

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

2023 Financial Statements

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2023 Financial Statements

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Independent Auditor's Report

To the Board of Directors of BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Qualified Opinion

We have audited the financial statements of BLACK BUSINESS AND PROFESSIONAL ASSOCIATION, which comprise the statement of financial position as at March 31, 2023, 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.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of BLACK BUSINESS AND PROFESSIONAL ASSOCIATION as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As is common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

Independent Auditor's Report — continued

with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GMS Professional Corp

GMS Professional Corporation
Chartered Professional Accountants
Authorized to Practice Public Accounting by the Chartered
Professional Accountants of Ontario

Mississauga, Ontario
March 30, 2024

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Statement of Financial Position

As at March 31, 2023

	2023	2022
ASSETS		
Current assets		
Cash	\$ 403,715	\$ 801,172
Short term investment (note 3)	258,253	258,227
HST recoverable	130,812	252,863
Accounts receivable	219,882	168,165
Prepaid expenses	12,705	216,210
Employee Advance	6,500	-
	1,031,867	1,696,637
Capital assets (note 4)	51,227	37,764
	\$ 1,083,094	\$ 1,734,401
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 233,862	\$ 326,690
Deferred revenue (note 5)	248,728	560,984
Funds held in trust	-	565
	482,590	888,239
Net assets	600,504	846,162
	\$ 1,083,094	\$ 1,734,401

See accompanying notes

On behalf of the Board

Rossing Cadastre, Chair:

Camille Stewart Edwards, Treasurer:

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Statement of Operations

Year ended March 31, 2023

	2023	2022
Revenue		
Sponsorship (note 8)	\$ 2,726,025	\$ 451,366
Government grants (note 7)	1,445,509	2,578,557
Donations (note 6)	314,504	445,066
Other income	137,318	11,605
Membership dues	75,036	21,803
Other grant income (note 10)	56,000	79,125
	4,754,392	3,587,522
Expenditures		
Programs (note 11)	3,650,080	4,366,229
Payroll	496,629	183,747
Administration (note 12)	383,363	163,407
Professional Services	338,388	71,726
Travel	41,753	-
Advertising and promotion	31,518	19,805
Amortization	16,450	8,132
Insurance	10,071	5,203
Meals and entertainment	9,464	-
Rent	8,315	8,315
Repairs and maintenance	6,897	11,168
Automotive	5,412	-
Other expenses	1,710	10,000
	5,000,050	4,847,732
Deficiency of revenue over expenditures	\$ (245,658)	\$ (1,260,210)

See accompanying notes

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION
Statement of Changes in Net Assets
Year ended March 31, 2023

	2023	2022
Net assets, as previously stated	\$ 825,257	\$ 2,106,372
Prior period adjustment (note 9)	20,905	-
Net assets, beginning of year, as restated	846,162	2,106,372
Deficiency of revenue over expenditures	(245,658)	(1,260,210)
Net assets, end of year	<u>\$ 600,504</u>	<u>\$ 846,162</u>

See accompanying notes

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Statement of Cash Flows Year ended March 31, 2023

	2023	2022
Operating activities		
Deficiency of revenue over expenditures	\$ (245,658)	\$ (1,260,210)
Item not involving cash		
Amortization	16,450	8,132
	(229,208)	(1,252,078)
Net change in non-cash working capital items		
HST recoverable	122,051	(210,247)
Accounts receivable	(51,717)	(168,165)
Prepaid expenses	203,505	(164,644)
Employee Advance	(6,500)	-
Accounts payable and accrued liabilities	(92,827)	254,184
Government assistance	-	(40,000)
Deferred revenue (note 5)	(312,256)	540,984
Funds held in trust	(565)	565
	(138,309)	212,677
Cash flows used in operating activities	(367,517)	(1,039,401)
Financing activity		
Bank overdraft and line-of-credit and cash flows from financing activity	-	47
Investing activity		
Purchase of property, plant and equipment	(29,914)	(29,640)
Net change in cash during the year	(397,431)	(1,068,994)
Cash, beginning of year	1,059,399	2,128,393
Cash, end of year	\$ 661,968	\$ 1,059,399
Cash consists of:		
Cash	\$ 403,715	\$ 801,172
Short term investment	258,253	258,227
	\$ 661,968	\$ 1,059,399

See accompanying notes

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2023

1. Nature of operations

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION was incorporated in the province of Ontario on July 21, 1983 and is a registered charity which is exempt from tax under section 149(I) of the Income Tax Act. Its objects are:

- To advance Canada's Black communities by delivering programs that support business and professional excellence, higher education and economic development;
- To encourage and support the pursuit of entrepreneurship, business, professional excellence, higher education and economic empowerment;
- To facilitate access to people and resources;
- To identify and reward excellence in achievement; and
- To establish linkages and co-operate with other organizations on matters pertaining to business, education, economic development and community wellness;
- To build cross-cultural understanding and promote equity

2. Summary of significant accounting policies and general information

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Basis of accounting

Except for revenue from donations and grants which are recorded on a cash basis, with no accrual being made for amounts pledged but not received, revenues and expenditures are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

Basis of presentation - Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2023

2. Summary of significant accounting policies and general information — continued

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Capital assets

Purchased capital assets are recorded at cost and donated capital assets are recorded at their fair values at the time of receipt. Amortization is provided on a declining balance basis at rates selected to write-off capital assets over the term of their estimated useful lives.

The rates are as follows:

Computer hardware	30%
Equipment, Furniture and Fixture	20%

Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, line of credit, bank overdraft, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Donated goods and services

The organization benefits from volunteers who lend their time to further the organization's objectives. Due to the difficulties of determining their fair values, donated services are not recognized in the financial statements. Donated goods are not recognized to the extent that they would not normally be purchased by the organization.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2023

3. Short term investment

The Association has an investment in a Special rate Guaranteed Investment Certificate which pays interest at a rate of 0.35%.

4. Capital Assets

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 52,202	\$ 43,934	\$ 8,268	\$ 9,081
Computer hardware	65,059	22,100	42,959	28,683
	<u>\$ 117,261</u>	<u>\$ 66,034</u>	<u>\$ 51,227</u>	<u>\$ 37,764</u>

5. Deferred revenue

	2023	2022
Opening balance	\$ 560,984	\$ 20,000
Add: Contribution received during the year	4,327,658	3,502,772
Less: Amount amortized to revenue during the year	(4,639,914)	(2,961,788)
Total	<u>\$ 248,728</u>	<u>\$ 560,984</u>

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2023

6. Donations

Below is a list of the major donors related to the 2023 fiscal year:

	2023	2022
Hydro One	\$ 25,000	\$ -
Canada Helps	32,212	74,392
Canada Medical Foundation	27,500	-
Sephora	24,869	-
RBC Foundation	20,000	20,000
The Prestin Foundation	16,500	15,000
Emily Inderjeit	14,066	-
Gore Mutual Foundation	10,000	-
Other	144,358	139,624
TJX Canada	-	66,513
The Flanagan Foundation	-	50,000
ERAC Canada Foundation	-	39,536
E & J Gallo Winery Canada Ltd	-	30,000
Strategic Charitable Giving Foundation	-	10,000
Total	\$ 314,505	\$ 445,065

7. Government grants

Grants related to the 2023 fiscal year were as follows:

	2023	2022
Federal Economic Development Agency Southern Ontario	\$ 756,494	\$ 1,873,963
City of Toronto	482,014	551,966
Ontario Ministry of Education	132,000	110,000
Heritage Canada	75,000	-
Employment and Social Development Canada	-	42,628
Total	\$ 1,445,508	\$ 2,578,557

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2023

8. Sponsorship

Sponsorship related to the 2023 fiscal year were as follows:

	2023	2022
Toronto Metropolitan University	\$ 1,679,717	\$ 24,000
BMO	300,000	-
RBC Bank	174,500	150,000
Other	79,339	71,886
Loblaw Companies Limited	95,000	30,000
Starbucks	75,000	-
TD Bank Financial Group	60,000	14,000
Pepsi Corporation	60,000	-
IBI Group financial	38,900	-
Ontario Power Generation Inc	35,000	5,000
Bell Canada	34,000	-
Sephora Beauty	25,569	-
Casa Foundation	20,000	-
Women Entrepreneurship Knowledge Hub	20,000	-
Zoosh	19,000	-
Stanley Julien	10,000	-
Moody's Corporation	-	85,000
Business/ Higher Education Roundtable Canada	-	38,480
Toyota Foundation	-	33,000
Total	\$ 2,726,025	\$ 451,366

9. Prior period adjustment

Prior year adjustment relates to accounts receivables of \$20,905, which were unaccrued in the year ended March 31, 2022. The receivables have been recorded in the current year as prior year adjustment to rectify comparatives and opening balance.

The opening receivables and opening retained earnings have hence increased by \$20,905. This amount was subsequently received in 2023, and does not form part of closing accounts receivables as at March 31, 2023.

10. Other grant income

Other grant income related to the 2023 fiscal year were as follows:

	2023	2022
Tropicana	\$ 45,000	\$ -
Canadian Race Relations Foundation	11,000	-
TT Silicon Valley	-	61,875
Toronto Foundation	-	17,250
Total	\$ 56,000	\$ 79,125

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements
Year ended March 31, 2023

11. Programs Expenses

	2023	2022
Business Advisory Implementation Development Services	\$ 1,503,175	\$ 2,058,236
Harry Jerome Awards	506,128	202,204
Scholarship	458,860	248,393
Little Jamaica	460,566	430,905
BACEL	363,964	857,042
Rise Up Pitch	110,349	96,375
Black Men in Business Bootcamp	47,275	-
Golf Tournament	41,743	28,984
Mentorship	40,442	19,635
Financial Literacy	36,621	87,043
Other	49,662	25,171
Ask the Professional	10,388	17,106
National Canadian Black Summit	7,942	-
Capital Skills	4,969	-
WIL Centennial College	4,500	45,727
BBERG	2,935	17,559
Black History Month	560	114,409
Boss Women	-	61,271
The Business Of	-	38,169
Say It Loud Canada	-	18,000
Total	\$ 3,650,079	\$ 4,366,229

12. Administrative Expenses

	2023	2022
Marketing	\$ 264,833	\$ 89,116
Office & general supplies	60,356	27,912
Meetings	20,645	21,931
Telephone & Internet	25,614	13,263
Board development	11,915	11,184
Total	\$ 383,363	\$ 163,406

13. Related party transactions

Directors and key management personnel exercise control over the organization, hence are considered related parties. During the fiscal year, the Organization paid directors and key management personnel for services rendered in the execution of programs, the aggregate consideration of \$ 73,537 (2022 - \$91,323).

A company connected to a Senior Officer of the organization was paid an aggregate of \$260,869 (2022-\$548,689) for administrative expenses and services rendered in the execution of programs.

All these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2023

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$233,862 (2022- \$326,690). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors. In the opinion of management the liquidity risk exposure to the Organization is low and is not material.

Credit risk

The Organization does have credit risk in government HST receivable of \$130,812. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. This amount is receivable from the Government of Canada and as such, in the opinion of management, the credit risk exposure to the Organization is low and is not material.

15. Comparative amounts

Certain comparative amounts have been presented to conform to the presentation of the 2023 financial statements.