

ACCESS COMMUNITY CAPITAL FUND

Financial Statements

March 31, 2015

Marinucci & Company
Chartered Accountants

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Independent Auditors' 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, 2015 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.

Auditors' 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 in our audit is sufficient and appropriate to provide for 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, 2015 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of ACCESS Community Capital Fund for the year ended March 31, 2014 were audited by another auditor, who expressed a qualified opinion on those statements under date of September 22, 2014 with respect to the completeness of fundraising revenues.

Toronto, Ontario
September 22, 2015

Marinucci & Company
Chartered Accountants
Licensed Public Accountants

ACCESS COMMUNITY CAPITAL FUND

Statement of Financial Position

As at March 31, 2015

	2015	2014
ASSETS		
Current:		
Cash (Note 3)	\$ 52,151	\$ 56,417
Investments (Note 3)	106,233	110,828
Loans receivable (Note 5)	4,206	700
GST/HST recoverable	2,255	2,709
Prepaid expenses	<u>1,566</u>	<u>1,551</u>
	166,411	172,205
Investments (Note 3)	<u>59,773</u>	<u>37,591</u>
	<u>\$ 226,184</u>	<u>\$ 209,796</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Notes 3 and 4)	\$ 29,621	\$ 16,020
Current portion of investors' loans payable (Note 6)	<u>114,410</u>	<u>81,873</u>
	144,031	97,893
Investors' loans payable (Note 6)	<u>44,941</u>	<u>85,065</u>
	188,972	182,958
NET ASSETS		
Unrestricted	<u>37,212</u>	<u>26,838</u>
	<u>\$ 226,184</u>	<u>\$ 209,796</u>

On behalf of the Board: _____ Director

_____ Director

See accompanying Notes to Financial Statements

ACCESS COMMUNITY CAPITAL FUND

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2015

	2015	2014
REVENUES		
Grants (Note 7)	\$ 157,600	\$ 111,350
Donations	21,648	34,695
Interest	3,485	2,176
Guarantee and loan administration fees	2,938	2,915
Donations-in-kind	-	341
	<u>185,671</u>	<u>151,477</u>
EXPENSES		
Program costs	116,001	130,159
Defaulted loans (recoveries)	30,456	(1,593)
Rent	16,878	16,838
Professional fees	5,091	5,327
Office and general	3,142	2,305
Insurance	1,978	2,114
Advertising and promotion	1,084	1,378
Interest	667	970
Donations-in-kind	-	341
	<u>175,297</u>	<u>157,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	10,374	(6,362)
NET ASSETS, beginning of year	<u>26,838</u>	<u>33,200</u>
NET ASSETS, end of year	<u>\$ 37,212</u>	<u>\$ 26,838</u>

See accompanying Notes to Financial Statements

ACCESS COMMUNITY CAPITAL FUND

Statement of Cash Flows

For the year ended March 31, 2015

	2015	2014
Cash provided by (used in)		
OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ 10,374	\$ (6,362)
Impact on cash of changes in non-cash working capital items:		
Loans receivable	(3,506)	(700)
GST/HST recoverable	454	(824)
Prepaid expenses	(15)	3,321
Accounts payable and accrued liabilities	<u>13,601</u>	<u>(13,087)</u>
	<u>20,908</u>	<u>(17,652)</u>
FINANCING ACTIVITIES:		
Investor loans advanced (repaid), net	<u>(7,587)</u>	<u>10,470</u>
INVESTING ACTIVITIES:		
(Purchase) redemption of investments classified as non-current, net	<u>(22,182)</u>	<u>(37,591)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,861)	(44,773)
CASH AND CASH EQUIVALENTS, beginning of year	<u>167,245</u>	<u>212,018</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 158,384</u>	<u>\$ 167,245</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	\$ 51,151	\$ 56,417
Investments classified as current	<u>106,233</u>	<u>110,828</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 158,384</u>	<u>\$ 167,245</u>

See accompanying Notes to Financial Statements

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

March 31, 2015

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

Basis of accounting

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 revenue 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, and because of the difficulty in determining their fair value, 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

March 31, 2014

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.

Investments consist of highly liquid guaranteed investment certificates issued by Canadian financial institutions. Investments classified as current at March 31, 2015 bear interest at rates of 0.80% to 2.20% (2014 – 0.80% to 1.95%) and mature between July 23, 2015 and March 10, 2016. Investments classified as non-current at March 31, 2015 bear interest at 2.50% (2014 – 2.20%) and mature on October 9, 2017.

Cash and investments include amounts that support estimated accruals for guaranteed loans (Note 4).

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.

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 4) and loans receivable (Note 5) 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, 2015 is \$112,237.

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. ALLOWANCE FOR NON-COLLECTIBLE GUARANTEED BUSINESS LOANS

ACCESS provides for estimated non-collectible guaranteed business loans by accruing an amount of not less than 20% of the initial principal amount of business loans guaranteed by ACCESS.

The total business loans guaranteed by ACCESS and outstanding as at March 31, 2015 was \$108,031 (2014 - \$87,562).

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

	2015	2014
Balance, beginning of year	\$ 6,928	\$ 21,727
Increase (decrease) in reserve	<u>14,686</u>	<u>(14,799)</u>
Balance, end of year	<u>\$ 21,614</u>	<u>\$ 6,928</u>

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

March 31, 2015

5. LOANS RECEIVABLE

ACCESS has entered into loan agreements directly with businesses. Amounts outstanding as at March 31, 2015 of \$4,206 (2014 - \$700) are non-interest bearing and are due on demand.

6. INVESTORS' LOANS PAYABLE

The investors' loans payable bear interest at rates between 0% and 2% and have maturity dates as follows:

	2015	2014
Due within one year	\$ 114,410	\$ 81,873
Due after one year	<u>44,941</u>	<u>85,065</u>
	<u>\$ 159,351</u>	<u>\$ 166,938</u>

7. GRANTS REVENUES

Grants revenues recognized in the year are as follows:

	2015	2014
Ontario Trillium Foundation	\$ 63,300	\$ 30,900
Citi Foundation Canada	53,300	50,450
Metcalf Foundation	35,000	30,000
CIBC	5,000	-
Kiwanis Club	<u>1,000</u>	<u>-</u>
	<u>\$ 157,600</u>	<u>\$ 111,350</u>

8. 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' capital at March 31, 2015 consists of its net assets of \$37,212. ACCESS is not subject to externally imposed capital requirements.

As at March 31 2015, ACCESS has met its objective of having sufficient liquid resources to meet its current obligations.