



110 – 750 Hamilton Street | Vancouver, BC V6B 2R5 | 604.879.9888 | musiconmain.ca

ANNUAL GENERAL MEETING INVITATION

Please join Music on Main Society’s board of directors and staff for a brief, friendly, and informative meeting about Music on Main. Your presence at the Annual General Meeting helps support Music on Main’s mission and helps show engagement by the Society’s members.

Tuesday, January 16, 2024, 6:00 PM

Startup Studio at The Post at 750 at 110 – 750 Hamilton Street, Vancouver, BC

Or on Zoom:

<https://us06web.zoom.us/j/88568354813?pwd=JP7ICCRzge0YtxK3A6bwwCjcMLeQMp.1>

By phone at: Canada +1 778 907 2071 Access Code: 885-6835-4813

Password: 201548

We’d love to see you there!

Please RSVP to info@musiconmain.ca or 604-879-9888, or meet us at the AGM.

MUSIC ON MAIN SOCIETY (the “Society”)

NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS

NOTICE IS HEREBY GIVEN that the 2024 Annual General Meeting (the “Meeting”) of the members of the Society will be held at **110 – 750 Hamilton Street**, Vancouver, BC or **digitally** at <https://us06web.zoom.us/j/88568354813?pwd=JP7ICCRzge0YtxK3A6bwwCjcMLeQMp.1> in on **Tuesday, January 16, 2024, 6:00 PM** (Pacific time) for the following purposes:

1. To receive the financial statements of the Society for the year ended August 31, 2023.
2. To receive and consider the report of the directors.
3. To elect directors for the ensuing year.
4. To consider such other matters as may properly be brought before the Meeting or any adjournment thereof.

DATED at Vancouver, British Columbia, this December 18, 2023.

A handwritten signature in black ink that reads "Michael Joy".

Mike Joy, President
Music on Main Society



110 – 750 Hamilton Street | Vancouver, BC V6B 2R5 | 604.879.9888 | musiconmain.ca

ANNUAL GENERAL MEETING | AGENDA

January 16, 2024, 6:00 PM

Startup Studio at The Post at 750, 110 – 750 Hamilton Street, Vancouver, BC

Or on Zoom: <https://us06web.zoom.us/j/88568354813?pwd=JP7ICCRzge0YtxK3A6bwwCjcMLeQMp.1>

You can also dial in using your phone:

Canada: +1 (778) 907-2071 Access Code: 885-6835-4813 Password: 201548

1. Call to order
2. To approve the minutes of the annual general meeting of the Society held on January 12, 2023
3. To receive the Report of the Directors
4. To receive the financial statements for the year ended August 31, 2023
5. To receive the Report of the Artistic Director
6. To elect directors for the ensuing year
7. To consider such other matters as may properly be brought before the meeting
8. Termination of Meeting

Music on Main Society
Financial Statements
August 31, 2023

Music on Main Society
Contents
For the year ended August 31, 2023

	Page
Review Engagement Report	
Financial Statements	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows	4
Notes to the Financial Statements.....	5

To the Board of Music on Main Society:

Report on the Financial Statements

We have reviewed the accompanying financial statements of Music on Main Society which comprise the statement of financial position as at August 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioner's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Music on Main Society as at August 31, 2023, 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia

December 7, 2023



Chartered Professional Accountants

Music on Main Society
Statement of Financial Position
As at August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current		
Cash	164,907	320,453
Restricted cash – BC Gaming funds	45,328	45,088
Term deposits	120,000	-
Accounts receivable <i>(Note 3)</i>	12,134	8,333
Prepaid expenses and deposits	1,457	5,938
	343,826	379,812
Liabilities		
Current		
Accounts payable and accruals	18,750	32,595
Deferred contributions <i>(Note 5)</i>	178,100	200,264
	196,850	232,859
Net assets		
Internally restricted funds <i>(Note 6)</i>	120,000	120,000
Unrestricted funds	26,976	26,953
	146,976	146,953
	343,826	379,812

Approved on behalf of the Board:

e-Signed by Michael Joy
 2023-12-07 18:08:51:51 MST

e-Signed by Michael Bowie
 2023-12-07 12:53:54:54 MST

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

Music on Main Society
Statement of Operations
For the year ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Earned revenue	90,251	31,403
Government grants	407,585	311,220
Donations and fundraising	(Note 8) 278,097	263,215
COVID-19 grants and subsidies	(Note 12) 10,000	74,783
Total revenue	(Note 7) 785,933	680,621
Expenses		
Artist Fees		
Artistic staff	114,520	110,846
Artists' fees	122,598	116,399
Travel / per diems / accommodation	9,378	2,112
	246,496	229,357
Production Fees		
Production staff / fees	70,916	43,419
Ticketing / concession / hospitality	31,767	10,465
Equipment rental / supplies	13,506	7,999
Venue rental	23,882	21,527
	140,071	83,410
Curatorial Networking Expenses		
Curatorial conferences / meetings / travel	7,066	15,336
Presenter Hosting Programme	24,877	24,330
	31,943	39,666
Marketing and Publicity Expenses		
Marketing staff / fees	63,117	54,387
Marketing production	33,512	29,482
Advertising	(Note 8) 20,854	22,067
	117,483	105,936
Digital Content Strategy		
Digital staff / fees and production	57,759	71,622
	57,759	71,622
Administrative Expenses		
Administrative staff	129,594	91,194
Office rent	(Note 4, 11) 20,557	20,088
Office expenses	3,782	8,204
Insurance	1,982	1,982
Bank charges	1,723	1,425
Accounting and legal	7,875	5,250
Other administrative costs	15,239	12,257
Fundraising and stewardship	11,406	11,046
	192,158	151,446
Total expenses	785,910	681,437
Excess (deficiency) of revenues over expenses	23	(816)

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

Music on Main Society
Statement of Changes in Net Assets
For the year ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net assets, beginning of year	146,953	147,769
Excess (deficiency) of revenues over expenses	23	(816)
Net assets, end of year	146,976	146,953

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

Music on Main Society
Statement of Cash Flows
For the year ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<hr/>		
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	23	(816)
Changes in non-cash working capital		
Accounts receivable	(3,801)	19,002
Prepaid expenses and deposits	4,481	(5,015)
Accounts payable and accruals	(13,845)	(10,838)
Deferred contributions	(22,164)	50,722
	<hr/>	<hr/>
	(35,306)	53,055
 Investing activities		
Term deposits	(120,000)	-
	<hr/>	<hr/>
(Decrease) increase in cash	(155,306)	53,055
Cash, beginning of year	365,541	312,486
	<hr/>	<hr/>
Cash, end of year	210,235	365,541
 Cash consists of:		
Cash and cash equivalents	164,907	320,453
Restricted cash – BC Gaming funds	45,328	45,088
	<hr/>	<hr/>
	210,235	365,541
	<hr/>	<hr/>

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

1. Incorporation and nature of the organization

Music on Main Society (“the Society”) is a not-for profit organization that operates programs intended to educate and increase the public’s understanding and appreciation of the performing arts. This is done by providing performances of an artistic nature in public places, educating artists through participation in such events and related workshops and providing instructional seminars on topics related to the performing arts. The Society was incorporated under the Society Act of British Columbia on August 15, 2006, is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Society reports its revenues and expenses segregated on the basis of restrictions on use. Assets are physically segregated on this basis only if it facilitates the administration of the funds.

The Society’s total operations were administered in the following fund:

The General Operations Fund reports the revenues and expenses for unrestricted general purposes, including the production of an annual concert season and the annual Modulus Festival, as well as for general administration, fundraising, curatorial and artistic outreach activities. This fund includes the contributions and eligible expenditures related to gaming funds received from the British Columbia Gaming Policy and Enforcement Branch classified in these financial statements as restricted cash.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions are recognized as revenue in the year in which the related expenses are incurred, except when the donor has specified that they are intended for a specific use or use in a future period, in which case they are recorded as deferred revenue and recognized as revenue in the year in which the related expenses are incurred. Contributions, including pledges, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Earned income, primarily ticket sales and related revenue, is recognized as revenue in the year in which the related production takes place. Payments received in advance for tickets in the future season are recorded as deferred revenue.

Government assistance

Government of Canada Emergency Wage Subsidies are recognized as revenue in the fiscal year in which the affected payroll period takes place.

Contributed materials and services

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 Society's operations and would otherwise have been purchased.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	30%
Furniture and fixtures	20%

Significant Accounting Policies *(continued from previous page)*

Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions (refer to Note 4).

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society made no such elections during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property, plant and equipment.

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

Music on Main Society
Notes to the Financial Statements
For the year ended August 31, 2023 and 2022

3. Accounts receivable

Accounts receivable is made up of the following balances:

	<u>2023</u>	<u>2022</u>
Accounts receivable	3,976	-
Grants and subsidies receivable	4,695	2,850
Donation pledges and contributions receivable	2,100	2,400
Government remittances receivable	1,363	3,083
	12,134	8,333

4. Related party transactions

The Society rents its office premises from the 110 Arts Co-operative (the “Co-op”), which leases the space from the City of Vancouver under a lease with a 10-year term ending December 31, 2024, with options to renew for an additional 20 years under similar terms. Music on Main, and all the other member companies of the 110 Arts Cooperative, exercises significant influence over the Co-op as members, partly because of the ability to appoint Board members, and partly because members in a Co-operative are also owners. The Co-op is a Community Service Co-operative incorporated under the Cooperative Association Act on September 15, 2014. Since incorporation, the Co-op has been operating as a Charity and received its qualification as a registered Charity on May 30, 2016. Each member has an equal number of members on the Co-op board of directors, with the current number being two per member group. See Note 11 for expenses paid in relation to rent for the office and common space used by the Society.

These transactions are in the normal course of operations. Related party transactions are recorded at their exchange values.

5. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for specific programs or concert series. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	200,264	149,542
Canadian Heritage	44,000	106,164
BC Arts Council	30,000	10,000
BC Gaming	45,000	45,000
Province of BC	14,100	-
Individual, foundation and corporate sponsorships	45,000	32,850
Less: Amount recognized as revenue during the year	(200,264)	(143,292)
	178,100	200,264

6. Internally restricted net assets

Included in two restricted net assets is \$60,000 (\$60,000 – designated in 2022) to be held as an Innovation Fund and \$60,000 (\$60,000 – designated in 2022) to be held as an Operating Fund. The objective of the Innovation Fund is to ensure that the Society can finance new and innovative projects to continue to support artists and the arts community. The objective of the Operating Fund is to ensure that the Society has sufficient reserve funds to continue operating for at least three-months in the event of extraordinary reductions in revenue. The internally restricted amounts are not available for use without approval of the Board of Directors.

Music on Main Society
Notes to the Financial Statements
For the year ended August 31, 2023 and 2022

7. Contribution schedule

Contributions to the Society are made up of earned revenue, government grants, donations and fundraising, as follows:

	<u>2023</u>	<u>2022</u>
Earned revenue		
Ticket sales	65,509	28,796
Co-production revenue	19,164	-
Concession sales	2,211	457
Other income	1,631	1,644
Bank interest	1,736	506
	<u>90,251</u>	<u>31,403</u>
Government grants		
Canada Council - operating	63,000	63,000
Canada Council - project	11,660	7,550
Canadian Heritage	106,164	80,950
Federal employment program	4,695	-
BC Arts Council - operating	108,896	40,000
BC Music Fund	-	11,400
BC Gaming	45,000	45,000
City of Vancouver	50,000	50,000
City of Vancouver - theatre rental	18,170	13,320
	<u>407,585</u>	<u>311,220</u>
Donations and fundraising		
Fundraising		
Sponsorships	128,600	143,292
Individual donations	99,546	81,119
Foundation donations	42,500	23,200
Corporate donations	600	5,661
Special events	1,430	-
	<u>272,676</u>	<u>253,272</u>
Other private sector		
In-kind media sponsorships	(Note 8) 50	8,000
Other private contributions	(Note 8) 5,371	1,943
	<u>5,421</u>	<u>9,943</u>
	<u>278,097</u>	<u>263,215</u>
COVID-19 grants and subsidies		
Federal wage subsidies	(Note 12) -	12,183
Canada Council - COVID-19 support	(Note 12) -	12,600
BC Arts Council - resilience supplemental award	(Note 12) 10,000	50,000
	<u>10,000</u>	<u>74,783</u>
Total revenue	<u>785,933</u>	<u>680,621</u>

8. Contributed materials and services

Included in Donations/Fundraising revenue and certain expenses in the statement of operations is \$3,543 (2022 - \$8,000) representing estimated fair value of contributions of services provided for artistic services, co-production contributions, equipment rental, advertising, marketing materials, and digital content production for the Society, on a discounted basis.

9. Credit Arrangements

As at August 31, 2023, the Society had a line of credit available totaling \$30,000 (2022 - \$30,000) with Vancity Savings Credit Union, of which none was drawn. The line of credit bears an interest rate of prime plus 2.00%. On August 31, 2023, the prime rate was 7.20%. Security for the line of credit is a security agreement providing a first ranking security interest in all of the Society's property.

10. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, term deposits, accounts receivable, accounts payable and accruals. It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

The carrying amount of operating cash and restricted cash, term deposits, accounts receivable, accounts payable and accruals approximates their fair value, due to their short-term nature.

11. Commitments

The Society occupies a leased premise that it shares with its related parties in the Co-op (see Note 4). Lease rates vary each year depending on the planned operating budget of the Co-op as a whole. During fiscal 2023, the Society's annual rate was \$20,557 (2022 - \$20,088). In fiscal 2024, this rate is expected to be \$20,892. The lease was entered into on January 1, 2015 and is in effect until December 31, 2024.

In past years, the Society had financed office computer equipment under various 3-year leases from Simply Computing Inc. and Apple Canada Inc. The last lease in effect ended on May 10, 2022. During fiscal 2023, the Society's expenditure on leased computer equipment was Nil (2022 - \$1,361). In fiscal 2024, this expenditure is expected to be Nil.

12. Recent developments and measurements of uncertainty

In December 2019, a novel strain of the coronavirus emerged and the virus spread to Canada and around the world. This has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact the COVID-19 outbreak may have on the Society is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and isolation/quarantine measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the continuing extent of the impact is unknown, we anticipate this outbreak may cause reduced ticket sales, sponsorships and donations, all of which may negatively impact the Society's operation and financial condition.

In response to the negative economic impact of COVID-19, in April 2020 the Government of Canada announced several programs as part of their economic response plan such as the Canada Emergency Wage Subsidy ("CEWS"). CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19.

The Society has recognized Nil (2022 - \$12,183) of Canada Emergency Wage Subsidy and Rent Subsidy and had recorded it in revenue under COVID-19 grants and subsidies for the Society during the prior period.

During the year, the Society received Nil (2022 - \$12,600) of grant income from Canada Council under the COVID-19 Emergency Support Fund. This program was developed to assist with maintaining jobs and supporting business continuity for organizations whose cash flow and short-term operational viability have been negatively impacted by the COVID-19 pandemic.

Music on Main Society
Notes to the Financial Statements
For the year ended August 31, 2023 and 2022
(Unaudited)

Recent developments and measurements of uncertainty *(continued from previous page)*

During the year, the Society received Nil (2022 – \$32,000) of grant income from BC Arts Council under the Arts and Culture Resilience Supplement Fund Program, deferred Nil (2022 – \$10,000) of the amounts received during the fiscal year, and recognized \$10,000 (2022 – \$28,000) from amounts received in the prior fiscal year. This program was developed to support the BC arts and culture sector in adapting their organizations, programs, and practices in response to the impacts of the COVID-19 pandemic.