

ACCESS COMMUNITY CAPITAL FUND

Financial Statements

March 31, 2020

ACCESS COMMUNITY CAPITAL FUND

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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Access Community Capital Fund

Opinion

We have audited the financial statements of Access Community Capital Fund ("ACCESS"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ACCESS as at March 31, 2020, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of ACCESS in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 ACCESS's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate ACCESS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing ACCESS's financial reporting process.

Auditor's 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 auditor's 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.

(continues)

Independent Auditor's Report to the Members of Access Community Capital Fund *(continued)*

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 ACCESS'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 ACCESS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause ACCESS 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
September 17, 2020

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

ACCESS COMMUNITY CAPITAL FUND

Statement of Financial Position

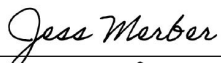
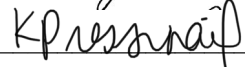
As at March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 3)	\$ 430,568	\$ 297,688
Short term investments (Note 3)	110,045	56,307
Accounts receivable (Note 11)	14,707	700
Harmonized Sales Tax recoverable	3,212	6,592
Prepaid expenses	10,365	2,867
Loans receivable (Note 4)	-	4,333
	568,897	368,487
INVESTMENTS (Note 3)	41,107	91,854
	\$ 610,004	\$ 460,341
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 3 and 5)	\$ 45,919	\$ 34,791
Deferred revenues (Note 7)	46,199	39,409
Current portion of investors' loans payable (Note 3)	148,829	143,068
	240,947	217,268
LONG TERM		
Investors' loans payable (Note 3)	45,239	51,500
Loan payable (Note 6)	331,053	145,000
	376,292	196,500
	617,239	413,768
NET ASSETS (DEFICIT)		
UNRESTRICTED	(7,235)	46,573
	\$ 610,004	\$ 460,341

LEASE COMMITMENTS (Note 10)

SIGNIFICANT EVENT (Note 11)

APPROVED ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND

Statement of Operations and Deficit

Year Ended March 31, 2020

	2020	2019
REVENUES		
Grants <i>(Note 8)</i>	\$ 387,822	\$ 282,524
Donations	33,637	50,181
COVID-19 wage subsidies <i>(Note 11)</i>	11,469	-
Interest and other	7,022	2,781
Guarantee and loan administration fees	3,350	5,197
	<u>443,300</u>	<u>340,683</u>
EXPENSES		
Program costs	389,412	280,823
Professional fees	41,377	13,016
Defaulted loans	14,333	15,607
Rental	20,577	10,989
Office and general	20,076	12,568
Advertising and promotion	9,344	4,458
Insurance	1,924	2,375
Interest	65	690
	<u>497,108</u>	<u>340,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(53,808)	157
NET ASSETS - BEGINNING OF YEAR	<u>46,573</u>	<u>46,416</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (7,235)</u>	<u>\$ 46,573</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND**Statement of Cash Flows****Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (53,808)	\$ 157
Changes in non-cash working capital:		
Accounts receivable	(14,007)	(700)
Loans receivable	4,333	3,380
Harmonized Sales Tax recoverable	3,380	(2,944)
Prepaid expenses	(7,498)	(509)
Accounts payable and accrued liabilities	11,128	5,029
Deferred revenues	6,790	(18,086)
	<u>4,126</u>	<u>(13,830)</u>
Cash flows used by operating activities	<u>(49,682)</u>	<u>(13,673)</u>
INVESTING ACTIVITY		
Redemption (purchase) of investments	<u>(2,991)</u>	39,877
FINANCING ACTIVITIES		
Investor loans advanced (repaid), net	(500)	(1,937)
Proceeds from loan payable	<u>186,053</u>	<u>145,000</u>
Cash flow from financing activities	<u>185,553</u>	<u>143,063</u>
INCREASE IN CASH	132,880	169,267
CASH - BEGINNING OF YEAR	<u>297,688</u>	<u>128,421</u>
CASH - END OF YEAR	<u>\$ 430,568</u>	<u>\$ 297,688</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2020

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 subsection 149(1) of 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, investors’ loans payable and loan 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, 2020

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, 2020 bear annual interest at rates ranging from 0.75% to 2.00% (2019 - 0.85% to 1.25%) and mature between July 26, 2020 and March 10, 2021.

Long term investments consist of guaranteed investment certificates issued by Canadian financial institutions. Investments classified as long term at March 31, 2020 bear annual interest at 1.64% and mature on July 23, 2021.

Cash and investments include amounts that support estimated accruals for guaranteed loans (*Note 5*). Accounts payable and accrued liabilities at March 31, 2020 include government remittances payable of \$7,920 (2019 - \$208)

The fair values of ACCESS's cash, investments, accounts receivable and accounts payable approximate their carrying values due to the relatively short term to maturity of those instruments. In management's opinion, ACCESS is not exposed to significant interest rate, currency, other price or liquidity risks arising from its financial 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, 2020 is \$110,028 (2019 - \$134,849).

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, 2020 of \$4,793 (2019 - \$4,333) with an allowance for doubtful accounts of \$4,793 (2019 - \$Nil) are non-interest bearing and are due on demand.

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2020

5. ALLOWANCE FOR NON-COLLECTIBLE GUARANTEED BUSINESS LOANS

The total business loans guaranteed by ACCESS and outstanding as at March 31, 2020 were \$110,028 (2019 - \$130,516).

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 19,615	\$ 22,389
Increase (decrease) in reserve	<u>14</u>	<u>(2,774)</u>
Balance, end of year	<u>\$ 19,629</u>	<u>\$ 19,615</u>

6. LOAN PAYABLE

In fiscal 2019, ACCESS entered into an eight-year agreement with the Ministry of Employment and Social Development Canada ("ESDC") to fund a Foreign Credential Recognition program. In addition to project grants, ESDC will provide a loan to establish a loan guarantee fund. The loan is non-interest bearing and will be advanced over the first four years of the agreement. In accordance with the agreement, any unused portion of the loan guarantee fund will be repayable to ESDC, commencing in the fifth year of the agreement.

7. DEFERRED REVENUES

The continuity of deferred revenues are:

Balance, beginning of year	\$ 39,409	\$ 57,495
Add: Amounts received during the year	394,612	264,438
Less: Amounts recognized as revenues during the year	<u>(387,822)</u>	<u>(282,524)</u>
Balance, end of year	<u>\$ 46,199</u>	<u>\$ 39,409</u>

Deferred revenues at March 31 consist of:

	<u>2020</u>	<u>2019</u>
Employment and Social Development Canada	\$ -	\$ 7,956
Immigration Refugees and Citizenship Canada	18,909	-
Ontario Trillium Foundation	9,757	31,453
Peter Gilgan Foundation	<u>17,533</u>	<u>-</u>
	<u>\$ 46,199</u>	<u>\$ 39,409</u>

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2020

8. GRANTS REVENUES

Grants revenues recognized in the year are:

	<u>2020</u>	<u>2019</u>
Employment and Social Development Canada	\$ 195,018	\$ 151,182
Immigration Refugees and Citizenship Canada	51,441	-
Ontario Trillium Foundation	118,896	106,023
Peter Gilgan Foundation	22,467	-
The George Cedric Metcalf Charitable Foundation	-	19,959
Alterna Bank	-	4,660
Other	-	700
	<u>\$ 387,822</u>	<u>\$ 282,524</u>

9. CAPITAL MANAGEMENT

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, 2020 consists of a deficit of \$7,235. ACCESS is not subject to externally imposed capital requirements.

As at March 31 2020, ACCESS has met its objective of having sufficient liquid resources to meet its current obligations.

10. LEASE COMMITMENTS

ACCESS has a long term lease with respect to its premises that expires on October 31, 2021. The lease provides for payment of utilities. Future minimum lease payments as at March 31, 2020 are as follows:

2021	\$ 16,688
2022	<u>10,013</u>
	<u>\$ 26,701</u>

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2020

11. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of ACCESS in future periods. Management continues to closely monitor and assess the impact on operations.

As part of the response to COVID-19, the federal government introduced the Temporary Wage Subsidy ("TWS") and the Canada Emergency Wage Subsidy ("CEWS") to assist employers whose activities have been affected by COVID-19. For the period March 15 to March 31, 2020, ACCESS applied for the TWS and CEWS and was awarded \$11,469, which remained receivable as at March 31, 2020. ACCESS intends to apply for the TWS and CEWS for all subsequent periods for which it is eligible.

Subsequent to March 31, 2020, ACCESS applied for the Canada Emergency Business Account ("CEBA"), which is an interest free loan of \$40,000 intended to assist ACCESS with immediate operating cash flow needs. ACCESS obtained the loan, if \$30,000 is repaid by December 31, 2022, the remaining \$10,000 will be forgiven.
