
Financial statements of
Tropicana Community
Services Organization

March 31, 2019

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Independent Auditor's Report

To the Members of
Tropicana Community Services Organization

Opinion

We have audited the financial statements of Tropicana Community Services Organization (the "Organization"), which comprise the balance sheet as at March 31, 2019, and the statements of revenue, expenses and changes in fund balances and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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 ("Canadian GAAS"). 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 the Organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 GAAS will always detect a material misstatement when it exists. 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 GAAS, 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 the Organization'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 the Organization'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 the Organization 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 11, 2019

Tropicana Community Services Organization

Balance sheet


As at March 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash and term deposits		453,965	92,079
Accounts and other receivables		75,743	99,190
Deposits and prepaid expenses		55,994	58,461
Amount due from funders	5	—	374,643
		585,702	624,373
Capital assets	3	5,645,531	5,761,082
		6,231,233	6,385,455
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15	1,153,885	1,065,465
Current portion of long-term debt	4	75,979	72,483
Amount due to funders	5	69,138	—
Deferred revenue	6	275,077	501,306
		1,574,079	1,639,254
Long-term debt	4	1,455,602	1,531,581
Deferred capital grants	7	2,178,350	2,227,821
		3,633,952	3,759,402
Fund balances			
Unrestricted	8	790,896	792,194
Restricted		(227,142)	(252,314)
Capital building fund	9	459,448	446,919
		1,023,202	986,799
		6,231,233	6,385,455

The accompanying notes are an integral part of the financial statements.

On behalf of the Board

 Director

 Director

Tropicana Community Services Organization
Statement of revenue, expenses and changes in fund balances
Year ended March 31, 2019

	Unrestricted		Daycare	TEC	LYVE	Jobs For Youth	The Lab	Trusteed Projects	Restricted		2019 Total	2018 Total
	General	CAC-NSP							Total restricted	Capital Building Fund		
	\$	\$							\$	\$		
Revenue												
City of Toronto fees	252	—	627,098	—	—	—	—	—	627,098	—	627,350	711,944
City of Toronto grants	94,211	—	258,423	855,900	—	—	3,856	—	1,118,179	—	1,212,390	751,529
Provincial grants	932,912	(3,391)	—	5,250,491	—	—	—	—	5,250,491	—	6,180,012	5,597,389
Federal grants	34,739	—	7,584	22,781	—	—	—	—	30,365	—	65,104	74,289
United Way	480,805	—	—	215,614	—	—	16,950	—	232,564	—	713,369	805,471
Foundations and others	—	—	—	—	—	—	—	28,900	28,900	—	28,900	28,600
Membership and donations	122,945	—	300	2,365	—	—	25,000	—	27,665	14,276	164,886	93,809
Parents fees/Fee for Service	19,675	—	92,665	—	—	—	—	—	92,665	—	112,340	97,322
Fund raising – general and others	—	—	—	—	—	—	—	—	—	—	—	250
Fund raising – spring dance/uplifting spirits	—	—	—	—	—	—	—	—	—	—	—	36,681
Other income and expense recoveries	195,531	—	—	4,435	—	—	—	—	4,435	—	199,966	255,226
Interest income	2,972	—	—	—	—	—	—	—	—	—	2,972	1,486
Rental income	50,269	—	—	—	—	—	—	—	—	—	50,269	48,640
Amortization of deferred capital grants	49,471	—	—	—	—	—	—	—	—	—	49,471	49,471
	1,983,782	(3,391)	986,070	6,351,586	—	—	45,806	28,900	7,412,362	14,276	9,407,029	8,552,107
Expenses												
Advertising and promotion	15,832	—	207	28,913	—	—	—	—	29,120	—	44,952	63,358
Fund raising – spring dance/uplifting spirits	13,300	—	—	—	—	—	—	—	—	—	13,300	9,111
Amortization	144,014	—	1,839	16,199	106	—	2,240	—	20,384	1,747	166,145	171,533
Equipment lease	25,816	—	3,528	15,849	—	—	—	—	19,377	—	45,193	45,774
Food	13,293	—	58,604	7,650	—	—	74	—	66,328	—	79,621	70,569
Insurance	19,245	—	2,629	11,093	—	—	—	—	13,722	—	32,967	33,148
Employment service reimbursement	—	—	—	2,440,012	—	—	—	—	2,440,012	—	2,440,012	2,153,869
HRSDC participants' reimbursement	—	—	—	—	—	—	—	—	—	—	—	6,880
Non-recoverable portion of Harmonized Sales Tax	18,366	—	4,255	19,511	—	—	—	—	23,766	—	42,132	33,710
Professional fees	148,035	—	10,850	80,342	—	—	—	—	91,192	—	239,227	143,510
Program supplies	140,308	—	12,264	44,328	—	—	—	4,835	61,427	—	201,735	51,193
Rent, utilities, renovations and cleaning	4,311	—	1,976	277,165	—	—	—	1,300	280,441	—	284,752	356,686
Salaries and benefits	1,859,989	—	806,694	2,350,244	—	—	—	10,000	3,166,938	—	5,026,927	4,391,582
Special projects	14,844	—	—	5,247	—	—	—	—	5,247	—	20,091	227,672
Stipend	—	—	—	417,688	—	—	—	—	417,688	—	417,688	451,986
Stationery, office supplies and bank charges	144,799	—	27,490	103,601	—	—	22	1,281	132,394	—	277,193	218,249
Telephone	10,736	—	6,286	6,464	—	—	—	—	12,750	—	23,486	23,076
Travel	4,813	—	296	10,096	—	—	—	—	10,392	—	15,205	28,755
	2,577,701	—	936,918	5,834,402	106	—	2,336	17,416	6,791,178	1,747	9,370,626	8,480,661
Allocation – administration expenses	(596,012)	—	49,152	540,564	—	—	2,280	4,016	596,012	—	—	—
Adjusted total expenses	1,981,689	—	986,070	6,374,966	106	—	4,616	21,432	7,387,190	1,747	9,370,626	8,480,661
Excess (deficiency) of revenue over expenses	2,093	(3,391)	—	(23,380)	(106)	—	41,190	7,468	25,172	12,529	36,403	71,446
Fund balances, beginning of year	781,996	10,198	122,654	(236,729)	(311,593)	190,128	11,620	(28,394)	(252,314)	446,919	986,799	915,353
Fund balances, end of year	784,089	6,807	122,654	(260,109)	(311,699)	190,128	52,810	(20,926)	(227,142)	459,448	1,023,202	986,799

The accompanying notes are an integral part of the financial statements.

Tropicana Community Services Organization
Statement of revenue, expenses and changes in fund balances
Year ended March 31, 2018

	Restricted									Capital Building Fund	2018 Total
	Unrestricted		Daycare	TEC	LYVE	Jobs For Youth	The Lab	Trusteed Projects	Total restricted		
	General	CAC-NSP									
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue											
City of Toronto fees	2,300	—	692,234	—	—	—	17,410	—	709,644	—	711,944
City of Toronto grants	146,474	—	102,390	502,665	—	—	—	—	605,055	—	751,529
Provincial grants	456,214	3,391	—	5,137,784	—	—	—	—	5,137,784	—	5,597,389
Federal grants	34,035	—	6,087	34,167	—	—	—	—	40,254	—	74,289
United Way	318,725	—	—	477,383	—	—	—	—	477,383	9,363	805,471
Foundations and others	—	—	—	—	—	—	—	28,600	28,600	—	28,600
Membership and donations	26,383	—	200	32,091	—	—	25,091	—	57,382	10,044	93,809
Parents fees/Fee for Service	35,380	—	57,303	4,639	—	—	—	—	61,942	—	97,322
Fund raising – general and others	250	—	—	—	—	—	—	—	—	—	250
Fund raising – spring dance/uplifting spirits	36,681	—	—	—	—	—	—	—	—	—	36,681
Other income and expense recoveries	255,226	—	—	—	—	—	—	—	—	—	255,226
Interest income	1,486	—	—	—	—	—	—	—	—	—	1,486
Rental income	48,640	—	—	—	—	—	—	—	—	—	48,640
Amortization of deferred capital grants	49,471	—	—	—	—	—	—	—	—	—	49,471
	1,411,265	3,391	858,214	6,188,729	—	—	42,501	28,600	7,118,044	19,407	8,552,107
Expenses											
Advertising and promotion	15,811	—	505	46,532	—	—	—	510	47,547	—	63,358
Fund raising – general and others	—	—	—	—	—	—	—	—	—	—	—
Fund raising – spring dance/uplifting spirits	9,111	—	—	—	—	—	—	—	—	—	9,111
Amortization	145,222	—	1,453	19,293	160	—	3,221	—	24,127	2,184	171,533
Equipment lease	20,298	—	3,819	21,657	—	—	—	—	25,476	—	45,774
Food	9,177	—	53,907	7,174	—	—	31	280	61,392	—	70,569
Insurance	15,506	—	2,639	15,003	—	—	—	—	17,642	—	33,148
Employment service reimbursement	—	—	—	2,153,869	—	—	—	—	2,153,869	—	2,153,869
HRSDC participants' reimbursement	—	—	—	—	6,880	—	—	—	6,880	—	6,880
Non-recoverable portion of Harmonized Sales Tax	11,351	—	3,798	18,553	—	—	8	—	22,359	—	33,710
Professional fees	55,015	—	9,368	79,127	—	—	—	—	88,495	—	143,510
Program supplies	29,326	—	14,430	5,829	—	—	—	1,608	21,867	—	51,193
Rent, utilities, renovations and cleaning	49,541	—	1,979	303,656	—	—	—	1,510	307,145	—	356,686
Salaries and benefits	1,274,209	—	774,884	2,313,711	(653)	—	—	29,431	3,117,373	—	4,391,582
Special projects	2,387	—	—	225,285	—	—	—	—	225,285	—	227,672
Stipend	—	—	—	451,986	—	—	—	—	451,986	—	451,986
Stationery, office supplies and bank charges	128,684	—	20,363	63,468	—	—	185	5,549	89,565	—	218,249
Telephone	8,847	—	5,634	8,595	—	—	—	—	14,229	—	23,076
Travel	3,140	—	—	25,488	—	—	—	127	25,615	—	28,755
	1,777,625	—	892,779	5,759,226	6,387	—	3,445	39,015	6,700,852	2,184	8,480,661
Allocation – administration expenses	(470,946)	—	45,540	425,406	—	—	—	—	470,946	—	—
Adjusted total expenses	1,306,679	—	938,319	6,184,632	6,387	—	3,445	39,015	7,171,798	2,184	8,480,661
Excess (deficiency) of revenue over expenses	104,586	3,391	(80,105)	4,097	(6,387)	—	39,056	(10,415)	(53,754)	17,223	71,446
Fund balance, beginning of year	677,410	6,807	202,759	(240,826)	(305,206)	190,128	(27,436)	(17,979)	(198,560)	429,696	915,353
Fund balances, end of year	781,996	10,198	122,654	(236,729)	(311,593)	190,128	11,620	(28,394)	(252,314)	446,919	986,799

The accompanying notes are an integral part of the financial statements.

Tropicana Community Services Organization

Statement of cash flows

Year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of revenue over expenses	36,403	71,446
Items not affecting cash		
Amortization of deferred capital grant	(49,471)	(49,471)
Amortization of capital assets	166,040	171,533
	152,972	193,508
Changes in non cash working capital items		
Accounts and other receivables	23,447	177,333
Deposits and prepaid expenses	2,467	28,718
Accounts payable and accrued liabilities	88,420	(110,786)
Amount due to funders	443,781	(1,170,028)
Deferred revenue	(226,229)	298,171
	484,858	(583,084)
Investing activity		
Purchase of capital assets	(50,489)	(30,041)
Financing activity		
Long-term debt	(72,483)	(78,614)
Increase (decrease) in cash and term deposits	361,886	(691,739)
Cash and term deposits, beginning of year	92,079	783,818
Cash and term deposits, end of year	453,965	92,079
Cash and term deposits comprise the following		
Cash (bank overdraft)	213,965	(12,961)
Term deposits	240,000	105,040
	453,965	92,079
Supplementary cash flow information		
Interest paid	87,798	65,165

The accompanying notes are an integral part of the financial statements.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

1. Purpose of organization

Tropicana Community Services Organization (the "Organization") is a charitable organization providing culturally appropriate social services in east Toronto, focusing on the needs of youth and the Caribbean and Black communities.

Through the cooperative efforts of staff, volunteers and community partners, the Organization provides counseling and other support programs to have an enduring positive impact in building a healthier community, by enhancing self-reliance and self-worth.

The Organization is a charitable organization under the Income Tax Act and, therefore, is not subject to either Federal or Provincial income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit organizations, using the restricted method of recognizing restricted contributions, and reflect the following policies:

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following annual rates:

Buildings	Straight-basis over 50 years
Machinery and equipment	20% declining-balance
Computer equipment	33.33% declining-balance

Leasehold improvements are amortized on the straight-line basis over the term of the leases.

Revenue recognition

Restricted donations and grants are recognized as revenue of the appropriate restricted funds. All other restricted donations and grants for which no restricted funds have been established are deferred and recognized as revenue of the General Fund in the years in which the related expense are incurred. Unrestricted donations or grants are recognized as revenue of the General Fund.

Allocation of expenses

The Organization does not allocate administration expenses to functions; instead, it records such expenses in a separate account and then re-allocates the total to the various programs based on amounts allowed in the budget by the funders.

Fund balance

Upon completion of each program and subsequent final settlement with the primary funding agency, any remaining fund balance is transferred into the General Fund balance, or as contracted with the Funder, included in the appropriate Restricted Fund.

Donated services

The work of the Organization is dependent on the voluntary services of many members. Due to the difficulty of determining the fair value of these services, they are not recognized in these financial statements and no official receipts are therefore issued.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for term deposits. The Organization has elected to use the fair value option to measure term deposits, with any subsequent changes in fair value recorded in the Statement of revenue, expenses and changes in fund balances.

Deferred capital grants

Amounts received for the purchase of capital assets are recorded as deferred capital grants and are amortized at the same rate as the related capital assets.

3. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Land	700,000	—	700,000	700,000
Building	5,329,423	591,261	4,738,162	4,845,431
Furniture and equipment	705,714	579,579	126,135	126,311
Computer equipment	829,111	762,491	66,620	71,073
Leasehold improvements	358,741	344,127	14,614	18,267
	7,922,990	2,277,459	5,645,531	5,761,082

The Organization purchased its own building on February 17, 2012. Amortization of the building commenced upon occupancy on July 1, 2013.

The Ministry of Children and Youth Services (the "Ministry") agreed to assist the Organization by providing funds for the acquisition and renovation of the premises for use to operate the program approved by and/or funded by the Ministry. The amount contributed was \$2,000,000, of which \$700,000 was for the purchase of the land and was received and recorded in the Statement of changes in fund balances during the 2012 fiscal year. The remaining \$1,300,000 is included in deferred capital grant (Note 7).

4. Long-term debt

On February 14, 2012, the Organization entered into a fixed rate loan agreement with the Royal Bank of Canada. The original principal amount was \$940,000 and bore an annual interest rate of 3.70%. The loan was repayable by consecutive monthly blended payments of \$5,548, including interest, based on a 240-month amortization. On February 17, 2015, this loan agreement was renewed for a 36-month term with a principal amount of \$842,462 and bore an annual interest rate of 3.20%. The loan is repayable by consecutive monthly blended payments of \$5,322, including interest, based on a 205-month amortization. All outstanding principal and interest was payable in full at the end of the term. On February 18, 2018, this loan agreement was renewed for a 36-month term with a principal amount of \$726,521 and bears an annual interest rate of 4.72%. The loan is repayable by consecutive monthly blended payments of \$5,892, including interest, based on a 169-month amortization. All outstanding principal and interest is payable in full at the end of the term.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

4. Long-term debt (continued)

Additionally, on February 17, 2015, the Organization entered into a fixed rate loan agreement with Royal Bank of Canada. The principal amount of \$1,000,000 bore an annual interest of 3.20% for a 36-month term. The loan was repayable by consecutive monthly blended payments of \$5,648, including interest, based on a 240-month amortization. On February 18, 2018, this loan agreement was renewed for a 36-month term with a principal amount of \$891,063 and bears an annual interest rate of 4.72%. The loan is repayable by consecutive monthly blended payments of \$6,340, including interest, based on a 205-month amortization. All outstanding principal and interest is payable in full at the end of the term.

As security, the bank has a first ranking interest in all personal property of the Organization and also has a first fixed charge on the land and building (Note 3).

Long-term debt consists of the following:

	2019	2018
	\$	\$
Principal amount outstanding	1,531,581	1,604,064
Less: current portion	75,979	72,483
Long-term portion	<u>1,455,602</u>	<u>1,531,581</u>

Interest paid for the year ended March 31, 2019 totaled \$74,301 (\$65,165 in 2018).

5. Amount due from (to) funders

The amount represents overspent (unspent) funding that will be recovered from (by) the funders in the next fiscal year.

6. Deferred revenue

	2019	2018
	\$	\$
Trusted projects	14,550	10,159
Daycare wage subsidy (Note 11)	(46,045)	(46,045)
Daycare	184,653	115,014
Pre-apprenticeship	30,435	127,738
United Way	125	168,096
Other programs	91,359	126,344
	<u>275,077</u>	<u>501,306</u>

The Organization administers certain projects under the terms of trustee agreements. Revenue is recognized for these projects to the extent of expenses incurred, with the unspent amounts included in deferred revenue.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

7. Deferred capital grants

	2019	2018
	\$	\$
Ministry of Children and Youth Services	1,300,000	1,300,000
Federal Economic Development Agency	612,709	612,709
Ontario Trillium Foundation	546,553	546,553
	<u>2,459,262</u>	<u>2,459,262</u>
Accumulated amortization	(280,912)	(231,441)
	<u>2,178,350</u>	<u>2,227,821</u>

8. Unrestricted fund

The Unrestricted fund includes the invested in capital assets fund, which consists of:

	2019	2018
	\$	\$
Net book value of capital assets (Note 3)	5,645,531	5,761,082
Long-term debt (Note 4)	(1,531,581)	(1,604,064)
Deferred capital grant (Note 7)	(2,178,350)	(2,227,821)
	<u>1,935,600</u>	<u>1,929,197</u>

9. Capital building fund

The Capital building fund is an internally restricted account that was established by the Board with the aim to appropriate contributions, and record funds expended, towards the future development of the Organization's own building.

10. Transfer Payment Annual Reconciliation ("TPAR")

The Organization has five Service Contracts/CFSA (Child and Family Services Act) Approvals with the Ministry of Community and Social Services and the Ministry of Children and Youth Services. The contracts require the completion of an annual program reconciliation report that summarizes by service, all revenues and expenses and identifies any resulting surplus or deficits.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

10. Transfer Payment Annual Reconciliation ("TPAR") (continued)

These reports show the following services to be in surplus (deficit) position for the year ended March 31, 2018:

	V.A.W. (Counsel. Service)	V.A.W. (Perf. Mngt. Framework)	V.A.W. (Capacity Building)	C.A.C. (Transitional Support)	SNAP (Stop Now and Plan)	Mentoring Program	2019 Total	2018 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue per TPAR	153,626	2,100	5,400	71,848	471,400	160,000	864,374	428,047
Expenses per TPAR	153,651	2,053	5,955	76,783	462,452	158,641	859,535	386,862
(Deficit) surplus per TPAR	(25)	47	(555)	(4,935)	8,948	1,359	4,839	41,185

11. Toronto Children's Services wage grants

The following grants received and expense amounts are included in the Daycare column amounts on the Statement of revenue, expenses and changes in fund balances.

	Wage subsidy	P.E. Prior 98	P.E. 99-05	Wage improvement funding	PWE	2019 Total	2018 Total
	\$	\$	\$	\$	\$	\$	\$
Deferred from prior years	(1) (46,045)	—	—	—	—	(46,045)	(46,066)
Grants received							
Infant/Toddler	—	—	—	—	34,700	34,700	
Pre-school/School Age	—	—	—	—	18,916	18,916	
	(2) —	—	—	—	53,616	53,616	
Expense							
Infant/Toddler	—	—	—	—	34,700	34,700	
Pre-school/School Age	—	—	—	—	18,916	18,916	
	(3) —	—	—	—	53,616	53,616	
Wage subsidies returned to Children's Services this fiscal year	(4) —	—	—	—	—	—	—
Wage subsidies deferred to future years							
(1) + (2) - (3) - (4)	(46,045)	—	—	—	—	(46,045)	(46,066)

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

12. Guarantees and commitments

(i) Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to the disclosure requirements of AcG-14 are as follows:

- (a) The Organization has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Organization agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) Indemnity has been provided to all directors and or officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to association with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Organization. The maximum amount of any potential future payment cannot be reasonably estimated.
- (c) In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Organization to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

12. Guarantees and commitments (continued)

(ii) Commitments

The Organization has the following minimum lease commitments under operating leases, the latest expiry date of which is May 31, 2024:

	<u>\$</u>
2020	87,259
2021	87,771
2022	62,914
2023	67,518
2024 and thereafter	<u>78,771</u>
	<u>384,233</u>

13. Financial instruments

Fair value

The fair value of the Organization's accounts receivable, accounts payable and accrued liabilities and amount due to funders approximates their carrying value due to their short-term maturity.

The Organization manages the risks associated with financial instruments as follows:

- Credit risk is the possibility that other parties may default on their financial obligations. The Organization manages its credit risk by renewing the allowance for potential credit losses on a regular basis.
- Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The Organization manages this risk on investments by investing in short term investments, which limits exposure to this risk. The Organization's mortgage is at a fixed rate which allows the Organization to manage future cash flows.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

14. Project classification

The Organization has several restricted and unrestricted projects to complete. The funds for restricted projects are to be used for those specific projects only. The following are programs carried out by the Organization during the year:

<u>Unrestricted</u>	<u>Program/Project</u>
Administration	Capital Campaign Community Relations Resource Development Finance Human Resources Food & Toy Drive
Culturally Appropriate Counselling	Individual & Family Counselling Newcomer Settlement Program (Pay Equity) Violence Against Women Counselling Transition & Housing Support Success Through Aggression Replacement Training (Start) Women Empowering Women Support Group Stop Now and Plan (SNAP)
Youth	ManUP Sister 2 Sister Defy Your Label Girls Defy Your Label Boys Together We Can – Youth Mentorship YMCA Exchange Video Game Drop-In
Education	Tutoring Learning Clubs - Chess, Stem, Staying on Code, Steelpan The Lab Powered by Freedom Mobile Camp Tropicana – Summer & March Break
<u>Restricted</u>	<u>Program/Project</u>
Children of Tomorrow Day Care	Infant, Toddler, Preschool Full Day Kindergarten, School-Age
Tropicana Employment Centre (TEC)	Employment Service Youth Job Connection Youth Job Connection Summer Canada Ontario Job Grant Career Navigator – Retail netWORKS Pre-Apprenticeship - Autobody & Collision Repair Toronto Youth Jobs Corps Youth Job Link
Trusted Projects	Children & Youth Dance Theatre (OTF) Scarborough Basketball Association

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2019

15. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$303 (\$449 in 2018) of income taxes, CPP and EI owing to the government.