

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Financial Statements

September 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of African Communities of Manitoba Inc. (ACOMI)

Qualified Opinion

We have audited the financial statements of ACOMI (the Organization), which comprise the statement of financial position as at September 30, 2022, and the statements of operations, 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 possible 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 September 30, 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

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, assets and net assets. Our audit opinion on the financial statements for the year ended September 30, 2022 was modified accordingly because of the possible effects of this limitation of 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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter

We draw your attention to Note 2 of the financial statements which indicates that the Organization is economically dependent on government grants, and individual and corporate donations to maintain its operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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Independent Auditor's Report to the Members of ACOMI (*continued*)

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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 not 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 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 judgement 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.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
February 21, 2023

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Statement of Financial Position

September 30, 2022

| | 2022 | 2021 |
|--|-------------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 473,480 | \$ 493,453 |
| Term deposits | 90,646 | 94,767 |
| Accounts receivable | 19,114 | 150 |
| Prepaid expenses | 1,147 | 4,850 |
| | 584,387 | 593,220 |
| PROPERTY AND EQUIPMENT <i>(Note 4)</i> | 168,666 | 69,086 |
| | \$ 753,053 | \$ 662,306 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 14,231 | \$ 6,639 |
| Deferred revenue - general | 97,450 | 303,151 |
| Deferred revenue - capital | 93,510 | 24,847 |
| | 205,191 | 334,637 |
| NET ASSETS | | |
| General fund | 547,862 | 327,669 |
| | \$ 753,053 | \$ 662,306 |

APPROVED BY THE BOARD:

Titi Tijani

Director

Frank Indome

Director

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Statement of Operations

Year Ended September 30, 2022

| | 2022 | 2021 |
|--|-------------------|------------------|
| REVENUES | | |
| Grants | \$ 462,091 | \$ 310,706 |
| Membership dues | 2,200 | 2,900 |
| Hall rental income | 1,950 | 4,820 |
| Folklorama income | 67,494 | - |
| Donations | 53,905 | 38,234 |
| Interest income | 233 | 9,207 |
| | <u>587,873</u> | <u>365,867</u> |
| EXPENSES | | |
| Amortization | 32,341 | 24,558 |
| Donations | 14,861 | 6,630 |
| Folklorama expenses | 49,247 | - |
| Insurance | 4,864 | 1,446 |
| Interest and bank charges | 4,725 | 349 |
| Licenses | 100 | 150 |
| Meals and entertainment | 6,238 | 1,254 |
| Moving and storage | 3,164 | 3,120 |
| Office | 3,404 | 302 |
| Program expenses | 46,897 | 139,774 |
| Professional fees | 18,055 | 9,466 |
| Rental | 34,520 | 7,093 |
| Repairs and maintenance | 1,214 | - |
| Salaries and wages | 142,416 | 85,485 |
| Utilities | 3,774 | 2,882 |
| Volunteer expenses | 1,860 | 2,904 |
| | <u>367,680</u> | <u>285,413</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ 220,193</u> | <u>\$ 80,454</u> |

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Statement of Changes in Net Assets

Year Ended September 30, 2022

| | Capital Fund | General Fund | 2022 | 2021 |
|--|-----------------|-------------------|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ - | \$ 327,669 | \$ 327,669 | \$ 247,215 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | - | 220,193 | 220,193 | 80,454 |
| NET ASSETS - END OF YEAR | \$ - | \$ 547,862 | \$ 547,862 | \$ 327,669 |

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Statement of Cash Flows

Year Ended September 30, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ 220,193 | \$ 80,454 |
| Items not affecting cash: | | |
| Amortization | 32,341 | 24,558 |
| | <u>252,534</u> | <u>105,012</u> |
| Changes in working capital accounts: | | |
| Accounts receivable | (18,963) | - |
| Prepaid expenses | 3,703 | (4,851) |
| Accounts payable and accrued liabilities | 7,592 | 2,357 |
| Deferred revenue | (137,038) | 121,145 |
| | <u>(144,706)</u> | <u>118,651</u> |
| Cash flows from operating activities | <u>107,828</u> | <u>223,663</u> |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | <u>(131,923)</u> | <u>(11,039)</u> |
| INCREASE (DECREASE) IN CASH | (24,094) | 212,625 |
| CASH - BEGINNING OF YEAR | <u>588,220</u> | <u>375,595</u> |
| CASH - END OF YEAR | \$ 564,126 | \$ 588,220 |
| Cash consists of: | | |
| Cash | \$ 473,480 | \$ 493,453 |
| Term deposits | 90,646 | 94,767 |
| | <u>\$ 564,126</u> | <u>\$ 588,220</u> |

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Notes to Financial Statements

Year ended September 30, 2022

1. DESCRIPTION OF THE ORGANIZATION

ACOMI is a non-profit, non-sectarian organization, bringing together individuals and community organizations of African heritage in the province of Manitoba, Canada.

The entity is registered with the Charities Division of the Canada Revenue Agency and is classified as a registered Canadian charity. As such, it is exempt from income taxes and can issue charitable donation receipts.

2. ECONOMIC DEPENDENCE

In common with many registered charities, the Organization is economically dependent on government grants, and individual and corporate donations to maintain its operations. These financial statements have been prepared on a going concern basis which assumes the realization of assets and liquidation of liabilities in the normal course of business. Management is of the opinion that sufficient working capital will be obtained from operations to meet the Organization's liabilities as they come due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Revenues and expenses related to projects are reported in the General Fund.

Revenues and expenses related to capital expenditures are reported in the Capital Fund

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over the estimated useful life at the following rates and methods:

| | | |
|------------------------|---------|--------------------------|
| Leasehold improvements | 5 years | straight-line method |
| Computer equipment | 30% | declining balance method |
| Equipment | 20% | declining balance method |
| Vehicles | 30% | declining balance method |
| Furniture and fixtures | 20% | declining balance method |

The Organization regularly reviews its equipment to eliminate obsolete items.

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AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Notes to Financial Statements

Year ended September 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

ACOMI acknowledges the substantial services provided by volunteers in assisting the Organization in carrying out its activities. Due to the difficulty in determining their value, these services are not reported in the financial statements.

Revenue recognition

ACOMI follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received if the amount to be received can be reasonably estimated and collection can be reasonably assured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

The fair value of the Organization's financial instruments approximates carrying value due to the short-term maturity of these instruments.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. PROPERTY AND EQUIPMENT

| | 2022 | | 2021 | |
|------------------------|------------|--------------------------|-----------|--------------------------|
| | Cost | Accumulated amortization | Cost | Accumulated Amortization |
| Equipment | \$ 1,105 | \$ 653 | \$ 1,105 | \$ 539 |
| Motor vehicles | 56,635 | 33,046 | 56,635 | 22,937 |
| Computer equipment | 36,269 | 22,535 | 36,269 | 16,649 |
| Furniture and fixtures | 57,192 | 19,115 | 28,397 | 13,194 |
| Leasehold improvements | 103,127 | 10,313 | - | - |
| Net book value | \$ 168,666 | | \$ 69,086 | |

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Notes to Financial Statements

Year ended September 30, 2022

5. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of September 30, 2022. There have been no changes to the concentration of risks noted below since the prior period.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and accounts payable.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to any significant credit, interest or currency risks arising from their financial instruments.

6. COVID-19 UNCERTAINTY

During the year, the corona virus (COVID-19) has created considerable uncertainty in business and in markets around the globe. The World Health Organization declared the situation a pandemic on March 11, 2020. The Organization has not experienced any significant costs related to the COVID-19 outbreak as of September 30, 2022. While the disruption caused by COVID-19 is expected to be temporary, there is considerable uncertainty around the duration of the disruption and the related financial impact cannot be reasonably estimated at this time.
