



Financial Statements

Music Industry Association of Nova Scotia

March 31, 2010

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Auditors' report

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To the shareholders

Music Industry Association of Nova Scotia

We have audited the balance sheet of Music Industry Association of Nova Scotia, (the “Association”) at March 31, 2010 and the statement of revenues and expenses, net assets and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These financial statements are the responsibility of the Association’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for March 31, 2009 are based upon financial statements which were reported on by another firm of Chartered Accountants.

Grant Thornton LLP

Halifax, Nova Scotia
June 4, 2010

Chartered Accountants

Music Industry Association of Nova Scotia

Statement of revenues and expenses

Year ended March 31	2010	2009
Revenue		
Project revenue (schedule 1)	\$ 941,474	\$ 869,016
Province of Nova Scotia -		
Department of Economic Development	40,000	40,000
Department of Tourism and Culture	77,500	55,000
ACOA	39,000	-
Foundation to Assist Canadian Talent on		
Records	30,000	30,000
Management and administration fees (note 5)	144,417	142,011
Memberships	23,855	17,396
Miscellaneous	3,914	2,472
Sponsorship	45,688	40,000
	<u>1,345,848</u>	<u>1,195,895</u>
Project expenditures (schedule 1)	<u>940,516</u>	<u>890,847</u>
	<u>405,332</u>	<u>305,048</u>
Expenses		
Advertising and promotion	1,760	4,234
Bad debt (recovery) expense	(1,615)	12,977
Equipment rental	5,797	5,735
HST	4,322	18,652
Insurance	2,521	2,743
Interest and bank charges	4,359	5,911
Legal and accounting	6,900	12,360
Miscellaneous	3,187	2,022
Occupancy	20,277	20,728
Office	7,620	14,883
Telephone	12,500	9,103
Travel	13,792	14,379
Wages and employee benefits	261,478	173,634
	<u>342,898</u>	<u>297,361</u>
Excess revenue over expenditures before other item	\$ 62,434	\$ 7,687
Other item		
HST recovery (note 10)	<u>29,828</u>	<u>-</u>
Excess revenue over expenditures	<u>\$ 92,262</u>	<u>\$ 7,687</u>

See accompanying notes to the financial statements.

Music Industry Association of Nova Scotia

Balance sheet

March 31 2010 2009

Assets

Current

Cash and cash equivalents	\$ 252,696	\$ 184,252
Short term investments	32,530	32,185
Receivables	152,725	127,050
Prepays	<u>8,012</u>	<u>15,595</u>
	445,963	359,082

Advances to DRUM Live Inc. (note 3) 710,576 710,576

Funds held in trust (note 4) 4,382 4,682

\$ 1,160,921 \$ 1,074,340

Liabilities

Current

Payables and accruals	\$ 28,934	\$ 21,592
Deferred government assistance	<u>199,546</u>	<u>212,269</u>
	228,480	233,861

Long term loans (note 3) 710,576 710,576

Funds held in trust (note 4) 4,382 4,682

943,438 949,119

Net assets

Unrestricted net assets 138,017 93,036

Restricted net assets (note 6) 34,485 32,185

Contingency fund (note 9) 44,981 -

217,483 125,221

\$ 1,160,921 \$ 1,074,340

Contingency (note 8)

On behalf of the Board

_____ Member _____ Member

See accompanying notes to the financial statements.

Music Industry Association of Nova Scotia

Statement of net assets

Year ended March 31

2010

2009

	<u>Contingency Fund</u>	<u>Restricted Net assets</u>	<u>Unrestricted Net assets</u>		
Net assets, beginning of year	\$ -	\$ 32,185	\$ 93,036	\$ 125,221	\$ 141,134
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,600)</u>
Net assets, beginning of year, restated	-	32,185	93,036	125,221	117,534
Excess of revenue over expenses	-	2,300	89,962	92,262	7,687
Inter-fund transfers	<u>44,981</u>	<u>-</u>	<u>(44,981)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>44,981</u>	\$ <u>34,485</u>	\$ <u>138,017</u>	\$ <u>217,483</u>	\$ <u>125,221</u>

See accompanying notes to the financial statements.

Music Industry Association of Nova Scotia

Statement of cash flows

Year ended March 31

2010

2009

Increase (decrease) in cash and cash equivalents

Operating		
Excess revenue over expenditures	\$ 92,262	\$ 7,687
Change in non-cash operating working capital		
Receivables	(25,675)	107,245
Prepays	7,583	(10,618)
Payables and accruals	7,342	(31,399)
Deferred government assistance	(12,723)	111,924
Short term investments	(345)	8,999
	<u>68,444</u>	<u>193,838</u>
Financing		
Advances to DRUM Live Inc.	-	(115,674)
Proceeds from bank indebtedness	-	(9,586)
Repayment of long term loans	-	115,674
	<u>-</u>	<u>(9,586)</u>
Net increase in cash and cash equivalents	68,444	184,252
Cash and cash equivalents		
Beginning of year	<u>184,252</u>	-
End of year	\$ <u>252,696</u>	\$ <u>184,252</u>

See accompanying notes to the financial statements.

Music Industry Association of Nova Scotia

Notes to the financial statements

March 31, 2010

1. Nature of operations

The Music Industry Association of Nova Scotia is a Not-For-Profit Organization incorporated under the Societies Act of the Province of Nova Scotia and operating under the name Music Nova Scotia. The main objective of the Association is to democratically and independently determine elements required to develop the full potential of the music industry. It is the intention of the Association to create a healthier music industry by conducting educational activities, initiating programs, lobbying regulatory bodies, advising government and industry, and organizing and presenting Nova Scotia Music Week.

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Financial instruments

The Association's financial instruments are classified as follows:

Held for trading

Short term investments.

Loans and receivables

Receivables and advances to DRUM Live Inc.

Available for sale

Long term investments.

Other liabilities

Bank indebtedness, payables and accruals and long term loans.

The Association is exposed to credit risk by its customers and suppliers. However, because of the large number of customers and different suppliers, credit risk concentration has been reduced to a minimum.

The fair value of the short term investments (guaranteed investment certificate) are determined by the closing market value for these investments.

Management estimates

In preparation of the financial statements in conformity with Canadian generally accepted accounting principles, 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 reporting period. Actual results may differ from these estimates. The most significant estimates in these financial statements include allowance for doubtful accounts and the estimated useful lives of capital assets.

Music Industry Association of Nova Scotia

Notes to the financial statements

March 31, 2010

2. Summary of significant accounting policies (continued)

Revenue recognition

The Association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Changes in accounting policies

The Association has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting Not-For-Profit organizations not to apply the following Sections of the CICA Handbook: Section 3862 – Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. The Association applies the requirements of Section 3861 of the CICA Handbook.

Effective April 1, 2009, the Association adopted the new CICA Handbook Standard 4400, Financial Statement Presentation by Not-For-Profit organizations. This Standard became effective for annual financial statements beginning on or after January 1, 2009. These Standards require the reporting of certain gross revenues in the statement of operations. As a result of applying this standard, As a result of applying this standard, there has been no significant impact on disclosures within the financial statements.

Effective April 1, 2009, the Association adopted the new CICA Handbook Standard Section 4470, Disclosure of Allocated Expenses for Not-For-Profit Organizations. This Standard became effective for annual financial statements beginning on or after January 1, 2009. This Standard requires a Not-For-Profit organization to classify its expenses by function and allocate a portion of their fundraising and general support costs to another function. As a result of applying this standard, there has been no significant impact on disclosures within the financial statements.

3. Advances to DRUM Live Inc.

	<u>2010</u>	<u>2009</u>
Department of Economic Development	\$ 192,525	\$ 192,525
ACOA	<u>518,051</u>	<u>518,051</u>
	<u>\$ 710,576</u>	<u>\$ 710,576</u>

The above loans were negotiated to assist with the theatrical production of "DRUM - A Musical Tribute". These Funds have been advanced to DRUM Live Inc. who has been contracted to produce the show. The Department of Economic Development loan is to be repaid in an amount equal to 2.5% of future gross profits generated from performances of the production. The ACOA loan is to be repaid in an amount equal to 2% of future gross profits generated from performances of the production. The advances to DRUM Live Inc. are to be collected on the same basis as the repayment of the Department of Economic Development and ACOA loans.

Music Industry Association of Nova Scotia

Notes to the financial statements

March 31, 2010

4. Funds held in trust

The Funds held in trust comprise the following:

(a) **Chico Berardi Memorial Fund**

The Nova Scotia Talent Trust in partnership with the Association has established the Chico Berardi Memorial Fund. The Memorial Fund of \$3,832 awards a cash prize in the amount of \$300 on an annual basis to a candidate undertaking studies in non-classical music.

(b) **Chico Berardi CD Compilations in Trust**

The Association has collected \$550 to produce a CD to raise funds to support the Chico Berardi Memorial Fund.

5. Management and administration fees

	<u>2010</u>	<u>2009</u>
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Management and administration fees represent internal charges from head office to the projects as follows:

Export Development Program	\$ 75,000	\$ 75,000
Other	11,417	9,895
Bringin' it Home	15,000	15,000
DRUM	<u>43,000</u>	<u>42,116</u>
	<u>\$ 144,417</u>	<u>\$ 142,011</u>

6. Restricted net assets

Restricted net assets represent Funds received which have been restricted for education programming.

7. Project revenue

	<u>2010</u>	<u>2009</u>
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Project revenue (see schedule 1) includes government funding as follows:

	<u>\$ 849,262</u>	<u>\$ 795,999</u>
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8. Contingency

The Association has entered into funding agreements with various government agencies. Funding received under these agreements is subject to repayment if the Association fails to comply with the terms and conditions of the agreements.

Music Industry Association of Nova Scotia

Notes to the financial statements

March 31, 2010

9. Contingency fund

The Contingency Fund (the "Fund") was created in the current year by the Association. This Fund shall be use and applied from time to time towards meeting future unforeseen deficits and such other significant unexpected liabilities or contingencies which may arise. The Association segregates amounts accumulated for these purposes. Interest earned on these amounts is credited directly to the Fund. The Board of Directors will determine on an annual basis the amount to be contributed to the Fund out of any current operating surplus.

50% of the Association's fiscal 2010 surplus is restricted to the Fund. In subsequent years, the Board of Directors will determine on an annual basis the amount to be contributed to the Fund based on the recommendations of the Finance Committee.

The remaining 50% of the fiscal 2010 surplus will be invested in special projects such as Nova Scotia Music Week, CMW, ECMA, and other industry growth projects in future years.

10. HST recovery

During the year, it was determined only 50% of the eligible HST input tax credits were being claimed when the Association was entitled to claim 100% of the HST paid. The HST recovery is the amount receivable claimed by the Association for this previous shortfall.

11. Comparative figures

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Music Industry Association of Nova Scotia

Schedule 1 - Project revenue and expenditures

(Unaudited)

March 31	2010	2009
Project revenue		
Nova Scotia Music Week (schedule 2)	\$ 198,094	\$ 135,810
Bringin' it Home (schedule 3)	102,828	35,515
Milwaukee	97,122	-
Los Angeles	26,784	-
Canadian Music Week	16,648	-
Acadian Stage	20,488	-
DRUM VANOC	52,121	-
VANOC	9,709	-
Export development program	379,827	267,683
Website	9,560	-
East Coast Music Awards	10,598	25,965
DRUM	-	335,000
Other	17,695	69,043
	<u>941,474</u>	<u>869,016</u>
Project expenses		
Nova Scotia Music Week (schedule 2)	198,609	153,121
Bringin' it Home (schedule 3)	102,828	35,515
Milwaukee	96,824	-
Los Angeles	26,784	-
Canadian Music Week	16,330	-
Acadian Stage	20,488	-
DRUM VANOC	52,121	-
VANOC	9,709	-
Export development program	379,827	267,681
Website	6,409	-
East Coast Music Awards	13,190	28,433
DRUM	-	335,000
Other	17,397	71,097
	<u>940,516</u>	<u>890,847</u>
Excess of revenue over expenditures	\$ <u>958</u>	\$ <u>21,831</u>

Music Industry Association of Nova Scotia Schedule 2 – Nova Scotia Music Week revenue and expenditures

(Unaudited)

March 31	2010	2009
Revenue		
Province of Nova Scotia –		
Department of Tourism and Culture	\$ 33,000	\$ 10,000
Foundation to Assist Canadian Talent of Records	15,000	10,000
Registration and ticket sales	44,332	45,810
Sponsorship	83,415	70,000
Program revenue	<u>22,347</u>	<u>-</u>
	<u>198,094</u>	<u>135,810</u>
Expenses		
Advertising	\$ 13,023	12,068
Bank charges	901	556
Consulting	15,110	-
Meals and accommodations	35,293	-
Miscellaneous	15,604	7,757
Performance	22,912	28,937
Production equipment rental	72,207	70,729
Travel	16,613	17,666
Venue and food	<u>6,946</u>	<u>15,408</u>
	<u>198,609</u>	<u>153,121</u>
Deficiency of revenue over expenditures	<u>\$ (515)</u>	<u>\$ (17,311)</u>

Music Industry Association of Nova Scotia

Schedule 3 – Bringin’ it Home revenue and expenditures

(Unaudited)

March 31	2010	2009
Revenue		
Nova Scotia Tourism Culture & Heritage	\$ 87,530	\$ 25,515
Project sponsorships	<u>15,298</u>	<u>10,000</u>
	<u>102,828</u>	<u>35,515</u>
Expenses		
Accommodations, meals and travel	5,695	5,411
Administration fees – MIANS Head Office	15,000	-
Co-ordinator fees	22,500	22,500
Other	612	1,662
Production and performance	-	4,537
Presenters insurance	58,214	-
Travel	<u>807</u>	<u>1,405</u>
	<u>102,828</u>	<u>35,515</u>
Excess of revenue over expenditures	\$ <u>-</u>	\$ <u>-</u>