

ACCESS COMMUNITY CAPITAL FUND

Financial Statements

March 31, 2016

ACCESS COMMUNITY CAPITAL FUND

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Year Ended March 31, 2016

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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, 2016 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, 2016 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, 2015 were audited by another auditor, who expressed an unqualified opinion on those statements under date of September 22, 2015.

Hogg, Shain & Scheck PC

Toronto, Ontario
September 14, 2016

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

ACCESS COMMUNITY CAPITAL FUND

Statement of Financial Position

As at March 31, 2016

	2016	2015
ASSETS		
Current		
Cash <i>(Note 3)</i>	\$ 106,038	\$ 52,151
Short term investments <i>(Note 3)</i>	55,079	106,233
Loans receivable <i>(Note 5)</i>	4,989	4,206
Harmonized sales tax recoverable	4,952	2,255
Prepaid expenses	942	1,566
	172,000	166,411
INVESTMENTS <i>(Note 3)</i>	61,268	59,773
	\$ 233,268	\$ 226,184
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities <i>(Notes 3 and 4)</i>	\$ 25,253	\$ 29,621
Deferred grants	14,840	-
Current portion of investors' loans payable <i>(Note 6)</i>	156,329	114,410
	196,422	144,031
INVESTORS' LOANS PAYABLE <i>(Note 6)</i>	17,676	44,941
	214,098	188,972
NET ASSETS - UNRESTRICTED	19,170	37,212
	\$ 233,268	\$ 226,184

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, 2016

	2016	2015
REVENUES		
Grants <i>(Note 7)</i>	\$ 154,184	\$ 157,600
Donations	33,342	21,648
Interest	1,991	3,485
Guarantee and loan administration fees	1,973	2,938
	<u>191,490</u>	<u>185,671</u>
EXPENSES		
Program costs	161,441	116,001
Defaulted loans	16,786	30,456
Rental	15,097	16,878
Office and general	6,382	3,142
Professional fees	6,353	5,091
Insurance	1,985	1,978
Interest	1,221	667
Advertising and promotion	267	1,084
	<u>209,532</u>	<u>175,297</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(18,042)	10,374
NET ASSETS - BEGINNING OF YEAR	<u>37,212</u>	<u>26,838</u>
NET ASSETS - END OF YEAR	<u>\$ 19,170</u>	<u>\$ 37,212</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues	\$ (18,042)	\$ 10,374
Changes in non-cash working capital:		
Loans receivable	(783)	(3,506)
Harmonized sales tax recoverable	(2,697)	454
Prepaid expenses	624	(15)
Accounts payable and accrued liabilities	(4,368)	13,601
Deferred grants	14,840	-
	<u>7,616</u>	<u>10,534</u>
Cash flows from (used in) operating activities	<u>(10,426)</u>	<u>20,908</u>
INVESTING ACTIVITY		
(Purchase) redemption of investments	<u>49,659</u>	<u>(17,587)</u>
FINANCING ACTIVITY		
Investor loans advanced (repaid), net	<u>14,654</u>	<u>(7,587)</u>
INCREASE (DECREASE) IN CASH FLOWS	53,887	(4,266)
CASH - BEGINNING OF YEAR	<u>52,151</u>	<u>56,417</u>
CASH - END OF YEAR	<u>\$ 106,038</u>	<u>\$ 52,151</u>

See the accompanying notes to these financial statements

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2016

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, 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

Year Ended March 31, 2016

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, 2016 bear interest at rates ranging from 0.70% to 1.40% (2015 – 0.80% to 2.20%) and mature between January 23, 2017 and March 10, 2017. An investment classified as non-current at March 31, 2016 bears interest at 2.50% (2015 - 2.50%) and matures 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, 2016 is \$100,840 (2015 - \$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

The total business loans guaranteed by ACCESS and outstanding as at March 31, 2016 was \$95,851 (2015 - \$108,031).

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

	2016	2015
Balance - beginning of year	\$ 21,614	\$ 6,928
Increase (decrease) in reserve	(5,075)	14,686
Balance - end of year	\$ 16,539	\$ 21,614

5. LOANS RECEIVABLE

ACCESS has entered into loan agreements directly with businesses. Amounts outstanding as at March 31, 2016 of \$4,989 (2015 - \$4,206) are non-interest bearing and are due on demand.

ACCESS COMMUNITY CAPITAL FUND

Notes to Financial Statements

Year Ended March 31, 2016

6. INVESTORS' LOANS PAYABLE

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

	<u>2016</u>	<u>2015</u>
Due within one year	\$ 156,329	\$ 114,410
Due after one year	17,676	44,941
	<u>\$ 174,005</u>	<u>\$ 159,351</u>

7. GRANTS REVENUES

Grants revenues recognized in the year are as follows:

	<u>2016</u>	<u>2015</u>
Ontario Trillium Foundation	\$ 66,300	\$ 63,300
Citi Foundation Canada	47,884	53,300
The George Cedric Metcalf Charitable Foundation	30,000	35,000
The Canadian Imperial Bank of Commerce	10,000	5,000
Kiwanis Club of Toronto	-	1,000
	<u>\$ 154,184</u>	<u>\$ 157,600</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's capital at March 31, 2016 consists of its net assets of \$19,170. ACCESS is not subject to externally imposed capital requirements.

As at March 31 2016, ACCESS has met its objective of having sufficient liquid resources to meet its current obligations.
