Financial Statements of

BLACK OPPORTUNITY FUND

And Independent Auditor's Report thereon

Year ended March 31, 2024

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Black Opportunity Fund

Opinion

We have audited the financial statements of Black Opportunity Fund (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, 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 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 auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 14, 2024

BLACK OPPORTUNITY FUND

Statement of Financial Position

March 31, 2024, with comparative information for 2023

		2024		2023
Assets				
Current assets:				
Cash	$	1,723,107	$	2,350,183
Interest receivable		58,138		13,589
Other receivables and prepaid expenses (note 4)		467,966		23,811
Restricted deposits (note 2)		1,000,000		1,000,000
Short-term investments (note 3)		4,300,000		–
Government remittances receivable		67,010		45,781
		7,616,221		3,433,364
Long-term investments (note 3)		–		2,200,000
Property, plant and equipment (note 5)		26,415		10,202
Other long-term assets		–		59,375
	$	7,642,636	$	5,702,941
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 7)	$	1,055,537	$	679,855
Current portion of deferred revenue (note 6(a))		408,063		180,500
		1,463,600		860,355
Deferred revenue (note 6(b))		5,590,190		4,578,833
Net assets:				
Restricted - program		166,868		–
Unrestricted - general administrative		421,978		263,753
		588,846		263,753
Guarantees (note 2)				
	$	7,642,636	$	5,702,941

See accompanying notes to financial statements.

On behalf of the Board:

Ray Williams (Sep 27, 2024 18:01 EDT) Director

Francois de Paul Nkombou, CPA Auditor (Sep 29, 2024 09:32 EDT) Director

BLACK OPPORTUNITY FUND

Statement of Operations and Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Program	General administrative	2024	2023
Revenue:				
Grant	$ 2,522,208	$ 620,309	$ 3,142,517	$ 2,187,414
Sponsorships and donations	25,505	356,950	382,455	454,629
Interest income	42,485	108,976	151,461	13,589
Admin fee	–	4,815	4,815	28,025
	2,590,198	1,091,050	3,681,248	2,683,657
Expenses:				
Program expenses	1,795,154	144,943	1,940,097	1,485,887
Wages and benefits	449,775	282,197	731,972	610,216
Contract service	108,898	157,825	266,723	72,915
Professional fees	28,036	130,317	158,353	88,122
Office and administration	6,746	98,592	105,338	73,735
Accounting fees	–	37,418	37,418	37,418
Subscriptions, permits and licenses	1,586	28,748	30,334	19,332
Sundry	4,857	24,095	28,952	11,406
Research and development	20,788	–	20,788	27,109
Legal fees	4,325	13,694	18,019	60,922
Advertising and promotion	2,841	9,251	12,092	24,571
Amortization	–	5,637	5,637	2,697
Computer	324	108	432	10,841
	2,423,330	932,825	3,356,155	2,525,171
Excess of revenue over expenses	166,868	158,225	325,093	158,486
Net assets, beginning of year	–	263,753	263,753	105,267
Net assets, end of year	$ 166,868	$ 421,978	$ 588,846	$ 263,753

See accompanying notes to financial statements.

BLACK OPPORTUNITY FUND

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 325,093	$ 158,486
Items not involving cash:		
Amortization	5,637	2,697
Deferred revenue recognized	(2,797,517)	(1,975,414)
Change in non-cash operating working capital:		
Interest receivable	(44,549)	(13,589)
Other receivables and prepaid expenses	(444,155)	(17,078)
Government remittances receivable	(21,229)	(32,895)
Accounts payable and accrued liabilities	375,682	633,510
	(2,601,038)	(1,244,283)
Financing activities:		
Receipts for deferred revenue	4,036,437	2,600,000
Investing activities:		
Other long-term assets	59,375	(59,375)
Purchases of property, plant and equipment	(21,850)	(7,589)
Purchases of long-term investments, net	(2,100,000)	(2,200,000)
Restricted deposits	–	(1,000,000)
	(2,062,475)	(3,266,964)
Decrease in cash	(627,076)	(1,911,247)
Cash, beginning of year	2,350,183	4,261,430
Cash, end of year	$ 1,723,107	$ 2,350,183

See accompanying notes to financial statements.

Black Opportunity Fund (the "Organization") was incorporated under the Canada Not-for-profit Corporations Act on June 24, 2020 and is not subject to income taxes under the Income Tax Act (Canada). Its purposes are:

(a) to promote racial equity and improve the economic opportunities and social conditions of Black Canadians by providing programs designed to relieve barriers that disproportionately impede their economic and social development;

(b) to advance the public's appreciation of the artistic contributions of Black artists through programs that highlight and showcase Black art and talent; and

(c) to receive and maintain a fund or funds and to apply all or part of the principal and income therefore, from time to time, to qualified donees under the Income Tax Act (Canada) and in furtherance of the charitable purposes of the Organization.

1. Significant accounting policies:

The Organization follows Canadian accounting standards for not-for-profit organizations (Part III of the Chartered Professional Accountants ("CPA") Canada Handbook), as issued by the Canadian Accounting Standards Board. The significant accounting policies used are as follows:

(a) Revenue recognition:

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

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Cash is subsequently measured at fair value and all other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. All other financial instruments are adjusted by the transaction and financing costs incurred on acquisition, which are amortized on a straight-line basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. However, impairment losses previously recognized may be reversed if there is an event that indicates a decrease in the extent of impairment.

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

1. Significant accounting policies (continued):

(c) Property, plant and equipment:

Purchased property, plant and equipment are recorded at cost and donated capital assets are recorded at their fair values at the time of receipt. These assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible assets are less than their net carrying amounts. Amortization is provided on the declining-balance basis at rates selected to write off property, plant and equipment over the term of their useful lives. The rates are as follows:

Computer hardware	30%
Equipment, furniture and fixtures	20%

(d) Donated goods and services:

The Organization benefits from volunteers who lend their time to further the Organization's objectives. Due to the difficulties in determining the fair value, donated services are not recognized or disclosed in the financial statements. Donated capital and investments are recorded in the financial information at fair value on the date of the donation.

(e) Use of estimates:

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Restricted deposits and contingencies:

The Organization provides guarantees to a maximum of $1,000,000 related to business loans administered by a third-party financial institution. Guarantees are in place until November 2024. Restricted deposits are held in relation to these guarantees and consist of term deposits bearing interest of 4.9%, maturing November 24, 2024. The Organization has also paid a program administration fee of $75,000 to the financial institution for services rendered up until November 2024. A total of nil (2023 - $59,375) is included in other long-term assets related to these fees.

3. Investments:

As at March 31, 2024, investments consist of guaranteed investment certificates in the amount of $4,300,000 bearing interest of 3.55%, $2,100,000 maturing on June 4, 2024 and $2,200,000 maturing on July 8, 2024.

As at March 31, 2023, investments consisted of guaranteed investment certificates in the amount of $2,200,000 bearing interest of 4% which matured during the year and were reinvested in short-term investments.

4. Other receivables and prepaid expenses:

Included in other receivables and prepaid expenses is a receivable amount of $275,000 related to grant revenue.

5. Property, plant and equipment:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	$ 32,900	$ 8,087	$ 24,813	$ 9,585
Equipment, furniture, and fixtures	1,918	316	1,602	617
	$ 34,818	$ 8,403	$ 26,415	$ 10,202

6. Deferred revenue:

Deferred grants represent restricted funding for which the proceeds have been received but not yet spent. The current portion of deferred revenue represents commitments to various organizations to provide them with funding in the upcoming fiscal year.

(a) Current portion of deferred revenue:

	2024	2023
Opening balance	$ 180,500	$ 463,000
Additional funding reclassified from long-term portion	886,740	194,000
Additional funding received during the year	1,736,437	350,000
Less amounts transferred to revenue during the year	(2,395,614)	(826,500)
Closing balance	$ 408,063	$ 180,500

(b) Long-term portion of deferred revenue:

	2024	2023
Opening balance	$ 4,578,833	$ 3,671,747
Additional funding received during the year	2,300,000	2,250,000
Less amounts transferred to revenue during the year	(401,903)	(1,148,914)
Less amounts reclassified to current portion of deferred revenue	(886,740)	(194,000)
Closing balance	$ 5,590,190	$ 4,578,833

7. Financial risks:

Financial risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to liquidity and interest rate risks. The Organization mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

There has been no change in risk exposure from the prior year.

(a) Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization is exposed to liquidity risk in the accounts payable and accrued liabilities of $1,055,537 (2023 - $679,855). The Organization reduces its exposure to liquidity risk by ensuring that it monitors and pays current liabilities as they become due.

(b) Interest rate risk:

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. The Organization is exposed to interest rate risk as it holds interest-bearing investments of $4,300,000 (2023 - $2,200,000). The Organization reduces its exposure to interest rate risk by reviewing terms and maturity dates in alignment with its investment strategy and changes in expected material cash flows.

2024-03-31 Black Opp Fund 26155 AUD ASNPO (002)

Final Audit Report 2024-09-29

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