

African Diaspora Association Of The Maritimes
Financial Statements
December 31, 2018

African Diaspora Association Of The Maritimes

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For the year ended December 31, 2018

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To the Members of African Diaspora Association Of The Maritimes:

Qualified Opinion

We have audited the financial statements of African Diaspora Association Of The Maritimes (the "Association"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net deficiency 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 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 Association as at December 31, 2018, 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 Association derives many different types of revenues from the general public, including membership dues and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to the financial statements.

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 Association 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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that as of December 31, 2018, the Association's current liabilities exceeded its current assets by \$19,169. As stated in Note 2, these events, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Association'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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 Association'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 Association'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 Association 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

October 28, 2020

MNP LLP

Chartered Professional Accountants

African Diaspora Association Of The Maritimes Statement of Operations and Changes in Net Deficiency

For the year ended December 31, 2018

	2018	2017
Revenue		
Program revenue		
Immigration settlement program (Note 6)	75,851	73,756
Professional development training program (Note 6)	15,582	15,098
Nova Scotia Community Alliance program (Note 6)	44,859	43,658
Cultural expression program (Note 6)	-	15,000
TEEM camp program (Note 6)	250	-
CCH program - Canada Day Celebration (Note 6)	5,052	-
CCH program - Board training (Note 6)	6,000	-
Community Services - sexual violence program (Note 6)	158	-
Canada summer jobs program	2,946	4,236
Community mobilization program	2,000	-
Youth exchange program	885	2,300
Refugee settlement	41,378	-
Amortization of deferred contributions	215	-
Fundraising and other income	10,693	16,037
	205,869	170,085
Expenditures		
Immigration settlement program	75,851	72,688
Professional development training program	15,582	14,208
Nova Scotia Community Alliance program	41,070	41,070
Cultural expression program	-	14,979
TEEM camp program	250	-
CCH - Canada Day Celebration	5,052	-
CCH - Board training	6,466	-
Community Services - sexual violence program	158	-
Canada summer jobs program	3,902	4,247
Community Mobilization program	2,158	-
Youth exchange program	-	3,170
Refugee settlement	41,378	-
Fundraising	3,751	7,409
Rent	8,485	8,580
Insurance	460	679
Interest and bank charges	548	124
Amortization	441	89
Professional fees	-	3,372
Office	31	31
	205,583	170,646
Excess (deficiency) of revenue over expenditures	286	(561)
Net deficiency, beginning of year	(30,802)	(30,241)
Net deficiency, end of year	(30,516)	(30,802)

The accompanying notes are an integral part of these financial statements

African Diaspora Association Of The Maritimes Statement of Cash Flows

For the year ended December 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Net excess (deficiency) of revenues over expenditures for the year	286	(561)
Amortization of capital assets	441	89
Amortization of deferred lease inducement	(215)	-
	512	(472)
Changes in working capital accounts		
Accounts receivable	11,983	(8,440)
HST receivable	(1,029)	7,743
Prepaid expenses and deposits	1,287	(1,288)
Accounts payable and accruals	9,323	15,474
Deferred contributions	9,096	(8,059)
	31,172	4,958
Financing		
Repayment of loans payable	-	(10,000)
Deferred lease inducement	2,795	-
	2,795	(10,000)
Investing		
Purchase of capital assets	(4,586)	-
Increase (decrease) in cash resources	29,381	(5,042)
Cash resources, beginning of year	23,151	28,193
Cash resources, end of year	52,532	23,151

The accompanying notes are an integral part of these financial statements

African Diaspora Association Of The Maritimes

Notes to the Financial Statements

For the year ended December 31, 2018

1. Incorporation and nature of the organization

African Diaspora Association Of The Maritimes (the "Association") is registered as a Society under the Nova Scotia Societies Act and, as such, is not taxable under the Income Tax Act. The mission of the Association is to encourage and foster successful participation and integration of African Canadian Diaspora in the educational, social, political, civic, and economic activities in Nova Scotia and in the Maritimes. The Association is a welcoming and integrating organization, and will strive to provide the tangible and intangible infrastructures that are needed to resettle and motivate new immigrants of African descent to stay in Nova Scotia.

2. Going concern

As the Association continues to receive funding for future projects, these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Association will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Association does not have sufficient assets necessary to pay all of its liabilities. Additional fundraising activities will be needed to realize operating surpluses on a go forward basis in order to repay the liabilities of the Association.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption is not appropriate. If the going concern assumption is not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenditures, and the balance sheet classification used.

3. 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 balances with banks and short-term investments with maturities of three months or less.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer software	declining balance	30 %
Leasehold improvements	straight-line	4 years

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

The Association periodically applies for financial assistance under available government incentive programs. Government assistance is recognized as restricted contributions.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenditures in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

African Diaspora Association Of The Maritimes
Notes to the Financial Statements
For the year ended December 31, 2018

3. **Significant accounting policies** *(Continued from previous page)*

Allocated expenditures

expenditures have been allocated to various programs during the year based on the amount of time spent and amount of funding received to cover those expenditures as per the related funding agreements. See note 7 for allocated expenditures.

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 expenditures 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.

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 expenditures in the year in which they become known.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

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

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

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 the excess (deficiency) of revenues over expenditures for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group or there are numerous assets affected by the same factors. 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 Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association 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; 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 revenues over expenditures.

The Association 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 the excess of excess (deficiency) of revenues over expenditure in the year the reversal occurs.

African Diaspora Association Of The Maritimes

Notes to the Financial Statements

For the year ended December 31, 2018

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>	<i>2017 Net book value</i>
Computer software	1,239	1,239	-	87
Leasehold improvements	4,586	353	4,233	-
	5,825	1,592	4,233	87

5. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for various service programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	<i>2018</i>	<i>2017</i>
Nova Scotia Office of Immigration - Immigration Settlement Program	15,545	9,383
Nova Scotia Department of Labour and Advanced Education - Professional Development Training Program	2,945	18,527
Employment and Social Development Canada - New Horizons for Seniors Program	10,455	10,455
Nova Scotia Department of Health and Wellness - African Immigrant Mental Health Promotion Program	1,170	1,170
Nova Scotia Department of Communities, Culture and Heritage - Diversity and Community Capacity fund	2,948	-
Nova Scotia Department of Community Services - Sexual Violence Prevention and Support Program	9,842	-
Refugee Settlement	976	-
	43,881	39,535

6. Government assistance

Nova Scotia Office of Immigration - Immigration Settlement Program

In the 2017 year, an agreement that was entered into by the Association on April 2016 was amended, whereby the Nova Scotia Office of Immigration increased the contribution by \$79,454, totaling \$158,910, and extended the project period to March 2018. The Association received \$19,863 in the year, and recognized \$29,246 to correspond to eligible expenditures incurred in the year. The agreement was completed in the year.

In the current year, the Association entered into an agreement whereby the Nova Scotia Office of Immigration would make a contribution of \$165,732 to support the project entitled Information and Referral Program for the period covering April 2018 to March 2020. The Association received \$62,150 in the year, and recognized \$46,605 to correspond to the eligible expenditures incurred in the year. The agreement is ongoing at year end.

Nova Scotia Department of Labour and Advanced Education - Professional Development Training Program

In the 2016 year, the Association entered into an agreement whereby Nova Scotia Department of Labour and Advanced Education would make a contribution of \$21,712 to support the Professional Development Training Program for the period covering July 2016 to March 2017, and was extended to 2018. The Association received the total \$21,712 in the 2016 year, and recognized \$15,098 as revenue in the prior year to match the expenditure that were incurred. \$2,243 has been recognized as revenue in the current year to correspond to the eligible expenditures incurred in the year. The agreement was completed in the year.

African Diaspora Association Of The Maritimes

Notes to the Financial Statements

For the year ended December 31, 2018

6. Government assistance (Continued from previous page)

In the 2017 year, the Association entered into an agreement whereby Nova Scotia Department of Labour and Advanced Education made a contribution of \$16,284 to support the Professional Development Training Program for the period covering June 2017 to March 2018. The Association received the total \$16,284 in the prior year, and recognized \$13,339 to correspond to eligible expenditures incurred in the year. As the Association is currently in the process of defining an extension for this project, the remaining program balance of \$2,945 has been deferred.

Public Health Agency of Canada - Nova Scotia Community Alliance

In the 2017 year, the Association entered into an agreement whereby Public Health Agency of Canada is to make contributions of up to \$205,350 over five years to support the Nova Scotia Community Alliance Program for the period covering June 2017 to March 2022. The Association received the total \$41,070 in the year plus an additional \$3,789 for operating expenditures (2017 - \$43,658) and recognized \$44,859 (2017 - \$43,658) to correspond to the eligible expenditures incurred in the year. The agreement is ongoing at year end.

Employment and Social Development Canada - New Horizons for Seniors Program

In the 2015 year, the Association entered into an agreement whereby Employment and Social Development Canada made a contribution of \$17,333 to support the New Horizons for Seniors Program for the period covering March 2015 to March 2016. The Association received the total \$17,333 in the 2015 year. Under the deferral method of accounting for government assistance, no revenue was recognized in 2017 (previous years - \$6,878) was recognized to match the expenditures that were incurred during those years. No amount was recognized in the current year as there were no eligible expenditures incurred for this project in the year. As the Association is currently in the process of defining an extension for this project, the remaining program balance of \$10,455 has been deferred.

Nova Scotia Department of Health and Wellness - African Immigrant Mental Health Promotion Program

In the 2013 year, the Association entered into an agreement whereby Nova Scotia Department of Health and Wellness made a contribution of \$50,000 to support the African Immigrant Mental Health Promotion Program for the period covering September 2013 to September 2014. The Association received the total \$50,000 within the 2013 and 2014 years and also received an additional \$3,000 in 2014. No amount was recognized in the current year as there were no eligible expenditures incurred for this project in the year (2016 \$nil; previous years \$51,830). The remaining program balance of \$1,170 has been deferred and permission has been granted to use these remaining funds on a future project.

Nova Scotia Education and Early Childhood Development - TEEM Camp Program

In the current year, the Association entered into an agreement whereby Nova Scotia Education and Early Childhood Development made a contribution of \$5,000 to support the project entitled Towards Engagement and Empowerment of our Membership (TEEM) for the period covering June 2018 to December 2018. The Association received the total \$5,000 in the year, and recognized \$250 to correspond to eligible expenditures incurred in the year. As the Association has not recognized the eligible expenditures at the end of the agreement, the remaining \$4,750 was issued back to Nova Scotia Education and Early Childhood Development in a subsequent year.

Nova Scotia Department of Communities, Culture and Heritage - Diversity and Community Capacity fund

In the current year, the Association entered into an agreement whereby Nova Scotia Department of Communities, Culture and Heritage made a contribution of \$8,000 to support the Canada Day Afri-Cadi Cultural Festival for the period of July 2018. The Association received the total \$5,000 in the year, and recognized \$5,052 to correspond to eligible expenditures incurred in the year. The remaining program balance of \$2,948 has been deferred and permission has been granted to use these remaining funds on a future project.

In the current year, the Association entered into an agreement whereby Nova Scotia Department of Communities, Culture and Heritage made a contribution of \$6,000 to support the Board and organizational development for the year 2018. The Association received and recognized the total \$6,000 to correspond to eligible expenditures incurred in the year. The agreement was completed in the year.

Nova Scotia Department of Community Services - Sexual Violence Prevention and Support Program

In the current year, the Association entered into an agreement whereby Nova Scotia Department of Community Services made a contribution of \$10,000 to support the prevention of sexualised violence for the period covering April 2018 to March 2019. The Association received the total \$10,000 in the year, and recognized \$158 to correspond to eligible expenditures incurred in the year. The remaining program balance of \$9,842 has been deferred as the program is ongoing in accordance with the agreement.

African Diaspora Association Of The Maritimes
Notes to the Financial Statements
For the year ended December 31, 2018

7. Allocation of expenditures

The following operating expenditures have been allocated to various programs based on the amount of time spent and amount of funding received to cover those expenditures as per the related funding agreements:

	2018	2017
Fundraising	-	594
Salaries and wages	45,474	59,246
Rent	9,960	9,997
Insurance	750	750
Professional fees	10,890	7,639
Office	1,052	694
	68,126	78,920

8. Loans payable

Loans payable consists of two advances made to the Association during 2014 from a former director of the Association. The loans are unsecured and non-interest bearing. Principal of \$13,000 is repayable on January 1, 2019 with an option to extend the payment date. The former director has waived his right to demand repayment for the next fiscal year; therefore the loans have been classified as long-term.

9. Commitment

The Association has entered into a lease agreement of a premise for \$1,300 plus harmonized sales taxes (HST) per month that expires in December 2022. The estimated minimum annual payments (excluding HST) over the next four years are as follows:

2019	15,600
2020	15,600
2021	15,600
2022	15,600

10. Subsequent event

In March 2020, the COVID-19 pandemic has caused significant market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Association continues to monitor the impact COVID-19 will have on the Association's activities. The extent of the effect of the pandemic on the Association is uncertain.

11. Financial instruments

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

Liquidity risk

Liquidity risk is the risk that an association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and loans payable.

African Diaspora Association Of The Maritimes

Notes to the Financial Statements

For the year ended December 31, 2018

11. Financial instruments *(Continued from previous page)*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its cash, contributions and accounts receivables. The Association is exposed to risk on its cash in that all of its cash is held with one financial institution. To minimize the risk, the Association holds cash with a high quality financial institution of Canada. The Association provides credit for contributions and accounts receivable in the normal course of operations.