

**Financial Statements**

**THE FEDERATION OF BLACK CANADIANS  
LA FÉDÉRATION DES CANADIENS NOIR**

**December 31, 2020**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**The Federation of Black Canadians La Fédération des Canadiens Noir**

### Qualified Opinion

We have audited the financial statements of **The Federation of Black Canadians La Fédération des Canadiens Noir** ("The Federation of Black Canadians" or the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and 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 the Organization as at December 31, 2020, and its results of 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

In 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 donations revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years.

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 qualified opinion.

### Other Matter

We were not engaged to report on the comparative financial statements, and as such, the comparative financial statements for the year ended December 31, 2019 are neither audited nor reviewed. The comparative information was compiled by another accountant. The comparative financial information has changed as a result of the first time adoption of Accounting Standards for Not-for-Profit Organizations, the details of which are described in the significant accounting policies.

### 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 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.

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.



## INDEPENDENT AUDITOR'S REPORT, continued

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 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.

A handwritten signature in black ink, appearing to read "David Zaccaro".

Oakville, Ontario  
May 13, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**The Federation of Black Canadians**

(Incorporated under the Canada Not-for-Profit Corporations Act)

**STATEMENT OF FINANCIAL POSITION**

As at

	December 31, 2020 \$	December 31 2019 \$	January 1 2019 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash	142,435	70,560	16,332
Term deposit [note 2]	5,000	-	-
Donations receivable	505	-	-
Prepaid expenses	-	263	-
	<b>147,940</b>	<b>70,823</b>	<b>16,332</b>
<b>Long term</b>			
Intangible asset [note 3]	12,618	929	1,623
	<b>160,558</b>	<b>71,752</b>	<b>17,955</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	19,559	3,473	511
Deferred contributions [note 4]	48,000	71,002	16,532
	<b>67,559</b>	<b>74,475</b>	<b>17,043</b>
<i>COVID-19 and subsequent events [Note 8]</i>			
<b>Net assets (deficiency)</b>	<b>92,999</b>	<b>(2,723)</b>	<b>912</b>
	<b>160,558</b>	<b>71,752</b>	<b>17,955</b>

See accompanying notes

On behalf of the board

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

## The Federation of Black Canadians

### STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31

	2020	2019
	\$	\$
<b>Revenues</b>		
Donations	114,456	132
Government grants and assistance [note 5]	77,731	13,596
Donations in-kind [note 6]	2,240	-
Other grants	-	16,532
	<b>194,427</b>	<b>30,260</b>
<b>Expenditures</b>		
Amortization	3,452	916
Communications	4,300	298
Digital content and website	26,975	11,220
Fundraising and events	8,102	3,000
Office and general	5,517	2,315
Professional fees	9,240	2,000
Promotion	-	4,592
Salaries and related benefits	32,613	-
Travel	8,506	9,554
	<b>98,705</b>	<b>33,895</b>
<b>Excess of revenues over expenditures (expenditures over revenues) for the year</b>	<b>95,722</b>	<b>(3,635)</b>
(Deficiency) net assets, beginning of year	<b>(2,723)</b>	912
<b>Net assets (deficiency), end of year</b>	<b>92,999</b>	<b>(2,723)</b>

See accompanying notes

## The Federation of Black Canadians

### STATEMENT OF CASH FLOWS

Year ended December 31

	2020 \$	2019 \$
<b>Operating activities</b>		
Excess of revenues over expenditures (expenditures over revenues) for the year	95,722	(3,635)
Add: item not affecting cash		
Amortization	3,452	916
	<b>99,174</b>	<b>(2,719)</b>
Net change in non-cash balances related to operations:		
Donations receivable	(505)	-
Prepaid expenses	263	(263)
Accounts payable and accrued liabilities	16,086	2,962
Deferred contributions	(23,002)	54,470
Cash provided by operating activities	<b>92,016</b>	<b>54,450</b>
<b>Investing activities</b>		
Purchase of term deposit	(5,000)	-
Website development costs	(15,141)	(222)
Cash used in investing activities	<b>(20,141)</b>	<b>(222)</b>
<b>Net change in cash during the year</b>	<b>71,875</b>	<b>54,228</b>
<b>Cash, beginning of year</b>	<b>70,560</b>	<b>16,332</b>
<b>Cash, end of year</b>	<b>142,435</b>	<b>70,560</b>

See accompanying notes

## The Federation of Black Canadians

### NOTES TO THE FINANCIAL STATEMENTS

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December 31, 2020

The Federation of Black Canadians (the "Organization") was incorporated without share capital under the Canada Not-for-Profit Corporation's Act. The Organization is a not-for-profit organization under the Income Tax Act, and as such, is exempt from income taxes. The primary activity of the Organization is to advance the social, economic, and cultural interests of Canadians of African descent.

#### 1. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

The significant accounting policies used are as follows:

##### Revenue recognition

The Organization follows the deferral method of accounting for revenue. Government grants and assistance, other grants and restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### Term deposit

The Organization's policy is to present term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

##### Intangible asset

Internally generated intangible assets include the costs incurred for website development to help the Organization generate revenue. Costs are amortized on a straight-line basis over an estimated three-year useful life.

##### Contributed services

The Organization recognizes contributed materials and services at the fair value of materials and services received.

Volunteers contribute a significant number of hours to assist the Organization in carrying out its activities. Due to the difficulty in determining the fair value, volunteer contributed services are not recognized in the financial statements.

## The Federation of Black Canadians

### NOTES TO THE FINANCIAL STATEMENTS

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December 31, 2020

**1. Significant accounting policies, continued**

**Financial instruments**

*Measurement of financial instruments*

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at amortized cost include cash, term deposit and donations receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

*Impairment*

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures (expenditures over revenues). A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess of revenues over expenditures (expenditures over revenues).

**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 expenditures during the year. Significant estimates include the fair value of contributed material and services received and accrued liabilities. Actual results could differ from those estimates.



## The Federation of Black Canadians

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

#### 1. Significant accounting policies, continued

##### First time adoption for basis of accounting

The Organization has elected to apply Canadian Accounting Standards for Not-for-Profit Organizations.

These financial statements are the first financial statements for which the Organization has applied ASNPO.

The financial statements for the year ended December 31, 2019 were prepared in accordance with the accounting principles and provisions set out in first-time adoption by Not-for-Profit Organizations, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards was accounted for in net assets at the date of transition being, January 1, 2019. As a result of adopting the standards, the Organization's net assets at January 1, 2019 were reduced by \$16,532 and deferred grants consequently increased. Furthermore, the excess of revenues over expenditures for the year ended December 31, 2019 was reduced by \$50,970; \$16,532 was recognized into income and offset by \$71,002 deferred to unutilized grant funds and \$3,500 was to accrue additional liabilities. The net assets as at January 1, 2020 were as a result also decreased by \$50,970.

#### 2. Term deposit

The term deposit is held as security for a credit card facility issued to the Organization. The deposit bears interest at 0.1% and matures March 13, 2022.

#### 3. Intangible asset

	Cost	Accumulated amortization	December 31, 2020 Net	December 31 2019 Net	January 1 2019 Net
	\$	\$	\$	\$	\$
Website	16,987	4,369	12,618	929	1,623

## The Federation of Black Canadians

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

#### 4. Deferred contributions

The Organization receives grants and other contributions for various operating activities and special projects. Deferred contributions related to expenses of future periods represents unspent externally restricted funds.

	2020	2019
	\$	\$
Balance, beginning of year	71,002	16,532
plus: deferred contributions received during the year	57,700	84,598
less: amounts recognized as revenue during the year	(73,327)	(30,128)
less: amounts repayable [Note 5(ii)]	(7,375)	-
Balance, end of year	<b>48,000</b>	71,002

#### 5. Government grants and assistance

The following is a summary government grants and assistance received during the year:

	2020	2019
	\$	\$
(i) Canada Emergency Wage Subsidy ("CEWS")	4,404	-
(ii) Capacity builder grant	63,627	13,596
(iii) Black Canadian Youth Approach ("BYCA") grant	9,700	-
	<b>77,731</b>	13,596

(i) The Canada Emergency Wage Subsidy is federal government assistance received for payroll costs incurred during the COVID-19 pandemic. The intent of the grant is to subsidize costs in periods of lower revenue.

(ii) The Capacity Builder Grant is federal funding received from the Federal Minister of Canadian Heritage (the "Minister"). The original grant was for \$84,598 and the project was to train members nationally on governance and leadership, to establish strategies for partnerships and volunteer recruitment, establish new communication products and to develop and deliver training on a variety of subjects.

In 2019, \$13,596 of funding was utilized in and an additional \$63,627 was utilized in 2020. The remaining \$7,375 is to be repaid to the Minister.

(iii) The Federal department of Canadian Heritage granted the Organization \$9,700 to design and deliver workshops to black youth in order to educate them on Anti-Racism Secretariat priorities related to the BCYA. The funds were fully utilized in 2020.

## The Federation of Black Canadians

### NOTES TO THE FINANCIAL STATEMENTS

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December 31, 2020

#### 6. Non-monetary transactions

During the year the Organization received in-kind consulting services valued at \$2,240 (2019 - \$Nil). The transactions were measured at the fair value of services received.

#### 7. Financial instruments

The Organization is exposed to liquidity risk through its financial instruments. The following analysis provides a measure of the risk exposure at the balance sheet date.

##### *Liquidity risk*

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available. The risk remains unchanged from the prior year.

#### 8. COVID-19 and subsequent events

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The pandemic resulted in a number of measures introduced at various levels of government to curtail the spread of the virus; such as, travel restrictions, closures of non-essential operations, mandatory quarantines and other social distancing measures.

The impact on the Organization includes, but is not limited to, the inability to host workshops and events, the cancellation of all in-person activities and a strategic shift to connecting and growing the Organization through virtual platforms.

Despite the challenges associated with the pandemic, the Organization has continued to receive substantial amounts of donations and government funding, which has allowed for continued growth, expansion and national reach. The Organization has also received substantial funding subsequent to year end.

In the first four months of 2021 the Organization has secured grants and sponsorships totaling \$495,000. The current working capital balance, additional funding and conscientious budgeting is expected to allow the Organization to sustain operations beyond the course of the next twelve months.

While the Organization continues to grow and expand its reach, the full effects of the pandemic on the Organization's financial operations cannot be reasonably estimated at this time.

#### 9. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2020 financial statements in accordance with ASNPO.