

ACCESS COMMUNITY CAPITAL FUND

FINANCIAL STATEMENTS

MARCH 31, 2012





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, 2012, 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.

AUDITOR'S REPORT (Continued)

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, 2012, 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
August 29, 2012

Chartered Accountant
Licensed Public Accountant



ACCESS COMMUNITY CAPITAL FUND

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2012

ASSETS

	<u>2012</u>	<u>2011</u> (Restated - Note 10)
<u>CURRENT</u>		
Cash (Note 3)	\$ 27,830	\$ 50,496
Short-term Investments (Note 3)	181,172	229,961
HST/GST Recoverable	4,256	5,762
Prepaid Expenses	975	451
	<u>\$ 214,233</u>	<u>\$ 286,670</u>

LIABILITIES AND NET ASSETS

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

APPROVED BY THE BOARD:

Director

Director



ACCESS COMMUNITY CAPITAL FUND

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u> (Restated - Note 10)
<u>NET ASSETS</u> , Beginning of Year as Previously Stated	\$ 35,714	\$ 49,942
<u>LESS: PRIOR PERIOD ADJUSTMENT</u> (Note 10)	<u>(10,000)</u>	<u>-</u>
<u>NET ASSETS</u> , Beginning of year as restated	25,714	49,942
<u>EXCESS OF EXPENSES OVER REVENUE</u>	<u>(5,641)</u>	<u>(24,228)</u>
<u>NET ASSETS</u> , End of Year	<u>\$ 20,073</u>	<u>\$ 25,714</u>



ACCESS COMMUNITY CAPITAL FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u> (Restated - Note 10)
<u>REVENUE</u>		
Grants (Note 7)	\$ 112,243	\$ 56,507
Donations	3,008	1,612
Guarantee and Loan Administration Fees	3,800	3,195
Interest Income	5,129	2,010
Other	-	1,755
	<u>124,180</u>	<u>65,079</u>
<u>EXPENSES</u>		
Advertising and Promotion	946	1,910
Defaulted Loans (Note 4)	42,013	8,341
Insurance	1,577	1,212
Interest Expense	1,771	1,738
Office and General	4,273	8,114
Professional Fees	5,666	3,274
Program Costs	67,279	58,503
Rent	6,296	6,215
	<u>129,821</u>	<u>89,307</u>
<u>EXCESS OF EXPENSES OVER REVENUE</u>	<u>\$ (5,641)</u>	<u>\$ (24,228)</u>



ACCESS COMMUNITY CAPITAL FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u> (Restated - Note 10)
<u>OPERATING ACTIVITIES:</u>		
Excess of Expenses over Revenue	\$ (5,641)	\$ (24,228)
<u>Changes in Working Capital:</u>		
HST/GST Recoverable	1,506	(5,762)
Prepaid Expenses	(524)	(451)
Accounts Payable and Accrued Charges	10,447	16,896
Deferred Operating Grants	(46,743)	22,903
	<u>(35,314)</u>	<u>33,586</u>
<u>INVESTING ACTIVITIES:</u>		
Investors Loans Payable	<u>(30,500)</u>	<u>(5,836)</u>
<u>INCREASE (DECREASE) IN CASH</u>	(71,455)	3,522
<u>CASH AND CASH EQUIVALENTS, Beginning of Year</u>	<u>280,457</u>	<u>276,935</u>
<u>CASH AND CASH EQUIVALENTS, End of Year</u>	<u>\$ 209,002</u>	<u>\$ 280,457</u>

CASH AND CASH EQUIVALENTS IS REPRESENTED BY:

Cash	\$ 27,830	\$ 50,496
Short-term Investments	<u>181,172</u>	<u>229,961</u>
	<u>\$ 209,002</u>	<u>\$ 280,457</u>

ACCESS COMMUNITY CAPITAL FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

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.



ACCESS COMMUNITY CAPITAL FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

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, 2012 was \$209,002 (2011 - \$280,457). Details are as follows:

	<u>2012</u>	<u>2011</u>
Cash		
Cash	\$ 27,750	\$ 50,432
Alterna Savings Shares	80	64
	<u>27,830</u>	<u>50,496</u>
Short-term Investments		
Redeemable Term Deposits (RTDS)	181,172	229,961
	<u>\$ 209,002</u>	<u>\$ 280,457</u>

The RTDS bear interest from 0.90% to 1.95% and are due between January, 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, 2012

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, 2012 was \$73,758 (2011 - \$59,420).

As at March 31, 2012 a specific reserve for non-collectable loans of \$25,816 (2011 - \$10,027), included in Accounts Payable and Accrued Charges, has been established.

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

	<u>2012</u>	<u>2011</u>
Reserve Balance, Beginning of Year	\$ 10,027	\$ 3,250
Increase in Reserve	15,789	6,777
Reserve Balance, End of Year	<u>\$ 25,816</u>	<u>\$ 10,027</u>

The continuity of defaulted loans expense is comprised as follows:

Loans Written Off	\$ 26,224	\$ 1,564
Increase in Reserve	15,789	6,777
	<u>\$ 42,013</u>	<u>\$ 8,341</u>

5. DEFERRED OPERATING GRANTS:

Deferred operating grants is comprised as follows:

	<u>2012</u>	<u>2011</u>
Citi Foundation Canada	\$ 7,160	\$ 48,910
Ontario Trillium Foundation	-	4,993
	<u>\$ 7,160</u>	<u>\$ 53,903</u>

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

Deferred Operating Grants, Beginning of the Year	\$ 53,903	\$ 31,000
Add - Received During the Year	65,500	79,410
Less - Recognized During the Year	<u>(112,243)</u>	<u>(56,507)</u>
Deferred Operating Grants, End of the Year	<u>\$ 7,160</u>	<u>\$ 53,903</u>

ACCESS COMMUNITY CAPITAL FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

6. INVESTORS LOANS PAYABLE:

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

	<u>2012</u>	<u>2011</u> (Restated - Note 10)
- Due within the next five years	\$ 37,503	\$ 122,303
- Due after one year	<u>117,864</u>	<u>63,564</u>
	<u>\$ 155,367</u>	<u>\$ 185,867</u>

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

7. GRANTS:

Grants are comprised as follows:

	<u>2012</u>	<u>2011</u>
Ontario Trillium Foundation	\$ 45,493	\$ 56,507
Citi Foundation Canada	41,750	-
City of Toronto CCC Investment Program	<u>25,000</u>	<u>-</u>
	<u>\$ 112,243</u>	<u>\$ 56,507</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 \$73,758.

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, 2012

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.

12. COMPARATIVE FIGURES:

Certain of the 2011 comparative figures have been reclassified to conform to the current year's presentation.