



Black Business Initiative



FINANCIAL REPORT

2021-2022

BUILDING  
BLACK  
LEGACIES



## Black Business Initiative Society

# Report from the Treasurer

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**Yemi Akindoju**  
BBI Treasurer

The 2021/2022 financial statement of the Black Business Initiatives have been prepared by the management in accordance with the Canadian accounting standards for not-for-profit organisation and, if necessary, contain certain items that reflect best estimates and judgement of the management. Management is responsible for ensuring all information in the annual report is consistent with the financial statements and is responsible for its integrity and objectivity. The BBI management maintains financial and management control system and practices to provide reasonable assurance that transactions are properly authorised and recorded, that financial information is reliable, that assets are safeguarded, liabilities recognised and that the operations are carried out effectively.



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The Board of Directors' Audit and Risk Committee, comprise of non-management directors, oversees management's responsibilities for financial reporting. The committee meets regularly with management on compliance and risk management and to review internal accounting controls, audit results, accounting principles and practices, as well as review and approve the financial statements.

We wish to thank our core funding partners ACOA and NSBI for their continued financial and non-financial support over the years. Additionally, we also wish to thank the Employment and Social Development Canada (ESDC) for the project funding of the Supporting Black Canadian Communities Initiative (SBCCI) in the current year.

The Audit and Risk committee thank our auditors, MNP for their support in auditing the financial statements that are necessary for the publication of the annual report for this year's landmark 25th Annual General Meeting. I would like to thank my fellow committee members for their time and counsel. I also want to thank Ayoola Ogunbiyi (Director of Corporate Services) and his team, without whom this would not have been possible.

Respectfully,

A handwritten signature in black ink, appearing to read "Yemi Akindoju". The signature is stylized with a large, looped initial "Y".

Yemi Akindoju

# Independent Auditor's Report

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To the Members of Black Business Initiative Society:

## **Opinion**

We have audited the financial statements of Black Business Initiative Society (the "Society"), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenses, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 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 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 Society 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.

## **Other Matter**

The financial statement for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on June 22, 2021.

## **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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Dartmouth, Nova Scotia

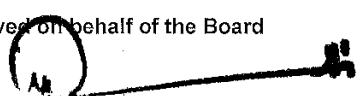
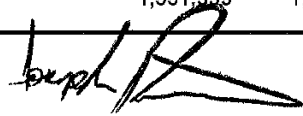
September 9, 2022

**MNP LLP**

Chartered Professional Accountants

**Black Business Initiative Society****Statement of Financial Position**

As at March 31, 2022

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	519,390	84,311
Temporary investments (Note 4)	376,000	413,515
Accounts receivable (Note 5)	85,721	580,623
Due from related parties (Note 6)	18,274	33,982
Prepaid expenses	6,227	6,227
	1,005,612	1,118,658
<b>Restricted assets (Note 7)</b>	526,431	520,000
<b>Property and equipment (Note 8)</b>	19,510	15,388
	1,551,553	1,654,046
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 9)	212,719	453,323
Accounts payable and accrued liabilities	546,285	37,433
Deferred contributions (Note 10)	404,200	600,000
Provision for guaranteed loans (Note 11)	4,457	216,001
	1,167,661	1,306,757
<b>Contingent liabilities (Note 11)</b>		
<b>Commitments (Note 12)</b>		
<b>Subsequent event (Note 16)</b>		
<b>Net Assets</b>		
Unrestricted net assets	(162,049)	(188,099)
Internally restricted assets (Note 7)	526,431	520,000
Investment in property and equipment	19,510	15,388
	383,892	347,289
	1,551,553	1,654,046
Approved on behalf of the Board		
Director		Director

The accompanying notes are an integral part of these financial statements

**Black Business Initiative Society**

**Statement of Revenue and Expenses**

For the year ended March 31, 2022

	2022	2021
<b>Revenue</b>		
Government contributions (Note 13)		
ACOA - core funding	500,000	425,000
NSBI - core funding (Note 10)	500,000	300,000
Other government contributions (Note 10)	9,184,667	1,651,982
Recovery of loans previously provided for (Note 11)	1,852	280
Special events	58,569	-
Training and other	5,748	4,646
	<b>10,250,836</b>	<b>2,381,908</b>
<b>Expenses</b>		
<b>Grants and funding</b>		
Black Entrepreneurship Program	362,154	-
Consulting Advisory Services Grant Program	-	179,666
Supporting Black Canadian Communities Initiative (Note 13)	8,371,075	1,234,845
Workplace Opportunities: Removing Barriers to Equity in Banking Sector	233,831	-
	<b>8,967,060</b>	<b>1,414,511</b>
<b>General and administrative (Schedule 1)</b>	<b>1,164,179</b>	<b>975,026</b>
<b>Business assistance</b>		
Special projects - events	71,091	33,170
Training and services	-	18,212
<b>Program expense</b>		
Nova Scotia Apprentice Agency Culinary Journey Expenses	11,903	11,905
	<b>10,214,233</b>	<b>2,452,824</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>36,603</b>	<b>(70,916)</b>

The accompanying notes are an integral part of these financial statements

**Black Business Initiative Society**

# **Statement of Changes in Net Assets**

For the year ended March 31, 2022

	<i>Investment in property and equipment</i>	<i>Unrestricted net assets</i>	<i>Internally restricted net assets</i>	<b>2022</b>	<b>2021</b>
Net assets, beginning of year	15,388	(188,099)	520,000	347,289	418,205
Excess (deficiency) of revenue over expenses	(4,994)	41,597	-	36,603	(70,916)
Invested in capital assets	9,116	(9,116)	-	-	-
Interfund transfers	-	(6,431)	6,431	-	-
Net assets, end of year	19,510	(162,049)	526,431	383,892	347,289

The accompanying notes are an integral part of these financial statements

**Black Business Initiative Society**  
**Statement of Cash Flows**

For the year ended March 31, 2022

	2022	2021
<b>Cash provided by (used in) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	36,603	(70,916)
Amortization	4,994	4,079
Bad debt expense (recovery) on loan guarantees	(6,044)	(16,701)
Impairment on investment	-	50,250
	35,553	(33,288)
Changes in working capital accounts		
Amounts receivable	494,902	(528,480)
Prepaid expenses	-	15,280
Accounts payable and accruals	508,852	(1,079)
Deferred contributions	(195,800)	509,269
	843,507	(38,298)
<b>Financing</b>		
Advances from a related party	2,751	-
Advances of bank indebtedness	148,500	361,691
Repayment of bank indebtedness	(389,104)	-
Repayment of guaranteed loans	(205,500)	-
	(443,353)	361,691
<b>Investing</b>		
Advances to a related party	(21,025)	(29,661)
Repayment of advances to a related party	33,982	-
Purchase of temporary investments	(376,000)	(413,515)
Proceeds on disposal of temporary investments	413,515	205,752
Acquisition of property and equipment	(9,116)	(1,658)
Purchase of restricted assets	(526,431)	-
Proceeds on disposal of restricted assets	520,000	-
	34,925	(239,082)
<b>Increase in cash resources</b>	<b>435,079</b>	<b>84,311</b>
<b>Cash resources, beginning of year</b>	<b>84,311</b>	<b>-</b>
<b>Cash resources, end of year</b>	<b>519,390</b>	<b>84,311</b>

The accompanying notes are an integral part of these financial statements



# Black Business Initiative Society

## Notes to Financial Statements

For the year ended March 31, 2022

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### 1. Incorporation and nature of the organization

Black Business Initiative Society (the "Society") was incorporated under the authority of Societies Act and is registered as a not-for-profit organization and thus is exempt from income taxes under section 149(1)(l) of the Income Tax Act ("the Act").

The Society was established to provide funding, guidance, and business development assistance to black-owned business "to foster a dynamic and vibrant black presence within the Nova Scotia business community".

#### **COVID-19**

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Despite the impact of COVID-19, the Society has experienced a significant increase in the level of funding received to be disbursed to the community in which it serves. This increased funding is centered around the Supporting Black Canadian Community Initiative (SBCCI) and Workplace Opportunities: Removing Barriers to Equity in Banking Sector (WORBE) programs funded by Employment and Social Development Canada (ESDC), and the Black Entrepreneurship Program (BEP) Ecosystem Fund sponsored by the federal government that has been funded by Atlantic Canada Opportunities Agency (ACOA). As a direct result of these programs, the operations of the Society have expanded. The Society continues to operate following necessary precautions to minimize the potential risk to employees and consumers.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks, including bank indebtedness with balances that fluctuate frequently from being positive to overdrawn, and short term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### **Investments**

Temporary and internally restricted investments consists of guaranteed investment certificates (GICs). Balances are recorded at cost and subsequently measured at fair value. Changes in fair value are recognized in the excess (deficiency) of revenue over expenses for the year. GIC interest is accrued over the term of the GIC and recorded as interest income in the statement of revenue and expenditures and changes in surplus.

The internally restricted investments have been classified as long-term assets in concurrence with the nature of the investment.

#### **Property and equipment**

Purchased capital assets are recorded at cost.

Amortization is provided using the declining balance method at the following rates intended to amortize the cost of assets over their estimated useful lives:

	Rate
Computer hardware	20 %
Computer software	50 %
Furniture and equipment	50 %

# **Notes to Financial Statements**

For the year ended March 31, 2022

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## ***Long-lived assets***

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Society determines that a long-lived asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenues and expenses. Any impairment is included in excess (deficiency) of revenue over expenses.

## ***Loans***

Loans receivable arise as a result of funding previously guaranteed loans, which are acquired by the Society due to non-compliance in the area of loan performance. These loans are carried at the unpaid principal plus accrued interest, less provision for loan losses. Loans considered uncollectible are written off.

## ***Provision for loan guarantees and loan losses***

The provision for loan guarantees and loan losses is determined by assessing the collectability of the loan portfolio considering each loan's repayment history, security pledged and other circumstances. The provision at year end will equal the estimated uncollectible balances of all loans considered doubtful and estimated amounts that may be required to satisfy loan guarantees. The provision for loan losses is shown on the statement of financial position as a reduction of loans and investments and the provision for guaranteed loans is reflected as a liability. The current year's increase or decrease in the required provision is shown in the statement of revenue and expenses as a provision (recovery) for loan guarantees and loans losses.

## ***Fund accounting***

The Society follows the deferral method of accounting for contributions and reports using fund accounting, and maintains three funds: the Unrestricted Fund, the Investment in Property and Equipment Fund and the Internally Restricted Fund.

The Unrestricted Fund reports the Society's program delivery and administrative activities. This fund reports unrestricted revenues and expenses.

The Investment in Property and Equipment Fund represents the net book value of the Society's property and equipment.

The Internally Restricted Fund reports amounts that have been internally restricted by the Board to guarantee against financial risks of the Society, and to maintain a general reserve to safeguard assets that may be required in the future to fund deficiencies in general operations.

## ***Revenue recognition***

The Society follows the deferral method of accounting for contributions which includes government grants. Externally 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.

Unrestricted investment income is recognized as revenue when earned.

## ***Government assistance***

Government assistance relating to expenses is recognized according to the deferral method of accounting for restricted contributions which results in revenue being recognized when the related expenditures are incurred. Government assistance received pertaining to multi-year funding agreements is amortized evenly over the term of the agreement.

Restricted contributions for the purchases of capital assets are accounted for as deferred contributions and are amortized on the same basis as the amortization of the related assets.

# **Notes to Financial Statements**

For the year ended March 31, 2022

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## ***Measurement uncertainty (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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Accruals are made based on actual subsequent invoices received and current obligations present. Loan provisions are determined based on payment history.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

## ***Financial instruments***

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for equities quoted in an active market, which must be measured at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

### **Related party financial instruments**

The Society initially measures financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value. All other related party financial instruments are measured at cost on initial recognition, measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 6).

At initial recognition, the Society may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Society has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

# Notes to Financial Statements

For the year ended March 31, 2022

## Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Society reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

## 3. Economic dependence

The Society's primary source of revenue is derived from the Atlantic Canada Opportunities Agency (ACOA) and Nova Scotia Business Inc. (NSBI). The grant funding can be cancelled if the Society does not observe certain established guidelines. The Society's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the federal and provincial guidelines. As at the date of these financial statements the Society believes that it is in compliance with the guidelines. The current agreement with ACOA is for two years and expires in 2023. The agreement with NSBI is for three years and expires in 2024.

## 4. Temporary investments

	2022	2021
Various RBC one year cashable GICs which bore interest at 0.20%-0.60%, which matured between April 2021 and November 2021.	-	413,515
RBC one year cashable GIC bearing interest at 0.70%, maturing in February 2023.	376,000	-
	<b>376,000</b>	<b>413,515</b>

## 5. Accounts receivable

	2022	2021
Government contributions receivable (Note 13)	41,660	556,921
PSB rebate receivable	44,061	23,702
	<b>85,721</b>	<b>580,623</b>

# Black Business Initiative Society

## Notes to Financial Statements

For the year ended March 31, 2022

### 6. Related party transactions

During the year, the Society had the following revenue and expense transactions conducted with the following related parties that are related by virtue of common management or Board representation:

- Administrative payroll expenses of \$56,000 (2021 - \$11,701) on behalf of Business is Jammin' Society (BIJ), of which \$56,000 (2021 - \$nil) was recognized as a donated service.
- Project expenses of \$233,831 (2021 - \$nil) for the Workplace Opportunities: Removing Barriers to Equity in Banking Sector (WORBE) project. The Society utilized Black Business Consulting Limited (BBC) to conduct the project to its completion.
- Project expenses of \$5,400 (2021 - \$nil) for the Supporting Black Canadian Communities Initiative project. The Society received consulting services from BBC related to the hiring of a SBCCI field officer.
- An impairment of \$nil (2021 - \$50,250) on the investment in common shares of Black Business Community Investment Fund Limited (BBCIFL).

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due to and from related parties are as follows:

	2022	2021
<b>Due to:</b>		
Black Business Community Investment Fund Limited	(2,751)	-
<b>Due from:</b>		
Business is Jammin' Society	-	33,982
Black Business Consulting Limited	21,025	-
	<b>18,274</b>	<b>33,982</b>

These amounts are non-interest bearing and have no set terms of repayment. Collection and repayment is expected in the next fiscal year, and as such these balances are presented as current.

### 7. Restricted assets

During the year, the Society's Board of Directors internally restricted \$320,000 (2021 - \$520,000) of unrestricted net assets to be held for the Society's guarantees to the Royal Bank of Canada (RBC) (refer to Note 11) and amounts secured related to the RBC operating line of credit (refer to Note 9). These funds have been invested in money market funds and guaranteed investment certificates. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

During the year, the Society's Board of Directors internally restricted \$206,431 (2021 - \$nil) of unrestricted net assets to be held as a general reserve. This general reserve is restricted solely for use in operations should significant cash constraints that prevent operations arise. These funds have been invested in guaranteed investment certificates. Any amounts required to be disbursed from the general reserve fund must be first approved by the Society's Board of Directors.

	\$
Restricted in favour of RBC for bank indebtedness (Note 9)	200,000
Restricted in favour of RBC for guarantees of client loans (Note 11)	120,000
Restricted for general reserve	206,431
	<b>526,431</b>

## Black Business Initiative Society

# Notes to Financial Statements

For the year ended March 31, 2022

### 8. Property and equipment

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer hardware	167,157	147,802	19,355	15,079
Computer software	63,880	63,761	119	238
Furniture and equipment	56,427	56,391	36	71
	287,464	267,954	19,510	15,388

### 9. Bank indebtedness

Bank indebtedness consists of bank overdraft and an operating line of credit, net of cash balances where there is a right to offset against operating line of credit.

At March 31, 2022, the Society had an available line of credit totalling \$200,000, (2021 - \$200,000), of which \$148,500 (2021 - \$nil) was drawn. This line of credit bears interest at RBC prime plus 0.50% (2021 - 0.50%).

Borrowings under these facilities are secured by restricted assets (refer to Note 7) with a carrying value of \$200,000 (2021 - \$200,000).

### 10. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for a three-year contribution agreement with NSBI for the Society's operations, which commenced April 1, 2021. Under this agreement, NSBI provided an initial contribution of \$600,000 prior to the project start date, and will contribute \$300,000 annually until completion. The total amount of funding received under this project is recognized as revenue evenly over the three-year project term.

Changes in the deferred contribution balance are as follows:

	2022	2021
Balance, beginning of year	600,000	90,731
Amounts received during the year	304,200	600,000
Less: Amounts recognized as revenue during the year	(500,000)	(90,731)
Balance, end of year	404,200	600,000

Included in other government contributions is revenue recognized of \$nil (2021 - \$90,731).

### 11. Contingent liabilities

As at March 31, 2022, the Society approved loans for clients totaling \$35,000 (2021 - \$nil). Total loans outstanding at year end were \$59,743 (2021 - \$77,449). These loans have been made by, and are being administered by RBC on behalf of the Society. These loans have been guaranteed by the Society. The Society has internally restricted \$120,000 (2021 - \$120,000) of assets (refer to Note 7) to act as security for these guarantees.

Included in the provision for loan guarantees and loan losses expense (recovery) is a recovery of \$6,044 (2021 - recovery of \$16,701) of loans included in accounts receivable in the current year for which no provision was recorded in the past.

During fiscal 2017, the Society guaranteed an amount payable to BBCIFL from ADEPA up to the amount of \$213,050. During the year ended March 31, 2019, ADEPA repaid BBCIFL \$7,500 which reduced the guarantee at March 31, 2019 to \$205,500. The guarantee remained in place until the balance of the debt was paid in full during the 2022 fiscal year when the Society paid BBCIFL \$205,500 to satisfy this guarantee.

**Black Business Initiative Society****Notes to Financial Statements**

For the year ended March 31, 2022

Changes in the provision for guaranteed loan balance are as follows:

	2022	2021
Provision for RBC loans, beginning of year	10,501	27,202
Adjustment for current year assessment of guaranteed loans	(6,044)	(18,701)
Provision for RBC loans, end of year	4,457	10,501
Provision for ADEPA advances from BBCIFL, beginning of year	205,500	205,500
Less: amounts paid to satisfy guarantee	(205,500)	-
Provision for ADEPA advances from BBCIFL, end of year	-	205,500
Total provision for guaranteed loans, end of year	4,457	216,001

**12. Commitments**

In fiscal 2018, the Society entered into a new three-year lease arrangement commencing October 1, 2017, requiring payment of basic annual rent plus a proportionate share of facility operating costs. The new lease was signed covering the period October 1, 2017 through September 30, 2021. During the year, the premise lease was extended until September 30, 2022, after which will not be renewed.

In fiscal 2021, the Society entered into a new four-year lease arrangement commencing July 14, 2020 for the use of a Sharp photocopier.

The Society's estimated minimum annual payments for its various lease agreements are as follows:

2023	61,082
2024	2,465
2025	822
	<u>64,369</u>

**13. Government contributions**

During the year, the Society received funding from the follow major sources:

**a) ACOA**

In the previous fiscal year, the Society was awarded a three year core funding agreement with the contribution to be set on an annual basis. This non-repayable contribution is provided through the Business Development Program that is sponsored by ACOA. For the year ended March 31, 2022, the Society recognized \$500,000 (2021 - \$425,000) as revenue. Total committed funding for the 2023 fiscal year is \$500,000.

In the 2022 fiscal year, the Society was awarded a non repayable contribution provided through the Black Entrepreneurship Program that is funded by ACOA and sponsored by the federal government of Canada. The agreement runs to March 2024, with maximum contributions available of \$2,359,390. During the year, the Society recognized \$430,451 (2021 - \$nil) as revenue.

**b) NSBI**

The Society recognized a total of \$500,000 (2021 - \$nil) of revenue for the annual amortization of the \$1,500,000 total core funding contract from NSBI. The contract covers a three year period from April 1, 2021 to March 31, 2024. The amount of funding received for the project as at year-end totalled \$900,000 (2021 - \$600,000), of this amount \$400,000 (2021 - \$600,000) is recorded in deferred revenue.

During the 2021 fiscal year, the Society was awarded a non-repayable contribution of \$300,000 from NSBI, which was recorded in revenue at the 2021 year end.



# Black Business Initiative Society

## Notes to Financial Statements

For the year ended March 31, 2022

### c) ESDC

The Society was awarded a non-repayable contribution of \$8,520,385 (2021 - \$1,316,250) from ESDC for the Supporting Black Canadian Communities Initiative program. The Society acted as an intermediary on behalf of the ESDC and awarded 204 (2021 - 39) Black-led non-for-profit grassroots organizations the sum of \$8,371,075 (2021 - \$1,234,845).

In the 2022 fiscal year, the Society was awarded a non-repayable contribution provided through the Labour Funding Program that is sponsored by the federal government of Canada for workplace opportunities. Total project funding available is \$250,000, of which \$233,831 was earned in the year.

### d) Other government contributions

Included in other government contributions is federal funding of \$9,184,667 (2021 - \$1,416,250) and provincial funding of \$nil (2021 - \$235,732).

During the prior year, ACOA and NSBI provided \$100,000 each to help Black-owned businesses in Nova Scotia who were impacted by COVID-19 and need to move their business online. The Consulting Advisory Services helped in digital adoption strategy for impacted Black-led business.

## 14. Salaries and benefits

Total salaries and benefits incurred across the Society's programs and activities are as follows:

	2022	2021
Supporting Black Canadian Community Initiative (SBCCI)	153,197	79,477
BEP Ecosystem	46,640	-
Administration (Note 6)	712,993	589,366
	<b>912,830</b>	<b>668,843</b>

## 15. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

### Credit risk

Credit risk is the risk of financial loss to the Society if a debtor fails to make payment when due. The Society is exposed to credit risk that arises from accounts receivable and loans. The Society has provided \$4,457 (2021 - \$216,001) against its guaranteed loans (refer to Note 11).

The Society is exposed to credit concentration risk on its cash and investments held with one financial institution. To minimize this risk, the Society holds its cash with a high quality financial institution of Canada.

### Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risks. The Society is mainly exposed to interest rate risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its temporary investments and restricted assets, as they are subject to fixed interest rates, and its bank overdraft and line of credit, as they are at floating rates. There has been no significant change in exposure from the prior year.



## **Notes to Financial Statements**

For the year ended March 31, 2022

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**16. Subsequent event**

Subsequent to the date of the financial statements, the Society entered into a premise lease of a new location for the term of October 1, 2022 through September 30, 2027.

The Society's estimated minimum annual payments for this new lease are as follows:

2023	54,266
2024	113,891
2025	116,310
2026	118,728
2027	121,147
2028	61,178
	<hr/>
	585,520

**17. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were prepared by another accountant.

**Black Business Initiative Society****Notes to Financial Statements**

For the year ended March 31, 2022

	<i>(Unaudited)</i>	
	<b>2022</b>	<b>2021</b>
Amortization	4,994	4,079
Annual general meeting	6,588	5,053
Bad debts	1,924	18,264
Bad debt recoveries	-	(16,701)
Bank charges and interest	5,834	6,507
Impairment of investment <i>(Note 6)</i>	-	50,250
Marketing	29,572	68,080
Office expenses	87,130	79,736
Professional fees - audit and legal	18,267	18,572
Rent	97,040	72,343
Salaries and benefits <i>(Note 14)</i>	912,830	668,843
	<b>1,164,179</b>	<b>975,026</b>



bbi.ca |     



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