

**Music for Life Institute (USA)**  
**Financial Statements**  
**For the Year Ended March 31, 2019**  
**(Expressed in U.S. Dollars)**

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**For the Year Ended March 31, 2019**  
**(Expressed in U.S. Dollars)**

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## Independent Auditor's Report

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### To the directors of Music for Life Institute (USA)

We have audited the accompanying financial statements of Music for Life Institute (USA), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes and schedules to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Music for Life Institute (USA) as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

***Report on Summarized Comparative Information***

We have previously audited Music for Life Institute (USA)'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chartered Professional Accountants

Langley, British Columbia  
November 15, 2019

**Music for Life Institute (USA)**  
**Statement of Financial Position**  
**(Expressed in U.S. Dollars)**  
**March 31, 2019**  
With comparative totals at March 31, 2018

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 359,839	\$ 267,841
Accounts receivable	311	794
Prepaid expenses	76,796	83,272
<b>Total current assets</b>	<b>436,946</b>	<b>351,907</b>
Due from related party (Note 3)	85,387	-
Equipment (Note 2)	7,477	8,434
<b>Total Assets</b>	<b>\$ 529,810</b>	<b>\$ 360,341</b>
 <b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued expenses	\$ 110,635	\$ 126,775
Deferred revenue & other long-term liabilities	50,500	17,000
<b>Total current liabilities</b>	<b>161,135</b>	<b>143,775</b>
<b>Total Liabilities</b>	<b>161,135</b>	<b>143,775</b>
<b>Commitments and contingencies (Note 6)</b>		
<b>Net Assets</b>		
Unrestricted	286,800	216,566
Temporarily restricted	81,875	-
<b>Total Liabilities and Net Assets</b>	<b>\$ 529,810</b>	<b>\$ 360,341</b>

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

**Music for Life Institute (USA)**  
**Statement of Activities and Changes in Net Assets**  
**(Expressed in U.S. Dollars)**  
For the year ended March 31, 2019  
With comparative totals for the year ended March 31, 2018

	2019		2018	
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenue and support</b>				
Contributions	\$ 406,523	\$ 1,250,521	\$ 1,657,044	\$ 2,107,739
Donation from ACC	150,315	-	150,315	-
Gains (losses) on disposal - General	742	-	742	-
Concerts	771,073	-	771,073	568,020
Net assets released from restrictions	1,168,646	(1,168,646)	-	-
	<b>2,497,299</b>	<b>81,875</b>	<b>2,579,174</b>	<b>2,675,759</b>
<b>Expenses</b>				
Program services	1,984,101	-	1,984,101	2,143,382
Management and general	357,833	-	357,833	503,423
Fundraising	85,131	-	85,131	84,114
	<b>2,427,065</b>	<b>-</b>	<b>2,427,065</b>	<b>2,730,919</b>
<b>Change in net assets</b>	<b>70,234</b>	<b>81,875</b>	<b>152,109</b>	<b>(55,160)</b>
<b>Net assets, beginning of year</b>	<b>216,566</b>	<b>-</b>	<b>216,566</b>	<b>271,726</b>
<b>Net assets, end of year</b>	<b>\$ 286,800</b>	<b>\$ 81,875</b>	<b>\$ 368,675</b>	<b>\$ 216,566</b>

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

**Music for Life Institute (USA)**  
**Statement of Functional Expenses**  
**(Expressed in U.S. Dollars)**  
For the year ended March 31, 2019  
With comparative totals for the year ended March 31, 2018

	Program Services	Management and General	Fundraising	2019	2018
Advertising and promotion	\$ 41,834	\$ 2,194	\$ 2,943	\$ 46,971	\$ 142,796
Depreciation	1,855	1,966	-	3,821	6,045
Child medical and other care	19,039	42	-	19,081	7,444
Computer-related	48,696	8,532	-	57,228	15,657
Delivery, freight and postage	19,867	5,637	-	25,504	35,706
Direct grants	1,041,442	421	-	1,041,863	1,135,382
Equipment	9,284	1,245	-	10,529	13,630
Insurance	13,085	537	850	14,472	3,635
Interest and bank charges	30,606	22,647	237	53,490	59,632
Occupancy costs	55,478	8,514	-	63,992	84,687
Office and miscellaneous	32,076	4,926	304	37,306	91,534
Professional fees - General Fund	31,125	3,739	-	34,864	29,172
Sub-contracts	23,181	5,107	12,726	41,014	95,525
Travel	166,762	4,164	1,247	172,173	195,866
Utilities	9,268	3,856	-	13,124	11,724
Wages and benefits	440,503	284,306	66,824	791,633	713,860
Operating costs - MFL Canada (Note 3)	-	-	-	-	88,624
	<b>\$ 1,984,101</b>	<b>\$ 357,833</b>	<b>\$ 85,131</b>	<b>\$ 2,427,065</b>	<b>\$ 2,730,919</b>

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

**Music for Life Institute (USA)**  
**Statement of Cash Flows**  
**(Expressed in U.S. Dollars)**  
For the year ended March 31, 2019  
With comparative totals for the year ended March 31, 2018

	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 152,109	\$ (55,160)
Item not affecting cash:		
Depreciation	3,821	6,058
(Increase) decrease in operating assets:		
Accounts receivable	483	(298)
Prepaid expenses	6,476	10,395
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(16,140)	(3,668)
Deferred contributions	33,500	2,250
	<u>180,249</u>	<u>(40,423)</u>
<b>Cash flows from investing activity</b>		
Purchase of equipment	(2,864)	(2,443)
Decrease (increase) in amounts due from related parties	<u>(85,387)</u>	<u>12,307</u>
<b>Net increase (decrease) in cash</b>	<b>91,998</b>	<b>(30,559)</b>
<b>Cash, beginning of the year</b>	<u><b>267,841</b></u>	<u><b>298,400</b></u>
<b>Cash, end of the year</b>	<u><b>\$ 359,839</b></u>	<u><b>\$ 267,841</b></u>

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



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# Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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## 1. Significant Accounting Policies

**Nature and Purpose of Organization** Music for Life Institute (USA) (the "Organization") is a non-profit corporation registered under the Articles of Incorporation of the State of Delaware and is registered in the State of Washington. The Organization's primary focus is education through child sponsorship programs in West, East and South Africa, and children's choir programs.

**Basis of Accounting** The financial statements have been prepared using accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting.

The net assets, revenue, gains, and other support and expenses in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions.

The Organization maintains its accounts in accordance with the principles and practices of fund accounting, whereby resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. The financial statements have been segregated into funds whose purposes are defined below.

### Unrestricted funds

Unrestricted funds are net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated by the Board of Directors for specific purposes at any time.

### Temporarily restricted funds

Temporarily restricted funds are net assets subject to donor-imposed restrictions that may or will be met with either actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has three temporarily restricted funds:

i) The Sponsorship Fund reports on funds received and expenses related to child sponsorship programs operating in South, West and East Africa and the management thereof. There was no such amount at March 31, 2019 or 2018.

ii) The Partners Fund reports on funds received and expenses related to the MFL Team's activities (funding received for groups involved in Africa Programs) and Building Personal Support activities (funding received for chaperones on tour). There was no designated amount at March 31, 2019 or 2018.

iii) The Africa Programs Fund reports on funds received and expenses related to ongoing programs and capital projects and the management thereof. There was no designated amount at March 31, 2019 or 2018.

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## Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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### 1. Significant Accounting Policies (continued)

<b>Basis of Accounting (continued)</b>	<p>The net amount of all temporarily restricted funds was \$157,032 at March 31, 2019 (2018 - nil)</p> <p>Permanently restricted funds</p> <p>Permanently restricted funds are net assets restricted by donors who stipulate that resources are to be maintained permanently but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization did not have any permanently restricted assets at March 31, 2019 or 2018.</p>												
<b>Financial Instruments</b>	<p>Financial instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>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.</p>												
<b>Equipment</b>	<p>Purchased equipment is stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the equipment are capitalized.</p> <p>Depreciation based on the estimated useful life of the asset is calculated as follows:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: left;"><b>Method</b></th> <th style="text-align: left;"><b>Rate</b></th> </tr> </thead> <tbody> <tr> <td>Choir equipment</td> <td>Declining balance</td> <td>30%</td> </tr> <tr> <td>Computer equipment</td> <td>Declining balance</td> <td>30%</td> </tr> <tr> <td>Furniture and equipment</td> <td>Declining balance</td> <td>30%</td> </tr> </tbody> </table> <p>The declining balance method of calculating depreciation approximates the straight-line method.</p>		<b>Method</b>	<b>Rate</b>	Choir equipment	Declining balance	30%	Computer equipment	Declining balance	30%	Furniture and equipment	Declining balance	30%
	<b>Method</b>	<b>Rate</b>											
Choir equipment	Declining balance	30%											
Computer equipment	Declining balance	30%											
Furniture and equipment	Declining balance	30%											
<b>Cash and Cash Equivalents</b>	<p>The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of March 31, 2019 and 2018 there were no cash equivalents.</p>												

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# Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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## 1. Significant Accounting Policies (continued)

<b>Impairment of Long-lived Assets</b>	Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected undiscounted future cash flow from the use of the assets and its eventual disposition is less than the carrying amount of the assets, an impairment loss is recognized and measured using the asset's fair value.
<b>Revenue Recognition</b>	Contributions are recorded as received and pledged. The Organization reports contributions of cash and other assets as restricted support if they are received with donor-imposed restrictions that limit the use of donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The majority of the Organization's contributions are received from individuals.
<b>Income Taxes</b>	<p>The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is authorized to issue donation receipts for income tax purposes.</p> <p>Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.</p>
<b>Donated Equipment, Services and Materials</b>	<p>Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.</p> <p>Donated equipment and materials are recorded as support at their estimated fair value at the date of donation, and are reported as unrestricted support unless the donor restricts the donated asset to a specific purpose.</p> <p>The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, which would typically need to be purchased if not provided by donation.</p>

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# Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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## 1. Significant Accounting Policies (continued)

### Use of Estimates

The preparation of financial statements using accounting principles generally accepted in the United States of America 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 year. Actual results could differ from management's best estimates as additional information becomes available in the future.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

### Foreign Currency Translation

The financial statements have been presented in U.S. dollars (USD), the Organization's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets are translated at the historic rate of exchange. Revenue and expenses are translated at the rate of exchange prevailing on the transaction date. Transaction gains and losses on translation or settlement are included in the determination of excess (deficiency) of revenue over expenses for the current period.

### Concentration of Credit Risk

#### 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 Organization 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 Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. It is management's opinion that the Organization is not exposed to significant credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Organization 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 Organization 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 Organization is exposed to this risk mainly in respect of its accounts payable.

The Organization'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. It is management's opinion that the Organization is not exposed to significant liquidity risk.

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# Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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## 1. Significant Accounting Policies (continued)

### Concentration of Credit Risk (continued)

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As described in notes 3 and 5, the Organization receives contributions, pays direct grants and loans funds to/from related parties in Canada, Africa, and the United Kingdom, and consequently is impacted by fluctuations in foreign exchange rates and the volatility of these rates. The Organization does not use financial hedge instruments to mitigate this risk. It is management's opinion that the Organization is not exposed to significant currency risk.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Expenses are charged to each program based on direct expenditures incurred, or where expenses are not directly chargeable, are allocated based on units of service or allocable space occupancy.

### Recently Issued Accounting Pronouncements

#### ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*

**Summary:** In May 2014, the FASB issued ASU 2014-09 which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To accomplish this objective, the standard requires five basic steps:

- ◆ identify the contract with the customer,
- ◆ identify the performance obligations in the contract,
- ◆ determine the transaction price,
- ◆ allocate the transaction price to the performance obligations in the contract, and
- ◆ recognize revenue when (or as) the entity satisfies a performance obligation.

Entities will generally be required to make more estimates and use more judgment than under current guidance, which will be highlighted for users through increased disclosure requirements.

Entities should evaluate whether the following contracts are subject to the ASU: memberships, subscriptions, products and services, royalty agreements, sponsorships, conferences and seminars, tuition, advertising, licensing, and federal and state grants and contracts. Management is in the process of evaluating the effect of this pronouncement on the financial statements.

**Effective Date:** FASB issued ASU 2015-14 that deferred the effective date of ASU 2014-09 until annual periods beginning after December 15, 2018 for the majority of nonprofit organizations.

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# Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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## 1. Significant Accounting Policies (continued)

### Recently Issued Accounting Pronouncements (continued)

#### ASU 2016-01, *Financial Instruments Overall (Subtopic 825-10)*

**Summary:** The provisions of this ASU address certain aspects of recognition, measurement, presentation, and the disclosure of financial instruments. The main impact on nonprofit organizations will be the removal of the disclosures related to the fair value of financial instruments at amortized cost. Management is in the process of evaluating the effect of this pronouncement on the financial statements.

**Effective date:** The provisions of the ASU are effective for fiscal years beginning after December 15, 2018. Early adoption may be selected for fiscal years beginning after December 15, 2017.

#### ASU 2016-02, *Leases (Topic 842)*

**Summary:** The new lease standard applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet/statement of financial position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities/income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification.

The new lease standard requires a lessor to classify leases as either sales-type, direct financing or operating, similar to existing U.S. GAAP. Classification depends on the same five criteria used by lessees plus certain additional factors. The subsequent accounting treatment for all three lease types is substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases, and operating leases. However, the new standard updates certain aspects of the lessor accounting model to align it with the new lessee accounting model, as well as with the new revenue standard under Topic 606. Management is in the process of evaluating the effect of this pronouncement on the financial statements.

**Effective Date:** The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted.

#### ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*

**Summary:** ASU 2016-13 changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. Management is in the process of evaluating the effect of this pronouncement on the financial statements.

**Effective Date:** This ASU is effective for fiscal years beginning after

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# Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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## 1. Significant Accounting Policies (continued)

### Recently Issued Accounting Pronouncements (continued)

December 15, 2020. Early adoption may be selected for fiscal years beginning after December 15, 2018. An entity must apply the amendments in this ASU through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions

#### ***ASU 2016-18, Statement of Cash Flows: Restricted Cash (Topic 230)***

**Summary:** This ASU was issued to address diversity in practice with regard to the classification and presentation of changes in restricted cash on the statement of cash flows. The provisions of the ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. To meet this requirement amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Management is in the process of evaluating the effect of this pronouncement on the financial statements.

**Effective Date:** The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied on a retrospective transition method to each period presented.

#### ***ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)***

**Summary:** This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. Management is in the process of evaluating the effect of this pronouncement on the financial statements.

**Effective Date:** The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. [If applicable: The ASU is effective for transactions in which the entity serves as a resource provider to annual periods beginning after December 15, 2019].

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**Music for Life Institute (USA)**  
**Notes to Financial Statements**  
**(Expressed in U.S. Dollars)**

March 31, 2019

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

<b>Allocation of Expenses</b>	Certain administrative costs, including some wages and shared office expenses, which are not directly incurred in the entity, are allocated from Music for Life (Canada), a related party, based on months of touring in Canada vs. the USA for choir-related costs, # of gifts for donor services, and estimated % of time spent for administration and finance.
<b>Comparative Financial Information</b>	The financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to be in accordance with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the financial statements for the fiscal year ended March 31, 2018, from which the summarized information was derived.
<b>Comparative Figures</b>	Certain comparative figures have been reclassified, where applicable, to conform to the presentation used in the current year.

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**2. Equipment**

	2019		2018	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Choir equipment	\$ 68,691	\$ 64,363	\$ 74,131	\$ 67,939
Computer equipment	39,549	36,540	36,676	34,635
Furniture and equipment	9,506	9,366	9,506	9,305
	<b>\$ 117,746</b>	<b>\$ 110,269</b>	<b>\$ 120,313</b>	<b>\$ 111,879</b>
Net book value		<b>\$ 7,477</b>		<b>\$ 8,434</b>

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**3. Related Party Balances and Transactions**

Certain of the directors of the Organization also serve as members of the Boards of Directors of the following parties, which are related by virtue of common control:

Friends in the West (USA):

Friends in the West (USA) is a non-profit corporation registered under the Articles of Incorporation of the State of Washington, is exempt from federal and state income taxes and is authorized to issue donation receipts for income tax purposes. The Organization's primary purpose is the provision of capital assets for use in related parties' activities that generate funds for humanitarian programs in Africa.



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## Music for Life Institute (USA) Notes to Financial Statements (Expressed in U.S. Dollars)

March 31, 2019

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### 3. Related Party Balances and Transactions (continued)

#### Music for Life Institute (Canada):

Music for Life Institute (Canada) is incorporated under the Canada Corporations Act and is registered as an extra-provincial society under the Societies Act of British Columbia. The Society is a non-profit charitable organization registered under the Income Tax Act of Canada and as such is exempt from income taxes and is authorized to issue donation receipts for income tax purposes. The Society's primary purposes are the operation of touring children's choirs and the provision of food, shelter and education for children living in West, East, and South Africa.

#### Friends in the West (Canada):

Friends in the West (Canada) is a non-profit organization incorporated under the Canada Corporations Act and is registered as an extra-provincial society under the Societies Act of British Columbia. The Society is a non-profit charitable organization registered under the Income Tax Act of Canada and as such is exempt from income taxes and is authorized to issue donation receipts for income tax purposes. The Society's primary purpose is the provision of capital assets for use in related parties' activities that generate funds for humanitarian programs in Africa.

#### African Children's Choir:

The African Children's Choir is a non-profit organization incorporated under the Canada Corporations Act. The Organization meets the criteria of a non-profit organization under the Income Tax Act of Canada and as such is exempt from income taxes. The Organization's objectives include the production and sale of CDs and DVDs of the African Children's Choir, as well as other related products, for the promotion of humanitarian programs in Africa.

#### Music for Life Foundation (Canada):

Music for Life Foundation (Canada) is a public foundation registered in Canada to hold and manage assets and property used by certain related parties.

Other related parties are as follows:

#### Music for Life Academy Limited (UK):

Music for Life Academy Limited (UK) was established in 2001 for the primary purpose of conducting the fundraising activities of the Music for Life group in the United Kingdom.

#### Friends in the West International (UK):

Friends in the West International (UK) was formed as a company limited by guarantee in the United Kingdom on December 7, 1987 and has no share capital. The Organization's primary purpose is the provision of food, shelter and education for children living in West, East and South Africa.

#### Music for Life Records Limited (UK):

Music for Life Records Limited (UK) is a general commercial company, established for the purposes of supporting fundraising activities of certain related charities, Friends in the West International (UK) and Music for Life Academy Limited (UK), through the sale of African Children's Choir merchandise, the profits of which are covenanted by Gift Aid by the directors of the company to Music for Life Academy Limited (UK).

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**Music for Life Institute (USA)**  
**Notes to Financial Statements**  
**(Expressed in U.S. Dollars)**

**March 31, 2019**

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**3. Related Party Balances and Transactions (continued)**

Music for Life Trust (South Africa):

Music for Life Trust (South Africa) is a non-profit organization registered in South Africa. The Organization's primary purpose is the provision of music therapy programs, food, shelter, and education for children living in South Africa.

At the end of the year, the amounts due from related parties are as follows:

	2019	2018
<b>Due from related parties</b>		
Music for Life Academy Limited (UK)	\$ 12,279	\$ -
Friends in the West (US)	1,487	-
Music For Life Institute (Canada)	71,621	-
	\$ 85,387	\$ -

Amounts due from related parties are non-interest bearing, unsecured, and have no specified terms of repayment.

The Organization and its related parties contribute funding to programs in Africa. During the year, the Organization entered into the following transactions with related parties:

	2019	2018
<b>Received:</b>		
African Children's Choir	\$ -	\$ 150,186
<b>Paid:</b>		
Friends in the West (USA) - operating costs	\$ 11,850	\$ 52,256
Music for Life Institute (Canada) - operating costs	-	23
Music for Life Institute (Canada) - distributions	-	88,624
	\$ 11,850	\$ 140,903

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

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**4. Advertising**

Advertising is recorded as an expense in the period incurred. Advertising expense for the years ended March 31, 2019 and 2018 was \$46,971 and \$142,796, respectively.

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**Music for Life Institute (USA)**  
**Notes to Financial Statements**  
**(Expressed in U.S. Dollars)**

**March 31, 2019**

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**5. Direct Grants**

	<u>2019</u>	<u>2018</u>
Ghana	\$ -	\$ -
Kenya	172,108	181,434
Nigeria	-	2,400
Rwanda	7,013	6,091
South Africa	8,576	3,686
Sudan	-	52,800
Uganda	858,125	888,971
	<u>1,045,822</u>	<u>1,135,382</u>
Distributions to related parties (Note 3)	-	88,624
	<u>\$ 1,045,822</u>	<u>\$ 1,224,006</u>

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**6. Commitments and Contingencies**

The Organization may be party to various legal proceedings in the ordinary course of operations, which, in the opinion of management, will not have a material adverse impact on its financial position or Statement of Activities and Changes in Net Assets.

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**7. Subsequent Events**

Subsequent events have been evaluated through October 30, 2019 which is the date the financial statements were available to be issued. The Organization determined that no additional disclosures were required.

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## Independent Auditor's Report on Supplementary Information

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To the directors of  
Music for Life Institute (USA)

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Chartered Professional Accountants

Langley, British Columbia  
November 15, 2019

**Music for Life Institute (USA)**  
**Schedule 1 - Schedule of Unrestricted Operations**  
**(Expressed in U.S. Dollars)**

For the years ended March 31	General	Choir	2019	2018
<b>Revenue</b>				
Contributions	\$ 283,992	\$ 122,531	\$ 406,523	\$ 759,051
Concert revenue	-	771,073	771,073	568,020
Gains on disposal	742	-	742	-
Donation from ACC	-	150,315	150,315	-
	<u>284,734</u>	<u>1,043,919</u>	<u>1,328,653</u>	<u>1,327,071</u>
<b>Expenses</b>				
Advertising and promotion	2,194	43,995	46,190	137,180
Depreciation	1,966	1,855	3,821	6,045
Child medical and other care	42	17,439	17,481	6,156
Computer-related	8,532	37,498	46,030	15,033
Delivery, freight and postage	5,637	14,029	19,666	26,565
Direct grants	421	76,586	77,007	59,520
Equipment	1,245	8,429	9,674	11,509
Insurance	537	13,935	14,472	2,944
Interest and bank charges	22,647	14,785	37,432	33,760
Occupancy costs	8,514	26,210	34,724	57,587
Office and miscellaneous	4,926	25,557	30,483	78,209
Professional fees	3,739	23,540	27,279	29,172
Sub-contracts	5,106	35,691	40,797	93,125
Travel	4,164	161,142	165,306	180,355
Utilities	3,856	8,279	12,135	5,977
Wages and benefits	284,306	391,616	675,922	510,929
Operating costs - MFL Canada (Note 3)	-	-	-	60,264
	<u>357,832</u>	<u>900,586</u>	<u>1,258,419</u>	<u>1,314,330</u>
	<u>\$ (73,098)</u>	<u>\$ 143,333</u>	<u>\$ 70,234</u>	<u>\$ 12,741</u>

**Music for Life Institute (USA)**  
**Schedule 2 - Schedule of Restricted Operations**  
**(Expressed in U.S. Dollars)**

For the years ended March 31	Sponsorship	Partners	Africa Programs	2019	2018
<b>Revenue</b>					
Contributions	\$ 1,179,941	\$ 46,299	\$ 24,281	\$ 1,250,521	\$ 1,348,688
<b>Expenses</b>					
Advertising and promotion	-	291	490	781	5,616
Child medical and other care	-	1,600	-	1,600	1,288
Computer-related	10,928	-	270	11,198	624
Delivery, freight and postage	4,465	-	1,373	5,838	9,141
Direct grants	679,108	7,223	278,525	964,856	1,075,862
Equipment	548	-	307	855	2,121
Insurance	-	-	-	-	691
Interest and bank charges	15,220	216	622	16,058	25,872
Occupancy costs	22,714	-	6,554	29,268	27,100
Office and miscellaneous	6,362	-	461	6,823	13,325
Professional fees	-	-	7,585	7,585	-
Sub-contracts	217	-	-	217	2,400
Travel	-	6,110	757	6,867	15,511
Utilities	483	-	506	989	5,747
Wages and benefits	67,068	41,299	7,344	115,711	202,931
Operating costs - MFL Canada (Note 3)	-	-	-	-	28,360
	<b>807,113</b>	<b>56,739</b>	<b>304,794</b>	<b>1,168,646</b>	<b>1,416,589</b>
	<b>\$ 372,828</b>	<b>\$ (10,440)</b>	<b>\$ (280,513)</b>	<b>\$ 81,875</b>	<b>\$ (67,901)</b>
Total revenue (Schedule 1 and 2)	<b>\$ 1,464,675</b>	<b>\$ 1,090,218</b>	<b>\$ 24,281</b>	<b>\$ 2,579,174</b>	<b>\$ 2,675,759</b>
Total expenses (Schedule 1 and 2)	<b>\$ 1,164,945</b>	<b>\$ 957,325</b>	<b>\$ 304,794</b>	<b>\$ 2,427,065</b>	<b>\$ 2,730,919</b>