 4826 RR0001

On-Air Hosts

Brad Barker
Afternoon Drive

Heather Bambrick
The Heather Bambrick Show

David Basskin
The Night Fly

Jaymz Bee
Jazz in the City and *Jazz Gone Wild*

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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