

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION
Financial Statements
Year Ended March 31, 2018

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

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Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Black Business and Professional Association

I have audited the accompanying financial statements of Black Business and Professional Association, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in fund balances 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 Canadian accounting standards for not-for-profit organizations, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 my 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

Independent Auditor's Report to the Members of Black Business and Professional Association
(continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Black Business and Professional Association derives revenue from donations and corporate sponsorships, fundraising and ticket sales, 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 Black Business and Professional Association. My audit opinion on the financial statements for the year ended March 31, 2017 was also qualified because of the possible effects of this limitation in scope. Therefore, I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the year ended March 31, 2018, current assets and fund balances at the beginning and end of the March 31, 2018 year.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Black Business and Professional Association as at March 31, 2018 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.

Toronto, ON
April 8, 2019



Chartered Accountant Professional Corporation
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Incorporated without Share Capital under the Laws of Ontario

STATEMENT OF FINANCIAL POSITION

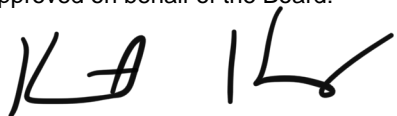
As at March 31, 2018

See Auditor's Report

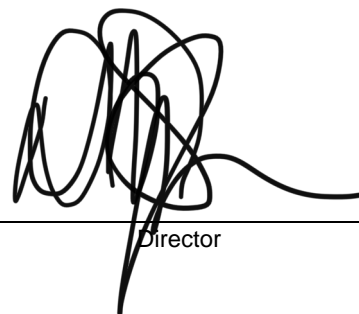
	Operating Fund	BBPA National Scholarship General Fund	BBPA National Scholarship Endowment Fund	March 31, 2018 \$	March 31, 2017 \$
ASSETS					
Current Assets					
Cash	29,389	-	-	29,389	35,911
Receivables (Note 3)	79,784	72,800	-	152,584	94,337
Prepaid expenses (Note 4)	113,575	-	-	113,575	111,063
	222,748	72,800	-	295,548	241,311
Restricted Cash and Investments (Note 5)	-	-	317,618	317,618	317,618
Property and Equipment (Note 6)	128,234	70	-	128,304	202,094
	350,982	72,870	317,618	741,470	761,023
LIABILITIES AND FUND BALANCES					
Bank indebtedness	-	7,257	-	7,257	19,322
Operating credit line and bank overdrafts (Note 7)	172,676	-	-	172,676	127,285
Accounts payable and accrued liabilities (Note 8)	132,114	18,503	-	150,617	215,899
Unearned revenue (Note 4)	87,050	-	-	87,050	43,253
Inter-fund payable (receivable)-operating/general	(44,486)	44,486	-	-	-
	347,354	70,246	-	417,600	405,759
Deferred contributions (Note 9)	44,036	-	-	44,036	79,006
Fund Balances					
Externally Restricted Endowment Fund (Note 10)	-	-	317,618	317,618	317,618
Unrestricted	(40,408)	2,624	-	(37,784)	(41,360)
	(40,408)	2,624	317,618	279,834	276,258
	350,982	72,870	317,618	741,470	761,023

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:



Director



Director

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Incorporated without Share Capital under the Laws of Ontario

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

See Auditor's Report

	Operating Fund	BBPA National Scholarship General Fund	BBPA National Scholarship Endowment Fund	March 31, 2018 Total \$	March 31, 2017 Total \$
REVENUE					
Donations & corporate sponsorships	260,800	148,618	-	409,418	430,770
Government Grants (Note 11)	34,970	-	-	34,970	182,806
Ticket sales	70,932	-	-	70,932	45,222
Bingo Revenue	21,086	-	-	21,086	22,365
Other revenue	25,106	2,500	-	27,606	7,368
Membership dues	7,900	-	-	7,900	550
Investment income (Note 12)	-	1,928	-	1,928	106
Advertising	900	-	-	900	-
	421,694	153,046	-	574,740	689,187
EXPENDITURES					
Event costs	171,862	4,745	-	176,607	183,466
Scholarships	17,000	129,000	-	146,000	121,500
Amortization	73,760	30	-	73,790	83,674
Salaries & benefits	50,179	-	-	50,179	44,267
Office & general	16,850	272	-	17,122	5,301
Professional and subcontract fees	13,244	3,500	-	16,744	8,384
Printing	13,788	2,495	-	16,283	17,776
Interest & bank charges	11,300	1,140	-	12,440	14,025
Community, donations & sponsorship costs	11,136	-	-	11,136	1,450
Telecommunications	10,853	-	-	10,853	6,225
Advertising & promotion	8,425	-	-	8,425	15,546
Awards	8,007	-	-	8,007	8,744
Rent	3,681	3,681	-	7,362	6,203
Bingo costs	6,732	-	-	6,732	6,320
Insurance	4,932	-	-	4,932	2,400
Training and education program	4,552	-	-	4,552	109,432
Bad debts	-	-	-	-	24,170
	426,301	144,863	-	571,164	658,883
Excess (Deficiency) of Revenue over Expenses for the year	(4,607)	8,183	-	3,576	30,304

The accompanying notes are an integral part of these financial statements.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Incorporated without Share Capital under the Laws of Ontario

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2018

See Auditor's Report

	Operating Fund	BBPA National Scholarship General Fund	BBPA National Scholarship Endowment Fund	March 31, 2018	March 31, 2017
	\$	\$		Total	Total
				\$	\$
Balance - Beginning of Year	(35,801)	(5,559)	317,618	276,258	245,954
Add:					
Excess (Deficiency) of Revenue over Expenses :	(4,607)	8,183	-	3,576	30,304
Balance - End of year	(40,408)	2,624	317,618	279,834	276,258

The accompanying notes are an integral part of these financial statements.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Incorporated without Share Capital under the Laws of Ontario

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

See Auditor's Report

	March 31, 2018	March 31, 2017
	\$	\$
Cash flows from operating activities		
Excess of operating revenue over expenses	3,576	30,304
Items not affecting cash:		
Amortization of property and equipment	73,790	83,674
	77,366	113,978
Changes in non-cash working capital:		
Receivables	(58,247)	(8,950)
Prepaid expenses	(2,512)	(4,864)
Accounts payable and accrued liabilities	(65,282)	(7,104)
	(48,675)	93,060
Investing activities		
Additions to property and equipment	-	(1,930)
Decrease in investments	-	947
	-	(983)
Cash flows from financing activities		
Increase (decrease) in Unearned revenue	43,797	(10,387)
Increase (decrease) in Deferred contributions	(34,970)	(62,806)
Increase (decrease) in operating credit line and bank overdrafts	45,391	(50,556)
	54,218	(123,749)
Net increase (decrease) in cash	5,543	(31,672)
Cash and cash equivalents, beginning of year	16,589	48,261
Cash and cash equivalents, end of year	22,132	16,589
Cash and cash equivalents consist of:		
Cash	29,389	35,911
Bank indebtedness	(7,257)	(19,322)
	22,132	16,589

The accompanying notes are an integral part of these financial statements.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2018

1. PURPOSE OF ORGANIZATION

Black Business and Professional Association, hereinafter referred to as BBPA, has as its primary objectives: the achievement of equity in all areas; the recognition and reward of excellence and achievement in the African Canadian Community; and co-operation with other organizations with similar purposes and various levels of governments. The BBPA is incorporated under the Corporations Act of Ontario as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act. BBPA also operates the BBPA National Scholarship Fund (formerly known as the Harry Jerome Scholarship Fund), which is administered by a Board of Trustees. The fund assists in the training and education of students by providing scholarships, bursaries and other financial assistance.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and Canadian generally accepted accounting principles, the most significant of which are summarized as follows:

Fund accounting

BBPA follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the association's program delivery and administrative activities. This fund encompasses Core, Harry Jerome Awards, National Black Business and Professional Conference, bingo and other activities.

Revenues and expenses related to the BBPA National Scholarship activities are reported in the BBPA National Scholarship Fund.

The BBPA National Scholarship Endowment Fund, hereinafter referred to as the Endowment Fund, is reported as a restricted component of the BBPA National Scholarship Fund to which it relates.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating fund in the year in which the related expenses are incurred. Restricted contributions related to the BBPA National Scholarship Fund are recognized as revenue of that restricted fund. Unrestricted contributions of the Operating Fund are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as revenue of the Endowment Fund in the current period.

Investment income earned on the Endowment Fund is restricted for educational purposes and is recognized as revenue of the BBPA National Scholarship Fund. Investment income of the Operating Fund and the BBPA National Scholarship General Fund are recognized as revenue when earned.

Revenues from ticket sales and fundraising are recognized in the period in which related events are held.

Grants are recognized when approved for payment and the BBPA has complied with all terms and conditions. Property and Equipment grants are accounted for as deferred contributions and amortized on the same basis as the related property and equipment assets.

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BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. BBPA has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Property and equipment

Purchased property & equipment are recorded at cost. Contributed property & equipment are recorded at fair value at the date of contribution. Amortization is provided over the assets estimated useful lives at the following rates:

Furniture and equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Leasehold improvements	5 years	straight-line method

When property and equipment are acquired during the year, one-half of the annual amortization is provided.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from such estimates.

Significant items subject to management estimates and assumptions include the carrying amount of receivables and the allocation of expenses.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**Notes to Financial Statements****Year Ended March 31, 2018****3. RECEIVABLES**

	<u>2018</u>	<u>2017</u>
Accounts Receivable	\$ 169,564	\$ 119,199
HST Recoverable	14,341	6,459
Subtotal	183,905	125,658
Allowance for doubtful accounts	(31,321)	(31,321)
	<u>\$ 152,584</u>	<u>\$ 94,337</u>

4. PREPAID EXPENSES AND UNEARNED REVENUE

The 2018 Harry Jerome Awards event was held on April 28, 2018 and will be included in the financial statements for the 2019 fiscal year. Related event revenue and expenses incurred to March 31, 2018 were recorded as unearned revenue \$87,050 (2017 - \$43,253) and prepaid expenses \$113,575 (2017 - \$111,063) respectively in the statement of financial position.

5. RESTRICTED CASH

	<u>2018</u>	<u>2017</u>
GIC restricted for National Scholarship General and Endowment Funds, earning 0.83% interest maturing September 27, 2018	\$ 60,254	\$ 313,672
Cash restricted for National Scholarship General and Endowment Funds	257,364	3,946
	<u>\$ 317,618</u>	<u>\$ 317,618</u>

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Furniture and equipment	\$ 47,411	\$ 29,220	\$ 18,191	\$ 22,739
Computer equipment	74,552	58,491	16,061	22,944
Leasehold improvements	311,794	217,742	94,052	156,411
	<u>\$ 433,757</u>	<u>\$ 305,453</u>	<u>\$ 128,304</u>	<u>\$ 202,094</u>

7. OPERATING CREDIT LINE AND BANK OVERDRAFTS

BBPA has a revolving demand operating loan with a limit of \$65,000 bearing interest at Royal Bank Prime plus 2.85% per annum secured by a General Security Agreement covering all assets, other than real property. The balance as at March 31, 2018 was nil (2017 - \$35,000).

The balance of bank overdrafts as at March 31, 2018 was \$172,676 (2017- \$92,285).

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**Notes to Financial Statements****Year Ended March 31, 2018**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Accounts payable and accrued liabilities	\$ 148,759	\$ 205,757
Payroll taxes payable	1,858	10,142
	<u>\$ 150,617</u>	<u>\$ 215,899</u>

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants for assets and programs. These contributions will be applied to expenditures of future periods.

	<u>2018</u>	<u>2017</u>
Deferred Contributions Related to Capital Assets:		
The organization received a grant from Ontario Trillium Foundation (OTF) totaling \$150,000 in fiscal year 2015 which was spent on leasehold improvements in the year. For accounting purposes this grant has been deferred and is being amortized to income on the same basis as amortization of the leasehold improvements acquired.		
Deferred OTF grant - beginning of year	\$ 60,000	\$ 90,000
Less: amortized to grant revenue (Note 11)	(30,000)	(30,000)
Deferred OTF grant - end of year	<u>30,000</u>	<u>60,000</u>

Deferred Contributions Related to Program expenditures:

The organization received a grant from the City of Toronto totaling \$120,000 in the prior fiscal year (2017) for program expenses. The remaining contribution will be applied to expenditures of the following fiscal year.

Deferred City of Toronto grant - beginning of year	19,006	51,812
Grant received in the year	-	120,000
Less: Amounts recognized as revenue in the year (Note 11)	(4,970)	(152,806)
Deferred City grant - end of year	<u>14,036</u>	<u>19,006</u>
Total Deferred Contributions	<u>\$ 44,036</u>	<u>\$ 79,006</u>

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2018

10. ENDOWMENT FUND

The endowment fund held at BBPA consists of investments and other assets included in these financial statements.

BBPA has also transferred assets to an endowment fund at the Toronto Community Foundation pursuant to an agreement under which the Foundation will invest the initial capital and any future contributions. The income from these investments must be used for providing scholarships, bursaries and other financial assistance to students. Particulars of the endowment fund held by the Toronto Community Foundation are as follows:

	<u>2018</u>	<u>2017</u>
Investment income returned to the BBPA for scholarships	<u>\$ 12,000</u>	<u>\$ 15,220</u>

The donations transferred to the endowment fund at the Toronto Community Foundation since inception total \$360,000, and its market value as at March 31, 2018 was \$440,281 (2017- \$434,868). BBPA transferred no donations to the Foundation in 2018 and 2017.

11. GOVERNMENT GRANTS

	<u>2018</u>	<u>2017</u>
Ontario Trillium Foundation (Note 9)	<u>\$ 30,000</u>	<u>\$ 30,000</u>
City of Toronto (Note 9)	<u>4,970</u>	<u>152,806</u>
Total Government grants	<u>\$ 34,970</u>	<u>\$ 182,806</u>

12. INVESTMENT INCOME

Components of investment income are as follows:

	<u>2018</u>	<u>2017</u>
Realized investment income	<u>\$ 1,928</u>	<u>\$ 106</u>

13. LEASE COMMITMENTS

BBPA is committed to an operating lease for office space. Future minimum lease payments exclusive of harmonized sales tax and operating charges under the lease are as follows:

2019	<u>\$ 7,333</u>
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Under its lease agreement, BBPA is also committed to providing scholarships and programs for residents of Toronto Community Housing Corporation (TCHC) communities.

14. CONTRIBUTED SERVICES

Volunteers provide services to the organization. Because of the difficulty in determining the fair value of these services, they are not recognized in the financial statements.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**Notes to Financial Statements****Year Ended March 31, 2018****15. RELATED PARTY TRANSACTIONS**

The following is a summary of the organization's related party transactions with:

	<u>2018</u>	<u>2017</u>
<u>Companies controlled by Directors</u>		
Purchases - Event costs	\$ 8,417	\$ 11,737
Purchases - Sub contract services	\$ 10,000	\$ 4,200
Balance at end of year:		
Account Payable	10,000	500
Purchases - Sub contract services	\$ 1,039	\$ 8,281
Balance at end of year:		
Account Payable	-	1,200
Purchases - Sub contract services	\$ -	\$ 18,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. DISCLOSURE OF ALLOCATED EXPENSES

BBPA prepares its Statement of Operations by fund - Operating Fund, the National Scholarship General Fund and the National Scholarship Endowment Fund. The costs of each fund include personnel costs and other expenses that are directly related to supporting that function. The BBPA also incurs some expenses that are common to both the Operating Fund and the National Scholarship General Fund. The bases of allocation of the latter are as follows:

Rent, telecommunications and payroll expenses are allocated to the Operating Fund and the National Scholarship General Fund - based on estimated consumption by each fund. Expenses totalling \$68,394 (2017 - \$42,404) have been allocated as follows:

	<u>2018</u>	<u>2017</u>
Operating Fund	\$ 64,713	\$ 34,665
National Scholarship General Fund	3,681	7,739
	<u>\$ 68,394</u>	<u>\$ 42,404</u>

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2018

17. FINANCIAL INSTRUMENT RISK

It is management's opinion that BBPA is not exposed to significant currency or market risks arising from its financial instruments.

Credit risk

Credit risk arises from the potential that counterparties will fail to perform their obligations. The BBPA is subject to credit risk through its accounts receivable. Account monitoring procedures are utilized to minimize risk of loss. There has been no change to the extent of exposure of credit risk from 2017.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The BBPA is exposed to interest rate risk on its revolving credit line. The BBPA monitors interest rates on an ongoing basis but currently does not utilize derivative instruments to hedge its exposure to interest rate fluctuations. There has been no change to the extent of exposure of interest rate risk from 2017.

Liquidity risk

Liquidity risk is the risk that the BBPA will be unable to fulfill its obligations on a timely basis or at reasonable cost. Management manages liquidity risk by monitoring its operating requirements; and preparing budgets to ensure it has sufficient funds to fulfill its obligations.

Liquidity risk increased slightly in 2018 as Revenue decreased. Management has taken steps to ensure as far as possible that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due. These include generating additional funds from major events through increased sponsorship and expenditure control.

18. CAPITAL DISCLOSURE POLICY

BBPA's objectives when managing capital are to safeguard its ability to continue to provide services and benefits for the community, members and other stakeholders.

Capital at BBPA is comprised of fund balances. The BBPA manages its capital or deficit by generating additional funds from major events through increased sponsorship, ticket sales for events and expenditure control.

During the year, on April 21, 2017, BBPA transferred \$60,000 from the Endowment fund to the National Scholarship General fund. This amount was repaid to the Endowment fund on September 27, 2017.
