

Financial Statements of

BJP MUSIC FOUNDATION

For the year ended August 31, 2021
(unaudited)

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Notice

The attached statement of financial position as at August 31, 2021 and the statement of operations for the year then ended have been prepared on the basis of information provided by management.

These statements have been prepared internally. No audit or review engagement in respect of these financial statements has been performed and, accordingly, no assurance is expressed as to their completeness or accuracy.

Readers are advised that these statements may not be appropriate for their purposes.

Report

To the Reader

Opinion

Management has prepared and reviewed the financial statements of the BJP Music Foundation (the "Foundation"), which comprise the statement of financial position as at August 31, 2021 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

It is management's opinion that the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2021, and its results of operations and its cash flows for the year then ended.

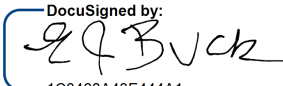
Basis for Opinion

Management's review is in accordance with generally accepted policies and practices to ensure procedural, ethical and material responsibilities are fulfilled. The Foundation's Board of Directors believes that the information obtained in the preparation of these statements and contained herein is sufficient and appropriate to provide a basis for our opinion.

Management is responsible for the preparation and fair presentation of the Foundation's financial statements, typical of small not-for-profit organizations, with such internal controls as management determines is necessary to ensure they are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

DocuSigned by:

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Lisa Buck - Executive Director


Steven Gallant - Treasurer

April 18, 2022

Calgary, Alberta

BJP Music Foundation

Statement of Financial Position

As of August 31, 2021

| | TOTAL | |
|--------------------------------------|---------------------|--------------------------|
| | AS OF AUG. 31, 2021 | AS OF AUG. 31, 2020 (PY) |
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalent | \$67,587 | \$11,112 |
| Total Current Assets | \$67,587 | \$11,112 |
| Non-current Assets | | |
| Capital Assets | | |
| Stage Equipment | 8,391 | |
| Website | 3,377 | 1,318 |
| Total Capital Assets | \$11,768 | \$1,318 |
| Total Non Current Assets | \$11,768 | \$1,318 |
| Total Assets | \$79,355 | \$12,430 |
| Liabilities and Equity | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable (A/P) | \$4,068 | \$0 |
| Credit Card | \$37 | \$0 |
| Gift Certificates - Redeemable | 584 | 584 |
| Total Current Liabilities | \$4,688 | \$584 |
| Non-current Liabilities | | |
| Accruals and Deferred Income | 50,000 | 1,318 |
| Notes Payable | 8,373 | 15,873 |
| Total Non-current Liabilities | \$58,373 | \$17,191 |
| Total Liabilities | \$63,061 | \$17,775 |
| Net Assets | | |
| Retained Earnings | -5,344 | -8,869 |
| Surplus (Deficit) | 21,637 | 3,525 |
| Total Net Assets | \$16,293 | \$ -5,344 |
| Total Liabilities and Equity | \$79,355 | \$12,430 |

BJP Music Foundation

Statement of Operations
September 2020 - August 2021

| | TOTAL | | | |
|---|--------------------------|-------------------------------|-----------------|-----------------|
| | SEP. 2020 - AUG. 2021 | SEP. 2019 - AUG. 2020 (PY) | % OF INCOME | % OF EXPENSE |
| Revenue | | | | |
| Earned | 4,447 | 26,714 | 14.00 % | 22.00 % |
| Private | 7,462 | 7,736 | 24.00 % | 37.00 % |
| Public | 17,500 | 5,000 | 57.00 % | 86.00 % |
| Recognition of deferred contributions related to capital assets | 1,318 | 845 | 4.00 % | 6.00 % |
| Total Revenue | \$30,727 | \$40,296 | 100.00 % | 150.00 % |
| GROSS PROFIT | \$30,727 | \$40,296 | 100.00 % | 150.00 % |
| EXPENSES | | | | |
| Administration | 5,676 | 2,166 | 18.00 % | 28.00 % |
| Development | 705 | 1,500 | 2.00 % | 3.00 % |
| Marketing | 3,403 | 707 | 11.00 % | 17.00 % |
| Programming | 10,523 | 31,552 | 34.00 % | 51.00 % |
| Suspense | 135 | | 0.00 % | 1.00 % |
| Total Expenses | \$20,442 | \$35,925 | 67.00 % | 100.00 % |
| Other Revenue | | | | |
| Gifts-in-Kind Revenue | 14,093 | | 46.00 % | 69.00 % |
| Total Other Revenue | \$14,093 | \$0 | 46.00 % | 69.00 % |
| OTHER EXPENSES | | | | |
| Depreciation | 2,741 | 845 | 9.00 % | 13.00 % |
| Total Other Expenses | \$2,741 | \$845 | 9.00 % | 13.00 % |
| Excess (deficiency) of revenue over expenses | \$21,637 | \$3,525 | 70.00 % | 106.00 % |

BJP Music Foundation

Statement of Cash Flows
September 2020 - August 2021

| | TOTAL |
|--|------------------|
| OPERATING ACTIVITIES | |
| Net Income | 21,637 |
| Adjustments to reconcile Net Income to Net Cash provided by operations: | |
| Stage Equipment:Accum. Depreciation | 1,481 |
| Website | -3,319 |
| Website:Accum. Depreciation | 1,260 |
| Accounts Payable | 4,068 |
| Credit Card (MC-6074) | 37 |
| Accruals and Deferred Income | 48,682 |
| Total Adjustments to reconcile Net Income to Net Cash provided by operations: | 52,209 |
| Net cash provided by operating activities | \$73,847 |
| INVESTING ACTIVITIES | |
| Stage Equipment | -9,872 |
| Net cash provided by investing activities | \$ -9,872 |
| FINANCING ACTIVITIES | |
| Notes Payable:Buck | -7,500 |
| Net cash provided by financing activities | \$ -7,500 |
| NET CASH INCREASE FOR PERIOD | \$56,474 |
| Cash at beginning of period | 11,112 |
| CASH AT END OF PERIOD | \$67,587 |

Notes to the Financial Statements

1. Nature of operations:

The BJP Music Foundation ("BJP") was originally incorporated on January 3, 2019 under the Alberta Companies Act as the BuckingJam Music Foundation and subsequently renamed and re-incorporated as the BJP Music Foundation on October 4, 2019. Prior to January 3, 2019 the organization operated as an unincorporated entity.

BJP builds community through music, enriching audiences and artists by providing accessible jazz venues, performances and educational programs and opportunities that recognize, respect and promote the artistic, economic and wholistic value of creative work. Despite restrictions on gatherings due to COVID-19, the organization remains active through digital and other programs. <https://buckingjampalace.com>

BJP operates on a volunteer basis and without paid staff so that the majority of revenue can be paid to participating artists. Facility and other operating costs are minimized by hosting events primarily at the home of the founders, Tom and Lisa Buck, and by relying on a volunteer Creative Council for curatorial advice and direction and a volunteer Board of Directors for governance matters. Events are organized and run by volunteer community members.

BJP is a registered charity and is not subject to Federal or Provincial income taxes.

2. Significant accounting policies:

a) Revenue

Government grant revenue and corporate sponsorship revenue, which are comprised of contributions towards various costs, are recognized using the deferral method. Under this method, restricted contributions (those designated for a specific purpose) are recognized as revenue when the related project costs are incurred and the project is available for public use. Restricted contributions received in a period before the related expenses are incurred or the project is available for public use are recognized as a deferred revenue liability. Unrestricted contributions are recognized as revenue when received or receivable.

Revenue from ticket sales is recognized when received or receivable.

Donation revenue consists of donated funds received from individuals, foundations and corporations. Donation revenue is recognized when received. BJP receives both direct and indirect donations (via a third-party service) and issues tax receipts for the direct donations only.

The value of donated capital assets is initially deferred and subsequently recognized into income on the same basis as the related capital asset is depreciated.

Interest income is recognized when earned.

b) Expenses

As part of the development and delivery of programs and activities related to BJP's mandate, BJP incurs certain necessary costs and charges these as consumed. Typically, BJP does not retain ownership rights for creative content developed and/or performed

and, rather, these rights reside with the artists involved. Expenses are charged to programs according to the activity that they benefit.

c) Capital assets

Capital assets are recorded at cost. Depreciation of capital assets is provided using the straight-line method over four years (25%) for website assets and at 30% per year for all other capital assets according to CRA guidelines.

Capital assets are evaluated for impairment when events or circumstances indicate its carrying value may not be recoverable. Any impairment is measured by comparing the carrying value of the assets to the fair value based on the present value of future cash flows expected to be generated from the assets.

d) Donations of goods and services

BJP receives donations of professional time, services and support from its supporters and others. Donations of goods and services are not included in the financial statements where the fair value cannot be reasonably determined, and the goods are not readily marketable or BJP would not otherwise pay for the goods or services. If the value of such donations of goods and services can be reasonably and objectively determined, and the goods are readily marketable or BJP would otherwise pay for the goods or services, the value is recorded in the appropriate account with an offset to donation revenue. Contributions of time by volunteers are not included in the financial statements as the fair value cannot be reasonably determined. Donations of capital assets result in deferred contributions related to capital assets, which is recognized as the related capital asset is depreciated.

e) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

f) Measurement uncertainty

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The valuation of capital assets is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for depreciation of the capital assets and deferred contributions related to capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

The valuation of deferred revenue is based on management's best estimate of the expenditures incurred related to restricted contributions.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Accounts receivable:

BJP considers balances outstanding over 60 days to be past due. As at August 31, 2021 there were no outstanding or other accounts receivable. BJP is not GST registered, neither collecting nor charging GST on its activities and as such there is no credit receivable for GST.

BJP has no paid staff so did not qualify for the federal CEWS payroll rebate during fiscal year ended August 31, 2021.

4. Capital assets:

During the year ended August 31, 2021, BJP purchased stage equipment including a drum kit for a combined value of \$8,391. The organization also made upgrades to its website valued at \$3,319. BJP received \$5,168 as a gift-in-kind donation in the form of a discount on the drum kit.

| PPE Continuity Schedule | | | | | Depreciation | | | | Net book value |
|-----------------------------|------|-----------------|------------------|-------------|------------------|-----------------|-----------------|-----------------|------------------|
| August 31, 2021 | Rate | Open | Additions | Disposals | Cost | Forward | Current | Accum. | |
| Website | 25% | \$ 3,382 | \$ 3,319 | \$ 0 | \$ 6,701 | \$ 2,064 | \$ 1,260 | \$ 3,324 | \$ 3,376 |
| Stage Equipment | 30% | \$ 0 | \$ 9,872 | \$ 0 | \$ 9,872 | \$ 0 | \$ 1,481 | \$ 1,481 | \$ 8,391 |
| Total capital assets | | \$ 3,382 | \$ 13,191 | \$ 0 | \$ 16,573 | \$ 2,064 | \$ 2,741 | \$ 4,805 | \$ 11,768 |

5. Deferred contributions related to capital assets:

During the year ended August 31, 2021, BJP invested in a website and stage equipment with a combined value of \$13,191 and a useful life of four years and 3.33 years respectively. Income used to pay for the assets is deferred and earned at the same rate and in the same period as the associated expense (depreciation) is incurred.

| Deferred Contributions | August 31, 2021 | August 31, 2020 | August 31, 2019 | August 31, 2018 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
| Opening balance | \$ 1,318 | \$ 2,163 | \$ 2,785 | \$ 0 |
| Additions | \$ 13,191 | \$ | \$ 199 | \$ 3,183 |
| Recognized as revenue | \$ (2,741) | \$ (846) | \$ (821) | \$ (398) |
| Ending balance | \$ 11,768 | \$ 1,318 | \$ 2,163 | \$ 2,785 |

6. **Economic dependence and government assistance:**

BJP's future operations are dependent on continued funding from the Governments of Canada and Alberta, donations and sponsorship from corporations and individuals and proceeds from ticket sales. BJP's primary benefactor is the Buck family who provide considerable ongoing support by providing venue, musical instruments, catering, management and administration at no or low cost to BJP.

BJP periodically applies for financial assistance under available government incentive programs.

7. **Related party transactions:**

For artistic and operational purposes, BJP may remunerate, reimburse, reward or otherwise engage individuals who are related to the Executive Director or Board Members. Actual or perceived related party transactions are reported to the Board of Directors for approval in advance, as they occur, according to policy and best practice.

On August 31, 2020 the organization signed a Promissory Note for costs incurred by Thomas (Tom) and Lisa Buck which was subsequently amended and remains outstanding at year ended August 31, 2021. See Note 8.

During year ended August 31, 2021 the organization paid to John Buck \$1,310 as fees for technical and creative services.

8. **Notes payable and commitments**

As at August 31, 2021, \$8,373 is payable to Thomas (Tom) Buck for various BJP operating costs paid by he and Lisa Buck personally since the organization's inception. Under the terms of a Note Payable dated August 31, 2020, this amount was originally \$15,873.02 and due in full on August 31, 2021 with a 0% interest rate and a promise from Tom and Lisa Buck to make a contemporaneous cash donation equal to the amount repaid to them by BJP. On March 31, 2021 Tom and Lisa forgave \$7,500 of expenses and the Note Payable was amended, reducing the amount due to \$8,373 with all other terms remaining the same. In discussion with the Board, the due date was later amended to be flexible with payment being made at an undefined but mutually acceptable time, still with the paid amount being donated back for a net zero effect on the organization's cash position.

BJP had no other significant outstanding or anticipated commitments as at August 31, 2021 except for \$50,000 in deferred income related to a grant received from Canada Council for future projects which requires repayment should the project not complete as proposed. The project is expected to complete in fiscal year ending August 31, 2022.

9. **Significant and subsequent events:**

On May 7, 2019 the Buck family received a Yamaha C3 grand piano on loan for an indefinite period from Yamaha Canada/St. John's Music for use in BJP rehearsals, workshops and performances. The retail value of the piano is approximately \$51,000. The piano is located at the Buck family home and is used almost exclusively for BJP programs. At the time, BJP assumed *de facto* responsibility for insurance, tuning and general care of the instrument but was not otherwise party to any agreement with Yamaha Canada/St. John's Music or the Buck family

regarding the loan or use of the instrument. Subsequently, the Buck family privately purchased the piano and continues to make it available to BJP for its charitable purposes. The Board has agreed to consider paying rent for BJP's use of the piano, retroactively and in-future, although there is no confirmed agreement in effect as at August 31, 2021.

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 will affect BJP's results will depend on future developments and new information which may emerge concerning the severity of COVID-19 and responses and actions by government and others to contain the pandemic or its impact, and related factors. Management understands that COVID-19 may continue to significantly impact its operations including ongoing delays or modifications to events planned in the next fiscal year. To support business continuity, management has taken measures to manage restricted and unrestricted capital, maintain volunteer resources required for program delivery, contain costs and mitigate risk wherever possible. There remains significant uncertainty related to when the pandemic will officially end and an awareness of variable public sentiment toward live events. BJP has responded by adding virtual events to its program to support artists and maintain relationships with and between them and their audiences, a valuable practice it expects to continue beyond pandemic conditions.