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INDEPENDENT AUDITORS' REPORT

To the Directors of The Caribbean Canadian Association of Waterloo Region

Qualified Opinion

We have audited the financial statements of The Caribbean Canadian Association of Waterloo Region, which comprise the statement of financial position as at December 31, 2023, and the statement of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Caribbean Canadian Association of Waterloo Region as at December 31, 2023, 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 Caribbean Canadian Association of Waterloo Region derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of The Caribbean Canadian Association of Waterloo Region. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenue over expenses, cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Caribbean Canadian Association of Waterloo Region in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 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 Caribbean Canadian Association of Waterloo Region'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 Caribbean Canadian Association of Waterloo Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Caribbean Canadian Association of Waterloo Region's financial reporting process.

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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 auditors' 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 Caribbean Canadian Association of Waterloo Region'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 Caribbean Canadian Association of Waterloo Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause The Caribbean Canadian Association of Waterloo Region 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.

Pollard Gagliardi Navickas LLP

Waterloo, Ontario
August 20, 2024

Pollard Gagliardi Navickas LLP
Chartered Professional Accountants
Licensed Public Accountants

Statement of Financial Position
As at December 31, 2023

		2023	2022	
		$	$	
Assets				
Current				
Cash		**94,899**	87,402	
Term deposits		**20,369**	19,801	
Donations receivable (Note 3)		**28,973**	0	
HST recoverable		**27,203**	12,800	
		171,444	120,003	
Non-current				
Investments (cost $163,769 - 2022 - $159,287) (Note 4)		**193,676**	178,875	
		365,120	298,878	
Liabilities				
Accounts payable and accrued charges (Note 5)		**12,225**	29,927	
Deferred grant revenue (Note 8)		**60,000**	25,048	
Internally restricted funds		**10,483**	0	
		82,708	54,975	
Net Assets		**282,412**	243,903	
			365,120	298,878

Approved on Behalf of the Board:

_____Director

_____Director

Statement of Operations and Net Assets

Year Ended December 31, 2023

	2023	2022
	$	$
Revenue		
Grants (Note 8)	**39,706**	20,000
Program grants - Black History Month (Note 8)	**32,000**	46,000
Donations - scholarships	**16,779**	16,599
Program grants - mentorship (Note 8)	**15,000**	0
Donations - general	**13,528**	1,250
Fundraising	**10,448**	13,678
Membership dues	**405**	240
LiftOff program - Page 3	**36,878**	1,706
	164,744	99,473
Expenses		
Program costs - other	**57,156**	10,188
Program costs - Black History Month	**32,000**	36,107
Scholarships awarded	**18,500**	12,500
Program costs - mentorship	**15,000**	0
Wages and benefits	**9,706**	0
Insurance	**4,004**	1,125
Office and administration	**1,148**	4,277
Advertising and promotion	**2,188**	674
Interest and bank charges	**1,652**	119
Professional fees	**250**	0
	141,604	64,990
Excess of revenue over expenses from operations	**23,140**	34,483
Other earnings (expenses)		
Interest income	**568**	822
Dividend income	**4,482**	5,334
Unrealized gain (loss) on investments	**10,319**	(25,868)
	15,369	(19,712)
Excess of revenue over expenses	**38,509**	14,771
Net assets, beginning of year	**243,903**	229,132
Net assets, end of year	**282,412**	243,903

LiftOff by CCAWR Program
Year Ended December 31, 2023

		2023	2022
		$	$
Revenue			
Government grants (Note 8)		**1,037,475**	751,276
Donations - general		**0**	1,706
Interest income		**704**	0
		1,038,179	752,982
Expenses			
Wages and benefits		**644,984**	543,004
Professional fees		**212,018**	143,993
Rent		**77,967**	0
Office and administration		**42,389**	23,543
Program materials		**10,337**	35,032
Advertising and promotion		**6,694**	4,102
Travel		**4,133**	0
Interest and bank charges		**2,779**	1,602
		1,001,301	751,276
Excess of revenue over expenses		**36,878**	1,706

Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	**38,509**	14,771
Unrealized (gain) loss on investments	**(10,319)**	25,868
Donations receivable	**(28,973)**	21,969
Prepaid expenses	**0**	50
HST recoverable	**(14,403)**	(10,159)
Accounts payable and accrued charges	**(17,702)**	18,180
Deferred grant revenue	**34,952**	(112,096)
Internally restricted funds	**10,483**	0
	12,547	(41,417)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	**(4,482)**	(5,213)
Change in cash and equivalents	**8,065**	(46,630)
Cash and equivalents, beginning of year	**107,203**	153,833
Cash and equivalents, end of year	**115,268**	107,203
Cash and equivalents consist of the following:		
Cash	**94,899**	87,402
Term deposits	**20,369**	19,801
	115,268	107,203

1 Nature of Operations

The organization was incorporated without share capital on November 28, 2002. Its primary activity is to promote the social, cultural and economic interests of, and advocate for, the Caribbean community in the Region of Waterloo on a non- profit basis.

In fiscal 2021, the organization entered into an agreement with the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) to help black business owners and entrepreneurs across the country recover from economic impacts of COVID-19 and grow their businesses through the Black Entrepreneurship Program - Ecosystem Fund.

2 Accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organization and include the following accounting policies:

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions related to the expenses of future periods are deferred and recognized as revenue in the period 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 estimated and collection is reasonably assured. This policy is applied to grant revenue and donations as required.

Financial instruments

Measurement of financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

Financial assets measured at amortized cost include cash, donations receivable, HST recoverable, and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued charges, deferred grant revenue, and internally restricted funds.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Transaction costs

The entity recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3 Donations receivable

Donations to the organization are made through the Kitchener-Waterloo Multicultural Centre. The receivable balance

represents donations made in the organization's name during the fiscal year, but not received from the Kitchener-Waterloo Multicultural Centre until subsequent to the year end.

4 Investments

The major categories of investments at cost are as follows:

	2023	2022
	$	$
Fixed income	**24,414**	23,594
Balanced	**108,919**	106,206
Equity	**30,436**	29,487
	163,769	159,287

5 Accounts payable and accrued charges

Included in accounts payable and accrued charges are amounts owing for government remittances totalling $nil (2022 - $19,377).

6 Economic dependence

The entity derives 82% (2022 - 87%) of its revenue from FedDev Ontario.

7 Use of estimates

The preparation of financials 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, disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the reported period. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Financial statement areas requiring significant estimates include accounts payable and accrued charges.

8 Revenue from grants

During the year, the organization received operating grants as follows:

	2023	2022
	$	$
Black Entrepreneurship Program Ecosystem Fund (BEPEF)	**1,012,427**	639,180
Region of Waterloo	**52,500**	2,500
TD Bank Pitch Competition	**30,000**	0
Canadian Heritage	**26,000**	35,500
Black History Month	**15,000**	0
City of Kitchener	**10,000**	2,500
Summer Student Grant	**9,706**	0
Kitchener-Waterloo Realtors Association	**3,500**	3,500
Kitchener-Waterloo Multicultural Centre	**0**	20,000
Accelerator Centre	**0**	1,000
Waterloo Region Community Fund	**0**	1,000
	1,159,133	705,180
Less: deferred BEPEF grant	**0**	(25,048)
Plus: prior year deferred BEPEF grant	**25,048**	137,144
Less: other deferred grants	**(60,000)**	0

1,124,181	817,276

Grants internally restricted for Black History Month total $15,000 (2022 - $66,000) and $1,037,475 of the total grants are related to the LiftOff, Black Entrepreneurship Program Ecosystem Fund, program.

9 Financial risks and concentration of risk

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

Liquidity risk

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

Credit risk

The organization is exposed to credit risk on the grants receivable from its funders. In order to reduce its credit risk, the organization has adopted credit policies, which include the analysis of the financial position of its funders and the regular review of credit limits. The organization does not have a significant exposure to any individual funder. Grants receivable are presented net of the allowance for doubtful accounts of $nil (2022 - $nil).

Market risk

Market risk is the risk that the fair value or 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 risk.

(a) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization does not have significant exposure to currency risk.

(b) *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 organization does not have significant exposure to interest rate risk.

(c) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through the investments.

The extent of the organization's exposure to the above risks did not change during the fiscal year.

10 Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.