

**ACCESS COMMUNITY CAPITAL FUND**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**



**David Burkes, B. Com, CPA, CA•IFA**



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
ACCESS Community Capital Fund

I have audited the accompanying financial statements of ACCESS Community Capital Fund, which comprise the statement of financial position as at March 31, 2013, the statements of operations, net assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting standards applicable for not-for-profit organizations and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards for not-for-profit organizations. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Other Matters*

I draw attention to Note 12 to the financial statements which describes that ACCESS Community Capital Fund, adopted Canadian accounting standards for not-for-profit or private enterprises effective April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, the statements of revenue and expenses and net assets, and cash flows for the year ended March 31, 2012 and related disclosures. I was not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

### *Basis for Qualified Opinion*

Due to the inherent nature of the transactions of the organization, the completeness of donations is not susceptible of satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in the organization's accounting records and I was not able to determine whether any adjustments might be necessary to the donations.

### *Qualified Opinion*

In my opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ACCESS Community Capital Fund, as at March 31, 2013, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Richmond Hill, Ontario  
September 11, 2013

Chartered Accountant  
Licensed Public Accountant



David Burkes, B. Com, CPA, CA•IFA

**ACCESS COMMUNITY CAPITAL FUND**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2013**

**ASSETS**

	<u>2013</u>	<u>2012</u>	<u>April 1, 2011</u>
<b><u>CURRENT</u></b>			
Cash (Note 3)	\$ 28,369	\$ 27,830	\$ 50,496
Short-term Investments (Note 3)	183,649	181,172	229,961
HST Recoverable	1,885	4,256	5,762
Prepaid Expenses	4,872	975	451
	<u>\$ 218,775</u>	<u>\$ 214,233</u>	<u>\$ 286,670</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT</u></b>			
Accounts Payable	\$ 29,107	\$ 31,633	\$ 21,186
and Accrued Charges			
Deferred Operating Grants (Note 5)	-	7,160	53,903
Current Portion of Investors			
Loans Payable (Note 6)	92,903	117,864	63,564
	<u>122,010</u>	<u>156,657</u>	<u>138,653</u>
<b><u>INVESTORS LOANS PAYABLE</u></b> (Note 6)	63,565	37,503	122,303
<b><u>NET ASSETS</u></b>	<u>33,200</u>	<u>20,073</u>	<u>25,714</u>
	<u>\$ 218,775</u>	<u>\$ 214,233</u>	<u>\$ 286,670</u>

**APPROVED BY THE BOARD:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

*(See Accompanying Notes to Financial Statements)*



**David Burkes, B. Com, CPA, CA•IFA**

**ACCESS COMMUNITY CAPITAL FUND**

**STATEMENT OF NET ASSETS**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>NET ASSETS</u></b> , Beginning of Year as Previously Stated	\$ 20,073	\$ 35,714
<b><u>LESS: PRIOR PERIOD ADJUSTMENT</u></b> (Note 10)	<u>-</u>	<u>( 10,000 )</u>
<b><u>NET ASSETS</u></b> , Beginning of year as restated	20,073	25,714
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</u></b>	<u>13,127</u>	<u>( 5,641 )</u>
<b><u>NET ASSETS</u></b> , End of Year	<u>\$ 33,200</u>	<u>\$ 20,073</u>

*(See Accompanying Notes to Financial Statements)*



David Burkes, B. Com, CPA, CA•IFA



**ACCESS COMMUNITY CAPITAL FUND**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>REVENUE</u></b>		
Grants (Note 7)	\$ 127,195	\$ 112,243
Donations	8,490	3,008
Guarantee and Loan Administration Fees	4,027	3,800
Interest Income	2,761	5,129
	<u>142,473</u>	<u>124,180</u>
<b><u>EXPENSES</u></b>		
Advertising and Promotion	559	946
Defaulted Loans (Note 4)	24,277	42,013
Insurance	1,589	1,577
Interest Expense	906	1,771
Office and General	4,044	4,273
Professional Fees	6,457	5,666
Program Costs	85,218	67,279
Rent	6,296	6,296
	<u>129,346</u>	<u>129,821</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>		
<b><u>REVENUE OVER EXPENSES</u></b>	<u>\$ 13,127</u>	<u>\$ ( 5,641 )</u>

*(See Accompanying Notes to Financial Statements)*



**David Burkes, B. Com, CPA, CA-IFA**

**ACCESS COMMUNITY CAPITAL FUND**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>2013</u>	<u>2012</u>
<b><u>OPERATING ACTIVITIES:</u></b>		
Excess (Deficiency) of Revenue over Expenses	\$ 13,127	\$ ( 5,641 )
<b><u>Changes in Working Capital:</u></b>		
HST Recoverable	2,371	1,506
Prepaid Expenses	( 3,897 )	( 524 )
Accounts Payable and Accrued Charges	( 2,526 )	10,447
Deferred Operating Grants	( 7,160 )	( 46,743 )
	<u>( 11,212 )</u>	<u>( 35,314 )</u>
<b><u>INVESTING ACTIVITIES:</u></b>		
Investors Loans Payable	<u>1,101</u>	<u>( 30,500 )</u>
<b><u>INCREASE (DECREASE) IN CASH</u></b>	<b>3,016</b>	<b>( 71,455 )</b>
<b><u>CASH AND CASH EQUIVALENTS, Beginning of Year</u></b>	<b><u>209,002</u></b>	<b><u>280,457</u></b>
<b><u>CASH AND CASH EQUIVALENTS, End of Year</u></b>	<b><u>\$ 212,018</u></b>	<b><u>\$ 209,002</u></b>
 <b><u>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</u></b>		
Cash	\$ 28,369	\$ 27,830
Short-term Investments	<u>183,649</u>	<u>181,172</u>
	<b><u>\$ 212,018</u></b>	<b><u>\$ 209,002</u></b>

*(See Accompanying Notes to Financial Statements)*



David Burkes, B. Com, CPA, CA•IFA



## ACCESS COMMUNITY CAPITAL FUND

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

**1. PURPOSE OF ORGANIZATION:**

ACCESS Community Capital Fund (ACCESS) is a not-for-profit community based organization whose aim is to improve access to small business loans for viable, emerging small enterprises in Toronto by guaranteeing loans. ACCESS is a registered charity under the Income Tax Act of Canada. The registration number is 868066911 RR0001.

ACCESS has been granted tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada) and is, therefore, not subject to either federal or provincial income taxes.

These financial statements represent the combined operations of ACCESS and its chapters.

**2. SIGNIFICANT ACCOUNTING POLICIES:**

**(a) Revenue Recognition**

ACCESS follows the deferral method of accounting for contributions.

- Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use.
- Unrestricted contributions received are recognized as income when received.
- Donations are recorded as income when the funds are received.
- Interest income is recognized as earned.

**(b) Cash and Cash Equivalents**

ACCESS considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as "Cash and Cash Equivalents".

**(c) Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. Actual results could differ from management's best estimates as additional information becomes available in the future.



David Burkes, B. Com, CPA, CA•IFA



**ACCESS COMMUNITY CAPITAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**(d) Financial Instruments**

All financial instruments are classified into a defined category; namely, held for trading financial assets or financial liability, held to maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. These classifications will determine how each instrument will be measured, at either fair value or, in limited circumstances, at cost or amortized cost and will determine how gains and losses are recognized.

ACCESS has classified cash as held for trading, carried at fair value. Accounts payable and accrued charges are classified as other financial liabilities which are measured at amortized cost using the effective interest method.

**(e) Contributed Services**

Because of the difficulty of determining the fair value of services provided by volunteers, contributed services are not recognized in the financial statements.

**3. CASH AND CASH EQUIVALENTS:**

The market value of the cash and cash equivalents and short-term investments as at March 31, 2013 was \$212,018 (2012 - \$209,002). Details are as follows:

	<u>2013</u>	<u>2012</u>
Cash		
Cash	\$ 28,289	\$ 27,750
Alterna Savings Shares	80	80
	<u>28,369</u>	<u>27,830</u>
Short-term Investments		
Redeemable Term Deposits (RTDS)	183,649	181,172
	<u>\$ 212,018</u>	<u>\$ 209,002</u>

The RTDS bear interest from 0.90% to 1.95% and are due between November, 2013 and October, 2014. They are redeemable anytime before maturity.

The above include amounts which have been set aside to meet externally restricted business loans guaranteed (Note 4).



## ACCESS COMMUNITY CAPITAL FUND

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

4. ALLOWANCE FOR NON-COLLECTABLE LOANS:

ACCESS has created a program reserve fund (Fund) of not less than 20% of the initial principal amount of the business loans guaranteed by ACCESS.

As part of the agreement in establishing the Fund, ACCESS has agreed to guarantee all loans processed through the Fund if the loan is in excess of 60 days past due. It is agreed that the Alterna Savings is guaranteed repayment by ACCESS only to the extent of the funds in the Fund. The total loans outstanding as at March 31, 2013 was \$86,255 (2012 - \$73,758).

As at March 31, 2013 a specific reserve for non-collectable loans of \$21,727 (2012 - \$25,816), included in Accounts Payable and Accrued Charges, has been established.

The continuity of the reserve for non-collectable loans is as follows:

	<u>2013</u>	<u>2012</u>
Reserve Balance, Beginning of Year	\$ 25,816	\$ 10,027
Increase (decrease) in Reserve	( 4,089 )	15,789
Reserve Balance, End of Year	<u>\$ 21,727</u>	<u>\$ 25,816</u>

The continuity of defaulted loans expense is comprised as follows:

Loans Written Off	\$ 28,366	\$ 26,224
Increase (decrease) in Reserve	( 4,089 )	15,789
	<u>\$ 24,277</u>	<u>\$ 42,013</u>

5. DEFERRED OPERATING GRANTS:

Deferred operating grants is comprised as follows:

	<u>2013</u>	<u>2012</u>
Citi Foundation Canada	\$ -	\$ 7,160

The continuity of deferred operating grants for the year is as follows:

Deferred Operating Grants, Beginning of the Year	\$ 7,160	\$ 53,903
Add - Received During the Year	120,035	65,500
Less - Recognized During the Year	( 127,195 )	( 112,243 )
Deferred Operating Grants, End of the Year	<u>\$ -</u>	<u>\$ 7,160</u>





## ACCESS COMMUNITY CAPITAL FUND

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

**6. INVESTORS LOANS PAYABLE:**

The investors loans payable are for a fixed period and are repayable with accrued interest as follows:

	<u>2013</u>	<u>2012</u>
- Due within the next five years	\$ 63,565	\$ 37,503
- Due after one year	92,903	117,864
	<u>\$ 156,468</u>	<u>\$ 155,367</u>

Interest rates on the investors loans payable are 0% to 2%.

**7. GRANTS:**

Grants are comprised as follows:

	<u>2013</u>	<u>2012</u>
Ontario Trillium Foundation	\$ 23,500	\$ 45,493
Citi Foundation Canada	56,695	41,750
City of Toronto CCC Investment Program	-	25,000
Metcalf Foundation	35,000	-
Toronto Community Foundation	12,000	-
	<u>\$ 127,195</u>	<u>\$ 112,243</u>

**8. FINANCIAL INSTRUMENTS:**

**(a) Credit risk**

Credit risk is the risk of financial loss to ACCESS if a guaranteed loan (see note 4) fails to meet its obligations. ACCESS's maximum exposure to credit risk at the balance sheet date under its financial instruments is \$86,255.

All of ACCESS's cash is held with a major financial institution and, thus, the exposure to credit risk is considered insignificant. ACCESS actively monitors the exposure to credit risk under its financial instruments, including with respect to guaranteed loans. ACCESS considers the risk of loss to be minimal.

**(b) Market and interest rate risk**

The risk associated with investments are the risk associated with the securities in which the funds are invested. The value of fixed income securities will generally rise if interest rate fall and fall if interest rates rise.





## ACCESS COMMUNITY CAPITAL FUND

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

**9. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:**

ACCESS includes cash and cash equivalents, short-term investments, accounts payable and accrued charges, deferred operating grants, and net assets in its capital management consideration. ACCESS's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate within the restrictions that ACCESS is not in receipt of core funding.

ACCESS monitors these items to assess its ability to fulfil its ongoing financial obligations. ACCESS relies primarily on grants and donations to fund its operations and makes adjustments to its budgeted expenditures in light of changes. ACCESS is not subject to externally imposed capital requirements.

**10. PRIOR PERIOD ADJUSTMENT:**

In fiscal 2012, a donation of \$10,000 from a third party donor received and recorded as such in fiscal 2011, was returned by ACCESS to this donor. Accordingly, the 2011 current portion of investors loans payable have been increased by \$10,000 and the donation revenue and net assets have been decreased by \$10,000.

**11. RELATED PARTY TRANSACTIONS:**

During the year, ACCESS paid rent in the amount of \$6,296 to a member of the immediate family of a Director. The transaction was 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. This commitment was extinguished March 31, 2013.

**12. OTHER MATTERS:**

Effective April 1, 2012, the organization adopted requirements of the Canadian Institute of Chartered Accounts (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian Accounting Standards for Private Enterprises (ASPE) and not-for-profit organizations. These are the organization's first financial statements prepared in accordance with ASPE, which has been applied retrospectively. The accounting policies set out in the significant accounting policies (Note 2) have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and in preparation of the opening ASPE balance sheet at April 1, 2011 (the organization date of transition).



**ACCESS COMMUNITY CAPITAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**12. OTHER MATTERS (Continued):**

The organization issued financial statements for the year ended March 31, 2011 using generally accepted accounting principles prescribed by CICA Handbook . The adoption of ASPE has no impact on the previously reported assets, liabilities, and equity of the organization, and accordingly no adjustments have been recorded in the comparative statement of financial position.

**13. COMMITMENT:**

On April 1, 2013 ACCESS entered into a one year property lease contract with a minimum annual lease payment under the operating lease of \$14,640.

