



Chartered Accountants
& Business Advisors

BIRDSONG
FINANCIAL STATEMENTS
30 SEPTEMBER 2014



Chartered Accountants
& Business Advisors

BIRDSONG

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INDEPENDENT AUDITORS' REPORT

The Members Birdsong

We have audited the accompanying financial statements of Birdsong, which comprise the statement of financial position as at 30 September 2014, the statements of operations, scholarship fund operations, retained earnings and scholarship fund balance, 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 the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis for Qualified Opinion

The organization did not maintain a proper Fixed Asset Register as at 30 September 2014 and therefore we were unable to satisfy ourselves as to the accuracy and completeness of the Fixed Asset balance disclosed in the Statement of Financial Position. Additionally, no depreciation was charged on fixed assets as is required in Section 17 of the IFRS for SMEs.

In common with many non-profit organizations, the organization derives some of its revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of certain revenue and expenditure figures was limited to a comparison of recorded receipts with bank deposits and recorded disbursements with bank withdrawals.

Qualified Opinion

In our opinion, except for the effects on the financial statements of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Birdsong as of 30 September 2014 and the results of its operations for the year then ended in accordance with the IFRS for SMEs.

**2 February 2017
Port-of-Spain**

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BIRDSONG
STATEMENT OF FINANCIAL POSITION

ASSETS

	<u>Notes</u>	30 September	
		<u>2014</u>	<u>2013</u> (Restated)
Current:			
Cash at bank	4	\$ 129,620	\$ 26,802
Short-term investment	5	361,931	101,074
Accounts receivable		<u>131,299</u>	<u>451,299</u>
Total Current Assets		622,850	579,175
Non-Current:			
Fixed assets		<u>1,797,542</u>	<u>1,780,389</u>
Total Assets		<u>\$ 2,420,392</u>	<u>\$ 2,359,564</u>

LIABILITIES AND RETAINED EARNINGS

Current Liabilities:

Accounts payable		\$ 117,846	\$ 142,047
Due to related parties	6	<u>360,152</u>	<u>220,132</u>
Total Liabilities		<u>477,998</u>	<u>362,179</u>

Retained Earnings:

Retained earnings		1,996,408	1,928,389
Scholarship Fund		<u>(54,014)</u>	<u>68,996</u>
Total Retained Earnings		<u>1,942,394</u>	<u>1,997,385</u>
Total Liabilities and Retained Earnings		<u>\$ 2,420,392</u>	<u>\$ 2,359,564</u>

These audited financial statements have been approved by the Board of Management on 2 February 2017 and signed on its behalf by:

Director

Director

(The accompanying notes form part of these financial statements)

BIRDSONG
STATEMENT OF OPERATIONS

	For the year ended 30 September	
	<u>2014</u>	<u>2013</u>
Income:		
Grants and Donations	\$ 781,267	\$ 631,882
Boat Ride	34,120	-
Other income	<u>4,000</u>	<u>25,982</u>
Total Income	<u>819,387</u>	<u>657,864</u>
Program expenses:		
<u>Academy</u>		
Bank charges	1,052	733
Boat ride expenses	10,263	-
Christmas concert	35,781	7,550
Examination fees	52,582	15,360
Maintenance - Equipment	8,015	2,533
Other expenses	68,050	18,188
Professional fees	413,698	126,066
Salaries	75,022	-
Stationery and office supplies	2,892	4,146
Summer camp	25,937	93,789
Summer camp closing concert	37,933	46,469
Supplies	1,143	452
Transport	12,400	1,500
Travel	1,600	-
Tuning of instruments	<u>5,000</u>	<u>9,167</u>
	<u>751,368</u>	<u>325,953</u>
<u>Young Men's Programme</u>		
Professional fees	-	80,988
Other	<u>-</u>	<u>3,533</u>
	<u>-</u>	<u>84,521</u>
Total Expenses	<u>751,368</u>	<u>410,474</u>
Net surplus for the year	<u>\$ 68,019</u>	<u>\$ 247,390</u>

(The accompanying notes form part of these financial statements)

BIRDSONG

STATEMENT OF SCHOLARSHIP FUND OPERATIONS

	For the year ended 30 September	
	<u>2014</u>	<u>2013</u>
Income:		
Benefit Concert income	\$ 11,510	\$ 56,510
Less: Concert expenses	<u>(26,100)</u>	<u>(40,300)</u>
	<u>(14,590)</u>	<u>16,210</u>
Grants and Donations	<u>10,000</u>	<u>130,000</u>
Total Income (net)	<u>(4,590)</u>	<u>146,210</u>
Expenses:		
Student support:		
Travel	42,170	30,976
Tuition fees	<u>76,250</u>	<u>135,574</u>
Total Expenses	<u>118,420</u>	<u>166,550</u>
Net deficit for the year	<u>\$ (123,010)</u>	<u>\$ (20,340)</u>

(The accompanying notes form part of these financial statements)

BIRDSONG**STATEMENT OF RETAINED EARNINGS AND SCHOLARSHIP FUND BALANCE**

	<u>Retained Earnings</u>	<u>Scholarship Fund</u>	<u>Total</u>
Balance as at 30 September 2012	\$ 1,680,999	\$ 89,336	\$ 1,770,335
Net surplus for the year	<u>247,390</u>	<u>(20,340)</u>	<u>227,050</u>
Balance as at 30 September 2013	1,928,389	68,996	1,997,385
Net deficit for the year	<u>68,019</u>	<u>(123,010)</u>	<u>(54,991)</u>
Balance as at 30 September 2014	<u>\$ 1,996,408</u>	<u>\$ (54,014)</u>	<u>\$ 1,942,394</u>

(The accompanying notes form part of these financial statements)

BIRDSONG
STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2014</u>	<u>2013</u>
Operating Activities:		
Net deficit for the year	\$ (54,991)	\$ 227,050
Net change in accounts receivable	320,000	(299,889)
Net change in accounts payable	(24,201)	129,006
Net change in due to related parties	<u>140,020</u>	<u>75,000</u>
Cash provided by Operating Activities	<u>380,828</u>	<u>131,167</u>
Investing Activities:		
Purchase of fixed assets	<u>(17,153)</u>	<u>(77,936)</u>
Cash used in Investing Activities	<u>(17,153)</u>	<u>(77,936)</u>
Net change in cash resources	363,675	53,231
Cash resources, beginning of year	<u>127,876</u>	<u>74,645</u>
Cash resources, end of year	<u>\$ 491,551</u>	<u>\$ 127,876</u>
Represented by:		
Cash at bank	\$ 129,620	\$ 26,802
Short-term investments	<u>361,931</u>	<u>101,074</u>
	<u>\$ 491,551</u>	<u>\$ 127,876</u>

(The accompanying notes form part of these financial statements)

BIRDSONG**NOTES TO THE FINANCIAL STATEMENTS****30 September 2014****1. Incorporation and Principal Activities:**

Birdsong was incorporated in the Republic of Trinidad and Tobago as a non-profit company in 2004 and commenced operations in November 2005. In 2010, Birdsong was granted charitable status by the Ministry of Finance of the Government of Trinidad and Tobago. Its core activities include innovations in music, music education and other activities related thereof.

2. Significant Accounting Policies:**(a) Basis of financial statements preparation -**

The financial statements of the Company are prepared under the historical cost convention and are expressed in Trinidad and Tobago dollars.

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) as issued by the International Accounting Standards Board (IASB).

(b) Use of estimates -

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) Adoption of the IFRS for SMEs -

The Company has adopted the IFRS for SMEs which was issued by the International Accounting Standards Board in July 2009. These standards were adopted by the Institute of Chartered Accountants of Trinidad and Tobago effective 1 February 2010 for use in the presentation of financial statements for 2009 and prior periods.

(d) Investments -

Investments have been stated in accordance with Section 11 of the IFRS for SMEs (Basic Financial Instruments at amortised costs with changes recognized in profit or loss).

BIRDSONG**NOTES TO THE FINANCIAL STATEMENTS****30 September 2014****2. Significant Accounting Policies (Continued):****(e) Fixed assets -**

Fixed assets are stated at historical cost and no depreciation is provided for the reduction in the value of assets due to wear and tear as is required by Section 17 of the IFRS for SMEs.

(f) Revenue recognition -

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

(g) Financial instruments -

Financial assets and financial liabilities are recognised on the Company's Statement of Comprehensive Income when the Company becomes a party to the contractual provisions of the instrument.

Cash Resources

Cash resources consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

BIRDSONG**NOTES TO THE FINANCIAL STATEMENTS****30 September 2014****2. Significant Accounting Policies (Continued):****(h) Provisions -**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past event; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating leases.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with the respect to any one included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(i) Comparative figures -

Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the surplus reported for the previous year.

3. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies. See Note 2 (b).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in the Statement of General Fund Operations in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

BIRDSONG**NOTES TO THE FINANCIAL STATEMENTS****30 September 2014****3. Critical Accounting Estimates and Judgments (Continued):**

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Fixed assets

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and the useful lives and residual values of these assets.

BIRDSONG

NOTES TO THE FINANCIAL STATEMENTS

30 September 2014

4. **Cash at Bank:**

The Company maintains accounts with Republic Bank Limited.

5. **Short-term Investments:**

The Company maintains an income fund investment with the Trinidad and Tobago Unit Trust Corporation.

6. **Due to Related Parties:**

	30 September	
	<u>2014</u>	<u>2013</u> (Restated)
Birdsong Enterprises Loan	\$ 25,000	\$ -
Daily Environmental Services Limited Loan	<u>335,152</u>	<u>220,132</u>
	<u>\$ 360,152</u>	<u>\$ 220,132</u>

7. **Restatement:**

The audited financial statements for the year ended 30 September 2013 were restated to record the payment of a deposit of \$120,000 in 2010 for the purchase of the Tunapuna Rising Star Friendly Society property on Lots 46 and 47 St. Vincent Street, Tunapuna.

An agreement was signed between the Company and the Registrar of Friendly Societies in January 2010 for the sale of the property for \$1,200,000, however, to date the transaction has not been completed. The payment of the 10% deposit was financed by the proceeds of a loan from the related company, Daily Environmental Services Limited.

The balances for Accounts Receivable and Prepayments and Due to Related Parties were amended by the \$120,000, however, the restatement did not affect the Statements of Operations of the Company.