

ACCESS COMMUNITY CAPITAL FUND

Financial Statements

March 31, 2018

ACCESS COMMUNITY CAPITAL FUND

Index to Financial Statements

Year Ended March 31, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7

INDEPENDENT AUDITOR'S REPORT

To the Members of Access Community Capital Fund

We have audited the accompanying financial statements of Access Community Capital Fund, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Access Community Capital Fund as at March 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
September 11, 2018

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

ACCESS COMMUNITY CAPITAL FUND

Statement of Financial Position

As at March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash (Note 3)	\$ 128,421	\$ 101,494
Short term investments (Note 3)	188,038	78,880
Loans receivable (Note 4)	7,713	14,596
Harmonized Sales Tax recoverable	3,648	2,692
Prepaid expenses	2,358	943
	<u>330,178</u>	<u>198,605</u>
INVESTMENTS (Note 3)	<u>-</u>	<u>39,661</u>
	<u>\$ 330,178</u>	<u>\$ 238,266</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 3 and 5)	\$ 29,762	\$ 21,252
Deferred grants	57,495	7,262
Current portion of investors' loans payable (Note 3)	145,005	157,505
	<u>232,262</u>	<u>186,019</u>
INVESTORS' LOANS PAYABLE (Note 3)	<u>51,500</u>	<u>11,500</u>
	<u>283,762</u>	<u>197,519</u>
NET ASSETS		
UNRESTRICTED	<u>46,416</u>	<u>40,747</u>
	<u>\$ 330,178</u>	<u>\$ 238,266</u>

APPROVED ON BEHALF OF THE BOARD

Jess Merber Director
Dave Power Director

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND
Statement of Operations and Changes in Net Assets
Year Ended March 31, 2018

	2018	2017
REVENUES		
Grants <i>(Notes 6 and 8)</i>	\$ 131,265	\$ 162,949
Donations <i>(Note 8)</i>	71,925	61,621
Guarantee and loan administration fees	6,795	3,929
Interest	2,782	2,460
Donations-in-kind	31	-
	<u>212,798</u>	<u>230,959</u>
EXPENSES		
Program costs	159,293	170,307
Defaulted loans	18,940	9,841
Rental	9,579	9,014
Office and general	7,729	7,670
Professional fees	6,704	7,588
Insurance	2,383	2,145
Advertising and promotion	1,377	2,330
Interest	1,124	487
	<u>207,129</u>	<u>209,382</u>
EXCESS OF REVENUES OVER EXPENSES	5,669	21,577
NET ASSETS - BEGINNING OF YEAR	<u>40,747</u>	<u>19,170</u>
NET ASSETS - END OF YEAR	<u>\$ 46,416</u>	<u>\$ 40,747</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND

Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 5,669	\$ 21,577
Changes in non-cash working capital:		
Loans receivable	6,883	(9,607)
Harmonized Sales Tax recoverable	(956)	2,260
Prepaid expenses	(1,415)	(1)
Accounts payable and accrued liabilities	8,510	(4,001)
Deferred grants	50,233	(7,578)
	<u>63,255</u>	<u>(18,927)</u>
Cash flows from operating activities	<u>68,924</u>	<u>2,650</u>
INVESTING ACTIVITY		
Purchase of investments	<u>(69,497)</u>	<u>(2,194)</u>
FINANCING ACTIVITY		
Investor loans advanced (repaid), net	<u>27,500</u>	<u>(5,000)</u>
INCREASE (DECREASE) IN CASH FLOWS	<u>26,927</u>	<u>(4,544)</u>
CASH - BEGINNING OF YEAR	<u>101,494</u>	<u>106,038</u>
CASH - END OF YEAR	<u>\$ 128,421</u>	<u>\$ 101,494</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2018

1. NATURE AND PURPOSE OF THE ORGANIZATION

ACCESS Community Capital Fund (“ACCESS”) was incorporated without share capital under the laws of Canada on September 28, 2001, and was continued under the Canada Not-for-Profit Corporations Act on October 16, 2014. The aim of the organization is to improve access to small business loans for viable emerging small enterprises in Toronto by guaranteeing loans.

ACCESS is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

ACCESS follows the deferral method of accounting for contributions, which include grants and donations. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use and are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenues in the year in which the related activity takes place and expenses are incurred.

Interest is recognized as revenues when it is earned.

Financial instruments

ACCESS initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, investments and loans receivable. The financial liabilities measured at amortized cost include accounts payable and investors’ loans payable.

Donated services

Much of the work of the organization is dependent on the voluntary services of members. Since these services are not normally purchased by ACCESS, such donated services are not recognized in the accounts.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2018

3. FINANCIAL INSTRUMENTS

Cash consists of cash on hand and bank deposits residing in accounts at major Canadian financial institutions. Cash balances are sufficient to cover accounts payable as they come due.

Short term investments consist of highly liquid guaranteed investment certificates issued by Canadian financial institutions. Investments classified as current at March 31, 2018 bear annual interest at rates ranging from 0.85% to 1.95% (2017 - 0.75% to 2.50%) and mature between July 23, 2018 to March 10, 2019. There are no investments classified as non-current as at March 31, 2018 (2017 - one investment bearing interest at 1.15% maturing July 23, 2018).

Cash and investments include amounts that support estimated accruals for guaranteed loans (*Note 5*).

The fair value of the organization's cash, investments and accounts payable approximates their carrying value due to the relatively short term to maturity of those instruments.

The investors' loans payable bear interest at rates between 0% and 2%.

Credit risk:

ACCESS's cash and investments are held with major financial institutions and, thus, the exposure to credit risk from the failure of the counterparties is considered insignificant.

ACCESS also has credit risk in respect to guaranteed business loans (*Note 5*) and loans receivable (*Note 4*) if the counterparties fail to meet their obligations under the loans. ACCESS's estimated maximum exposure to credit risk under its financial instruments at March 31, 2018 is \$147,967 (2017 - \$123,712).

ACCESS mitigates its exposure to credit risk from guaranteed loans and loans receivable by actively monitoring performance under these loans and providing an accrual for estimated losses. ACCESS considers the risk of loss in excess of estimated amounts provided for to be minimal.

4. LOANS RECEIVABLE

ACCESS has entered into loan agreements directly with businesses and individuals. Amounts outstanding as at March 31, 2018 of \$7,713 (2017 - \$14,596) are non-interest bearing and are due on demand.

5. ALLOWANCE FOR NON-COLLECTIBLE GUARANTEED BUSINESS LOANS

The total business loans guaranteed by ACCESS and outstanding as at March 31, 2018 was \$140,254 (2017 - \$109,116).

As at March 31, accounts payable and accrued liabilities include an allowance for estimated non-collectible guaranteed business loans as follows:

	<u>2018</u>	<u>2017</u>
Balance - beginning of year	\$ 15,832	\$ 16,539
Decrease (increase) in reserve	6,557	(707)
Balance - end of year	<u>\$ 22,389</u>	<u>\$ 15,832</u>

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2018

6. GRANTS REVENUES

Grants revenues recognized in the year are as follows:

	2018	2017
Ontario Trillium Foundation	\$ 88,224	\$ 81,601
The George Cedric Metcalf Charitable Foundation	22,041	42,000
Alterna Bank	15,340	-
Other	5,660	-
Citi Foundation Canada	-	39,348
	<hr/> \$ 131,265	<hr/> \$ 162,949

7. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE

In managing capital, ACCESS focuses on liquid resources available for operations. ACCESS's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its mission.

ACCESS relies primarily on grants and donations, as well as investors' loans payable to fund its operations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

ACCESS's capital at March 31, 2018 consists of its net assets of \$46,416. ACCESS is not subject to externally imposed capital requirements.

As at March 31 2018, ACCESS has met its objective of having sufficient liquid resources to meet its current obligations.

8. COMPARATIVE FIGURES

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