



BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

2020 FINANCIAL STATEMENTS

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2020 FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Board of Directors

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, 2020, and the income statement, retained earnings and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the as at March 31, 2020, and its financial performance and its cash flows in accordance with Canadian accounting standards for non-for-profit organizations.

Basis for Qualified Opinion

As is common with non-for-profit organizations, Black Business and Professional Association derives a material amount of revenue from donations and fundraising activities 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, we were unable to determine whether adjustments may be necessary to donations and/or fundraising revenue, excess of revenue over expenses, and cash flows for the year ended March 31, 2020.

Responsibilities of Management and Those Charged with Governance of 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 '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 or to cease operations, or has no realistic alternatives but to do so.

Those charged with governance are responsible for overseeing the '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 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 judgement and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report, continued

- ▶ 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 of 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 of the effectiveness of the company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used 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 company'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 company 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.

The comparative numbers were audited by another Licensed Public Accountant.

Mississauga, Ontario
August 26, 2020

GMS Professional Corp

GMS Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION
Statement of Financial Position
As at March 31, 2020

As at March 31	2020	2019
Assets		
Current assets		
Cash	\$ 97,286	\$ 51,869
Accounts Receivable	-	138,057
Cash in trust (Note 6)	7,980	-
HST Recoverable	12,412	-
Prepaid expenses (and deposits)	121,780	158,938
	239,458	348,864
Investments (Note 3)	318,208	318,184
Capital assets (Note 4)	21,908	58,042
TOTAL ASSETS	\$ 579,574	\$ 725,090
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 87,798	\$ 221,130
Bank overdraft and line-of-credit (Note 5)	69,990	113,332
Funds held in trust (Note 6)	7,980	-
Deferred revenue (Note 7)	85,000	185,250
	250,768	519,712
Fund Balances		
Operating Fund	26,851	(132,966)
General Fund	(16,253)	20,160
Endowment Fund	318,208	318,184
TOTAL LIABILITIES AND NET ASSETS	\$ 579,574	\$ 725,090

See accompanying notes

Approved on behalf of the board



 Nadine Spencer, President



 Michael Pinnock, Treasurer

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**Statement of Operations and changes in Fund Balances****Year ended March 31, 2020**

For the year ended March 31	Operating	Restricted General	Restricted Endowment	March 31 2020	March 31 2019
Donations and corporate sponsorship	\$ 284,642	\$ 44,090	\$ -	\$ 328,732	\$ 356,664
Government grants (Note 8)	-	77,000	-	77,000	154,036
Bingo	10,873	-	-	10,873	19,623
Membership dues	11,164	-	-	11,164	10,321
Advertising	6,800	-	-	6,800	4,200
Ticket Sales	154,498	-	-	154,498	78,100
Investment income (Note 3)	-	10,953	24	10,977	22,412
Other	9,727	10,000	-	19,727	3,879
TOTAL REVENUE	477,704	142,043	24	619,771	649,235
Expenses					
Advertising and promotion	10,557	-	-	10,557	8,865
Amortization	38,432	-	-	38,432	70,877
Awards	5,625	-	-	5,625	6,400
Bingo	3,000	-	-	3,000	10,230
Community, Donations, and sponsorships	5,339	-	-	5,339	873
Insurance	3,794	-	-	3,794	5,126
Interest and bank charges	8,911	2,134	-	11,045	9,610
Interest on long term debt	4,609	-	-	4,609	2,629
Bad debt	-	-	-	-	12,500
Office	15,715	800	-	16,515	17,217
Office and administration	19,266	-	-	19,266	15,869
Scholarships	-	136,000	-	136,000	205,428
Professional fees	15,901	-	-	15,901	6,900
Rent	4,158	4,158	-	8,316	8,263
Salaries and related benefits	22,975	22,974	-	45,949	70,724
Telephone and utilities	19,570	-	-	19,570	15,756
Events	203,328	9,082	-	212,410	219,594
TOTAL EXPENSES	381,180	175,148	-	556,328	686,861
Surplus/(Deficiency) before undernoted items	96,524	(33,105)	24	63,443	(37,626)

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Statement of Operations and changes in Fund Balances

Year ended March 31, 2020

For the year ended March 31	Operating	Restricted General	Restricted Endowment	March 31 2020	March 31 2019
Income (loss)	96,524	(33,105)	24	63,443	(37,626)
Balance, beginning of year	(95,569)	20,160	317,618	242,209	243,004
Prior period adjustment	(36,831)	-	-	(36,831)	-
Other equity adjustment	63,293	(3,308)	-	59,985	-
Interfund Transfer	(566)	-	566	-	-
Balance, end of year	\$ 26,851	\$ (16,253)	\$ 318,208	\$ 328,806	\$ 205,378

See accompanying notes

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**Statement of Financial Position****Year ended March 31, 2020**

Year ended March 31	2020	2019
Operating activities		
Net surplus (deficiency)	\$ 63,443	\$ (37,626)
Non-cash working items		
Amortization	38,432	70,877
Total adjustments	38,432	70,877
	101,875	33,251
Change in non-cash working capital items		
Accounts receivable	138,057	(22,304)
Cash in trust	(7,980)	-
Hst recoverable	(12,412)	-
Funds held in trust	7,980	-
Prepayments	37,158	(45,363)
Accounts payable and accrued liabilities	(133,331)	70,513
	131,347	36,097
Investing activities		
Investments	(24)	(566)
Purchase of property, plant and equipment	(2,298)	(614)
	129,025	36,917
Financing activities		
Unearned revenue	(100,250)	98,200
Deferred contributions	-	(44,036)
Line of credit	(43,342)	(66,601)
Opening balance equity adjustments	59,984	-
	(83,608)	(12,437)
Increase in cash	45,417	22,480
Cash, beginning of year	51,869	29,389
Cash, end of year	\$ 97,286	\$ 51,869
Cash consists of:		
Chequing account	\$ 97,286	\$ 51,869

See accompanying notes

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2020

1. Purpose Of The Association

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(1) of the Income Tax Act. It's 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 organisations on matters pertaining to business, education, economic development and community wellness;
- To build cross-cultural understanding and promote equity

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

(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.

(b) 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 Association be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet and to meet its liabilities as they become due.

(c) 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 funds- comprised all other contributions. Recognized when receive.

Other revenue- are miscellaneous inflow. Recognized when received.

(d) 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.

(e) Property, plant and equipment

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 equipment	30%
Furniture and Fixture	20%
Leasehold Improvements	5-years straight line

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2020

2. Significant accounting policies, continued

(f) Financial instruments

The company'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 company is not exposed to significant interest, currency or credit risks and the fair values of these instruments approximate their carrying value.

The restricted investment is carried at amortized cost and adjusted annually for interest earned and processing cost deducted. The organization's financial instruments are initially measured at fair value, and subsequently carried at amortized cost, net of impairment.

(g) 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 affects 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.

(h) 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.

(i) Allocated expenses

Salary and rent expenses are equally, on a 50% basis, 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 2020 is \$28,247(2019-70,236) and rent cost for 2020 is \$5,197(2019-8263)

3. Investment

The Association invested in a 2-year Special rate Guaranteed Investment Certificate which pays interest annually at a rate of 2.8%. The investment matures in October 2020, at which time the face value of the investment will be paid, alongside the guaranteed annual interest. The face value of the investment appreciated by \$24 between April 1, 2019 and March 31, 2020, which has been recognized in Income.

4. Property, plant and equipment

	2020 Cost	2020 Accumulated amortization	2020 Net	2019 Net
Equipment	\$ 48,025	\$ 35,941	\$ 12,084	\$ 15,108
Leasehold improvements	311,794	311,794	-	31,693
Computer hardware	76,850	67,026	9,824	11,243
	\$ 436,669	\$ 414,761	\$ 21,908	\$ 58,042

5. Bank overdraft and line-of-credit

The Association has access to a Line of credit in the amount of \$90,000. This line is Secured by a lien on \$100,000 out of the Association's Guaranteed Investment Certificate of \$318,208. The line is due on demand and has a balance of \$69,990 as at March 31, 2020.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION
Notes to the Financial Statements
Year ended March 31, 2020

6. Funds held in trust

This represents funds held by BBPA in a dedicated bank account on behalf of an associate organization named "Black Physicians of Ontario"

7. Deferred Revenue

	2020	2019
Opening balance	\$ 185,250	\$ 87,050
Add: Contribution received during the year	-	98,200
Less: Amount amortized to revenue during the year	(100,250)	-
Ending Balance	\$ 85,000	\$ 185,250

Total unearned revenue as at March 31, 2019 was \$185,250 and related to revenues received in advance of the Harry Jerome awards event which was held on April 27, 2019. The amount was fully realized as at March 31, 2020 after the conclusion of the event. \$85,000 of unearned revenue relates to amounts received in advance of the Harry Jerome awards to be held in 2020.

8. Government grants

BBPA was awarded a grant of \$110,000 by the Ontario Ministry of Education. An amount of \$77,000 was paid during the fiscal year under review and has been recognized in Income. The balance of \$33,000 is due from the ministry in September 2020. As payment of the balance is subject to the receipt and approval by the ministry of a Final report and Audited Statement of Expenditure, and the expenses related to this portion of the grant has not yet been incurred, this amount has not been accrued in the financial statements.

9. 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.

(a) Credit risk

The company does have credit risk in accounts receivable of \$12,412(2019-\$138,057). 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. The company reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The company maintains strict credit policies and limits in a respect to counterparties. In the opinion of management the credit risk exposure to the company is low and is not material.

(b) Liquidity risk

The company does have a liquidity risk in the bank indebtedness and accounts payable of \$95,779(2019-\$221,130). Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The company 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 and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the company is low and is not material.

(c) Interest rate risk

The company is exposed to interest rate risk. Interest rate risk is the risk that the company has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The company reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. The company does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the interest rate risk exposure to the company low and is not material.

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Notes to the Financial Statements

Year ended March 31, 2020

10. Related party transactions

During the fiscal year, Brand EQ Group performed media outreach services for the HJA Award hosted by the Association. This vendor is considered a related party as Nadine Spencer, the President of the Association runs Brand EQ Group. The total value of transactions between Brand EQ and the Association during the Fiscal year was \$9,299.90 and 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.

11. Subsequent events

Due to the challenges caused by the Covid-19 pandemic, BBPA, like most not for profit organizations has had to endure some challenges as far as carrying out programs. However, due to the current social climate surrounding anti-black racism, the organization has seen an uptick in contributions from corporate donors seeking to align themselves with the anti-black racism initiative. The organization has also adapted to the current environment by conducting programs through virtual means and is currently working to obtain more sustainable funding in the aftermath of the funding influx generated due to the current social climate.