

ACCESS COMMUNITY CAPITAL FUND

Financial Statements

March 31, 2021

ACCESS COMMUNITY CAPITAL FUND

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Year Ended March 31, 2021

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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, 2021, and the statements of operations and changes in net assets 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, 2021, 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 30, 2021

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

ACCESS COMMUNITY CAPITAL FUND

Statement of Financial Position

As at March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 3)	\$ 692,983	\$ 430,568
Short-term investments (Note 3)	153,425	110,045
Accounts receivable (Note 10)	66,772	14,707
Harmonized Sales Tax recoverable	4,843	3,212
Prepaid expenses	3,090	10,365
	<u>921,113</u>	568,897
INVESTMENTS (Note 3)	<u>-</u>	41,107
	<u>\$ 921,113</u>	<u>\$ 610,004</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Notes 3 and 5)	\$ 71,208	\$ 45,919
Deferred revenues (Note 6)	16,899	46,199
Current portion of investors' loans payable (Note 3)	152,476	148,829
	<u>240,583</u>	240,947
LONG-TERM		
Investors' loans payable (Note 3)	41,500	45,239
Loan payable (Note 7)	516,053	331,053
Loan payable - Canada Emergency Business Account (Note 8)	40,000	-
	<u>597,553</u>	376,292
	838,136	617,239
NET ASSETS (DEFICIT)		
UNRESTRICTED	<u>82,977</u>	(7,235)
	<u>\$ 921,113</u>	<u>\$ 610,004</u>

SIGNIFICANT EVENT (Note 12)

APPROVED ON BEHALF OF THE BOARD

 _____ Director

 _____ 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, 2021

	2021	2020
REVENUES		
Grants <i>(Note 9)</i>	\$ 413,551	\$ 387,822
Government assistance <i>(Note 10)</i>	89,414	11,469
Donations	61,020	33,637
Interest and other	9,305	7,022
Guarantee and loan administration fees	750	3,350
	<u>574,040</u>	<u>443,300</u>
EXPENSES		
Program costs	400,153	389,412
Advertising and promotion	23,825	9,344
Rental	23,015	20,577
Professional fees	17,002	41,377
Office and general	12,019	20,076
Defaulted loans	4,725	14,333
Insurance	2,261	1,924
Interest	828	65
	<u>483,828</u>	<u>497,108</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	90,212	(53,808)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>(7,235)</u>	<u>46,573</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 82,977</u>	<u>\$ (7,235)</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND**Statement of Cash Flows****Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 90,212	\$ (53,808)
Changes in non-cash working capital:		
Accounts receivable	(52,065)	(14,007)
Loans receivable	-	4,333
Harmonized Sales Tax recoverable	(1,631)	3,380
Prepaid expenses	7,275	(7,498)
Accounts payable and accrued liabilities	25,289	11,128
Deferred revenues	(29,300)	6,790
	<u>(50,432)</u>	<u>4,126</u>
Cash flows from (used by) operating activities	<u>39,780</u>	<u>(49,682)</u>
INVESTING ACTIVITY		
Purchase of investments	<u>(2,273)</u>	<u>(2,991)</u>
FINANCING ACTIVITIES		
Investor loans repaid, net	(92)	(500)
Proceeds from loan payable	185,000	186,053
Proceeds from loan payable - Canada Emergency Business Account	<u>40,000</u>	<u>-</u>
Cash flows from financing activities	<u>224,908</u>	<u>185,553</u>
INCREASE IN CASH	262,415	132,880
CASH - BEGINNING OF YEAR	<u>430,568</u>	<u>297,688</u>
CASH - END OF YEAR	<u>\$ 692,983</u>	<u>\$ 430,568</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2021

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.

Government assistance, including rebates and subsidies in response to COVID-19 (*Note 10*), are recognized on an accrual basis in the year in which the related eligible expenses have been incurred.

Forgiveness of the CEBA loan (*Note 8*) is recognized when ACCESS meets the criteria.

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, loans receivable and accounts 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.

Use of estimates

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 year. Significant areas requiring the use of management estimates relate to accrued liabilities, allowance for non-collectible guaranteed business loans and deferred revenues. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known. Actual results could differ from these estimates.

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2021

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, 2021 bear annual interest at rates ranging from 0.15% to 1.64% (2020 - 0.75% to 2.00%) and mature between July 23, 2021 and March 10, 2022.

Long-term investments consist of guaranteed investment certificates issued by Canadian financial institutions. There were no investments classified as long-term at March 31, 2021.

Cash and investments include amounts that support estimated accruals for guaranteed loans (*Notes 5 and 7*). Accounts payable and accrued liabilities at March 31, 2021 include government remittances payable of \$8,715 (2020 - \$7,920)

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, 2021 is \$69,434 (2020 - \$110,028).

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, 2021 of \$4,373 (2020 - \$4,793) with an allowance for doubtful accounts of \$4,373 (2020 - \$4,793) are non-interest bearing and are due on demand.

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2021

5. ALLOWANCE FOR NON-COLLECTIBLE GUARANTEED BUSINESS LOANS

The total business loans guaranteed by ACCESS and outstanding as at March 31, 2021 were \$69,434 (2020 - \$110,028).

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 19,629	\$ 19,615
Increase in reserve	311	14
Balance, end of year	<u>\$ 19,940</u>	<u>\$ 19,629</u>

6. DEFERRED REVENUES

The continuity of deferred revenues are:

Balance, beginning of year	\$ 46,199	\$ 39,409
Add: Amounts received during the year	384,251	394,612
Less: Amounts recognized as revenues during the year	<u>(413,551)</u>	<u>(387,822)</u>
Balance, end of year	<u>\$ 16,899</u>	<u>\$ 46,199</u>

Deferred revenues at March 31 consist of:

	<u>2021</u>	<u>2020</u>
Immigration, Refugees and Citizenship Canada	\$ 3,790	\$ 18,909
Employment and Social Development Canada	13,109	-
Ontario Trillium Foundation	-	9,757
Peter Gilgan Foundation	-	17,533
	<u>\$ 16,899</u>	<u>\$ 46,199</u>

7. 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.

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2021

8. LOAN PAYABLE - CANADA EMERGENCY BUSINESS ACCOUNT

During the year, ACCESS obtained the Canada Emergency Business Account ("CEBA") loan of \$40,000. CEBA is non-interest bearing up to the initial term date of December 31, 2022. From the period commencing December 31, 2022 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

Based on the CEBA Term Loan Agreement, if at least \$30,000 of the loan amount is repaid by December 31, 2022, the remaining balance will be forgiven.

9. GRANTS REVENUES

Grants revenues recognized in the year are:

	<u>2021</u>	<u>2020</u>
Employment and Social Development Canada	\$ 179,459	\$ 195,018
Immigration, Refugees and Citizenship Canada	158,402	51,441
Ontario Trillium Foundation	58,157	118,896
Peter Gilgan Foundation	17,533	22,467
	<u>\$ 413,551</u>	<u>\$ 387,822</u>

10. GOVERNMENT ASSISTANCE

As part of the response to the COVID-19 pandemic, the federal government introduced several programs to assist businesses. ACCESS applied for and received the following government assistance:

Canada Emergency Rent Subsidy

The Canada Emergency Rent Subsidy ("CERS") is available to assist Canadian businesses who have experienced a drop in revenue during the COVID-19 pandemic by providing part of their commercial rent and occupancy expenses. For the period April 1, 2020 to March 31, 2021, ACCESS received \$5,177, which is recognized as government assistance in the current year. Management intends to apply for the CERS for all subsequent periods for which ACCESS is eligible.

Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy ("CEWS") is available to employers who experienced a drop in revenue during the COVID-19 pandemic. For the period April 1, 2020 to March 31, 2021, ACCESS received \$84,237, which is recognized as government assistance in the current year. As at March 31, 2021, \$57,272 is included in accounts receivable. Management intends to apply for the CEWS for all subsequent periods for which ACCESS is eligible.

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2021

11. 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, 2021 consists of \$82,977. ACCESS is not subject to externally imposed capital requirements.

As at March 31 2021, ACCESS has met its objective of having sufficient liquid resources to meet its current obligations.

12. 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 being 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.
