



ANNUAL REPORT 2013 - 14

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OUR VISION

To be the leading source of information and exchange in and for the African music sector.

Our broad objectives are (but are not limited to):

- providing reliable and useful information that promotes the African music sector and its operators;
 - connecting and promoting exchange between music operators from, or related to, Africa and its diaspora;
 - promoting and encouraging the creation of content by Africans, about Africa or related to Africa and its diaspora;
 - improving the distribution, accessibility and viability of such content;
 - promoting the spirit of entrepreneurship among the African music sector;
 - enhancing music education;
 - facilitating and promoting, through research, development and education, the use by professionals and audiences of current and future technologies; and
 - providing one single and viable access point for all of the above that links existing initiatives, services and resources.
- to facilitate the discovery of existing music in Africa by enabling users to listen to it on the portal;
 - to act as a platform for interaction and the sharing of reliable information about the African music sector;
 - to organise seminars, workshops and other events aimed at the African music sector;
 - to commission relevant research in relation to the African music sector;
 - to support the African music sector through capacity building and education; and
 - to conduct advocacy aimed at protecting the interests of musicians through (but not limited to) awareness campaigns and lobbying in the area of intellectual property right protection.

In carrying out these objectives, we aim:

- to create a website to serve as a portal for information collection and dissemination;

The Music In Africa Foundation was established in 2013 as a non-profit organisation. Its membership comprises music professionals who are actively involved in the African music sector.

The Music In Africa Foundation is registered in terms of the South African Non-profit Organisations Act, No. 71 of 1997.

CHAIRMAN'S STATEMENT

Creative industries, particularly the music industry, have undergone many changes in the past few decades. We have witnessed a significant transformation in how music is produced, distributed and consumed. These changes have groomed a new breed of musicians, who basically have to do everything on their own to survive. The challenge now is on policy makers, thought-leaders and cultural organisations to devise new, effective solutions to leverage the African music sector in these transitional times.

I have always appreciated the great value offered by the Internet, information exchange, networking and self-promotion of musical works. This inspired me to write a book in 2010, which explored ways to enhance the music industry with Information and Communication Technologies. I also presented a prototype of a website dedicated to music operators for the Democratic Republic of the Congo.

That is why when the Music In Africa project was initiated in 2011, I committed myself to work towards the promotion and strengthening of the African music sector. My election later in 2013 as the first Chairperson of the Music In Africa Foundation presented a responsibility to support the Foundation's vision of not only being a leading source of information and exchange in the music sector on the continent, but also of contributing to improve the quality of work and life for music operators.

The year under review has been a very important year in which we made significant achievements. The Foundation has been established and is now operating as a legal entity. Our portal is now online with an exponentially growing database of users and a range of key content offerings. In addition, I am happy that the Music In Africa initiative has been warmly received in many parts of Africa where it has been introduced so far, particularly in my home country DRC, where a kick-off meeting was organised in June 2013.

The National Arts Institute (INA), one of the oldest music teaching colleges in Central Africa

and other reputable educational institutes continue to show great enthusiasm to collaborate with the Foundation to enhance music education on the continent. We also enjoy the support of thousands of music operators, including journalists, record label owners, cultural rights lawyers, musicians and researchers, who use our website on a daily basis.



This is the first year in which I have had the pleasure of working closely with Eddie Hatitye, who assumed the position of Director of the Foundation in July 2013. His influence has been felt in numerous ways, including in particular through his strong and visible commitment to developing the Music In Africa initiative, his strategic operational processes, as well as his determination to promote a culture of trust, respect and care throughout the Foundation. The board deeply appreciates the high caliber of leadership and integrity that Eddie has provided throughout his involvement in the Foundation. I

am confident that under his leadership, the Foundation will continue to reach new milestones and continue to generate value for all our members.

Appreciation

In closing, I would like to thank the Siemens Stiftung and the Goethe-Institut for their continued support. I also thank my colleagues on the board for their advice and support during this crucial phase of the Foundation. Their diversity of experience and their clearly expressed views have proved exceptionally

valuable in furthering the agenda of the Foundation. Finally, I wish to thank all the Music In Africa employees and regional editors whose contribution remains crucial to the continuing success of the Foundation.



Ribio Nzeza Bunketi Buse
Chairperson

BOARD COMPOSITION

The affairs of the Music In Africa Foundation are governed by a Board of Management, constituted of individuals and representatives of organisations and businesses active in the field of music in Africa. These are the current Board members:



Ribio Nzeza Bunketi Buse (DRC)
Chairperson

Ribio has extensive experience in journalism, music and cultural research. He has worked for Radio Okapi, a radio station initiated by the Hirondelle Foundation and the UN Stabilization Mission in DRC.



André Le Roux (South Africa)
Deputy Chairperson

Andre is the Managing Director of the Southern African Music Rights Organisation (SAMRO) Foundation and past chairman of the Moshito Music Conference & Exhibition and the South African Coalition for Cultural Diversity.



Belisa Rodrigues (South Africa)
Treasurer

Belisa Rodrigues is actively involved in developing creative and cultural industries in Africa. She is currently the General Manager of the African Arts Institute (AFAI).



Bill Odidi (Kenya)
Membership Strategies

Bill has over 10 years' experience in both print and electronic media. He trained as a journalist in Kenya, India and Egypt and is currently the head of the English Service Radio at the Kenya Broadcasting Corporation (KBC).



Seta Ramaroson (Madagascar)
Music Education And Performance

Seta is a cultural manager working mainly in the domain of music and photography. He is a freelance artistic director for music events and recording projects.



Aisha Deme (Senegal)
Communication

Aisha has a strong passion for art and culture and is very connected to operators in Senegal's diverse arts scene. Her extensive experience in new media includes founding Agendakar.com, a popular arts and culture portal.



Henrike Grohs (Côte d'Ivoire)
International Partner management

Henrike heads the Goethe-Institut in Abidjan, Ivory Coast. From 2008 to 2013, she was in charge of programmes in the field of culture and development for the Goethe-Institut in Johannesburg.



Jens Cording (Germany)
International Partner management

Jens is currently the cultural manager of the Siemens Stiftung. He is a certified music teacher and has played in various orchestras and ensembles. He studied culture management at the University of Music and Theatre in Hamburg

DIRECTOR'S REPORT

Being our first fiscal year, the year under review required us to set a solid foundation for our work and to swiftly position ourselves to meet the unique demands of a fully-fledged pan-African organisation with clear expectations from its membership.

More importantly, it was the year we planned to introduce the Music In Africa portal and to sufficiently cover our phase 1 countries: South Africa, DRC, Senegal, Kenya and Nigeria. In addition, a sustainable content strategy supported by an efficient regional structure had to be developed and implemented. I am happy to say that we have achieved our primary goals and I am confident that our vision of becoming the prime source of information and exchange for the African music sector is achievable in the very near future.

Since establishing the Foundation in July 2013, we have focused on our primary objective to support the African music sector and its operators through information dissemination and exchange. The year ahead is crucial. We have to continue increasing the Foundation's capacity to execute its strategy, particularly in revenue generation and offline activities that complement the Foundation's online activities. In our strategic plan for the next three years, special emphasis has been put on pursuing complementary offline activities that support the African music sector and its operators, such as educational workshops, talent discovery competitions, training and other complementary activities.

We have learnt a lot from the development of our website and I am particularly happy that we are coming to the conclusion of this process. This will allow us more time to focus on our key goals.

While we made a lot of progress in setting up strategic regional structures, we still need to

focus on improving our capacity to efficiently execute non-content activities of the Foundation at regional levels.



Acknowledgements

I would like to thank our staff and partners for their dedication and support throughout the year. In addition, I wish to acknowledge the support and wise counsel of our chairman, Mr Ribio Nzeza Bunketi Buse, and all members of the Board of Management during this period of dynamic change and striving to deliver on our potential.

A handwritten signature in black ink, which appears to read "Edington Hatitye".

Edington Hatitye
Director

HIGHLIGHTS OF 2013-14

❖ ESTABLISHMENT OF THE MUSIC IN AFRICA FOUNDATION

- Constitution adopted
- Clear operating structures set

❖ FIRST ANNUAL GENERAL MEETING

- First Board of Management elected
- Office bearers elected

❖ LEGAL REGISTRATION OF THE FOUNDATION

- Accountability + transparency = better governance
- Registration status, a key requirement for funding and business operation

❖ SETTING UP OF ADMIN AND INTERNAL CONTROL SYSTEMS

- Financial Policies and Procedures set
- Operating structures for regional offices set

❖ LAUNCH OF THE MUSIC IN AFRICA DIRECTORY

- Roll-out of the Music In Africa portal
- Launched with 2547 profiles
- Increased interest from music professionals = Increased traffic
- Free and reliable information

❖ CONTENT STRATEGY ADVANCEMENT

- Phase 1 countries extensively covered (South Africa, Kenya, DRC, Senegal and Nigeria)
- 13 new focus countries (phase 2) introduced
- 140 overview texts and other content commissioned
- A total of 2950 articles generated

❖ DEVELOPMENT OF BUSINESS PLAN AND ADVERTISING SOFTWARE

- Business plan developed
- Self-serve advertising software conceptualised and developed

❖ REGIONAL STRUCTURES

- Nigerian chapter activated with office space in Lagos
- Office opened in Nairobi, Kenya at the GoDown Arts Centre
- Total regional offices = 4

❖ TRACTION & AWARENESS

- 10 Music In Africa presentations across Africa and Europe
- 3 kick-off meetings in West Africa
- Artist-catered awareness activities

❖ WORKSHOPS AND EDUCATION

- Global Music Campus (Soweto, South Africa)

Challenges

We faced continuous delays from our website developers. This had a negative impact on our planned activities for the year, particularly the timeous launch of the portal, activation of key marketing campaigns, revenue modules and other activities that are based on the portal.

Our response

We contracted a new company, 2Stroke Interactive, to take over development of the business modules. As a result, we were able to share the technical responsibilities and increase productivity. In addition, we introduced a scalable launch strategy that allowed us to launch the portal in phases, starting with a limited version.

TRANSFORMATION

Our transition into the Music In Africa Foundation required us to make important changes in all aspects of our operations, particularly in Human Resources.

General management

Overall general management of the Foundation is assumed by the Director, Edington Hatitye. The Director is responsible for the day-to-day business of the Foundation and the implementation of policies within the requirements of the Foundation's constitution and policies.

Regional editors

Regional editors are responsible for developing content and are delegated to implement some of the Foundation's policies in their respective regions. We have continued to restructure the editorial teams with a view to increase capacity while maintaining sustainable HR structures on the continent:

- ❖ Regional editors are now working on a full-time basis, from working on a part-time level.
- ❖ We have appointed only one regional editor per region, from two editors per region.
- ❖ In addition we have hired three staff members:

Head of Content and Senior Editor: David Durbach – based in Johannesburg, South Africa (from 1 October 2013)

Regional Editor for English-speaking West Africa, Edward Keazor – based in Lagos, Nigeria (from 1 March 2014)

French Content Coordinator and Translator, Patricia Yumba – based in Johannesburg, South Africa (from 1 April 2014)

Regional offices

We now have a total of 4 physical regional offices:

- Southern Africa (Head Office) located at the Goethe-Institut in Johannesburg, South Africa.
- East Africa office located in the Ketebul Music Studio premises at the GoDown Arts Center in Nairobi, Kenya.
- West Africa office space allocated to us courtesy of the Goethe-Institut in Lagos, Nigeria.
- West Africa office located at the Villa ACT in Dakar, Senegal.

We have not been able to find a suitable office in DRC where our editor is currently working remotely. We continue to explore possibilities to set up an office in Kinshasa in the near future.

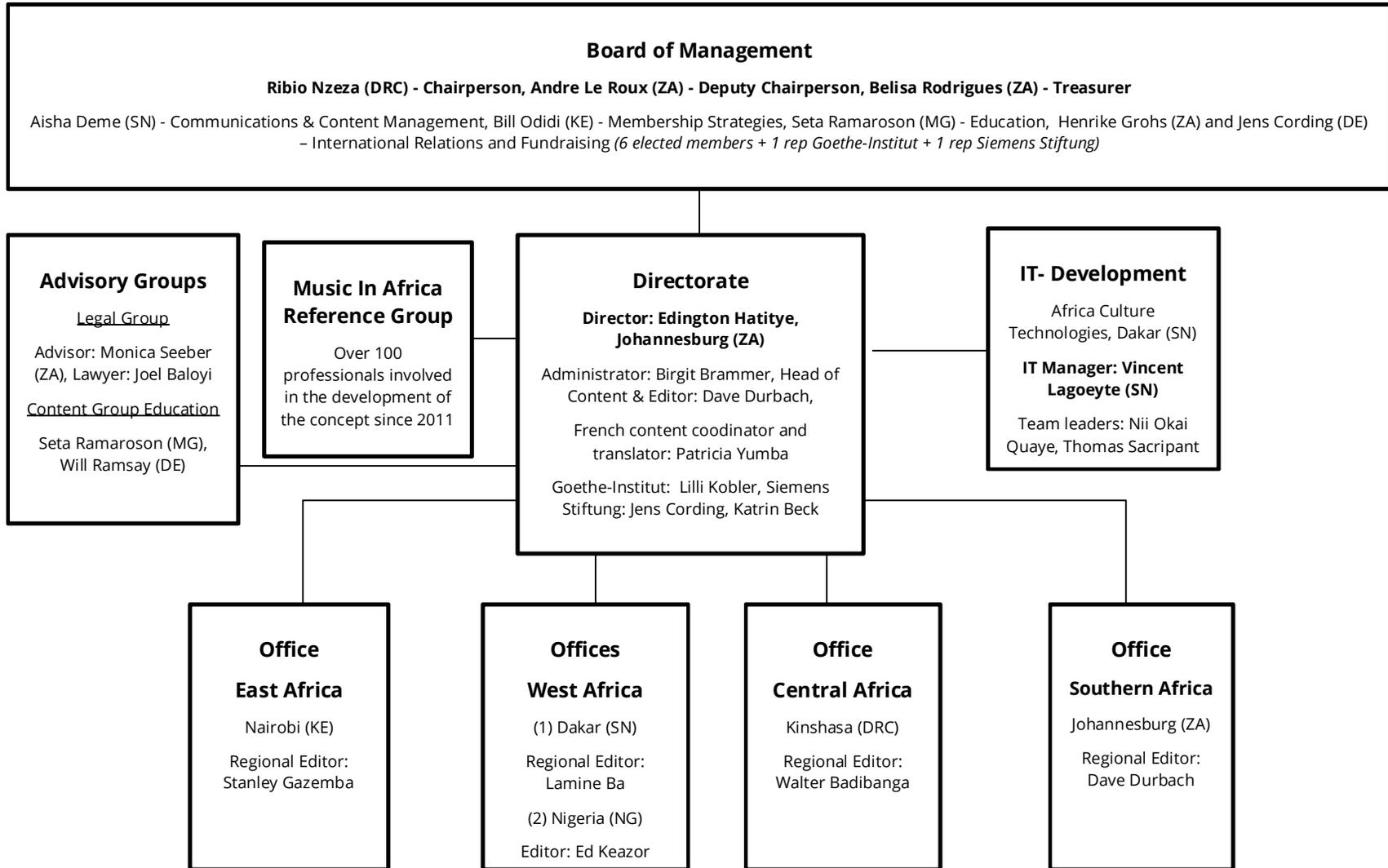
Admin systems and internal controls

Our internal admin and finance controls are designed to ensure that the Foundation's business is conducted in a manner that is in all reasonable circumstances above reproach. In September 2013 the Board approved our Financial Policies And Procedure Manual, which encompasses finance authorisation policy, bank account policy, financial reporting policy, budgeting policy, board expenses policy, expenditure policy and petty cash policy.

Administration

The Goethe-Institut also provides the Foundation with much needed administrative support and will continue to offer such support until the Foundation is capable of functioning independently from the Goethe-Institut.

Organisational structure as at 30 June 2014



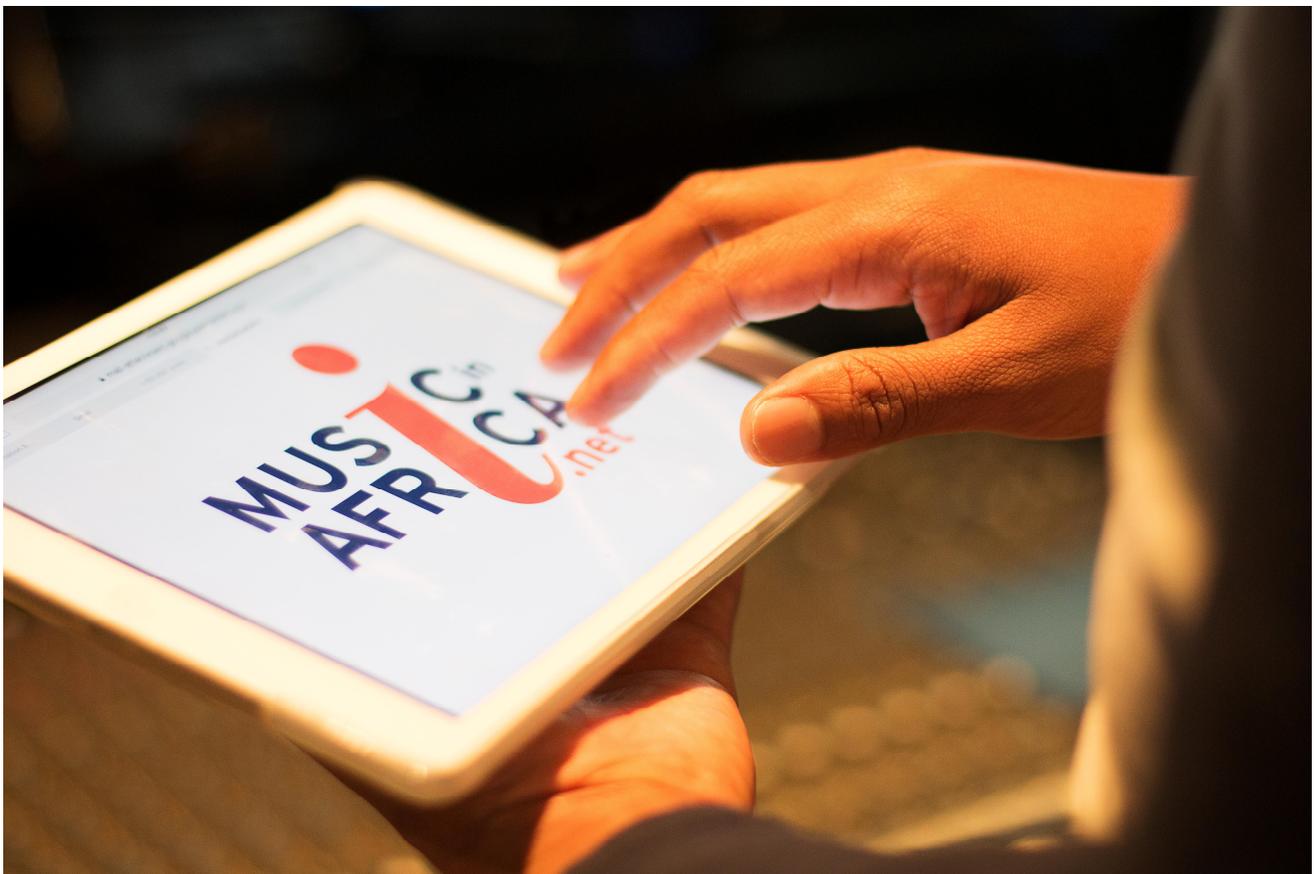
WEB DEVELOPMENT

Although website development was slower than anticipated, we managed to commence our roll-out of the Music In Africa portal with the launch of the Music In Africa Directory.

The Music In Africa portal is a multi-faceted, innovative web platform that allows users to enhance their knowledge of African music scenes while effectively networking and promoting their work for free.

The Directory is an extremely useful tool for anyone operating or just interested in African music. It is designed to enhance access, awareness and exchange in the sector by

disseminating detailed information about all kinds of music professionals in Africa and its diaspora, from musicians to funders, venues to publishers, recording studios to marketing experts, as well as retailers, promoters, music schools, managers, legal experts and many more. This is in line with the Foundation's strategic objective to provide reliable and useful information that promotes the African music sector and its operators.



Key attributes:

- Reliable
- Pan-African
- Interactive
- User-friendly
- Responsive (optimised for desktop, tablets and mobile phones)
- Bilingual (French & English)

Content integrity

In line with our objective to deliver useful and reliable content at all times, the Directory employs a tight moderation system managed by editors and knowledgeable contributors in different parts of the continent.

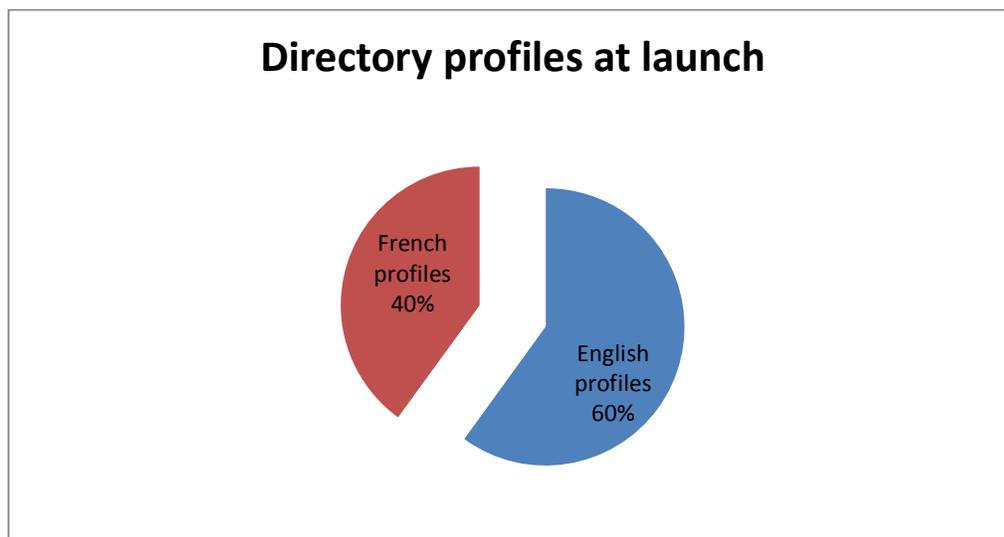
Exchange

In our extensive research and engagements with music professionals between 2011 and 2012, it was clear that there are very limited opportunities for African music operators to connect and collaborate. The Directory is one of our solutions to this challenge. Offering a clear

map of the various structures in Africa, it makes it easier for anyone to find and connect with operators, while increasing awareness of local music operators.

Promotion of African operators

By taking a leading role in developing content focused entirely on music professionals in Africa and its diaspora, we are facilitating the discovery of African music professionals, increasing awareness of the African music sector, enhancing exchange, and playing a pivotal role in the discovery of music, talent, and services.

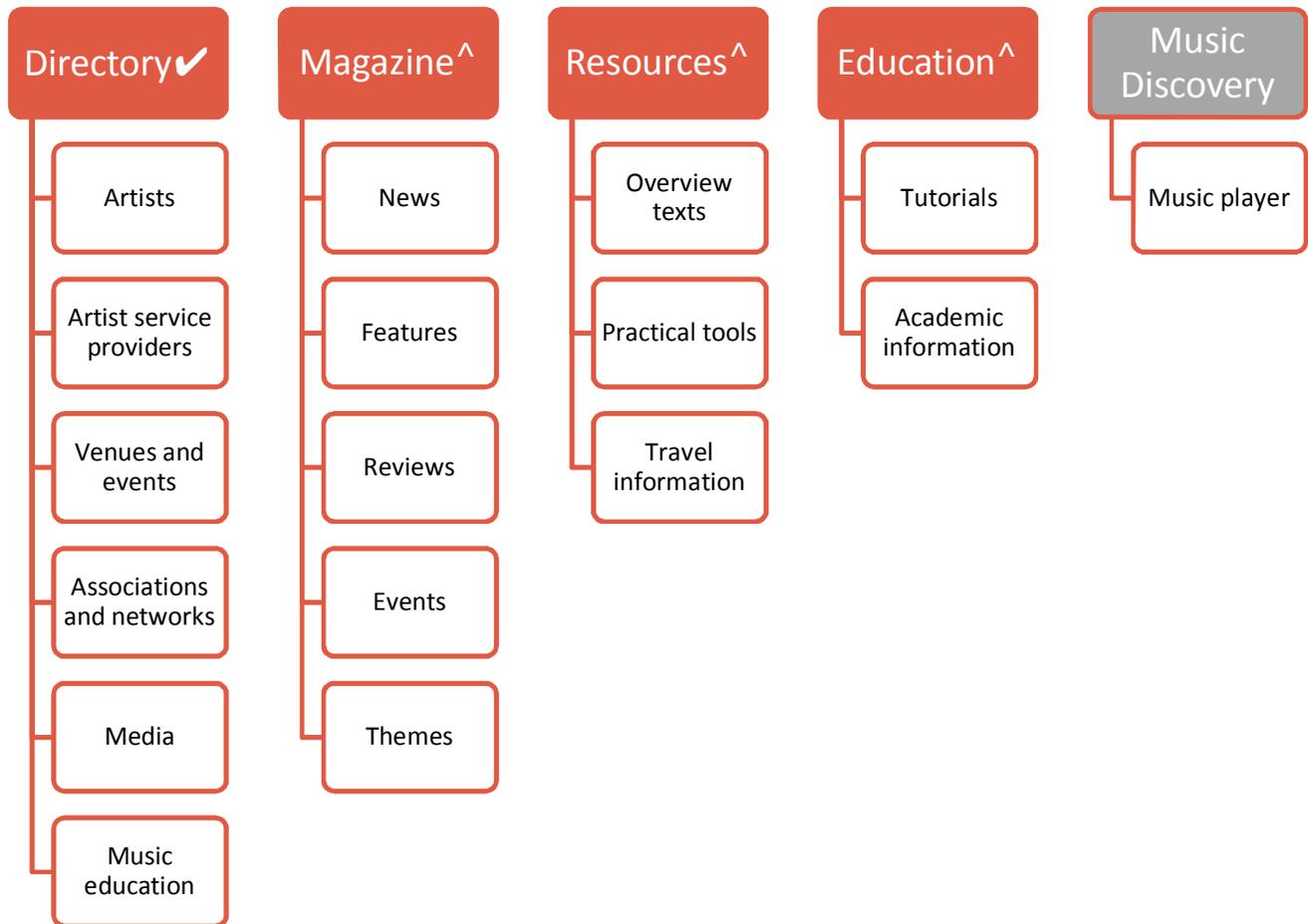


- **1019** French profiles
- **1528** English profiles

Next steps

Following the successful launch of the Music In Africa Directory, our priority is to unleash the full potential of the portal by launching the remaining sections: Magazine, Resources, Education and Music Discovery. These are scheduled to go live in November 2014.

The site map below shows our progress with the portal:



✓ [completed sections]

^ [Sections due to be activated in November 2014]

Grey [Section scheduled for activation in 2015]

CONTENT DEVELOPMENT

With a more organised editorial team, we made headway on our content strategy. At the end of May 2014, we commenced our second content phase, which introduces 13 new countries to be covered in the 2014/15 fiscal year. This brings the total number of countries we are currently focusing on to 19.

The first phase comprised of South Africa, Kenya, Senegal, DRC and Nigeria. The latter was added in the last quarter and will remain a key focus throughout 2014/15. While it is impossible to completely cover a country, we are confident

that the first phase covered the most crucial information areas in each country and that the structures we have put in place in each country will ensure continuous content development as we expand into new markets.

Focus countries

Phase & year	Region and countries				
	Southern Africa	Eastern Africa	West Africa	Central Africa	Indian Ocean
1 st phase (2013-14)	South Africa	Kenya	Senegal and Nigeria	DRC	-
2 nd phase (2014-15)	Malawi	Rwanda	Ivory Coast	Congo (Brazzaville)	Madagascar
	Zimbabwe	Uganda	Mali	Cameroon	
	Namibia	Tanzania	Ghana		

Our coverage of a country typically involves the following:

- o Step 1: Kick-off meetings and initial research
 - a. to create a basis for the local sector to be involved
 - b. to identify key needs of a particular sector
 - c. to identify local thought leaders and potential partners
- o Step 2: Content development
 - a. commissioning experts to develop specific content
 - b. devising an in-house content plan executed by regional editors
 - c. setting up local contributors in that country to maintain ongoing content production

Key focus areas

The most covered content areas address the following topics:

Focus area	Sub-fields
Legal aspects of the music business	<ul style="list-style-type: none">○ Royalty collection○ Music publishing○ Music contracts○ Intellectual property
Opportunities for musicians	<ul style="list-style-type: none">○ Performing/touring opportunities○ Funding opportunities○ Workshops/skills development opportunities○ Collaboration and exchange opportunities
Educational content	<ul style="list-style-type: none">○ Available music education structures in a country○ Tutorials○ Mapping of available music education facilities
Music performance	<ul style="list-style-type: none">○ Focus on live music scenes, venues, events and promoters.
Indigenous music	<ul style="list-style-type: none">○ Focus on specific traditional music genres as well as indigenous instruments.
Popular music	<ul style="list-style-type: none">○ Focus on key popular/urban genres, including their origins and key artists.
Recording industry scenes	<ul style="list-style-type: none">○ Focus on studios, labels, organisations, producers and engineers.
Music Operators information	<ul style="list-style-type: none">○ Artists○ Media○ Service Providers○ Venues and Events○ Music Education○ Organisations, Networks and Associations
Other dynamic content	<ul style="list-style-type: none">○ Event and CD Reviews○ Opinionated articles on topical issues○ Statistics○ Themes○ Features and Interviews○ News

Increasing content visibility

We invest in effective digital marketing campaigns that are traceable in order to increase the accessibility of our content. Our digital marketing strategy is implemented internally and externally by leading marketing agency, Searchoc.

The Music In Africa Foundation is a recipient of a Google Ad Grants award. The Google Ad Grants programme supports registered non-profit organisations that share Google's philosophy of community service to help the world in areas such as science and technology, education, global public health, the environment, youth

advocacy and the arts. Google Ad Grants is an in-kind advertising programme that awards free online advertising to non-profits via Google AdWords.

Challenges

Content translation is expensive. It generally costs as much money to translate an article as it costs to commission the article. This makes it

difficult for us to deliver certain content in both English and French.

Our solution

The model used by many translators of paying per word is not sustainable, especially for content-rich portals like ours. We have therefore created capacity for our editorial team to be able to translate content internally. In addition, we identify only the most important content to be translated.

WORKSHOPS, ENGAGEMENT & COLLABORATIONS

We have participated at some of the most important music events in Africa and beyond, including music conferences, festivals, symposiums and trade fairs. In addition, we have initiated more awareness activities targeted at music professionals in Africa.

Kick-off meetings

Three kick-off meetings were held in Ghana, Nigeria and Cote d'Ivoire. Kick-off meetings are our way of introducing the Music In Africa initiative to a new region or country. They provide opportunities to engage and collaborate effectively with local music operators.



Music In Africa presentation in Ghana © Ed Keazor

Ghana

The Ghana workshop was held at the Goethe-Institut in Accra on 16 July 2014. It was attended by over 40 strategic stakeholders from across the broad spectrum of the Ghanaian music scene, including Ghana's Deputy Minister of Culture, Tourism and Creative Arts, H.E. Madam Abla Dzifa Gomashie. Key outcomes were a clear list of focus areas and increased awareness of the Music In Africa portal in the country.

Nigeria

Operators in Nigeria first met in 2011. The meeting in June 2014 was therefore focused on establishing a strong basis for our operations in the country. The key outcomes included the activation of the Nigerian chapter, appointment of a regional editor and identification of key content focus areas.

Cote d'Ivoire

The meeting in Cote d'Ivoire on 25 June 2014 provided a platform for music operators in the country to discuss the main challenges faced by the local sector and how the Music In Africa initiative can be a solution. It also created a basis for local operators to get involved in our work.

Global Music Campus

We continued our strategic collaboration with the Global Music Academy on their Global Music Campus initiative. The Global Music Campus is a mobile training and skills development platform for music trainers in Africa. In September 2013, the third Global Music Campus was successfully staged in Soweto, where music teachers from different parts of the continent participated. Our partnership with the Global Music Campus was brokered by the Siemens Stiftung. Under the partnership, the Global Music Academy is responsible for producing specific educational content for our portal.

Presentations



Music In Africa presentation at WOMEX © Yannis Psanthas

The Music In Africa initiative was presented at the following events:

Event	Location	Date	Involvement
Global Music Campus	Johannesburg, South Africa	September 2013	We engaged with music teachers from different parts of the continent with a view to create a basis for their involvement in the Music In Africa initiative, and to facilitate development of educational content for the portal.
African Creative Economy Conference	Cape Town South Africa	6 - 9 October 2013	We collated and presented music research done across the continent. In addition, our Board participated in various exchange activities at the conference.
World Music Expo (WOMEX)	Cardiff, Wales, UK	25 October 2013	The portal was presented to an international audience for the first time.
Salon International de la Musique Africaine (SIMA)	Yaoundé, Cameroon	2 November 2013	Discussions around how the portal can work in a pan-African context, particularly in Francophone Africa.
Kenya Music Week	Nairobi, Kenya	12 - 15 December 2013	Exhibition, information gathering and panel discussions.

Music Exchange Conference	Cape Town, South Africa	7 - 8 March 2014	Courtesy of a partnership with Arterial Network, we presented a panel on "Music In Africa".
Atlantic Music Expo (AME)	Praia, Cape Verde	8 - 10 April 2014	We were invited to share our views and experiences with other international music entities and professionals at the second Atlantic Music Expo in Cape Verde.
KZN Music Imbizo	Durban, South Africa	28-30 August 2014	Presentation of the portal to young music professionals in Durban South Africa.
Breathe Sunshine Music Conference	Cape Town, South Africa	14-15 February 2014	Presentation and panel discussions on Music In Africa.

Other events

We have also tied up good relations with like-minded industry players across the continent, including festivals, record labels, collecting societies, venues, cultural centres and other reputable organisations involved in the field of music in Africa.

Artist-focused awareness

To increase usage of the portal among music professionals, we have engaged 41 artists from all walks of life in different parts of the continent. Notable names we have engaged include Sean Kuti (Nigeria), HHP (South Africa), Yoro Ndiaye (Senegal), Mokoomba (Zimbabwe) and Makadem (Kenya).



Nigerian artist Kunle Ayo © Dave Durbach

FURTHER DEVELOPMENT OF PARTNERSHIPS

For an organisation like Music In Africa, which operates at a pan-African level, partnerships are essential. During the year, the Foundation's close cooperation with partners continued in a number of areas and strengthened our relations.

The main achievements in this area include:

- Continued involvement of the Siemens Stiftung's representative, Jens Cording, at Board and Directorate level;
- Continued involvement of Goethe-Institut's representative, Henrike Grohs at Board level. Henrike was transferred to Abidjan during the year, where she continued to raise awareness of the Music In Africa initiative. In addition, Henrike's replacement at the Goethe-Institut, Lilli Kobler continues to support the Directorate in many ways;
- The Foundation signed a new memorandum of understanding (Mou) with the Goethe-Institut, which spells out the institute's continued support until the Foundation is capable of operating independently.
- There was increased collaboration between the Goethe-Institut and Siemens Stiftung on efforts to market the Music In Africa initiative in all areas of operation;
- We continue to benefit from Goethe-Institut centers across Africa, who are starting to integrate the Foundation's activities in their annual plans;
- Furthermore, we continued our good relations with Ketebul Music in Kenya, SAMRO Foundation (South Africa), Arterial Network (South Africa), Soon SA (Senegal), BEMA (Senegal), Bayimba Foundation (Uganda), Busara Promotions (Zanzibar), Black Mango (South Africa), Felabration (Nigeria) and the National Arts Institute (DRC), to name a few.

GOVERNANCE



Members at the founding meeting in Kenya © Tseliso Monaheng

The Board meets at least twice a year. Ten meetings were held during the year and attendance was as follows:

Board member	Meeting attendance									
	July	Aug	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Andre Le Roux	✓	✓	✓	✓	✓	-	-	✓	-	-
Aisha Deme	✓	✓	✓	-	✓	✓	-	✓	✓	✓
Belisa Rodrigues	✓	✓	✓	✓	-	✓	✓	-	✓	✓
Jens Cording	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Henrike Grohs	✓	✓	✓	-	✓	✓	✓	✓	✓	✓
Seta Ramaroson	✓	✓	✓	✓	✓	✓	✓	-	✓	✓
Bill Odidi	✓	✓	✓	-	✓	✓	✓	-	-	✓
Ribio Nzeza Bunketi Buse	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ [present]

- [absent]

Board composition

The Board of Management is composed of six (6) elected members. A representative of the

Siemens Stiftung and a representative of the Goethe-Institut, as initiators of the Foundation, have the right to a seat on the Board as long as

the organisation they represent remains involved with the work of the Foundation.

Regional balance

The Board strives to reflect a regional balance in its composition and to have a variety of expertise related to the music sector. Where for any reason the elected members of the Board do not reflect a regional balance and/or a variety of music-sector expertise, the Board is able to use its co-option powers to co-opt eligible persons capable of achieving this balance and variety.

Board terms

Elected members serve for a period of two (2) years and step down as members in the Annual General Meeting (AGM) taking place in the second year of their membership, but are eligible for re-election; provided that no member of the Board shall serve for longer than six (6) years.

Election of Office bearers

Office bearers, including the Chairperson, Deputy Chairperson and Treasurer, are elected by the Board at their first meeting after being elected by the Annual General Meeting.

The Director

The Board delegates authority for the day-to-day running of the organisation to the Director. This authority is subject to certain areas where the Board must be consulted prior to effecting

decisions.

Conflict of interest

Board members are informed of their fiduciary duty to act in the best interests of the organisation at all times. All board members declare any interests that might conflict with their positions on the Board.

Committee

The Board delegates certain of its duties to various board committees while retaining overall responsibility for the organisation. The Board committees operate under formal terms of reference which are approved by the Board. The current committees are:

The Human Resources Committee

An interim Human Resources Committee was set up in October 2013 with a mandate to:

- Oversee HR and financial matters of the Foundation.
- Review the Financial Procedures Policy Manual and advise the board and oversee implementation thereof.

The committee comprises Jens Cording and Henrike Grohs. The 2nd Annual General Meeting of the Foundation will appoint a long-term Human Resources Committee.

STRATEGY

During the year we devised a three-year strategy plan with key goals and outcomes for 2014 to 2017:

Goal	Strategy
To become self-sustainable.	<ul style="list-style-type: none"> • In order to achieve this, we have to ensure that our portal is able to generate alternative revenue. We have developed the mechanisms for the portal to start serving ads in January 2015. • In addition, we have to secure more funding partners, while maintaining solid relations with current funders. • We also need to strengthen human resources to increase capacity in key business areas.
To position Music In Africa as the leading source of information and exchange.	<p>This will be achieved by:</p> <ul style="list-style-type: none"> • Consistently delivering effective content plans, while maintaining the highest level of content integrity. • Ensuring that our portal employs the highest level of security and is reachable at all times. • Investing in effective marketing strategies.
To initiate more offline programmes that support the African music sector.	<p>In order to achieve this, our strategy is to:</p> <ul style="list-style-type: none"> • Pursue strategic partnerships with like-minded organisations involved in activities such as music education, artists training, workshops, funding and performance.

From a content standpoint, our aim is to grow our database of music operators to 50000 by December 2016 and to complete our initial coverage of sub-Saharan Africa by 2017.

RISK MANAGEMENT

Identification and management of risk is key to delivering our strategic goals.

One of the Board's initiatives towards risk management in the first year was to introduce monthly Board meetings, as opposed to the two expected annual Board meetings. This facilitated swift risk identification and management at Board and Directorate level. The meetings of the Board in the year under review are recorded on page 23. Going forward there are plans in place to establish dedicated committees, including a risk management committee.

Sustainability

The Foundation is funded and supported by the Siemens Stiftung and the Goethe-Institut – two reputable international organisations with a key interest in the activities of the Foundation. The initial funding commitment of the two partners was for five years, starting from 2011.

In the year under review, the Foundation signed a new MoU with the Goethe-Institut, under which the Goethe-Institut will continue its current commitments towards the Foundation until the Foundation is capable of functioning independently. The MoU makes a provision for a review of the progress made by the Foundation after 3 years (2016). The Siemens Stiftung intends to accompany the project at least until its independence and coverage of the entire continent.

While we are expectant of long-term support from our current funders, we are committed to securing alternative funding models to ensure the self-sustainability of the Foundation.

Our strategy is therefore centered on:

- ❖ **self-generating revenue via the portal**
We have finished the development of a software that will allow users to advertise their products and services on the Music In Africa portal. Users will be able to place ads on the Music In Africa portal from January 2015 and in return pay the Foundation a fee for the service.

- ❖ **securing long-term funding commitments from current partners**

Partner consideration is a key aspect of our work. We are mindful that without the initial funding commitment of our main partners, the Music In Africa initiative would not have been where it is today. On the Board there are representatives of the two founding partner organisations who consistently exchange on ways to strengthen our relations. In addition, we maintain a close collaboration in our work.

- ❖ **seeking alternative funders**

Our doors are open to all who believe in our initiative. In addition, the Foundation is in the process of hiring a dedicated fundraising manager to secure more funding.

COMPLIANCE WITH LAWS & REGULATIONS

The Foundation is committed to observing best law practice in South Africa and all applicable territories.

We remain particularly mindful and compliant of laws such as the Protection of Personal Information Bill (South Africa), the Non-profit Organisations Act, No. 71 of 1997 (South Africa), the Broad-Based Black Economic Empowerment (B-BBEE) Act, No. 53 of 2003 (South Africa) and other related laws. In addition, the foundation

submits all statutory reports required in South Africa.

Website security

The Music In Africa software is developed in Drupal 7, one of the most dependable open source content management systems (CMS). Special efforts have been put on maximising data security, while minimising downtime risks of the portal.

Our servers are supplied and hosted by international company Hetzner Online AG in Germany. A back-up server is available to avoid data loss and we have started to install an SSL (Secure Sockets Layer) encryption on our

servers. SSL is a protocol developed to create a secure connection between a client and a server, encrypting sensitive information being transmitted through the web page.

Our web Terms of Use, Privacy Policy and Copyright Policy are consistently checked and monitored.

FINANCIAL STATEMENTS

DIRECTORATE'S RESPONSIBILITIES AND APPROVAL

The Directorate are required by their Constitution to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report.

It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Foundation as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with its accounting policies. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with our accounting policies and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Management acknowledge that they are ultimately responsible for the system of internal financial controls established by the foundation and place considerable importance on maintaining a strong control environment.

To enable the Directorate to meet these responsibilities, they set out standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Foundation and employees are required to maintain the highest ethical standards in

ensuring the Foundation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Foundation is on identifying, assessing, managing and monitoring all known forms of risk across the Foundation. While operating risk cannot be fully eliminated, the Foundation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by the Directorate, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the presentation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directorate have reviewed the Foundation's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, they are satisfied that the Foundation has access to adequate resources to continue its operational existence for the foreseeable future. The Directorate is primarily responsible for the financial affairs of the Foundation.

The external auditors are responsible for independently reviewing and reporting on the

Foundation's financial statements. The financial statements have been examined by the Foundation's external auditors and their report is presented on pages 2 and 3.

The financial statements set out on pages 33 to 42 were approved by the Directorate on 10 November 2014 and were signed on its behalf by:



Edington Hatitye
Director



Ribio Nzeza Bunketi Buse
Chairperson

DIRECTOR'S REPORT

To the members

We have the pleasure in submitting our first annual report and audited financial statements for the year ended 30 June 2014.

Grants and donations

Cash received from donors and members amounted to €373 678. Comprehensive notes on funds received from Siemens Stiftung and the Goethe-Institut are supplied on page 41.

Human resources and related expenses

Cash paid to suppliers and employees amounted to €149 411.

Fixed assets

There were no extraordinary changes to fixed assets for the year under review.

Intangible assets

Investment in the portal and relevant software is reflected as an intangible asset on the balance sheet. €170 000 was paid before the commencement of the fiscal year for the development of the portal:

- Five content sections: Magazine, Directory, Resources, Education and Music Discovery
- Dashboard and moderation modules
- Front-end development and scripting
- Responsive design
- Multilingual support (English and French)
- Database architecture
- Networking modules
- User roles and content access permissions
- Custom development and integration of modules

In the fiscal year, €25 830 was paid to develop the advertising software:

- Integration of E-commerce module
- Custom development of three modules namely Ad module, Sponsored content module and Applause module
- User roles and content access permissions
- Front-end development and scripting
- Responsive design

Intangible contributions

Siemens Stiftung

The Siemens-Stiftung supports the Foundation through its worldwide network, communications, marketing activities, and more importantly support for educational initiatives aimed at developing content for the Foundation. The contribution is estimated at over €20 000 annually.

Goethe-Institut

The Goethe-Institut supports the Foundation through its worldwide network, contacts and communications as well as the local running costs in terms of the infrastructure in Johannesburg. The Goethe-Institut contributes to the Foundation with its long-time partnerships, network and its appreciation within the cultural scene on the continent. Rent, admin personnel and running costs, including Internet and communication expenses are estimated at over €20 000 annually.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MUSIC IN AFRICA FOUNDATION

Report on the financial statements

We have audited the accompanying financial statements of the Music In Africa Foundation, which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 33 to 42.

Directorate's responsibility for the financial statements

The directorate is responsible for the preparation and the fair presentation of these financial statements in accordance with their accounting policies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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. These 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 auditor's judgement, including the assessment of the risk 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. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified opinion

In our opinion, these financial statements fairly present, in all material respects, the financial position of the Music In Africa Foundation as at 30 June 2014, and of its financial performance and its cash flows for the period then ended in accordance with its accounting policies.

Emphasis of matter

As is explained in note 9 to the financial statements, the foundation needs ongoing donor support if it is to continue operations. These financial statements have been prepared on the basis of accounting practices applicable to a going concern which assumes that the foundation will generate sufficient funds by way of grants from donors to continue funding its activities in the ensuing year.

Accordingly they do not include any adjustments, relating to the recoverability and classification of assets or to the amounts and classification of liabilities that would be necessary if the foundation were unable to continue as a going concern.



Douglas & Velcich
Chartered Accountants (S.A.)
Registered Accountants and Auditors

Johannesburg
10 November 2014

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Note	2014 €	2014 R
ASSETS		396 020	5 195 998
Non-current assets		197 583	2 440 509
Equipment	2	2 197	26 737
Intangible assets	3	195 386	2 413 772
Current assets		198 437	2 755 489
Cash and cash equivalents	4	72	1 020
Funds held by Goethe-Institut	5	198 365	2 754 469
Total assets		396 020	5 195 998
RESERVES AND LIABILITIES		396 020	5 195 998
Reserves		197 583	2 440 509
Accumulated funds		-	-
Equipment fund - intangible assets		195 386	2 413 772
Equipment fund - tangible assets		2 197	26 737
Current liabilities		198 437	2 755 489
Accounts payable	6	17 782	190 030
Deferred income	7	180 655	2 565 459
Total reserves and liabilities		396 020	5 195 998

STATEMENT OF COMPREHENSIVE INCOME FOR THE

PERIOD ENDED 30 JUNE 2014

	Note	2014 €	2014 R
INCOME		193 023	2 705 260
Grants and donations	8	192 947	2 704 156
Membership fees		76	1 104
EXPENDITURE		167 193	2 328 212
Bank charges		40	584
Consultant fees		15 893	212 473
Content development		13 159	184 000
Marketing and PR		4 942	70 351
Meetings		578	8 568
Office expenses		13 630	192 019
Regional editors		26 346	374 582
Salaries		48 326	684 076
Travel		41 972	567 017
Web and IT development		2 307	34 542
SURPLUS FOR THE PERIOD		25 830	377 048
OTHER COMPREHENSIVE INCOME			
Transfer to equipment fund		(25 830)	(377 048)
- Equipment purchased		(444)	(6 662)
- Web development		(25 386)	(370 386)
TOTAL COMPREHENSIVE INCOME		-	-

STATEMENT OF CHANGES IN RESERVES FOR THE PERIOD ENDED 30 JUNE 2014

	Equipment fund			Total €
	Accumulated funds €	Intangible assets €	Tangible assets €	
Assets bought in at net book value at the 1 July 2013	-	170 000	2 975	172 975
Other comprehensive income	-	25 386	444	25 830
Surplus for the period	25 830	-	-	25 830
Transfer to equipment fund	(25 830)	25 386	444	-
Assets acquired during the year	(25 830)	25 386	444	-
Depreciation for the year	-	-	(1 222)	(1 222)
Balance at 30 June 2014	-	195 386	2 197	197 583

	Equipment fund			Total R
	Accumulated funds R	Intangible assets R	Tangible assets R	
Assets bought in at net book value at the 1 July 2013	-	2 043 386	34 098	2 077 484
Other comprehensive income	-	370 386	6 662	377 048
Surplus for the period	377 048	-	-	377 048
Transfer to equipment fund	(377 048)	370 386	6 662	-
Assets acquired during the year	(377 048)	370 386	6 662	-
Depreciation for the year	-	-	(14 023)	-
Balance at 30 June 2014	-	2 413 772	26 737	2 454 532

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014

	Note	2014 €	2014 R
Cash received from donors and members		373 678	5 270 719
Cash paid to suppliers and employees		(149 411)	(2 138 182)
Cash generated from operations	10	224 267	3 132 537
Interest received		-	-
Cash flows from operating activities		224 267	3 132 537
Cash flows from investing activities		(25 830)	(377 048)
Assets purchased during the year		(444)	(6 662)
Website development		(25 386)	(370 386)
Cash flows from financing activities		(198 365)	(2 754 469)
Funds held in Trust - Goethe Institut		(198 365)	(2 754 469)
Net increase in cash and cash equivalents		72	1 020
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period	4	72	1 020

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the foundation's accounting policies. The financial statements have been prepared on the historical cost basis, except for financial instruments and incorporate the principal accounting policies set out below.

1.1 TANGIBLE ASSETS

The cost of an item of tangible assets is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of tangible assets and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of tangible

assets, the carrying amount of the replaced part is derecognised.

Tangible assets are carried at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all tangible assets other than freehold land, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	Useful life
Computer equipment	3 years

The depreciation charge for each period is recognised in equipment fund, unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognising of an item of property, plant and equipment is included in the equipment fund when the item is derecognised. The gain or loss arising from the derecognising of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014 *(continued)*

ACCOUNTING POLICIES (Continued)

1.2 INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortised. The useful life an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

1.3 FINANCIAL INSTRUMENTS

Measurement

Financial instruments carried on the statement of financial position include bank balances, accounts receivable and accounts payable. Financial instruments are initially measured at cost as at trade date, which includes transaction costs. Subsequent to initial recognition, the following instruments are measured as set out below :-

Accounts receivable

Accounts receivable is stated at cost less provision for impairment losses.

Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value.

Cash and cash equivalents are measured at fair value.

Accounts payable

Accounts payable which are short - term obligation, are stated at their nominal value.

1.4 EQUIPMENT FUND

In order that operating reserves reflect assets available to the operations of the organisation, an equipment fund is maintained to separate out the funding of such assets.

The mechanism whereby this fund is maintained at a value equal to the carrying value of such assets in the statement of financial position is that an amount equal to the cost of assets acquired be charged against operating income each year and credited to the fund.

Depreciation, and profits and losses on disposal are adjusted annually against the fund.

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014 *(continued)*

ACCOUNTING POLICIES (Continued)

1.5 REVENUE

Income from grants is brought to account in the financial period to which it relates. Donations, membership and other income is brought to account as and when received.

1.6 INTEREST INCOME

Interest is brought to account as and when received.

1.7 EXPENDITURE

Expenditure is accounted for on the accrual basis of accounting.

1.8 PROJECT ACCOUNTING AND EXPENSE ALLOCATION

In terms of its contractual obligations to donors, The foundation's policy is to allocate project expenses that are clearly identifiable as such, directly against project funds. Indirect and shared costs are apportioned on the basis of management estimates.

Accrued and deferred grant income is based on the balance of the project fund after taking into account the direct, indirect and shared costs as described above. The unexpended surplus of the project fund is deferred to the following year or the deficit is accrued in the year under review.

1.9 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such

as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee renders service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.10 FOREIGN CURRENCY TRANSLATION

Grants and donations income has been converted at the spot rate on the dates of receipt. Other income and expenditure, has been converted at the average exchange rate for each month as determined by the Goethe-Institut.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

ENDED 30 JUNE 2014 (Continued)

2. EQUIPMENT

	Computer equipment €	Total €
30 June 2014		
Net book value - 1 July 2013	2 975	2 975
At cost	3 560	3 560
Accumulated depreciation	(585)	(585)
Additions during the year	444	444
Depreciation for the year	(1 222)	(1 222)
Net book value - 30 June 2014	2 197	2 197
At cost	4 004	4 004
Accumulated depreciation	(1 807)	(1 807)

	Computer equipment R	Total R
30 June 2014		
Net book value - 1 July 2013	34 098	34 098
At cost	40 446	40 446
Accumulated depreciation	(6 348)	(6 348)
Additions during the year	6 662	6 662
Depreciation for the year	(14 023)	(14 023)
Net book value - 30 June 2014	26 737	26 737
At cost	47 108	47 108
Accumulated depreciation	(20 371)	(20 371)

	2014 €	2014 R
3. INTANGIBLE ASSETS		
Website development		
Website development - 2013	170 000	2 043 386
Website development - 2014	25 386	370 386
	195 386	2 413 772

The website is an intangible asset with an indefinite useful life. The website will be tested annually for impairment.

4. CASH AND CASH EQUIVALENTS

Standard Bank - current account	72	1 020
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

ENDED 30 JUNE 2014 (Continued)

5. FUNDS HELD IN TRUST

Goethe - Institut	198 365	2 754 469
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6. ACCOUNTS PAYABLE

Accruals	17 782	190 030
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7. DEFERRED INCOME

Siemens Stiftung	180 655	2 565 459
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8. GRANTS AND DONATIONS

Goethe-Institut	35 000	479 886
Siemens Stiftung	157 947	2 224 270
Received	250 000	3 577 905
Deferred to 2013/14 fiscal year	88 602	1 211 824
Deferred to 2014/15 fiscal year	(180 655)	(2 565 459)
	192 947	2 704 156

9. TAXATION

No provision has been made for income tax as the Foundation earns income in the form of Grants and Donations, but it is in the process of applying for exemption from tax in terms of section 10(1)(cN) as read with section 30 of the Income Tax Act.

10. CASH GENERATED FROM OPERATIONS

Surplus for the period	25 830	377 048
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Adjusted for:

Increase in deferred income	180 655	2 565 459
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Operating surplus before working capital changes	206 485	2 942 507
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Working capital changes	17 782	190 030
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Increase in accounts payable	17 782	190 030
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Cash generated from operations	224 267	3 132 537
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. GOING CONCERN

The existence of the foundation is dependent on the continued support of its donors, by way of grants and donations. Should the grants and donations be withdrawn it is highly unlikely that the foundation will be able to continue as a going concern. The foundation is aware of this risk and has started implementing a revenue generation strategy on its portal.

12. FINANCIAL RISK

12.1 Interest rate risk

The Foundation has no significant exposure to interest rate risk.

12.2 Credit risk

The Foundation's credit risk is attributable to funds held in trust and liquid funds. The credit risk on liquid fund is limited because the counter party is a bank with credit rating assigned by international credit-rating agencies. The Foundation has a significant balance of funds held with the Goethe-Institut South Africa.

12.3 Liquidity risk

The Foundation manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

SUPPLEMENTARY INFORMATION

Registered Office Address

Music In Africa Foundation
119 Jan Smuts Avenue
Parkwood 2193
Johannesburg
South Africa

Registration Number

133-617-NPO

Postal Address

119 Jan Smuts Avenue
Parkwood 2193
Johannesburg
South Africa

Telephone number

+27 11 442 3232

Bankers

Standard Bank
Trust fund banker name: Nedbank

Web: www.musicinafrica.net

Facebook: Music In Africa

Twitter: @MusicInAfrica
