

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Financial Statements
March 31, 2016

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Contents

For the year ended March 31, 2016

	<i>Page</i>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Activities.....	2
Statement of Cash Flows.....	3
Notes to the Financial Statements	4
Additional information:	
Schedule 1 - Statement of Functional Expenses.....	9
Schedule 2 - Schedule of Unrestricted Operations.....	10
Schedule 3 - Schedule of Restricted Operations	11

Independent Auditors' Report

To the Directors of Music For Life Institute (USA):

Report on the Financial Statements

We have audited the accompanying financial statements of Music For Life Institute (USA), which comprise the statement of financial position as of March 31, 2016, and the related statements of activity 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Surrey, British Columbia, Canada

August 24, 2016

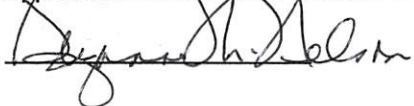
MNP LLP

Chartered Professional Accountants

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Statement of Financial Position
As at March 31, 2016

	2016	2015
Assets		
Current		
Cash	319,619	239,037
Accounts receivable	10,172	69,774
Prepaid expenses and deposits	7,579	6,129
	337,370	314,940
Loan receivable, related parties <i>(Note 4)</i>	10,467	8,823
Equipment <i>(Note 5)</i>	17,213	24,589
	365,050	348,352
Liabilities		
Current		
Accounts payable and accruals	104,171	134,322
Net Assets		
Unrestricted	338,047	223,075
Temporarily restricted	(77,168)	(9,045)
	260,879	214,030
	365,050	348,352

Approved on behalf of the Board of Directors




The accompanying notes are an integral part of these financial statements

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Statement of Activities

For the year ended March 31, 2016

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	2016	2015
Revenue and support				
Contributions	389,395	1,125,527	1,514,922	1,842,227
Concert revenue	863,354	-	863,354	913,385
Net assets released from restrictions	1,193,650	(1,193,650)	-	-
	2,446,399	(68,123)	2,378,276	2,755,612
Expenses				
Program services <i>(Schedule 1)</i>	2,019,339	-	2,019,339	2,343,311
Management and general <i>(Schedule 1)</i>	305,587	-	305,587	399,404
Fundraising <i>(Schedule 1)</i>	6,501	-	6,501	4,085
	2,331,427	-	2,331,427	2,746,800
Excess (deficiency) of revenue over expenses	114,972	(68,123)	46,849	8,812
Net assets, beginning of year	223,075	(9,045)	214,030	205,218
Net assets, end of year	338,047	(77,168)	260,879	214,030

The accompanying notes are an integral part of these financial statements

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Change in net assets	46,849	8,812
Depreciation	7,376	5,508
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Accounts receivable	59,602	(18,896)
Prepaid expenses and deposits	(1,450)	2,431
Accounts payable and accruals	(30,151)	29,083
	82,226	26,938
Investing		
Advances to related party	(1,644)	(1,059)
Purchase of equipment	-	(23,416)
	(1,644)	(24,475)
Increase in cash resources	80,582	2,463
Cash resources, beginning of year	239,037	236,574
Cash resources, end of year	319,619	239,037

The accompanying notes are an integral part of these financial statements

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Notes to the Financial Statements
For the year ended March 31, 2016

1. Incorporation and nature of the corporation

Music For Life Institute (USA) (the "Corporation") is a non-profit corporation registered under the Articles of Incorporation of the State of Delaware, is registered in the State of Washington, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is authorized to issue donation receipts for income tax purposes.

The Corporation's objectives include:

- (a) developing, funding, administering, facilitating, promoting, operating and carrying on activities, programs and facilities which will provide compassionate humanitarian and spiritual assistance, education and training to needy persons;
- (b) equipping, training, and funding students and other persons to develop, compose, and perform music as an expression of life, culture and spirituality; and
- (c) assisting needy and disadvantaged people, especially children, by increasing awareness of their plight and securing funds for direct aid.

The Corporation's primary programs 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.

2. Significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared using 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 Corporation 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 as defined below.

Unrestricted funds -

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 times.

- i) The General Fund reports on administration activities including management and finance.
- ii) The Choir Fund reports on the assets held, funds received from and expenses related to choirs' performances, including training, education and care of the children, touring expenses, the Friends of the Choir program and the management thereof.

Temporarily restricted funds -

Net assets subject to donor-imposed restrictions that may or will be met with either actions of the Corporation 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.

- i) The Sponsorship Fund reports on funds received and expenses related to child sponsorship programs operated in West and East Africa and the management thereof.
- ii) The Partners Fund reports on funds received and expenses related to the Corporation's MFL Teams activities and Building Personal Support activities (Note 8).

Cash and cash equivalents

The Corporation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As at March 31, 2016 and 2015 there were no cash equivalents.

2. Significant accounting policies (continued)

Accounts receivable

Accounts receivable consist of amounts raised at the concerts which have not been received by the Corporation as at year-end. Management is of the opinion that no provision for uncollectible amounts is necessary

Equipment

Equipment is initially recorded at cost. Computer, office and multi-media equipment is stated at cost less accumulated depreciation, calculated on a declining balance basis at an annual rate of 30%.

Contributions

Contributions are recorded as received and pledged. The Corporation 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 Corporation's contributions are received from individuals.

Donated equipment, 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 Corporation's operations and would otherwise have been purchased.

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.

The Corporation 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.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

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.

Foreign currency translation

These financial statements have been presented in U.S. dollars, the principal currency of the Corporation's operations.

Transaction amounts denominated in foreign currencies are translated into their U.S. dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess (deficiency) of revenues over expenses for the current period.

Comparative financial information

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, 2015, from which the summarized information was derived.

3. Financial instruments

The Corporation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

The Corporation receives contributions, pays direct grants and loans funds to/from related parties in Canada, Africa and the United Kingdom, and accordingly is exposed to financial risk resulting from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Corporation does not use financial hedge instruments to mitigate this risk.

4. Related party transactions

Certain of the directors of the Corporation 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 (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 Society 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 to support the activities of its related parties with respect to the provision of food, shelter and education for children living in West, East and South Africa.

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 corporation's primary purpose is assisting individuals who are deprived of their human rights by increasing awareness of their plight and seeking practical solutions.

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 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.

Music for Life Records Limited (UK) -

Music for Life Records Limited (UK) is a general commercial company, established for the purpose 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).

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.

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.

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Notes to the Financial Statements
For the year ended March 31, 2016

4. Related party 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 Society 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.

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 training and education of students to develop, compose and perform music; development and promotion of humanitarian programs to needy persons; and the holding and management of funds and property for disbursement to other non-profit entities.

Programs operating in Africa are funded by the joint efforts of the related parties. Transactions among them 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.

During the year, the Corporation entered into the following transactions with related parties:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total 2016</i>	<i>Total 2015</i>
Contributions from related parties:				
African Children's Choir	75,084	-	75,084	136,261
Friends in the West International (UK)	-	-	-	10,759
Music for Life Institute (Canada)	13,183	-	13,183	-
	88,267	-	88,267	147,020
Direct grants to related parties:				
Friends in the West International (UK)	9,635	-	9,635	-
Friends in the West International (USA)	51,952	-	51,952	48,210
Music for Life Institute (Canada)	-	97,826	97,826	278,072
	61,587	97,826	159,413	326,282

The loan receivable to Music for Life Trust (South Africa) is non-interest bearing, unsecured and has no specified terms of repayment.

5. Equipment

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2016 Net book value</i>	<i>2015 Net book value</i>
Computer equipment	46,182	41,606	4,576	6,536
Equipment	74,131	61,494	12,637	18,053
	120,313	103,100	17,213	24,589

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Notes to the Financial Statements
For the year ended March 31, 2016

6. Advertising expense

Advertising is recorded as an expense in the period incurred. Advertising expense for the years ended March 31, 2016 and 2015 was \$8,855 and \$17,061, respectively.

7. Direct grants

	2016	2015
Ghana	11,305	-
Kenya	167,436	169,189
Nigeria	4,222	5,112
Rwanda	-	20,762
South Africa	1,520	1,440
Sudan	60,508	62,238
Uganda	752,030	777,570
<hr/>		
	997,021	1,036,311
Direct grants to related parties (<i>Note 4</i>)	159,413	326,282
<hr/>		
	1,156,434	1,362,593

8. Building Personal Support ("BPS") activities

Certain of the personnel accompanying the Corporation's choirs are required to fundraise to cover many of the expenses associated with their activities. BPS fundraising revenues are recorded in the period in which they are received as restricted contribution revenues of the Partners program. The expenses incurred by BPS personnel, consisting primarily of salaries and benefits, are recorded as expenses of the Partners program. The fundraising revenues and expenses related to BPS personnel are analysed as follows:

	2016	2015
Fundraising revenues - BPS	37,196	59,327
Expenses - BPS	(30,279)	(52,898)
<hr/>		
	6,917	6,429

9. Subsequent events

Subsequent events have been evaluated through August 24, 2016, which is the date the financial statements were available to be issued. The Corporation determined that no additional disclosures were required.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Schedule 1 - Statement of Functional Expenses
For the year ended March 31, 2016

				2016	2015
	<i>Program Services</i>	<i>Manage- ment and General</i>	<i>Fundraising</i>	<i>Total</i>	<i>Total</i>
Advertising and promotion (Note 6)	8,634	221	-	8,855	17,061
Bank charges and interest	41,627	8,614	16	50,257	44,381
Child medical and other care	8,458	-	-	8,458	12,847
Contracted services	102,144	3,359	7	105,510	116,405
Delivery, freight and postage	20,735	1,598	6,338	28,671	34,811
Depreciation	5,416	1,960	-	7,376	5,508
Direct grants (Note 7)	1,156,434	-	-	1,156,434	1,362,593
Equipment	13,563	6,665	-	20,228	17,790
Insurance	8,975	10,544	-	19,519	18,402
Meals	7,441	325	-	7,766	17,523
Occupancy costs	-	30,762	-	30,762	30,032
Office and miscellaneous	53,021	5,914	119	59,054	96,797
Professional fees	-	14,709	-	14,709	27,099
Salaries and benefits	389,781	209,667	20	599,468	662,352
Telephone	9,314	5,691	1	15,006	22,230
Travel	193,796	5,558	-	199,354	260,969
	2,019,339	305,587	6,501	2,331,427	2,746,800

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Schedule 2 - Schedule of Unrestricted Operations
For the year ended March 31, 2016

	2016			2015
	General	Choir	Total	Total
Revenue and support				
Contributions	288,149	101,246	389,395	612,029
Concert revenue	-	863,354	863,354	913,385
	288,149	964,600	1,252,749	1,525,414
Expenses				
Advertising and promotion	221	7,916	8,137	14,651
Bank charges and interest	8,614	12,202	20,816	19,383
Child medical and other care	-	7,112	7,112	12,847
Contracted services	3,359	83,671	87,030	107,562
Delivery, freight and postage	1,598	8,889	10,487	14,536
Depreciation	1,960	5,416	7,376	5,508
Direct grants	51,952	110,669	162,621	324,155
Equipment	6,665	13,563	20,228	16,459
Insurance	10,544	4,023	14,567	13,231
Meals	325	7,415	7,740	17,523
Occupancy costs	30,762	-	30,762	30,032
Office and miscellaneous	5,914	50,887	56,801	95,158
Professional fees	14,709	-	14,709	27,099
Salaries and benefits	217,875	265,078	482,953	541,513
Telephone	5,691	7,070	12,761	14,607
Travel	5,558	188,118	193,676	202,214
	365,747	772,029	1,137,776	1,456,478
	(77,598)	192,571	114,973	68,936

Music For Life Institute (USA)
(Expressed in U.S. Dollars)
Schedule 3 - Schedule of Restricted Operations
For the year ended March 31, 2016

	2016	2015		
	Sponsorship	Partners	Total	Total
Revenue				
Contributions	1,028,093	97,434	1,125,527	1,230,198
Expenses				
Advertising and promotion	196	522	718	1,260
Bank charges and interest	28,958	483	29,441	24,998
Child medical and other care	-	1,346	1,346	1,150
Contracted services	18,273	207	18,480	8,843
Delivery, freight and postage	17,989	194	18,183	20,275
Direct grants	860,423	133,390	993,813	1,038,438
Equipment	-	-	-	1,331
Insurance	4,952	-	4,952	5,171
Meals	-	26	26	-
Office and miscellaneous	1,817	437	2,254	1,640
Salaries and benefits	100,395	16,120	116,515	120,838
Telephone	2,208	37	2,245	7,624
Travel	-	5,678	5,678	58,754
	1,035,211	158,440	1,193,651	1,290,322
	(7,118)	(61,006)	(68,124)	(60,124)