

Financial Statements

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

December 31, 2022



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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 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 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 "Ino Zetani + Larivi".

The Federation of Black Canadians

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

STATEMENT OF FINANCIAL POSITION

As at December 31

	2022 \$	2021 \$
ASSETS		
Current		
Cash	1,320,771	279,802
Term deposit [note 2]	5,000	5,000
Contributions receivable [note 8(ii)]	4,500	30,769
	1,330,271	315,571
Long term		
Capital assets [note 3]	5,113	-
Intangible assets [note 4]	21,707	28,067
	26,820	28,067
	1,357,091	343,638
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	37,750	26,671
Government remittances payable	1,556	-
Deferred contributions [note 5]	1,213,215	140,578
	1,252,521	167,249
Unrestricted net assets	104,570	176,389
	1,357,091	343,638

See accompanying notes

On behalf of the board

DocuSigned by:

Christopher Thompson

Director

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Director

The Federation of Black Canadians

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31

	2022	2021
	\$	\$
Revenues		
Government grants and assistance [note 7]	614,366	447,512
Other grants [note 8]	57,500	42,100
Donations	25,568	67,549
Donations in-kind	-	8,005
	697,434	565,166
Expenditures		
Advertising and promotion	6,804	6,332
Amortization	15,645	9,147
Communications	1,075	711
Community partnership	15,000	-
Computer expense	5,795	9,410
Consulting fees	26,670	3,360
Contractors	25,878	25,380
Digital content and website	10,304	14,998
Honourariums	11,780	1,560
Office and general	4,401	5,693
Organization events	13,572	2,868
Professional fees	41,318	29,185
Salaries, wages and related benefits [note 6]	591,011	373,132
	769,253	481,776
Excess of (expenditures over revenues) revenues over expenditures for the year	(71,819)	83,390
Unrestricted net assets, beginning of year	176,389	92,999
Unrestricted net assets, end of year	104,570	176,389

See accompanying notes

The Federation of Black Canadians

STATEMENT OF CASH FLOWS

Year ended December 31

	2022 \$	2021 \$
Operating activities		
Excess of (expenditures over revenues) revenues over expenditures for the year	(71,819)	83,390
Add: items not affecting cash		
Amortization	15,645	9,147
Expenditures in-kind	-	3,747
Donations in-kind	-	(8,005)
	(56,174)	88,279
Net change in non-cash balances related to operations:		
Contributions receivable	26,269	(30,264)
Accounts payable and accrued liabilities	11,079	7,113
Government remittances payable	1,556	-
Deferred contributions	1,072,637	92,578
Cash provided by operating activities	1,055,367	157,706
Investing activities		
Purchase of capital assets	(6,135)	-
Website development costs	(8,263)	(20,339)
Cash used in investing activities	(14,398)	(20,339)
Net change in cash during the year	1,040,969	137,367
Cash, beginning of year	279,802	142,435
Cash, end of year	1,320,771	279,802

See accompanying notes

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

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.

Capital assets

Capital assets include the costs incurred to purchase computer equipment. Costs are amortized on a straight-line basis over an estimated three-year useful life. In the year of acquisition, the amortization of capital assets is 50% of the annual amortization rate. No amortization is recorded in the year of disposal.

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

Intangible assets

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. In the year of acquisition, the amortization of intangible assets is 50% of the annual amortization rate. No amortization is recorded in the year of disposal.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

1. Significant accounting policies, continued

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.

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 (expenditures over revenues) 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 and government remittances payable.

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 (expenditures over revenues) 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 (expenditures over revenues) revenues over expenditures.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

1. Significant accounting policies, continued

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 0.5% [2021 - 0.1%] and matures March 13, 2023 [2021 - March 13, 2022].

3. Capital assets

	Cost	Accumulated amortization	2022 Net	2021 Net
	\$	\$	\$	\$
Computer equipment	6,135	1,022	5,113	-

4. Intangible assets

	Cost	Accumulated amortization	2022 Net	2021 Net
	\$	\$	\$	\$
Website	49,845	28,138	21,707	28,067

5. 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.

	2022 \$	2021 \$
Balance, beginning of year	140,578	48,000
plus: deferred contributions received during the year	1,747,921	572,692
less: amounts recognized	(671,866)	(480,114)
less: amounts repaid	(3,418)	-
Balance, end of year	1,213,215	140,578

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

6. 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 the 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 to 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.

7. Government grants and assistance

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

	2022	2021
	\$	\$
(i) Supports for Student Learning Program grant	245,107	-
(ii) Anti-Racism Action Program ("ARAP") grant	114,723	97,850
(iii) Resiliency Through COVID-19 grant	75,837	161,866
(iv) Black Entrepreneurship Program Ecosystem Fund grant	72,863	-
(v) Workplace Opportunities: Removing Barriers to Equity ("WORBE") grant	51,322	128,224
(vi) Canada Summer Jobs grant	26,355	10,306
(vii) Canada Council for the Arts grant	10,000	-
(viii) Privy Council grant	9,220	30,769
(ix) Immunization Partnership Fund grant	8,939	-
Canada Emergency Wage Subsidy ("CEWS")	-	9,497
Canadian Heritage: Race Based Data grant	-	9,000
	614,366	447,512

- (i) The Organization received funding of \$1,241,069 during the year from the Federal Minister of Employment and Social Development in relation to the Supports for Student Learning Program grant. The purpose of this grant is to provide vulnerable youth within black communities across the country with academic persistence and preparedness needs; as well as, comprehensive mentorship and mental well-being support to help them continue their studies and graduate high school. In 2022, \$245,107 of the funding was utilized with the remaining funds being deferred to the 2023 year.
- (ii) The Organization received funding of \$28,000 in 2020, \$69,850 in 2021 and \$153,685 in 2022 from the Federal Minister of Diversity and Inclusion and Youth 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. In 2022, \$114,723 [2021 - \$97,850] of the funding was utilized with the remaining funds being deferred to the 2023 year.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

7. Government grants and assistance, continued

- (iii) 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 2021 to help with costs associated with performing research and collecting data related to public health issues in the black Canadian community. All amounts received have been fully utilized as at December 31, 2022.
- (iv) The Organization received funding of \$170,093 during the year from the Federal Economic Development Agency for Southern Ontario in relation to the Black Entrepreneurship Program Ecosystem Fund grant. The purpose of this grant is to enhance the Organization's services and help to build its capacity to support black youth and young adult entrepreneurs to start and grow their businesses. In 2022, \$72,863 of the funding was utilized with the remaining funds being deferred to the 2023 year.
- (v) The WORBE grant was received from the Federal Minister of Employment and Social Development 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 2021. In 2022, \$51,322 [2021 - \$128,224] of the funding was utilized with the remaining funds repaid to the grantor during the year.
- (vi) Canada Summer Jobs grant was received from Employment and Social Development Canada and 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 during the year have been fully utilized as at December 31, 2022.
- (vii) The Canada Council for the Arts granted the Organization \$10,000 in 2020 to assist with costs associated with hosting the International Decade of People of African Descent event. All amounts received have been fully utilized as at December 31, 2022.
- (viii) The Organization received \$39,989 of funding from the Privy Council Office of Canada in 2022 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. All amounts received have been fully utilized as at December 31, 2022.
- (ix) The Organization received funding of \$90,000 during the year from the Public Health Agency of Canada in relation to the Immunization Partnership Fund grant. The purpose of this grant is to promote COVID-19 confidence, to develop structure for resiliency through COVID-19 community re-engagement conversations, and to develop COVID-19 vaccine clinic mapping and awareness in the black community. In 2022, \$8,939 of the funding was utilized with the remaining funds being deferred to the 2023 year.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

8. Other grants

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

	2022 \$	2021 \$
(i) Supporting Black Canadian Communities Initiative grant	42,500	-
(ii) Black Opportunity Fund grant	15,000	-
Tropicana Community Services grant	-	32,100
LUSH Cosmetics grant	-	10,000
	57,500	42,100

- (i) The Organization received funding of \$42,500 during the year from the Black Business Initiative in relation to the Supporting Black Canadian Communities Initiative grant. The purpose of this grant is to build capacity for black-led grassroots and to support programs and mandates serving the black communities. All amounts received have been fully utilized as at December 31, 2022.
- (ii) The Black Opportunity Fund granted the Organization \$15,000 to build capacity for black-led and black-focused programs and mandates serving the black communities. \$10,500 of funding was received during 2022 with \$4,500 included in contributions receivable. All amounts have been fully utilized as at December 31, 2022.

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. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year revenues over expenditures.