

Financial Statements

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

December 31, 2021



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, 2021, 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, 2021, 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 donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of donation 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 donation revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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 qualified 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 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.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



INDEPENDENT AUDITOR'S REPORT, continued

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 "Iris Zetani + Laurie".

The Federation of Black Canadians

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

STATEMENT OF FINANCIAL POSITION

As at December 31

	2021 \$	2020 \$
ASSETS		
Current		
Cash	279,802	142,435
Term deposit [note 2]	5,000	5,000
Contributions receivable [note 6(iv)]	30,769	505
	315,571	147,940
Long term		
Intangible asset [note 3]	28,067	12,618
	343,638	160,558
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	26,671	19,559
Deferred contributions [note 4]	140,578	48,000
	167,249	67,559
<i>COVID-19 [note 10]</i>		
<i>Subsequent event [note 11]</i>		
Unrestricted net assets	176,389	92,999
	343,638	160,558

See accompanying notes

On behalf of the board

DocuSigned by:

Christopher Thompson

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Director

Director

The Federation of Black Canadians

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31

	2021	2020
	\$	\$
Revenues		
Government grants and assistance [note 6]	447,512	77,731
Donations	67,549	114,456
Other grants [note 7]	42,100	-
Donations in-kind [note 8]	8,005	2,240
	565,166	194,427
Expenditures		
Advertising and promotion	6,391	-
Amortization	9,147	3,452
Communications	10,121	4,300
Digital content and website	14,998	26,975
Fundraising and events	950	8,102
Office and general	7,254	5,517
Professional fees	32,545	9,240
Salaries, wages and related benefits [note 5]	398,512	32,613
Travel	1,858	8,506
	481,776	98,705
Excess of revenues over expenditures for the year	83,390	95,722
Net assets (deficiency), beginning of year	92,999	(2,723)
Net assets, end of year	176,389	92,999

See accompanying notes

The Federation of Black Canadians

STATEMENT OF CASH FLOWS

Year ended December 31

	2021 \$	2020 \$
Operating activities		
Excess of revenues over expenditures for the year	83,390	95,722
Add: items not affecting cash		
Amortization	9,147	3,452
Expenditures in-kind	3,747	-
Donations in-kind	(8,005)	-
	88,279	99,174
Net change in non-cash balances related to operations:		
Contributions receivable	(30,264)	(505)
Prepaid expenses	-	263
Accounts payable and accrued liabilities	7,113	16,086
Deferred contributions	92,578	(23,002)
Cash provided by operating activities	157,706	92,016
Investing activities		
Purchase of term deposit	-	(5,000)
Website development costs	(20,339)	(15,141)
Cash used in investing activities	(20,339)	(20,141)
Net change in cash during the year	137,367	71,875
Cash, beginning of year	142,435	70,560
Cash, end of year	279,802	142,435

See accompanying notes

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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").

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

December 31, 2021

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, term deposit and contributions 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. 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.

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

2. Term deposit

A one year term deposit is held as security for a credit card facility issued to the Organization. The deposit bears interest at 0.1% (2020 - 0.1%) and matures March 13, 2022 (2020 - March 13, 2022).

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

3. Intangible asset

	Cost \$	Accumulated amortization \$	2021 Net \$	2020 Net \$
Website	41,582	13,515	28,067	12,618

Included in additions to website costs for the year was \$4,258 (2020 - \$nil) of contributed services related to website design and development.

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.

	2021 \$	2020 \$
Balance, beginning of year	48,000	71,002
plus: deferred contributions received during the year	572,692	57,700
less: amounts recognized	(480,114)	(73,327)
less: amounts repayable	-	(7,375)
Balance, end of year	140,578	48,000

5. Salaries, wages and related benefits

The Organization has hired several employees who assist in carrying out its mission. Administrative wages are limited as majority of wages are directly attributed to supporting the facilitation of major programs and initiatives for the year which include: anti-black racism; community building, such as, creating local hubs, regional coalitions and national advocacy platforms; a number of research efforts, including those related workplace opportunities and barriers to equity for the black community and publishing various COVID-19 and public health research papers. Wages are also applied to carry out ongoing programs related to promoting higher education, health and well-being and economic security for Black Canadians.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

6. Government grants and assistance

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

	2021 \$	2020 \$
(i) Resiliency Through COVID-19 grant	161,866	-
(ii) Workplace Opportunities: Removing Barriers to Equity ("WORBE") grant	128,224	-
(iii) Anti-Racism Action Program ("ARAP") grant	97,850	-
(iv) Privy Council grant	30,769	-
(v) Canada Summer Jobs grant	10,306	-
(vi) Canada Emergency Wage Subsidy ("CEWS")	9,497	4,404
(vii) Canadian Heritage: Race Based Data grant	9,000	-
Capacity Builder grant	-	63,627
Black Canadian Youth Approach ("BCYA") grant	-	9,700
	447,512	77,731

- (i) The Resiliency Through COVID-19 grant relates to the Public Health Agency of Canada's initiative to address priority public health issues, particularly in marginalized communities. The Organization received \$237,703 in funding during the year to help with costs associated with performing research and collecting data related to public health issues in the black Canadian community. In 2021, \$161,866 of the funding was utilized with the remaining funds being deferred to the 2022 year.
- (ii) The WORBE grant was received from the Federal Government and aims to increase the representation of members of the black community in all levels of employment in the banking and financial sectors by showcasing the barriers present within federally regulated institutions. The Organization received \$182,964 of funding during the year. In 2021, \$128,224 of the funding was utilized with the remaining funds being deferred to the 2022 year.
- (iii) The Organization received funding of \$28,000 in 2020 and \$69,850 in 2021 from the Federal Government in relation to the ARAP grant. The purpose of this grant is to improve the Organization's capacity to promote diversity and inclusion as well as counter online hate and anti-black racism in Canada. These funds were fully utilized in 2021.
- (iv) The Privy Council Office of Canada granted the Organization \$30,769 to assist with expenses related to producing and distributing original pieces of content for the Organization's social media platform, which centers around the advocacy for black Canadians. The amount, included in accounts receivables, was fully utilized and received subsequent to year end.
- (v) Canada Summer Jobs provides wage subsidies to not-for-profit organizations to create quality summer work experiences for young people aged 15 to 30 years. All amounts received have been fully utilized as at December 31, 2021.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

6. Government grants and assistance, continued

- (vi) 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. All amounts received have been fully utilized as at December 31, 2021.
- (vii) The Race Based Data grant is Federal Government funding received from the Department of Canadian Heritage. The original grant was for \$9,000 to assist with costs associated with the Organization's research project of creating intervention through a health equity lens, particularly in the black community. All amounts received have been fully utilized as at December 31, 2021.

7. Other grants

The following is a summary of other grants recognized during the year:

	2021
	\$
(i) Tropicana Community Services	32,100
(ii) LUSH Cosmetics	10,000
	42,100

- (i) The Tropicana Community Services grant was received by the Organization during the year for \$32,100 to help with costs associated with increasing the operating capacity of the Organization. All amounts received have been fully utilized as at December 31, 2021.
- (ii) The LUSH Cosmetics grant was received towards the end of 2020 for \$10,000 and was used to help with costs related to website hosting, marketing and web communications support. All amounts received have been fully utilized as at December 31, 2021.

8. Donations in-kind

During the year the Organization received in-kind consulting and website development services valued at \$3,360 (2020 - \$2,240) and \$4,645 (2020 - \$nil) respectively. The transactions were measured at the fair value of services received.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

9. 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.

10. COVID-19

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 limitation of 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, grants and government funding, which has allowed for continued growth, expansion and national reach. The Organization has also received substantial funding subsequent to year end.

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.

11. Subsequent event

Subsequent to year end, eight of ten Directors of the Organization resigned due to mutual differences concerning the ongoing operations and future direction of the Organization. Since the resignation, three interim Directors have been appointed for a total of five Directors. The five Board of Directors are in the recruitment process for additional Board members. The employees of the Organization, along with the remaining directors have maintained the day-to-day operations of the Organization. As a result, the projects and outreach of the Organization have been able to continue largely unchanged.