

Black Business and Professional Association
Financial Statements
March 31, 2019

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Financial Statements
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Michael G.G. Pinnock_{FCPA, FCA}
Fellow Chartered Professional Accountant

19 Turnhouse Crescent, Markham, ON, L6B 0S5
905.209.8203 (O) 416.436.2139 (M) michael.pinnock@bell.net www.michaelpinnock.ca

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Black Business And Professional Association (“the Organization”)

Qualified Opinion

I have audited the financial statements of the Organization, which comprise the statement of financial position as at March 31, 2019 and the statement of operations and changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respect, the financial position of the Organization as at March 31, 2019 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

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

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues were limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any adjustments might be necessary to donations and/or fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended March 31, 2019, current assets as at March 31, 2019 and net assets as at April 1, 2018 and March 31, 2019.

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

Management is responsible for the preparation of 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 misstatements, 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 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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement principal on the audit resulting in this independent auditor's report is Michael Pinnock.



Michael G. G. Pinnock, FCPA, FCA
Fellow Chartered Professional Accountant
Licensed Public Accountant

Markham, Ontario


September 30, 2019

**Black Business and Professional Association
Financial Statements
March 31, 2019**

Statement of Financial Position

As at March 31, 2019

	Note	2019	2018
		\$	\$
ASSETS:			
CURRENT:			
Cash		55,378	29,389
Receivables		174,888	152,584
Prepayments	8	158,938	113,575
		<u>389,204</u>	<u>295,548</u>
NONCURRENT:			
Restricted investments		318,184	317,618
Capital assets: net	4	58,041	128,304
Total		<u>376,225</u>	<u>445,922</u>
Total Assets		<u>765,429</u>	<u>741,470</u>
LIABILITIES:			
CURRENT:			
Bank overdraft and line-of-credit		116,841	179,933
Accounts payable and accrued liabilities		221,130	150,617
Deferred contributions			44,036
Unearned revenue	8	185,250	87,050
Total Liabilities		<u>523,221</u>	<u>461,636</u>
NET ASSETS:			
Net Assets - Operating Fund		(75,976)	(37,784)
- Restricted Fund		318,184	317,618
Total Net Assets		<u>242,208</u>	<u>279,834</u>
Total Liabilities and Net Assets		<u>765,429</u>	<u>741,470</u>

Approved by: 
Nadine Spencer, President

Approved by: 
Kurt Henry, Treasurer

The accompanying notes on pages 4 to 8 are an integral part of these financial statements

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Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2019

	Restricted			2019	2018
	Operating	National Scholarship		Total	Total
General		Endowment	Total		
	\$	\$	\$	\$	\$
REVENUE					
Donations and corporate sponsorship	197,365	159,299		356,664	409,418
Government grants	44,036	110,000		154,036	34,970
Ticket sales	78,100			78,100	70,932
Bingo	19,623			19,623	21,086
Membership dues	10,321			10,321	7,900
Advertising	4,200			4,200	900
Investment	2,939	19,473		22,412	1,928
Other	717	3,162		3,879	27,606
	357,301	291,934	0	649,235	574,740
EXPENSES					
Advertising and promotions	8,865			8,865	8,425
Amortization	70,877			70,877	73,790
Awards	6,400			6,400	8,007
Bad debt	2,500	10,000		12,500	
Bank charges	8,640	970		9,610	11,300
Bingo	10,230			10,230	6,732
Community, donations and sponsorships	873			873	11,136
Events	204,781	14,813		219,594	176,607
Insurance	5,126			5,126	4,932
Interest	2,629			2,629	1,140
Office and general	15,555	314		15,869	17,122
Printing	12,842	4,375		17,217	16,283
Professional and subcontract	6,900			6,900	16,744
Rent	3,439	4,824		8,263	7,362
Salaries and benefits	37,050	33,674		70,724	50,179
Scholarships		205,428		205,428	146,000
Telecommunications	15,756			15,756	10,853
Training and education					4,552
	412,463	274,398	0	686,861	571,164
Surplus of revenue over expenses	(55,162)	17,536	0	(37,626)	3,576
Fund balances, beginning of year	(40,408)	2,624	317,618	279,834	276,258
Surplus of revenue over expenses	(55,162)	17,536		(37,626)	3,576
Inter-fund transfers - Adjustment	(566)		566		
Fund balances, end of year	(96,136)	20,160	318,184	242,208	279,834

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Statement of Cash Flows

For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
Operating		
Surplus of revenue over expenses	(37,626)	3,576
Changes in non-cash working capital components:		
Amortization of capital assets	70,877	73,790
Receivable	(22,304)	(58,247)
Prepayments	(45,363)	(2,512)
Accounts payable and accrued liabilities	70,513	(58,025)
	<u>36,097</u>	<u>(41,418)</u>
Investing		
Restricted investment	(566)	-
Purchase of Capital Asset	(614)	-
	<u>(1,180)</u>	<u>-</u>
Financing		
Unearned revenue	98,200	43,797
Deferred contributions	(44,036)	(34,970)
Line-of-credit	(63,092)	45,391
	<u>(8,928)</u>	<u>54,218</u>
Increase in Cash	25,989	12,800
Cash, beginning of year	29,389	16,589
Cash, end of year	<u>55,378</u>	<u>29,389</u>
REPRESENTED BY:		
Cash at banks	<u>55,378</u>	<u>29,389</u>
	<u>55,378</u>	<u>29,389</u>

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Black Business and Professional Association

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Notes to the Financial Statements

March 31, 2019

1 Purpose of the Organization

Black Business and Professional Association was incorporate in the province of Ontario effective July 21, 1983 and was registered as a charity (Registration # 10807 3503 RR0001) effective January 29, 1994; and designated as a Charitable Organization.

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

It is tax exempted under section 149(I) of the *Income Tax Act*.

2 Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements reflect the following significant accounting policies:

a) 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.

Going Concern

Management has prepared the financial statements on the *Going Concern basis*. The Organization is expected to operate for the foreseeable future. Neither the management nor the board of directors of the Organization has the intention or the need to close or curtail materially the operations of the Organization.

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2 Summary of Significant Accounting Policies (continued)

a) Basis of Accounting (continued)

Use of estimate

In the process of applying the Organization's accounting policies, management makes various judgements, estimates and assumptions that can significantly affect the amounts it recognises and the related disclosures reported in the financial statements. These estimates are based on historical experiences and management's best knowledge of current events and actions. Actual results may differ from those estimates and assumptions.

b) Revenue Recognition

The Organization follows the restricted fund method of accounting for contributions and grants, it uses a Operating Fund for unrestricted contributions and Restricted Funds for all revenue which are *Externally* restricted. Resources transferred to a restricted or endowment fund as a result of the organization imposing *internal* restrictions would be recognized as inter-fund transfers.

Restricted funds are Donations and sponsorship for scholarships and bursaries. These are all *externally restricted*. Recognized when received or receivable.

Operating fund comprised all other contributions. Recognized when received.

Other revenue are miscellaneous inflows. Recognized when received.

c) Donated Services and Goods

The Organization benefits from volunteer services. Since these services are not normally purchased by the organization and because of the difficulties of determining their fair value, donated services are not recognized in these financial statements. Donated goods are not recorded in the books unless they would normally be purchased.

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2 Summary of Significant Accounting Policies (continued)

d) Financial Instruments

The Organization's financial instruments are initially recognized at *fair value*, and subsequently carried at cost and amortized cost, net of impairment.

These financial instruments consist of cash, receivables, restricted investment, line-of-credit, bank overdraft and, accounts payable and accrued liabilities.

e) Allocated Expenses

50% (2018-50%) and **50%** (2018-50%) of salary and rent costs are allocated to the operating and general funds respectively. This is based on the relative time spent and area utilized on the activities. Total salary costs for **2019 \$70,236** (2018 \$50,179); and rent **2019 \$8,263** (2018 \$7,362).

f) Capital Assets

Purchased capital assets are recorded at cost, donated capital assets are recorded at their fair value at the time of receipt. Amortization is provided on the reducing balance basis at rates estimated to write-off the capital assets over the term of their estimated useful lives. The rates used are as follows:

Furniture and Equipment	20%
Computer equipment	30%
Leasehold improvements	5-years straight line

3 Financial Instruments

The Organization's financial instruments consist of cash, receivables, restricted investment, line-of-credit, bank overdraft and, accounts payable and accrued liabilities. Except for the restricted investment, the fair value of these financial instruments approximates their carrying values due to their short-term maturity. The restricted investment is *carried at amortized cost* and adjusted annually for interest earned and processing cost deducted.

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4 Capital Assets

	<u>2019</u>			<u>2018</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net Book value</u>	<u>Net Book value</u>
Furniture and Equipment	48,025	32,919	15,106	18,192
Computer equipment	74,552	63,309	11,242	16,060
L/H Improvement	311,794	280,101	31,693	94,052
	<u>434,370</u>	<u>376,329</u>	<u>58,041</u>	<u>128,304</u>

5 Government Remittances

Government remittances outstanding at the end of the fiscal period **\$1,844.95**.

6 Critical Judgement and Sources of Estimation Uncertainty

There were no critical judgements, apart from estimations, which management has made in the process of applying the organization's accounting policies that may have a significant effect on the amounts recognized in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are: -

- i. Receivable- Event and sponsorship revenue, Management have provided a provision against the possible reduction in value of these receivable.
- ii. Useful lives of Capital Assets - Depreciation is provided so as to write down the respective assets to their estimated residual values over their expected useful lives and as such, the selection of the expected useful lives and the estimated residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown in Note 2f and 4.

Actual results may differ from the estimates.

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7 Commitments - Lease

The organization's operating lease expired at the end of 2018, it is currently in negotiation for a new lease.

8 Prepayments and Unearned Revenue

The 2019 Harry Jerome Awards event was held on April 27, 2019 and will be included in the financial statements of 2020 fiscal year. Monies received and disbursed for this event to March 31, 2019 are deferred and recorded as unearned revenue and prepayments respectively in the 2019 statements.