

**Music BC Industry Association  
Financial Statements  
For the Year Ended March 31, 2021  
(Unaudited)**

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(Unaudited)**

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## Independent Practitioner's Review Engagement Report

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### To the Members of Music BC Industry Association

We have reviewed the accompanying financial statements of Music BC Industry Association that comprise the Statement of Financial Position as at March 31, 2021, and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Music BC Industry Association as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

Vancouver, British Columbia  
August 17, 2021

**Music BC Industry Association**  
**Statement of Financial Position**  
(Unaudited)

March 31	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,465,284	\$ 847,704
Accounts receivable	12,566	39,756
GST recoverable	15,318	10,442
Prepaid expenses and deposits	9,018	1,924
	1,502,186	899,826
<b>Capital Assets (Note 2)</b>	<b>3,723</b>	<b>5,913</b>
	<b>\$ 1,505,909</b>	<b>\$ 905,739</b>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 25,226	\$ 167,284
Deferred revenue (Note 3)	1,072,102	333,929
	1,097,328	501,213
<b>Net Assets</b>		
Invested in capital assets	3,723	5,913
Unrestricted	404,858	398,613
	408,581	404,526
	<b>\$ 1,505,909</b>	<b>\$ 905,739</b>

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

**Music BC Industry Association**  
**Statement of Operations**  
(Unaudited)

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Operating (Schedule 1)	\$ 273,027	\$ 259,943
Administration (Schedule 1)	14,909	6,523
Membership (Schedule 1)	27,616	30,024
Interest income	366	1,475
Other income	935	6,212
	<u>316,853</u>	<u>304,177</u>
<b>Grant revenue</b>		
Training & Professional Development	94,307	161,152
Export & Market Development Initiatives	60,263	407,499
Inbound presentations	261,229	58,711
Travel Grants	22,118	437,999
	<u>437,917</u>	<u>1,065,361</u>
	<u>754,770</u>	<u>1,369,538</u>
<b>Expenses</b>		
<b>Project Expenses</b>		
Training and Professional Development	94,307	161,152
Export & Market Development Initiatives	60,263	407,499
Inbound Presentations	261,229	58,711
Travel Grants	22,118	437,999
	<u>437,917</u>	<u>1,065,361</u>
<b>Administrative Expenses (Schedule 2)</b>	<u>312,798</u>	<u>308,389</u>
	<u>750,715</u>	<u>1,373,750</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 4,055</u>	<u>\$ (4,212)</u>

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

**Music BC Industry Association**  
**Statement of Changes in Net Assets**  
(Unaudited)

For the year ended March 31	Invested in Capital Assets	Unrestricted	2021 Total	2020 Total
Balance, beginning of the year	\$ 5,913	\$ 398,613	\$ 404,526	\$ 408,738
Excess of revenues over expenses	(2,190)	6,245	4,055	(4,212)
<b>Balance, end of the year</b>	<b>\$ 3,723</b>	<b>\$ 404,858</b>	<b>\$ 408,581</b>	<b>\$ 404,526</b>

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

**Music BC Industry Association**  
**Statement of Cash Flows**  
(Unaudited)

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Net cash received (paid) from administrative operations	\$ 87,143	\$ (5,688)
Cash received from grants	1,176,091	1,256,045
Grant funds spent	(646,020)	(958,270)
Interest received	366	1,475
	<u>617,580</u>	<u>293,562</u>
<b>Net increase in cash</b>	<b>617,580</b>	<b>293,562</b>
<b>Cash, beginning of the year</b>	<u><b>847,704</b></u>	<u><b>554,142</b></u>
<b>Cash, end of the year</b>	<u><b>\$ 1,465,284</b></u>	<u><b>\$ 847,704</b></u>

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

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**Music BC Industry Association**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2021**

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**1. Significant Accounting Policies**

**Nature and Purpose of Organization** The Music BC Industry Association (the "Association") is a registered non-profit organization incorporated under the Societies Act of British Columbia. The Music BC Industry Association is a not for profit association serving the for profit and non-profit music industry in British Columbia. The Music BC Industry Association serves as an advocate for its members through supporting, promoting and enhancing the British Columbia music industry domestically and internationally.

The Music BC Industry Association is a registered not for profit association under section 149 of the Income Tax Act and, as such, is exempt from income taxes.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Revenue Recognition** The Music BC Industry Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Membership revenue and other income are recognized when amounts have been received.

**Financial Instruments** Financial Instruments are recorded at fair value at initial recognition.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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**Music BC Industry Association**  
**Notes to Financial Statements**  
**(Unaudited)**

March 31, 2021

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**1. Significant Accounting Policies (continued)**

**Capital Assets**

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	<b>Method</b>	<b>Rate</b>
Furniture , fixtures and equipment	Declining balance	20%
Computer Equipment	Straight-line	3 years
Website Costs	Straight-line	3 years

When a capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

**Contributed Services**

Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring the most significant estimates include the determination of the useful life of capital assets and determining the costs that are eligible for project funding. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Music BC Industry Association**  
**Notes to Financial Statements**  
(Unaudited)

March 31, 2021

**2. Capital Assets**

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 14,369	\$ (12,901)	\$ 12,363	\$ (12,009)
Furniture , fixtures and equipment	9,631	(7,376)	9,631	(6,812)
Website Costs	16,438	(16,438)	16,438	(13,698)
	40,438	(36,715)	38,432	(32,519)
		\$ 3,723		\$ 5,913

**3. Deferred Revenue**

Deferred revenue represents unspent resources externally restricted for programs and operating costs, received in the current year, related to expenditures in future periods. Changes to deferred revenue are as follows:

	2020	Received	Recognized	2021
Creative BC and FACTOR	\$ 333,929	\$ 1,176,091	\$ (437,918)	\$1,072,102

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**Music BC Industry Association**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2021**

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**4. Financial Instruments**

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its deposits and accounts receivable. The majority of the Association's receivables are from government sources and the Association works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The Association is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are insured 100% by Credit Union Deposit Insurance Corporation .

There have not been any changes in the risk from the prior year.

**Liquidity risk**

Liquidity risk is the risk that the Association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset.

The Music BC Industry Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

There have not been any changes in the risk from the prior year.

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**5. Lease Commitments**

The Association has a lease with respect to its premises that expires on March 31, 2026. Future minimum lease payments, not including renewal options, are as follows:

2022	\$	26,928
2023	\$	28,008
2024	\$	29,136
2025	\$	30,300
2026	\$	31,512
Total	\$	<u>145,884</u>

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**Music BC Industry Association**  
**Notes to Financial Statements**  
**(Unaudited)**

**March 31, 2021**

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**6. Economic Dependence**

The Association derived the majority of its revenues from Creative BC and The Foundation Assisting Canadian Talent on Recordings (FACTOR).

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**7. Uncertainty due to COVID-19**

The COVID-19 pandemic has disrupted economic activities, including travel and live events. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of any possible business disruption and the related financial impacts cannot be reasonably estimated at this time. The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Association's financial condition, and results of future operations. Management is actively monitoring the global situation on its financial condition, operations, industry and workforce.

**Music BC Industry Association**  
**Operating, Administration and Membership Revenue - Schedule 1**  
(Unaudited)

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Operating revenue</b>		
Creative BC - Amplify BC	\$ 180,026	\$ 200,000
FACTOR	93,001	52,296
Creative BC	-	5,000
FACTOR - How to Series	-	2,647
	<u>\$ 273,027</u>	<u>\$ 259,943</u>
<b>Administration revenue</b>		
Bell Canadian Songwriter Challenge administrative fees	\$ 953	\$ 3,845
GST Recovery (non-recoverable expense)	(2,157)	2,678
Private Sponsorship - Advocacy	6,998	-
Private Sector Income and Admin Revenue	3,182	-
FACTOR - Export Initiatives	5,183	-
FACTOR - Special Projects	750	-
	<u>\$ 14,909</u>	<u>\$ 6,523</u>
<b>Membership revenue</b>		
Memberships	<u>\$ 27,616</u>	<u>\$ 30,024</u>
<b>Total revenue</b>	<u><u>\$ 315,552</u></u>	<u><u>\$ 296,490</u></u>

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**Music BC Industry Association**  
**Administrative Expenses - Schedule 2**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
Accounting	\$ 12,862	\$ 9,195
Advocacy	26,223	3,733
Amortization	4,195	7,808
Insurance	2,199	2,415
Interest and bank charges	391	1,032
Loss on disposal	-	1,902
Marketing expenses	2,882	7,980
Office expenses	46,332	30,645
Professional fees	20,049	27,230
Rental	16,800	16,800
Salaries and benefits	174,606	189,483
Telephone	6,041	6,045
Travel expenses	218	4,121
	<b>\$ 312,798</b>	<b>\$ 308,389</b>