



**BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**

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**2021 Financial Statements**

**BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**  
**2021 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, 2021, 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, 2021 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, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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  
July 19, 2021

**BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**  
**Statement of Financial Position**  
**As at March 31, 2021**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,861,131	\$ 97,286
Short term investment (note 3)	257,753	318,208
HST recoverable	42,119	12,412
Prepaid expenses	51,566	121,781
Cash in trust	210	7,980
	2,212,779	557,667
Capital assets (note 4)	16,255	21,908
	<b>\$ 2,229,034</b>	<b>\$ 579,575</b>

**LIABILITIES AND FUND BALANCES**

Current liabilities		
Accounts payable and accrued liabilities	\$ 65,521	\$ 87,799
Government assistance (note 11)	40,000	-
Deferred revenue (note 7)	20,000	85,000
Bank overdraft and line-of-credit (note 5)	(47)	69,990
Funds held in trust (note 6)	-	7,980
	125,474	250,769
Net assets	2,103,560	328,806
	<b>\$ 2,229,034</b>	<b>\$ 579,575</b>

See accompanying notes

On behalf of the Board

Nadine Spencer, President:

Michael Pinnock, Treasurer:

# BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Statement of Operations  
Year ended March 31, 2021

	2021	2020
Revenue		
Donations (note 8)	\$ 1,810,482	\$ 182,690
Government grants (note 9)	210,000	77,000
Membership dues	37,074	11,164
Investment income	19,487	10,977
Sponsorship (note 10)	1,199,912	162,842
Government assistance (note 11)	20,000	-
Other	-	175,098
	<hr/>	<hr/>
	3,296,955	619,771
Expenditures		
Amortization	5,167	38,432
Programs (note 12)	1,248,616	362,374
Administration (note 13)	87,256	81,562
Insurance	4,851	3,794
Professional	66,051	15,901
Payroll	94,075	45,949
Rent	8,315	8,316
	<hr/>	<hr/>
	1,514,331	556,328
Excess of revenue over expenditures before undernoted item	1,782,624	63,443
Other expense		
Loss on disposal of capital assets	7,870	-
	<hr/>	<hr/>
Excess of revenue over expenditures	\$ 1,774,754	\$ 63,443

See accompanying notes

**BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**  
**Statement of Changes in Net Assets**  
**Year ended March 31, 2021**

	<b>2021</b>	<b>2020</b>
Net assets, beginning of year	\$ 328,806	\$ 265,363
Excess of revenue over expenditures	1,774,754	63,443
Net assets, end of year	<u>\$ 2,103,560</u>	<u>\$ 328,806</u>

**See accompanying notes**

# BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

## Statement of Cash Flows

Year ended March 31, 2021

	2021	2020
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 1,774,754	\$ 63,443
Items not involving cash		
Amortization	5,167	38,432
Loss on disposal of capital assets	7,870	-
	<u>1,787,791</u>	<u>101,875</u>
<b>Net change in non-cash working capital items</b>		
HST recoverable	(29,707)	(12,412)
Accounts Receivable	-	138,057
Prepaid expenses	70,215	37,157
Cash in trust	7,770	(7,980)
Accounts payable and accrued liabilities	(22,278)	(133,330)
Government assistance (note 11)	40,000	-
Deferred revenue (note 7)	(65,000)	(100,250)
Funds held in trust	(7,980)	7,980
	<u>(6,980)</u>	<u>(70,778)</u>
<b>Cash flows from operating activities provided by operating activities</b>	<u>1,780,811</u>	<u>31,097</u>
<b>Financing activities</b>		
Bank overdraft and line-of-credit	(70,037)	(43,342)
Opening balance equity adjustment	-	59,984
	<u>(70,037)</u>	<u>16,642</u>
<b>Investing activity</b>		
Purchase of property, plant and equipment	(7,384)	(2,298)
<b>Net change in cash during the year</b>	<u>1,703,390</u>	<u>45,441</u>
<b>Cash, beginning of year</b>	<u>415,494</u>	<u>370,053</u>
<b>Cash, end of year</b>	<u>\$ 2,118,884</u>	<u>\$ 415,494</u>
<b>Cash consists of:</b>		
Cash	\$ 1,861,131	\$ 97,286
Short term investment (note 3)	257,753	318,208
	<u>\$ 2,118,884</u>	<u>\$ 415,494</u>

See accompanying notes



# BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

## Notes to Financial Statements

Year ended March 31, 2021

### 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(l) 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 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

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.

#### Change in accounting policy for contribution

Effective April 1, 2020 the organization changed its accounting policy to measure contribution using the deferral method of accounting. Previously, the organization measured contribution by using the restricted fund method.

The change in policy has been made because it is management's opinion that the deferral method more accurately reflects the operations conducted by the organization.

The change in accounting policy has been applied retrospectively. There has been no impact on deferred contribution, however, the organization no longer maintains separate funds in net assets.

# BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

## Notes to Financial Statements

Year ended March 31, 2021

### 2. Summary of significant accounting policies — 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, 2021

### 3. Investments

The Association invested in a 1-year Special rate Guaranteed Investment Certificate which pays interest at a rate of 0.35%. The Investment matures in October 5, 2021, 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 \$437.93 between October 5, 2020 and March 31, 2021, which has been recognized in Income

### 4. Capital Assets

	2021		2020	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 50,052	\$ 38,560	\$ 11,492	\$ 12,084
Computer hardware	7,655	2,892	4,763	9,824
	\$ 57,707	\$ 41,452	\$ 16,255	\$ 21,908

### 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. The overdraft on the line of credit was repaid in full during the audit period.

In April 2021, the association subsequently communicated its desire to close this overdraft facility.

### 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

	2021	2020
Opening balance	\$ 85,000	\$ 185,250
Add: Contribution received during the year	20,000	-
Less: Amount amortized to revenue during the year	(85,000)	(100,250)
Total deferred revenue	\$ 20,000	\$ 85,000

## BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

### Notes to Financial Statements

Year ended March 31, 2021

#### 8. Donations

Below is a list of the major donors related to the 2021 fiscal year:

	<b>2021</b>
Loblaw Companies Limited	\$ 101,496
HSBC	125,000
Starbucks	100,000
Donald Reid Estate	100,000
RBC Foundation	200,000
Groupe Cossette	50,000
TJX Canada	66,513
TD Bank Financial Group	35,200
Estate of Paul Lynch	70,000
Mejuri	68,000
Wawanesa Insurance	50,000
Campbell Company of Canada	20,000
John Brooks Company Ltd	10,000
E & J Gallo Winery Canada Ltd	20,000
Royal & Sun Alliance Insurance Co	20,000
UJA Federation	25,000
The Prestin	15,000
Peter Gilgon Foundation	25,000
McKinsey Group	37,116
Canada Helps	266,131
Other	406,026
<b>Total donations</b>	<b>\$ 1,810,482</b>

#### 9. Government Grants

BBPA was granted \$110,000 by the Ontario Ministry of Education and a further \$100,000 from the City of Toronto. The total of \$210,000 was received and recognised in revenue during the year.

#### 10. Sponsorship

Sponsorship related to the 2021 fiscal year were as follows:

	<b>2021</b>
Bell Canada	\$ 15,000
BHER Canada	52,520
Future Skills Canada	773,392
Loblaw Companies Limited	95,000
Ontario Power Generation Inc	15,000
Pepsi Corporation	40,000
Ryerson University	79,000
TD Bank Financial Group	60,000
Toronto Board of Trade	25,000
TT XERO Software	20,000
Other	25,000
<b>Total sponsorship</b>	<b>\$ 1,199,912</b>

# BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

## Notes to Financial Statements

Year ended March 31, 2021

### 11. Loan granted under the Canada Emergency Business Account Program

Loan, with an unpaid principal of \$60,000 guaranteed by the Canadian government, interest-free until December 31, 2022.

	2021
CEBA Loan	\$ 60,000
Less: Forgiveable portion	(20,000)
<b>Balance</b>	<b>\$ 40,000</b>

During the year, the organization obtained a \$60,000 loan under the Canada Emergency Business Account Program. If the organization repays \$40,000 by December 31, 2022, the \$20,000 balance will be forgiven. Otherwise, an interest rate of 5% will apply to the balance, which will be repayable in 36 monthly blended instalments [December 31, 2025]. Since there is reasonable assurance that the organization will repay \$40,000 by December 31, 2022, the organization recognized \$20,000 in revenue when the loan was granted.

### 12. Programs Expenses

	2021	2020
Ask the Professional	\$ 23,393	\$ -
BAIDS	47,914	-
BBERG	176,247	-
Boss Women	79,680	-
BPAO	20,044	-
Financial Literacy	166,635	-
Harry Jerome Awards	104,888	223,374
Jean Augustine	10,000	-
Little Jamaica	87,162	-
Menorship	80,495	-
Rise Up Pitch	76,483	-
Scholarship	312,038	136,000
The Art of Catering	31,857	-
Who Am I Workshop	13,000	-
Other	18,780	-
<b>Total program expenses</b>	<b>\$ 1,248,616</b>	<b>\$ 359,374</b>

### 13. Administrative Expenses

	2021
Advertising & promotion	\$ 30,282
Board development	12,067
Interest & bank charges	5,547
Meetings	18,787
Office & general supplies	2,978
Repairs & maintenance	2,217
Telephone & internet	15,378
<b>Total administrative expenses</b>	<b>\$ 87,256</b>

# **BLACK BUSINESS AND PROFESSIONAL ASSOCIATION**

## **Notes to Financial Statements**

**Year ended March 31, 2021**

### **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.

#### Credit risk

The Organization does have credit risk in government HST receivable of \$41,844. 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.

#### Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$65,521(2020-\$87,799). 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.

#### Interest rate risk

The Organization is exposed to interest rate risk. Interest rate risk is the risk that the Organization has interest rate exposure on its investment and 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 Organization reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans payable that are at fixed term rates, or zero interest rates and do not affect interest rate risk. The Organization 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 Organization low and is not material.

### **15. Related party transactions**

Directors exercise control over the organization, hence are considered related parties. During the fiscal year, the Organization paid directors an aggregate consideration of \$411,590.25 for 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.

### **16. Subsequent events**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). This situation is constantly evolving, and the measures put in place are having multiple impacts on global, national, provincial and local economies.

During the audit year ended March 31, 2021, the association had its best year to date generating funds to support multiple program provided.