

Financial Statements

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

December 31, 2023



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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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

	2023	2022
	\$	\$
ASSETS		
Current		
Cash	557,500	1,320,771
Term deposit [note 2]	5,000	5,000
Accounts receivable	14,140	-
Contributions receivable [note 8(v)]	11,765	4,500
Government remittances recoverable	14,946	-
	603,351	1,330,271
Long term		
Term deposit [note 2]	10,000	-
Capital assets [note 3]	3,068	5,113
Intangible asset [note 4]	8,231	21,707
	21,299	26,820
	624,650	1,357,091
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	139,797	37,750
Government remittances payable	-	1,556
Funds held in trust [note 5]	113,738	-
Deferred contributions [note 6]	182,636	1,213,215
	436,171	1,252,521
Unrestricted net assets	188,479	104,570
	624,650	1,357,091

See accompanying notes

On behalf of the board

Signed by:

 _____ Director
 _____ Director

The Federation of Black Canadians

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31

	2023	2022
	\$	\$
Revenues		
Government grants [note 9]	1,961,132	614,366
Donations	75,255	25,568
Service fees	20,811	-
Other grants	7,491	57,500
	2,064,689	697,434
Expenditures		
Advertising and promotion	40,233	6,804
Amortization	15,522	15,645
Bursaries	188,200	-
Community partnership [note 7]	370,811	15,000
Computer expense	3,010	5,795
Consulting fees	1,800	26,670
Contractors	536,650	25,878
Contributions	23,475	-
Digital content and website	14,817	10,304
Honorariums	36,002	11,780
Office and general	626	5,476
Organization events	106,677	13,572
Professional fees	80,941	41,318
Salaries, wages and related benefits [note 8]	562,016	591,011
	1,980,780	769,253
Excess of revenues over expenditures (expenditures over revenues) for the year	83,909	(71,819)
Unrestricted net assets, beginning of year	104,570	176,389
Unrestricted net assets, end of year	188,479	104,570

See accompanying notes

The Federation of Black Canadians

STATEMENT OF CASH FLOWS

Year ended December 31

	2023 \$	2022 \$
Operating activities		
Excess of revenues over expenditures (expenditures over revenues) for the year	83,909	(71,819)
Add: item not affecting cash		
Amortization	15,522	15,645
	99,431	(56,174)
Net change in non-cash balances related to operations:		
Accounts receivable	(14,140)	-
Contributions receivable	(7,265)	26,269
Accounts payable and accrued liabilities	102,046	11,079
Government remittances	(16,502)	1,556
Funds held in trust	113,738	-
Deferred contributions	(1,030,579)	1,072,637
Cash (used in) provided by operating activities	(753,271)	1,055,367
Investing activities		
Purchase of term deposit	(10,000)	-
Purchase of capital assets	-	(6,135)
Website development costs	-	(8,263)
Cash used in investing activities	(10,000)	(14,398)
Net change in cash during the year	(763,271)	1,040,969
Cash, beginning of year	1,320,771	279,802
Cash, end of year	557,500	1,320,771

See accompanying notes

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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, 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. Service fees are recognized when the service has been rendered, and reasonable assurance exists regarding the consideration to be received and its ultimate collection.

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 asset

Internally generated intangible asset includes 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 asset 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, 2023

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.

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, accounts receivable, contributions receivable and government remittances recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and funds held in trust.

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 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 accrued liabilities. Actual results could differ from those estimates.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

2. Term deposits

Two term deposits are held as security for a credit card facility issued to the Organization. The \$5,000 one-year term deposit bears interest at 1.75% [2022 - 0.5%] and matures March 13, 2024 [2022 - March 13, 2023]. The \$10,000 four-year term deposit bears interest at 3.45% and matures April 10, 2027.

3. Capital assets

	Cost \$	Accumulated amortization \$	2023 Net \$	2022 Net \$
Computer equipment	6,135	3,067	3,068	5,113

4. Intangible asset

	Cost \$	Accumulated amortization \$	2023 Net \$	2022 Net \$
Website	49,846	41,615	8,231	21,707

5. Funds held in trust

The Organization is serving as the implementation partner for the Black Founders Network (“BFN”), Black Youth Action Plan Career Advance Stream program. As implementation partner, the Organization is responsible for distributing funds for the program as directed by BFN. The contributions are not considered income to the Organization, and as such, are held in trust. The Organization receives an administration fee for managing the distribution of funds.

6. Deferred contributions

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

	2023 \$	2022 \$
Balance, beginning of year	1,213,215	140,578
plus: deferred contributions received/receivable during the year	983,116	1,747,921
less: amounts recognized	(1,968,623)	(671,866)
less: amounts repaid or payable	(45,072)	(3,418)
Balance, end of year	182,636	1,213,215

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. Related party transactions

In 2023, the Organization paid another non-profit organization, Skills for Life Inc, \$294,220 [2022 - \$nil] for their services under a program partnership. The program partnership is to provide vulnerable youth within black communities support in academic persistence and preparedness, as well as comprehensive mentorship and mental well-being support in order to continue studies and graduate high school [note 9(i)].

The executive director of the Organization also serves as the executive director for Skills for Life Inc, as such, the transactions have been established as related party transactions. The amounts paid are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

8. Salaries, wages and related benefits

The Organization has hired several employees who assist in carrying out its mission. Administrative wages are limited as the majority of the wages are directly attributed to supporting the facilitation of major programs and initiatives for the year which include: anti-black racism; support for students in academic persistence and preparedness needs; support to black youth and young adult entrepreneurs to start and grow their businesses; community building, such as, creating local hubs, regional coalitions and national advocacy platforms; as well as, a number of research efforts, including publishing various COVID-19 and public health research papers.

9. Government grants

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

	2023 \$	2022 \$
(i) Support for Student Learning Program grant	1,299,508	245,107
(ii) Black Entrepreneurship Program Ecosystem Fund grant	450,506	72,863
(iii) Immunization Partnership Fund grant	91,061	8,939
(iv) Black Health Defense	69,330	-
(v) Anti-Racism Action Program ("ARAP") grant	50,727	114,723
Resiliency Through COVID-19 grant	-	75,837
Workplace Opportunities: Removing Barriers to Equity ("WORBE") grant	-	51,322
Canada Summer Jobs grant	-	26,355
Canada Council for the Arts grant	-	10,000
Privy Council grant	-	9,220
	1,961,132	614,366

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

9. Government grants, continued

- (i) The Organization received funding of \$348,618 [2022 - \$1,241,069] during the year from the Federal Minister of Employment and Social Development in relation to the Support for Student Learning Program grant. The purpose of this grant is to provide vulnerable youth within black communities across the country academic persistence and preparedness support; as well as, comprehensive mentorship and mental well-being support to help them continue their studies and graduate high school. In 2023, \$1,299,508 [2022 - \$245,107] of the funding was utilized. Underutilized funds of \$45,072 not spent are repayable to the funder.
- (ii) The Organization received funding of \$459,734 [2022 - \$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 2023, \$450,506 [2022 - \$72,863] of the funding was utilized with the remaining funds being deferred to 2024.
- (iii) The Organization received funding of \$10,000 [2022 - \$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. All amounts received have been fully utilized as at December 31, 2023.
- (iv) The Organization received funding of \$99,000 during the year from the Public Health Agency of Canada in relation to Black Health Defense: Empowering Community through Fall and in Winter under Immunization Partnership Fund grant. The purpose of this grant is to facilitate community discourse on vaccines, increase accessibility and awareness of the latest information on routine vaccinations, engage stakeholders on vaccine awareness, ensure continuous accessibility and provide timely updates. In 2023, \$69,330 of the funding was utilized with the remaining funds being deferred to 2024.
- (v) 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 2023, \$50,727 [2022 - \$114,723] of the remaining funds were utilized with \$11,765 receivable as at December 31, 2023.

The Federation of Black Canadians

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

10. 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.

11. 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 expenditures over revenues.