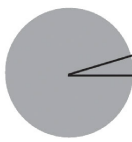


AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Financial Statements

September 30, 2019



INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of African Communities of Manitoba Inc. (ACOMI) (the Organization) which comprise the statement of financial position as at September 30, 2019, and the statements of revenues and expenses, changes in net assets and cash flow 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, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable 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, statement of revenues and expenses and cash flow from operations for the year ended September 30, 2019, and assets or net asset balances as at September 30, 2019

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 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 no realistic alternative but to do so.

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

(continues)

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.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
January 12, 2020

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)
Statement of Financial Position
September 30, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 170,872	\$ 114,838
Term deposits	35,984	35,575
Accounts receivable	14,308	868
	<u>221,164</u>	151,281
PROPERTY AND EQUIPMENT <i>(Note 4)</i>	<u>43,522</u>	26,585
TOTAL ASSETS	<u>\$ 264,686</u>	<u>\$ 177,866</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,498	\$ 630
Deferred revenue	70,328	2,833
Deferred revenue - capital	18,302	-
	<u>92,128</u>	3,463
NET ASSETS	<u>172,558</u>	174,403
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u>\$ 264,686</u>	<u>\$ 177,866</u>

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)
Statement of Revenues and Expenses
Year Ended September 30, 2019

	2019	2018
REVENUE		
Grant revenue	\$ 82,412	\$ 54,535
Folklorama income	63,823	52,211
Donations	8,987	5,961
	<u>155,222</u>	<u>112,707</u>
EXPENSES		
Advertising and promotion	3,351	692
Amortization (Note 5)	9,159	-
Community outreach	146	901
Donations	3,968	-
Equipment rentals	-	461
Folklorama expenses	47,214	40,748
Insurance	131	674
Interest and bank charges	139	144
Licenses	165	1,125
Meals and entertainment	4,368	2,644
Office	7,647	879
Professional fees	5,478	4,997
Project events	5,933	9,610
Rental	8,069	7,762
Repairs and maintenance	878	301
Salaries and wages	48,569	20,015
Utilities	2,944	2,381
Volunteer expenses	9,282	10,599
	<u>157,441</u>	<u>103,933</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(2,219)	8,774
OTHER INCOME	<u>374</u>	<u>6</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (1,845)	\$ 8,780

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)
Statement of Changes in Net Assets
Year Ended September 30, 2019

	2018 Balance	Deficiency of revenue over expenses	Contributions	Withdrawals	2019 Balance
UNRESTRICTED NET ASSETS	\$ 174,403	\$ (1,845)	\$ -	\$ -	\$ 172,558

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)
Statement of Cash Flow
Year Ended September 30, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (1,845)	\$ 8,780
Item not affecting cash:		
Amortization (Note 5)	9,159	-
	<u>7,314</u>	<u>8,780</u>
Changes in non-cash working capital:		
Accounts receivable	(13,441)	10,204
Accounts payable	2,870	(6,845)
Deferred income	67,495	-
Deferred income - capital	18,302	-
	<u>75,226</u>	<u>3,359</u>
Cash flow from operating activities	<u>82,540</u>	<u>12,139</u>
INVESTING ACTIVITY		
Purchase of property and equipment	(26,097)	-
INCREASE IN CASH FLOW	56,443	12,139
Cash - beginning of year	<u>150,413</u>	<u>138,274</u>
CASH - END OF YEAR	\$ 206,856	\$ 150,413
CASH CONSISTS OF:		
Cash	\$ 170,872	\$ 114,838
Term deposits	<u>35,984</u>	<u>35,575</u>
	\$ 206,856	\$ 150,413

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Notes to Financial Statements

Year Ended September 30, 2019

1. NATURE OF OPERATIONS

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, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) applied within the framework of the accounting policies summarized below.

Revenue recognition

African Communities of Manitoba Inc. (ACOMI) 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. Endowment contributions are recognized as direct increases in net assets.

Investment income is recorded on an accrual basis.

Contributed services

The operations of the organization depend on the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

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.

Property and equipment

Property and equipment are stated at cost less accumulated amortization

Equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The Organization regularly reviews its property, plant and equipment to eliminate obsolete items.

AFRICAN COMMUNITIES OF MANITOBA INC. (ACOMI)

Notes to Financial Statements

Year Ended September 30, 2019

3. 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, 2019. 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.

It is of management's opinion that the Organization is not exposed to any significant risks relating to credit, currency and other price risk.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 1,105	\$ 221	\$ 884	\$ 1,105
Computer equipment	24,651	3,698	20,953	-
Furniture and fixtures	26,926	5,241	21,685	25,480
	\$ 52,682	\$ 9,160	\$ 43,522	\$ 26,585

5. CHANGE IN ACCOUNTING POLICY FOR PROPERTY AND EQUIPMENT

Effective October 1, 2018, the Organization changed its accounting policy to amortize their property and equipment and present at net book value. Previously, the Organization recorded their property and equipment at cost, which is accepted under Section 4433.26.

The change in policy has been made because it is of management's opinion that presenting property and equipment at net book value more accurately reflects the value of the property held.

Below is a summary of the impact this change will have on the current year:

1. Amortization expense will impact Unrestricted Net Assets.
2. Property and equipment of the current year is net of the accumulated amortization recorded in the current period.

The policy will be applied prospectively as the value of the existing capital assets could not be accurately estimated by management.

6. COMPARATIVE FIGURES

Some of the prior year figures have been reclassified to conform to the current year presentation.