

Newmarket African Caribbean Canadian Association
Financial Statements
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Newmarket African Caribbean Canadian Association (“the Association”)

Qualified Opinion

I have audited the financial statements of the Association, which comprise the statement of financial position as at December 31, 2022, and the statements of operations and net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respect, the financial position of the Association as at December 31, 2022, 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

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

In common with many not-for-profit organizations, the Association derives revenue from donations and 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 Association. Therefore, I was not able to determine whether any adjustments might be necessary to donations and/or fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2022, current assets as at December 31, 2022, and net assets as at January 1 and December 31, 2022.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association'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 Association, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Association'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 Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

my auditor's report. However, future events or conditions may cause the Association 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement principal on the audit resulting in this independent auditor's report is Michael Pinnock.

Michael G. G. Pinnock, FCPA
Fellow Chartered Professional Accountant
Licensed Public Accountant

Markham, Ontario

March 15, 2023

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Statement of Financial Position

As at December 31, 2022

	2022	2021
	\$	\$
ASSETS:		
CURRENT:		
Cash	138,353	62,532
Accounts receivable	664	25,000
Inventory	1,303	
Prepayments	1,308	1,229
Total	141,628	88,761
NONCURRENT:		
Capital assets: net (<i>Note 7</i>)	1,629	80
Investment	5,000	5,000
Total	6,629	5,080
Total Assets	148,257	93,841
LIABILITIES:		
CURRENT:		
Accounts payable and accrued liabilities	11,836	10,187
Deferred revenue (<i>Note 6</i>)	48,135	63,260
Total Liabilities	59,971	73,447
NET ASSETS:		
Unrestricted	88,286	20,394
Total Net Assets	88,286	20,394
Total Liabilities and Net Assets	148,257	93,841

Approved by: _____

Jerisha Grant-Hall - Chair

Approved by: _____

Alicia Katsavos - Treasurer

The accompanying notes on pages 4 to 8 are an integral part of these financial statements

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Statement of Operations and Net Assets

For the year ended December 31, 2022

	2022	2021
	\$	\$
REVENUE		
Donations	120,874	101,240
Grants	108,587	8,561
Membership	590	574
Interest	25	25
Others	6,703	3,315
	<u>236,779</u>	<u>113,715</u>
EXPENSES		
Amortization	221	98
Bank charges	242	194
Insurance	993	410
Office	7,796	9,607
Programs	159,635	93,578
Salaries and related costs		
	<u>168,887</u>	<u>103,887</u>
Surplus of revenue over expenses	<u>67,892</u>	<u>9,828</u>
Net Assets - Beginning of the year	<u>20,394</u>	<u>10,566</u>
Net Assets - End of the year	<u>88,286</u>	<u>20,394</u>

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Statement of Cash Flows

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Operating		
Surplus of revenue over expenses	67,892	9,828
Changes in non-cash working capital components:		
Amortization of capital assets	221	98
Inventory	(1,303)	
Accounts receivable	24,336	(25,000)
Prepayments	(79)	(1,229)
Accounts payable and accrued liabilities	1,649	6,797
Deferred revenue	(15,125)	9,809
	<u>77,591</u>	<u>303</u>
Investing		
Purchase of Capital Asset	(1,770)	
	<u>(1,770)</u>	<u>0</u>
Increase in Cash	75,821	303
Cash, beginning of year	62,532	62,229
Cash, end of year	<u>138,353</u>	<u>62,532</u>
REPRESENTED BY:		
Cash at bank	138,149	62,532
Cash on hand	204	
	<u>138,353</u>	<u>62,532</u>

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Notes to the Financial Statements

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1. Registration, Incorporation and Purpose of the Association

Newmarket African Caribbean Canadian Association was incorporated in the Province of Ontario, without share capital, on July 29, 2019, Business # 77822 9674 RC0001. It was registered as a charity effective February 22, 2022 and designated *Charitable Organization* and tax-exempt under section 149(f) of the Income Tax Act.

Its objects are:

- a. To advance education by providing: - classes on the subjects of financial literacy and on mental health to members of the Black community; - publicly available scholarships, bursaries and other forms of financial assistance to members of the Black community to be used for secondary education and to encourage academic excellence.
- b. To educate about racial prejudice and discrimination by offering presentations, seminars or workshops intended for the general public on the culture, language or traditions of the Black community in Canadian society with the aim of fostering multiculturalism and reducing the negative impact of racism.
- c. To relieve poverty by providing food and other basic necessities of life to individuals or families who are poor, of low income, or in need. Building community and uniting the residents of Ontario who are the people of african descent

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit Associations. The financial statements reflect the following significant accounting policies:

a) Basis of Accounting

Except for revenue from donations which is 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.

Going concern

Management has prepared the financial statements on the *Going Concern basis*. The Association is expected to operate for the foreseeable future. Neither the Management nor the Board of Directors of the Association has the intention or the need to close or curtail materially the operations of the Association.

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2. Summary of Significant Accounting Policies (continued)

Use of estimates

In the process of applying the Association's accounting policies, management makes various judgements, estimates and assumptions that can significantly affect the amounts it recognises and the related disclosures reported in the financial statements. These estimates are based on historical experiences and management's best knowledge of current events and actions. Actual results may differ from those estimates and assumptions.

b) Revenue recognition

The Association follows the deferral method of accounting for contributions and grants, whereby restricted contributions related to expenses of future periods are deferred and recognized as revenue in the related future period that the expenses are incurred. All other contributions are reported as revenue of the current period.

- a. Donations – *Funds received from individuals, organizations and other charities to assist with specific programs delivered by the Association. Recognized when received.*
- b. Grants – *Funds received from vary levels of government to assist with the delivery of programs, Recognized when received or receivable.*
- c. Membership fees – *Annual dues paid by members. Recognized when received.*
- d. Other – *Miscellaneous cash inflows and sale proceeds. Recognized when received.*

c) Capital assets

Purchased capital assets are recorded at cost, contributed capital asset at *fair value*. Depreciation is provided on the reducing balance basis at rates estimated to write-off capital asset over the term of their estimated useful lives. The rates used are as follows:

Computer equipment	55%
TV System	20%

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2. Summary of Significant Accounting Policies (continued)

d) Donated Services and Goods

The Association benefits from volunteer services. Since these services are not normally purchased by the Association and because of the difficulties of determining their fair value, donated services are not recognized in these financial statements. Donated goods are not recorded in the books unless they would normally be purchased.

e) Financial Instruments

The Association's financial instruments are initially recognized at *fair value*, and subsequently carried at cost and amortized cost, net of impairment.

These financial instruments consist of cash, accounts receivable, investment and; accounts payable and accrued liabilities.

f) Allocated Expenses

There are no allocated expenses.

3. Financial Instruments and Risk Management

The Association's financial instruments consist of cash, accounts receivable, investment and; accounts payable and accrued liabilities. Except for the investment, the fair value of these financial instruments approximates their carrying values due to their short-term maturity.

The investment is held in a GIC, has a maturity date of December 28, 2024 and earns interest at 3.5% per annum.

4. Government Remittances

There were no Government remittances outstanding at the end of the fiscal period.

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5. Critical Judgement and Sources of Estimation Uncertainty

There were no critical judgements, including estimations, which management has made in the process of applying the Association's accounting policies that may have a significant effect on the amounts recognized in the financial statements.

6. Deferred Revenue

Deferred revenue consist of unspent funds in the current year:

	<u>2022</u>	<u>2021</u>
Food Security Program	5,216	959
Mental Health	(1,960)	4,392
Scholarship donation	438	2,055
BHM donation	1,049	166
Iris Malcolm Library	1,501	
Trillium grant	9,898	
ESDC grant		689
Growth & Development grant		30,000
Youth & Education	31,993	25,000
	<u>48,135</u>	<u>63,260</u>

Continuity of deferred revenue for the year

Deferred revenue, beginning of year	63,260	53,451
<i>Add:</i> Cash received	164,635	63,260
<i>Less:</i> Revenue recognized	(179,760)	(53,451)
Deferred revenue, End of year	<u>48,135</u>	<u>63,260</u>

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7. Capital Assets

	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net Book value</u>	<u>Net Book value</u>
Computer equipment	1,017	981	36	80
TV System	1,770	177	1,593	0
	<u>2,787</u>	<u>1,158</u>	<u>1,629</u>	<u>80</u>