



# 2016 MUSIC PEI ANNUAL REPORT





## **AGENDA**

### **Music PEI AGM**

July 13, 2016  
7:30PM - 8:30PM  
The Pourhouse

1. Welcome & Introductions
2. Introduction of Director Appointment (Shannon Pratt)
3. Review of Minutes from 2015 AGM
4. President's Annual Report (Shannon)
5. Financial Review (Joshua Simon)
6. ED Report (Rob Oakie)
  - Membership Report
  - Funding Program Report
  - Showcase PEI Report
  - Export Development Report
7. New Initiatives
  - Strategic Plan
  - Music PEI Week 2016
  - Business Growth Program
8. New Business
9. Adjournment

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9. Financial Report & Year End Statement

## Acknowledgements

The Music PEI Board of Directors would like to thank our government partners and all industry and community contributors. Without your help, we would not be able to do the important work we are able to do.

### Government

Province of Prince Edward Island

- Department of Education, Early Learning and Culture
- Department of Economic Development and Tourism
- Department of Workforce and Advanced Learning

Atlantic Canada Opportunities Agency

City of Charlottetown

Special Events Reserve Fund

City of Summerside

### Partners & Industry

FACTOR

BellAliant

SOCAN

SOCAN Foundation

MROC

CFM

ECMA

FMC

CCMIA

FCIPE

Culture PEI

Holland College SOPA

MBS (CFCY, SPUD FM, Q93)

The Guild

And the many generous sponsors who help make Music PEI Week happen each year.

## **Music PEI 2015-16 Board of Directors**

### Executive

Shannon Pratt- President

Joshua Simon- Treasurer

Jennifer Campbell- Secretary

### Directors

Alex Douglas

Darcy Campbell

Catherine MacLellan

Doug Gallant

Ghislaine Cormier

Craig Dodge

### Past President

Andrew King

## **Music PEI Staff 2015-16**

Rob Oakie- Executive Director

Maggie Clarkin- Controller

## **Project Staff**

Nathan Gill- Conference Coordinator, Canadian Song Conference & Showcase PEI

Tian Wigmore- Technical Director, May Run Music Festival

Mike Mooney- Volunteer Coordinator, May Run Music Festival

Dylan Menzie- Ticketing Coordinator, May Run Music Festival

Carolyn Chaisson- Marketing Coordinator, May Run Music Festival

Kate Gracey Stewart- Marketing Manager, May Run Music Festival

## **Contracts**

Kate Gracey Stewart- Social Media Manager

Cohen MacDonald- Graphic Designer

Ryan Hutchinson- Webmaster



## President's Message

Someone recently asked me what is Music PEI. Who are the members? Who does the association represent? We are – musicians, both full time exporting professionals (aka touring artists) and local market professionals; songwriters, composers, agents, managers, publicists, promoters, venue owners, producers, instrument makers and repairers, media people, graphic artists, photographers, sound engineers, educators and music fans. We are the carriers of tradition and inspiration.

Growth in the past 9 years for PEI's music industry has been unprecedented and unmatched in the past and Music PEI continues to strive to be innovative and ground breaking.

PEI artists are actively exporting and touring the world. In 2015/2016 we saw The East Pointers in Australia, Meaghan Blanchard in the UK, Ten Strings and a Goat Skin spending significant time in the United States and Europe - and that's just the tip of the iceberg for PEI Artists touring. Today, Angelina MacKinnon is playing her very first gig in Toronto and the Beck Sisters are currently on tour across Eastern Canada.

We have received accolades from across the country and from other music industry associations for the work we have done promoting and developing our industry. This past weekend, Music PEI Executive Director Rob Oakie was at Mariposa Folk Festival (where Ten Strings and a Goat Skin, Irish Mythen and Catherine MacLellan were all performing). Andrew O'Brien approached him from the band The Fortunate Ones, and Andrew was quick to comment on how Music PEI is perceived off Island. We are regarded as one of the leaders in Canada for the work that we have done and will continue to do for our members. Music PEI has a proven track record of success stories and fiscal responsibility but we need strong support from our funders and partners to continue to move forward.

It is important to note that the work that Music PEI does is critical. Arts and culture has a significant impact on the community. It can, and should, be used to brand a community and set it apart from others. The arts, and in particular music, can help foster a sense of ownership, belonging and

pride within a community. The work that Music PEI and the professionals who make up our local industry are doing is critical to building this sense of place.

Later on this evening you will hear reports from our major industry activities including Showcase PEI, which takes place annually in September, and to date has generated upwards of \$2 million for participating artists, May Run Music Festival and the Canadian Song Conference which brought in Music Supervisors and Music Publishers from around the world to create the opportunity to connect local musicians and songwriters with the key people responsible for getting songs placed in film, television, advertisements and video games. Our funding programs in 2015 awarded more than \$77,000 which went towards touring, showcasing, marketing, promotion, and so much more.

This year Music PEI engaged the Proctor Group to create a sustainable strategic plan for the association that will be implemented from 2016 to 2020. In the creation of this plan the Proctor Group compiled data from industry reports and economic impact studies and conducted interviews with industry experts from across Canada, as well as a strategic planning session with the Music PEI board of directors and representatives from our local music industry. The five main areas of focus over the next few years will be on business development, community profile, board governance, professional development and sustainability.

It is important, as we move forward as an industry, to build upon our successes and not move backwards. With funding cuts and the elimination of work subsidy programs this is a significant challenge that we face on a daily basis in the delivery of our programs. Music PEI continues to do more and we continue to receive less from our primary funder, the province of Prince Edward Island. That is not a sustainable model. We need to get more support from the provincial government to continue with the kind of support that we have been able to provide to our industry. I encourage you as members of Music PEI to become more vocal about this issue and talk with your local MLA's.

Despite funding cuts and through careful fiscal management, Music PEI has managed to accumulate a small surplus over the years and is in reasonably healthy financial shape.

I would like to extend a sincere thank you to the departing board members who have volunteered so much of their time over the last three years towards the development and growth of the music industry – Alex Douglas, Andrew King, Darcy Campbell, Doug Gallant, Gardiner

MacNeill, Ghislaine Cormier and myself. I would like to take a moment to welcome the newest members of Music PEI's board of directors Emilee Sorrey, Jordan Cameron and Rachel Beck along with Alex Douglas and Darcy Campbell who have been re-elected for another term will be joining Catherine MacLellan, Craig Dodge, Jennifer Campbell and Joshua Simon.

We are looking forward to another great year and the creation of new programming and deliverables that will continue to foster growth within the music industry. We are so proud of all that you, the members of Music PEI, have accomplished in the past year and we cannot wait to see what you do next.

A handwritten signature in blue ink that reads "Shannon Pratt". The signature is fluid and cursive, with the first name "Shannon" written in a larger, more prominent script than the last name "Pratt".

Shannon Pratt  
President  
Music PEI

## Executive Director's Message

Once again I have the great good fortune of composing an annual message to our membership. I consider myself lucky to have a job doing something I love for people I respect and quite honestly am often in awe of. To those dedicated people who have made music their life and have given that complete commitment, I salute you. Not only are you dedicated, but also are some of the most creative, compassionate and fearless people I know. It takes a lot of dedication to make a life and a living in music and it is not for the faint of heart.



We are continually trying to improve at Music PEI, create new partnerships and expand our reach as we work for you to create as many opportunities as possible. That is how I see my job, to be a facilitator and creator of opportunities. If I can put PEI artists in front of important industry professionals, then I just need to stand back and watch the results. There are so many examples of success among our membership and many of these have been achieved through showcases and international conferences.

I am also encouraged by the younger crop of artists coming along each year. We are in good hands for the future. I've often said that one of PEI's greatest assets are the music programs in our intermediate and high schools. They are second to none across the country and we absolutely need to insure that it continues and is properly funded.

I am very happy to announce that we are introducing a new program for our members this year designed to encourage new business, building multiple revenue streams and developing best business practises. It is our first new program in a few years and promises to be an excellent tool for our members.

We are working on new initiatives and new partnerships and hope to expand our Artist Exchange program to other countries as well as presenting new teaching sessions.

Of course the challenge is to fund all of the great initiatives and ideas. We are extremely grateful to our funders, particularly FACTOR, the Province of

PEI and ACOA. Without their support we would not be able to do what we do. We need to continue to push though for increased support. Standing still is the same as going backwards and that is not an option for Music PEI.

Being one of the founders of Music PEI and watching it grow since 2008, I am reminded of all the help and contributors along the way. From the founding Board and integral co-conspirators Lloyd Doyle and Grady Poe, to more recent contributors and staff including Nathan Gill, Tian Wigmore and many more that have worked on various events. Former employees Kate Gracey-Stewart and Mike Carver helped steer the ship for a few years and left their mark as well. Shannon Pratt has been an absolute lifesaver on a number of occasions and has contributed so much time, effort and love to our music industry on PEI. She really does deserve a statue for that, but I have a feeling she is not even close to done yet.

We have managed to not only keep out of debt but to amass a small surplus that could either get us through some lean times or perhaps make new investment.

We have completed a new Strategic Plan with some great ideas in it and a vision of continuing our development as one of the model provincial music industry associations.

We need to work harder at many areas. This year our Canadian Song Conference presented a panel on mental health for the first time. This is just the tip of the iceberg, there are many diverse areas we can improve in and we commit to working harder at those opportunities. Encouraging respect, diversity and professionalism in our industry is something that is incumbent on us to do and practise along with offering equal opportunities to all. If we continue to work together and educate, we will be better.

I am hopeful for the future and look forward to working with our government to be part of the new Cultural Strategy for PEI and hope that we can continue to build on the wonderful success you all have achieved.



Rob Oakie  
Executive Director  
Music PEI

**Membership Services**

The Music PEI office, located centrally on 220 Kent Street in Charlottetown, is open Monday to Friday, 9:00am to 5:00pm. Staff is available for consultations and information and members are welcome to book meetings in advance. There are laptops and printers available for member use.

Music PEI delivers industry training and information sessions throughout the year with a particular focus on the Canadian Song Conference, which is primarily focused on creating sustainable careers through multiple revenue streams.

The Newsletter goes weekly to a distribution list of over 1700 current and past members, volunteers and subscribers. This is your newsletter and you are welcome to post your news. It is also a tremendous source of industry information and regularly has news about deadlines, funding programs, export events, performance opportunities and more. It is your way to keep in touch with the music industry happenings.

As a member you are able and encouraged to vote for your Board of Directors and the annual Music PEI Awards. Each individual member receives one vote and each individual member of a band also receives one vote providing the online profile has been completed.

Music PEI members receive discounts with various partners.

The Music PEI office often receives requests for performers and has also provided programming services to other organisations. Staff uses the Music PEI member directory for referrals for these opportunities.

Music PEI acts as the representative and voice for PEI's music industry with government and other music industry. Music PEI has been active in the advocacy role through our partnership in the Canadian Council of Music Industry Associations (CCMIA). As a member of this organisation our voice has been heard on Parliament Hill. The organisation represents and promotes PEI at major international music industry events.

## **International Business Development**

Music PEI has had a keen focus on export development since the founding directors created a vision and that vision has led to great success. Since 2008 we have seen a 400% increase in the number of internationally touring artists from PEI. This growth has helped establish PEI as an internationally recognised region for music and has helped to shine a light on our music community from government, funders, local audiences and audiences around the globe. Our artists have brought the Island's music to some of the world's largest or most prestigious stages. In the past 12 months we have seen PEI artists perform on 4 continents, in close to 20 countries and for hundreds of thousand of fans.

Our international development has focused on some key industry events and conferences as well as our own events. Showcase PEI has become a flagship of Music PEI's export development and has received accolades and recognition from delegates around the world. It is an event that has brought close to 300 buyers from across the globe to see Music PEI members perform and has helped to create close to two million dollars in work for our artists. It is an event we can all be proud of.

Our artist exchange program with the English Folk Dance and Song Society and trac (Wales) has created multiple international opportunities for our artists and has been recognised as a model for other organisations.

The Canadian Song Conference has also been used to recruit international delegates and buyers to attend and collaborate with our members. Over 30 delegates, many from the LA music supervisor community along with Canadian and US publishers, labels, PRO's and other industry professionals participated in the conference. Panels were focused on how to build a sustainable career by creating multiple revenue streams aside from just live performance.

The Canadian Songwriter Challenge has helped create new relationships and opportunities for our artists with other artists across the country. Collaborative opportunities open many doors and often provide an entry into new markets.

Music PEI attended Folk Alliance International (US), Folk Music Ontario, The Association of Festival Organisers (UK) and ECMA during this fiscal year with the goal of promoting our members, provide support and to create new contacts with potential delegates for our events.

## **Music PEI Funding Program**

The Music PEI Funding Program completed its 17<sup>th</sup> cycle with 2 cycles per year since 2008. Over 250 projects have been funded and over \$800,000 been distributed to Island artists and industry professionals. Those funds have helped to leverage over \$3,000,000 in private investment.

Unfortunately, we have seen a steady reduction in the amount of grants available due to budget cuts from our funders. What began as a \$105,000 annual fund in 2008 has been reduced to \$76,000 in 2016.

These cuts have been felt at all levels of our programs from the Emerging Music Program to Career Investment. It is important that we continue to pressure government to increase funding in order to maintain growth.

The funding program has been a cornerstone to the rapid development of our industry on PEI from the emerging level and development of new artists to our excellent exporting record and has been used as a model that other cultural industries would like to adopt. The program funds all types of investments from marketing to professional development, showcase support and touring support. A panel of industry professionals juries applications and they make the decisions on who is funded.

2015 Recipients

### **April 2015**

#### **Emerging Music Program:**

Cameleon Productions (\$1,200.00)

Spencer Soloduka and the Tearaways (\$1,200.00)

Pipe Dreams (\$1,200.00)

Whaleskin (\$1,200.00)

Emilee Sorrey (\$720.00)

Andrew Waite and The Firm (\$480.00)

#### **Export Development Program:**

Irish Mythen (\$2,600.00)

Nudie (\$2,600.00)

Dennis Ellsworth (\$2,600.00)

Racoon Bandit (\$1495.00)

Meaghan Blanchard (\$1,250.00)

Coyote (\$960.00)

#### **Career Investment Program:**

Paper Lions (\$12,000.00)

The East Pointers (\$12,000.00)

**October 2015****Emerging Music Program:**

Andrew Waite and the Firm (\$1,000.00)

Cavy (\$1,000.00)

SORREY (\$1,000.00)

The Atlantic String Machine (\$1,000.00)

War Horses (\$1,000.00)

**Export Development Program:**

Ashley Condon (\$2,200.00)

Dylan Menzie (\$2,200.00)

Irish Mythen (\$2,200.00)

Meaghan Blanchard (\$2,200.00)

Nudie (\$2,200.00)

**Career Investment Program:**

Dennis Ellsworth (\$10,000.00)

Vishten (\$10,000.00)

## **Music PEI Week 2015**

Music PEI Week 2015 went through a massive overhaul and rebranding from previous years. The organisation created a new festival and conference for a number of reasons:

1. Create new business development opportunities for PEI artists and the Island's music industry.
2. Create new revenue opportunities for Music PEI to allow the organisation to continue its work to develop PEI's music industry.
3. To bring more eyes and ears from the region and across Canada to PEI in order to shine a brighter light on Island artists and create a larger audience.
4. To create a new event that will grow in future years to become a significant event on the Canadian music industry calendar, which will draw industry professionals from across Canada and around the globe and leave a legacy for the organisation and future members.

In its first year the event achieved all of these. Music PEI recruited 30 domestic and international delegates for the inaugural Canadian Song Conference and in turn created many new business and networking opportunities for our members.

The Canadian Song Challenge created new opportunities, collaborations and relationships for 5 Music PEI members with other world-class artists in a songwriting collaboration.

In addition to achieving the goals of expanding business opportunities for Music PEI and its members, the event came in under budget on almost every line item with the exception of Delegate Travel and Hotels, which were only slightly over budget in an effort to get the best delegates to the event. With lower ticket sales than anticipated, every other opportunity to reduce costs was considered.

There were some challenges that go along with a first year event. Building a new brand and getting the public engaged is a difficult venture given all of the competition for disposable income these days. Ticket sales were below the target set causing stress to the festival but the combination of reducing costs and coming in over budget on sponsorships helped to bring a modest net surplus of \$9,000 to the event.

A substantial marketing budget for the event was established, which focused over 50% of the total \$65,000 budget on marketing in Nova Scotia and New Brunswick in an effort to attract off-Island attendees as per our funding directions from ACOA and Tourism PEI.

The event was multi genre and an effort to appeal to as wide a demographic as possible was made. Seventy artists were programmed in a wide range of shows over the course of the 4-day festival. Fifteen of those artists were from outside the province with over 50 Island artists being programmed representing all levels of artists from emerging to exporting.

The budget for the event was just over \$300,000, the largest Music PEI event to date.

Feedback from members was mixed with some supporting the newly branded event and date while others wished to return to the old format and dates. There was some excellent constructive criticism, suggestions and advice, which were used when planning the 2016 edition.

Over 30 awards were handed out during the Credit Union May Run Music Festival. 2015 was the first year of a move from all member voting to about half of the awards being decided by juries of industry professionals. The awards once again were created by Canoe Cove Studio and made entirely from glass.



## Financial Report

Music PEI has once again managed to retain a surplus at yearend of \$15,528 and combined with previous retained earning now has a total of \$61,908 in retained earnings.

The total annual revenues for 2015-16 of \$607,326 were the largest to date for Music PEI with the previous year being \$418,280. This was primarily due to almost doubling the budget for Music PEI Week from previous years.

Administration and operating costs remain relatively low at approximately \$105,000 from the total budget, or just over 17%.

Our agreement with our primary funders, the Province of PEI, does not require us to provide audited financial statements. As a result these financials are reviewed only by our accountant, Sharon O'Halloran.

Joshua Simon  
Treasurer



PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.  
INDEX  
(Unaudited)  
FOR THE YEAR ENDED MARCH 31, 2016

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Sharon R. O'Halloran  
C.P.A., Inc.

"Empowering Our Clients' Success"

Professional Accounting Firm  
with 20 Years' Experience

REVIEW ENGAGEMENT REPORT

TO THE MEMBERS OF THE BOARD OF PRINCE EDWARD ISLAND  
MUSIC AWARDS ASSOCIATION INC.:

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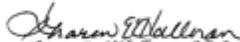
**Serving:**  
Individuals  
Corporations  
Not-For-Profit

**Services:**  
Assurance  
Financial Advisory  
Accounting  
Bookkeeping  
Tax Preparation

I have reviewed the statement of financial position of the Prince Edward Island Music Awards Association Inc. as at March 31, 2016 and the statements of operations and net assets and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly, consisted primarily of inquiry, analytical procedures and discussions related to information supplied to me by the board and management.

A review does not constitute an audit and consequently, I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

  
Sharon R. O'Halloran, C.P.A., Inc.

June 29, 2016  
Summerside, PE



**PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.**  
**STATEMENT OF OPERATIONS AND NET ASSETS**  
(Unaudited)  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
	<u>\$</u>	<u>\$</u>
<b>REVENUE</b>		
Music PEI week	309,328	-
General	166,937	195,593
Showcase PEI	56,684	76,768
Programming revenue	36,875	72,238
Export development	18,356	22,368
ECMW	9,100	12,238
Merchandise sales	4,541	-
Strategic planning and Industry analysis	3,500	24,000
Fundraising revenue	2,005	-
Other projects	-	15,075
	<u>607,326</u>	<u>418,280</u>
<b>EXPENSES</b>		
Music PEI week	301,692	74
Funding grant expense	79,000	86,000
Payroll	63,861	87,363
Showcase PEI	53,694	88,788
Programming expenses	30,913	60,791
Administrative expenses (Note 4)	25,953	19,424
Export development	12,913	13,049
Rent	10,800	10,800
ECMW	8,898	7,234
Strategic planning and Industry analysis	3,500	22,084
Merchandise expense	574	-
Other projects	-	10,456
	<u>591,798</u>	<u>406,064</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>15,528</b>	<b>12,216</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u><b>46,379</b></u>	<u><b>34,163</b></u>
<b>NET ASSETS, END OF YEAR</b>	<u><u><b>61,908</b></u></u>	<u><u><b>46,379</b></u></u>

The accompanying notes are an integral part of these statements.

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*Sharon R. O'Halloran, C.P.A. Inc.*

**PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.**  
**STATEMENT OF CASH FLOWS**  
(Unaudited)  
**FOR THE YEAR ENDED MARCH 31, 2016**

	2016	2015
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	15,528	12,216
Item not requiring an outlay of cash		
Amortization	681	1,128
	<u>16,209</u>	<u>13,344</u>
Changes in non cash working capital:		
Accounts receivable	8,700	(18,768)
Prepaid expenses	27,631	(24,257)
HST receivable	4,187	(5,060)
Accounts payable	(35,781)	(30,390)
Payroll deductions payable	(483)	(42)
Deferred operational funding	(24,754)	30,993
<b>DECREASE IN CASH</b>	<b>(4,291)</b>	<b>(34,179)</b>
CASH, BEGINNING OF YEAR	<u>12,032</u>	<u>46,211</u>
<b>CASH, END OF YEAR</b>	<b><u>7,741</u></b>	<b><u>12,032</u></b>
<b>COMPONENTS OF CASH:</b>		
Cash and bank	<u>7,741</u>	<u>12,032</u>

The accompanying notes are an integral part of these statements.

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*Sharon R. O'Halloran, C.P.A. Inc.*

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**PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**1. NATURE OF THE ASSOCIATION**

Prince Edward Island Music Awards Association Inc. (Music PEI) is a not for profit Association whose principle mandate is to provide services devoted to advancing careers of Island musicians.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) and include the following significant accounting policies:

**Use of Estimates**

When preparing financial statements according to Canadian ASNPO we make estimates and assumptions relating to:

- Reported amounts of revenues and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

We base our assumptions on a number of factors including historical experience, current events and actions that the Association may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. We use estimates accounting for certain items such as useful lives of capital assets and impairment of long lived assets.

**a) Revenue recognition**

- i) Revenue that is restricted in its use by an external contributor is deferred and recognized in the period in which the related expenditures are incurred.
- ii) Contributions, grants and donations for the purchase of capital assets are recorded as deferred capital contributions and are amortized at the same rate as the related capital asset.
- iii) Revenues received without restrictions include operational grants, wage subsidies and admissions fees.
- iv) Revenues generated from fundraising and donations are recorded on the cash basis.

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**PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Revenue recognition (Continued)**

We recognize revenue when earned, specifically when all the following conditions are met:

- Services are provided or products are delivered to customers.
- There is clear evidence that an arrangement exists.
- Amounts are fixed or can be determined.
- Our ability to collect is reasonably assured.
- There is no significant obligation for future performance.
- The amount of future returns can be reasonably estimated.

We record payments received in advance including upfront non-refundable payments as deferred revenues until we provide the service or deliver the product to customers.

**b) Cash and Cash Equivalents**

Cash and cash equivalents include amounts on deposit with financial institutions and petty cash funds maintained within Music PEI.

**c) Capital Assets**

Purchased capital assets are recorded at cost, net of taxes.

Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is calculated using the declining balance method over the estimated useful life of each asset as shown in Note 3.

**d) Fund Accounting:**

Prince Edward Island Music Awards Association Inc. follows the restricted fund method of accounting for contributions.

The **General Fund** accounts for the Music PEI's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The **Capital Asset Fund** reports the assets, liabilities, revenues, and expenses related to the Music PEI's capital assets.

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

**e) Contributed Services**

The work of Music PEI is dependent upon the service of numerous volunteers. Due to the difficulty determining the fair value of these services, they have not been recognized in these financial statements.

**PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)  
**FOR THE YEAR ENDED MARCH 31, 2016**

**3. CAPITAL ASSETS**

	Rate	Cost	Accumulated Amortization	2016 NET BOOK VALUE	2015 NET BOOK VALUE
		\$	\$	\$	\$
Leasehold improvements	5%	3,800	3,597	202	213
Office equipment	20%	4,113	3,391	722	902
Computer	45%	7,272	6,672	600	1,090
		<b>15,185</b>	<b>13,661</b>	<b>1,524</b>	<b>2,205</b>

**4. ADMINISTRATIVE EXPENSES**

	2016	2015
	\$	\$
Accounting	9,200	7,000
Amortization	681	1,128
Board expenses	-	36
Hospitality	78	369
Insurance	1,675	1,675
Interest and bank charges	1,066	743
Jury costs	327	1,070
Marketing	300	30
Memberships and subscriptions	2,780	953
Office supplies	2,079	2,328
Printed materials	-	174
Prior year write off expenses	984	600
Professional fees	4,400	63
Staff travel and meals	519	1,347
Telephone	1,250	1,325
Web design and administration	614	583
	<b>25,953</b>	<b>19,424</b>

**PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)  
**FOR THE YEAR ENDED MARCH 31, 2016**

**5. OPERATIONAL CONTRIBUTIONS**

Included in total revenue sources is the following operational contributions for operations that are recognized in the current year. Funding received for projects and activities to be completed in the March 31, 2017 year have been reported as deferred operational funding.

	2016	2015
	\$	\$
<b>OPERATIONAL FUNDING FACTOR</b>		
Operational funding	30,000	30,000
Project funding	<u>58,500</u>	<u>37,759</u>
<b>Total: Factor Funding</b>	<u>88,500</u>	<u>67,759</u>
<b>Government of Canada</b>		
Atlantic Canada Opportunities Agency	60,768	28,288
Summer Student funding	<u>8,479</u>	<u>4,544</u>
<b>Total: Federal Funding</b>	<u>69,247</u>	<u>32,832</u>
<b>Government of Prince Edward Island</b>		
Department of Early Education, Advanced Learning and Culture (Operational Funding)	124,531	138,860
Department of Economic Development and Tourism (Project Funding)	63,500	-
Innovation PEI (Project Funding)	48,075	42,553
Skills PEI	3,824	10,775
PEI 2014 Inc.	-	15,075
<b>Total: Provincial Funding</b>	<u>239,930</u>	<u>207,263</u>
<b>Municipal Funding</b>		
City of Charlottetown	10,000	-
SERF Funding	<u>25,000</u>	<u>-</u>
<b>Total: Municipal Funding</b>	<u>35,000</u>	<u>-</u>
<b>Total: Government and Operational Contributions for current year operations</b>	<u>432,677</u>	<u>307,854</u>

These amounts are included in the respective projects and funds for which they were intended on the statement of operations.

**6. FINANCIAL INSTRUMENTS**

Music PEI uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk and market risk. The Association does not use any derivative financial instruments to mitigate these risks.

**Credit risk**

Music PEI's credit risk consists principally of cash and bank, accounts receivable, HST receivable, payroll deductions payable, accounts payable and deferred operational funding. We maintain cash and bank with reputable and major financial institutions.

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**PRINCE EDWARD ISLAND MUSIC AWARDS ASSOCIATION INC.**  
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**7. ECONOMIC DEPENDENCE**

Music PEI is economically dependent on funding from the federal and provincial governments as well as FACTOR for its operations. Loss of funding from these sources would have a significant impact on Music PEI's ability to act as a going concern.

Report Credits

Report created by Rob Oakie

Contributors

Shannon Pratt- President

Joshua Simon- Treasurer