Black Cultural Society of Prince Edward Island

Financial Statements

For the Year Ended March 31, 2022

Independent Auditor's Report

To the Board of Black Cultural Society of Prince Edward Island

Opinion

We have audited the accompanying financial statements of Black Cultural Society of Prince Edward Island (the "Organization") which comprise the statement of financial position as at March 31, 2022 and the statements of operations, changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022 and its financial performance for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Opinion

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 opinion.

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

Management is responsible for the preparation and fair presentation of these 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.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Organization or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Emphasis of matter

The comparative data provided in these financial statements cover the period from January 5, 2021, the date of the company's incorporation as a Not-for-Profit Organization, to March 31, 2021. Sufficient, appropriate evidence was obtained to present these comparative figures.

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.

Fitzpatrick & Company

Chartered Professional Accountants

Charlottetown, PE
September 14, 2023

Black Cultural Society of Prince Edward Island

Statement of Financial Position

As at March 31, 2022, with comparative figures for 2021

		2022		2021
Assets				
Current assets:				
Cash	$	103,184	$	46,491
Accounts receivable (Note 2)		2,475		2,500
Prepaid expenses		6,641		-
	$	112,300	$	48,991
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (Note 3)	$	25,154	$	10,554
Deferred revenue (Note 4)		43,207		10,200
		68,361		20,754
Net assets:				
Unrestricted net assets		43,939		28,237
	$	112,300	$	48,991

Approved on Behalf of the Board;

_______________, Director _______________, Director

The accompanying notes are an integral part of these financial statements.

Black Cultural Society of Prince Edward Island

Statement of Operations

For the Year Ended March 31, 2022, with comparative figures for 86 Day Period Then Ended March 31, 2021

	2022	2021
Revenue:		
Innovation P.E.I.	$ 113,135	$ 21,800
Atlantic Canada Opportunities Agency	62,063	3,431
University of Ottawa	23,595	-
Canadian Heritage	23,000	10,000
Skills P.E.I.	7,192	-
Donations	6,569	1,247
Interministerial Women's Secretariat	4,239	-
Other	5,155	-
	244,948	36,478
Operating expenses:		
Advertising and promotion	14,511	3,162
Dues and subscriptions	1,331	-
Events	34,293	2,313
Grants	40,000	800
Insurance	940	-
Interest and bank charges	12	37
Office, memberships and licenses	5,952	2,265
Photography	5,845	1,375
Professional fees	9,132	
Salaries and wages	92,386	17,348
Subcontractor	20,066	-
Utilities	840	-
Venue rentals	8,438	7,933
	233,746	35,233
Excess revenue for the year	$ 11,202	$ 1,245

The accompanying notes are an integral part of these financial statements.

Black Cultural Society of Prince Edward Island

Statement of Changes in Net Assets

For the Year Ended March 31, 2022, with comparative figures for 2021

	Unrestricted Net Assets	2022	2021
Balance, beginning of the year	$ 28,237	$ 28,237	$ -
Contributions (Note 5)	4,500	4,500	26,992
Excess revenue for the year	11,202	11,202	1,245
Balance, end of the year	$ 43,939	$ 43,939	$ 28,237

The accompanying notes are an integral part of these financial statements.

Black Cultural Society of Prince Edward Island

Statement of Cash Flows

For the Year Ended March 31, 2022, with comparative figures for 86 Day Period Then Ended March 31,2021

		2022		2021
Cash flows from operating activities:				
Excess revenue for the year	$	11,202	$	1,245
Changes in non-cash working capital:		40,991		20,755
Net increase in cash		52,193		22,000
Cash, beginning of year		50,991		24,491
Cash, end of year	$	103,184	$	46,491

The accompanying notes are an integral part of these financial statements.

1. **Significant accounting policies:**

a) Nature and purpose of Organization:

The Organization is a not-for-profit organization incorporated without share capital under the Companies Act of Prince Edward Island. The Organization is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes.

The Organization was established to represent, support and advocate for the growing Black community on Prince Edward Island as well as the descendants of Black Islanders.

b) Basis of accounting:

The financial statements have been prepared using Canadian Accounting Standards for Not-for-Profit Organizations.

c) Fund accounting:

Revenues, expenses, assets, and liabilities related to administration of day-to-day operations and projects are accumulated in unrestricted net assets.

d) Cash:

Cash consists of bank balances.

e) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Government and private industry funding received under funding agreements are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received, before this criterion has been met, is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expense is incurred.

Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

f) Financial instruments:

i. Measurement of financial instruments:

The Organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities.

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction cost directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

1. Significant accounting policies (continued):

f) Financial instruments: (continued)

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

ii. 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 revenue. 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 revenue.

iii. Risks:

Transacting in financial instruments exposes the Organization to certain financial risks and uncertainties. These risks include:

a. Credit risk:

The Organization is exposed to credit risk in connection with the collection of its accounts receivable. The Organization mitigates this risk by performing continuous evaluation of its accounts receivable.

b. Liquidity risk:

The Organization's exposure to liquidity risk is dependent on the collection of accounts receivable or raising of funds to meet commitments and sustain operations. The Organization controls liquidity risk through management of working capital and cash flows.

g) Use of estimates:

The preparation of financial statements in accordance 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 contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant estimates made by management in the preparation of these financial statements include the valuation of accounts receivable and the estimated useful life of capital assets. Actual results could differ from those estimates.

2. Accounts receivable:

	2022	2021
Innovation P.E.I.	$ 2,475	$ -
Other contributions	-	2,500
	$ 2,475	$ 2,500

3. Accounts payable:

	2022	2021
Payroll remittance payable	$ 21,545	$ 1,985
Professional fees	3,000	-
Government grant payable	609	8,569
	$ 25,154	$ 10,554

4. Deferred revenue:

	2022	2021
Deferred revenue - beginning of year	$ 10,200	$ -
Less: Amount recognized as revenue in the year	(10,200)	-
Plus: Amount received to be used in the following year	43,207	10,200
Deferred revenue - end of year	$ 43,207	$ 10,200

5. Opening contributions

During the year, the Organization received funding from Innovation P.E.I. for two 2019 projects: Connecting Black Culture in P.E.I. and AITO 2020 Black Film Festival. These projects were completed before the incorporation of the Not-for-Profit Organization, and resulted in an increased of net assets of $ 4,500.

In 2021, the Organization received funding from ACOA for three projects: Black History Month 2020, Capacity Building, and Website Development. These projects were completed before the incorporation of the Not-for-Profit Organization and increased net assets by $ 25,000. In addition the organization received funds and incurred expenditures relating to activities from a predecessor organization. As a result, these items were recorded as a contribution directly to net assets of $ 1,992.

6. Economic Dependence:

Approximately 95% (2021 - 97%) of revenue reported in the year is related to funding provided by various government agencies and groups. The organization's ability to continue viable operations is dependent upon maintaining these funding sources from government.