



Financial Statements

Music Industry Association of Newfoundland
and Labrador Inc.

March 31, 2022

Contents

	Page
Independent Auditor's Report	1 - 2
Statements of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9

Independent Auditor's Report

To the Members of
Music Industry Association of Newfoundland and Labrador Inc.

Opinion

We have audited the financial statements of Music Industry Association of Newfoundland and Labrador Inc., which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and the results of its 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Organization 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.

Other matter

The financial statements of the Organization for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 28, 2021.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

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

We 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.

St. John's, Canada
December 14, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Music Industry Association of Newfoundland and Labrador Inc.

Statements of Operations and Changes in Net Assets

Year ended March 31

2022

2021

Revenues		
Grants	\$ 606,235	\$ 676,021
Sponsorship	65,709	47,009
Other revenues	77,286	10,382
Membership fees	18,096	18,766
Rental revenues	12,150	12,000
Government assistance revenue	9,131	35,543
Miscellaneous income	8,172	-
Interest income	-	4
	<u>796,779</u>	<u>799,725</u>
Expenditures		
Advertising and promotion	1,626	3,571
Artist, Professional Development, Market Access, Press on Programs	238,773	289,676
Computer expense	745	4,759
Insurance	3,289	2,864
Interest and bank charges	1,200	1,376
Memberships	3,950	1,697
Miscellaneous	5,046	-
Music NL conference	79,351	86,780
Office	8,094	7,275
Professional fees	17,790	18,839
Programs	114,472	70,036
Rent	35,908	32,371
Repairs and maintenance	3,618	2,192
Salaries and related benefits	192,134	104,323
Staff training	6,879	8,340
Telephone and utilities	6,710	6,063
Travel	18,937	404
	<u>738,522</u>	<u>640,566</u>
Excess of revenues over expenditures	<u>\$ 58,257</u>	<u>\$ 159,159</u>
Unrestricted net assets (deficiency), beginning of year	\$ 8,809	\$ (150,350)
Excess of revenues over expenditures	<u>58,257</u>	<u>159,159</u>
Unrestricted net assets, end of year	<u>\$ 67,066</u>	<u>\$ 8,809</u>

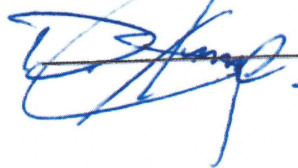
**Music Industry Association of Newfoundland and Labrador
Inc.**

Statement of Financial Position

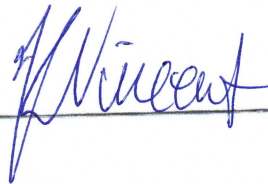
March 31	2022	2021
Assets		
Current		
Cash	\$ 150,917	\$ 30,189
Accounts receivable	85,424	189,132
Harmonized sales tax receivable	<u>20,561</u>	<u>7,746</u>
	\$ 256,902	\$ 227,067
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 23,284	\$ 21,816
Deferred revenue (Note 3)	126,552	174,313
Loan payable (Note 4)	40,000	20,000
Government remittance payable	-	<u>2,129</u>
	<u>189,836</u>	<u>218,258</u>
Unrestricted net assets	<u>67,066</u>	<u>8,809</u>
	\$ 256,902	\$ 227,067

Impacts of COVID-19 (Note 8)

On behalf of the board



Member



Member

See accompanying notes to the financial statements.

Music Industry Association of Newfoundland and Labrador Inc.

Statement of Cash Flows

Year ended March 31

2022

2021

Increase (decrease) in cash

Operating

Excess of revenues over expenditures	\$ 58,257	\$ 159,159
Change in non-cash working capital items		
Accounts receivable	103,708	(163,997)
Harmonized sales tax	(12,815)	908
Accounts payable and accrued liabilities	1,468	(28,055)
Deferred revenue	(47,761)	29,823
Loan payable	20,000	20,000
Income taxes	(2,129)	2,988

Increase in cash

120,728

20,826

Cash

Beginning of year

30,189

9,363

End of year

\$ 150,917

\$ 30,189

Music Industry Association of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

Music Industry Association of Newfoundland and Labrador Inc. is a not-for-profit organization that was incorporated in the Province of Newfoundland and Labrador on June 12, 1992. Its mission is to foster music community and industry growth through its advocacy, programming, and partnerships with members, industry leaders and stakeholders.

2. Significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and highly liquid temporary investments usually with a maturity period of three months or less from the date of acquisition. Term deposits that the Organization cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

Revenue recognition

The Organization follows the deferral method of accounting for contributions which includes grants and donations. Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- accounts receivable
- accounts payable
- loan payable

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Music Industry Association of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

Financial instruments (continued)

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value; investments in equity instruments that are not quoted in an active market, which are measured at cost less any reduction for impairment; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the Organization has elected to measure at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and loan payable.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Contributed services

Volunteers contributed time to assist the organization in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Music Industry Association of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2022

3. Deferred revenue	<u>2022</u>	<u>2021</u>
Grants - Provincial government	\$ 126,552	\$ 159,611
Grants - Atlantic Canada Opportunities Agency	<u>-</u>	<u>14,702</u>
	<u>\$ 126,552</u>	<u>\$ 174,313</u>

4. CEBA Loan Payable	<u>2022</u>	<u>2021</u>
Canada Emergency Business Account loan, unsecured, non-interest bearing until December 31, 2023. Any remaining balance after this date bears interest at 5% per annum and repayment is due on December 31, 2025.	<u>\$ 40,000</u>	<u>\$ 20,000</u>

5. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

6. Economic dependence

The entity receives approximately 97% of their revenue through government provided grants. Therefore, the organization is economically dependent on the government to continue operations.

7. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at March 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its loan payable and accounts payable. There has been no significant change in exposure from the prior year.

Music Industry Association of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2022

8. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

During the year, the Council confirmed its eligibility to receive funding from the Government of Canada under the Canada Emergency Business Account ("CEBA").

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and result of the Council for future periods.
