

Adagio Corporation, Inc.

Notes to Financial Statements

Years ended May 31, 2005 and 2004

1) Operations

The Society was incorporated under the Society Act of British Columbia on February 14, 1999. Its principal activities are to develop and promote good works.

2) Significant accounting policy

The Society's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenue is recognized when receivable and expenses are recognized at the time the obligation is incurred.

3) Property and equipment

Property and equipment are stated at cost. Amortization is not taken in the year of acquisition. Amortization on all assets except computer software is provided on a straight-line basis at an annual rate of 20 per cent. Computer software is amortized at a rate of 100%.

			2005	2004
	Cost	Accumulated amortization	Net book value	Net book value
Assets				
Computer	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Furniture	0.00	0.00	0.00	0.00
Website development	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00

4) Appropriations

The Society has committed the following amounts to certain projects:

	2005	2004
Marketing program		
Festival		
Conference		

5) Fair value of financial assets and financial liabilities

The carrying values of cash and short-term investments, accounts receivable, GST receivable, prepaid expenses and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items.