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# Financial statements of Tropicana Community Services Organization

March 31, 2020

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Independent Auditor's Report	1-2
Balance sheet	3
Statement of revenue, expenses and changes in fund balances	4-5
Statement of cash flows	6
Notes to the financial statements	7-14

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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, 2020, and the statements of revenue, expenses and changes in fund balances, and 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, 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 ("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  
July 31, 2020

**Tropicana Community Services Organization**

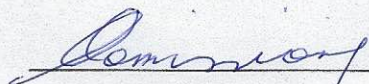
**Balance sheet**

As at March 31, 2020

	Notes	2020 \$	2019 \$
<b>Assets</b>			
Current assets			
Cash and term deposits		528,750	453,965
Accounts and other receivables		7,196	75,743
Deposits and prepaid expenses		41,998	55,994
		<b>577,944</b>	585,702
Capital assets	3	5,488,037	5,645,531
		<b>6,065,981</b>	6,231,233
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		1,136,503	1,153,885
Current portion of long-term debt	4	1,455,602	75,979
Amount due to funders	5	43,363	69,138
Deferred revenue	6	35,429	275,077
		<b>2,670,897</b>	1,574,079
Long-term debt	4	—	1,455,602
Deferred capital grants	7	2,286,180	2,178,350
		<b>2,286,180</b>	3,633,952
<b>Fund balances</b>			
Unrestricted	8	655,941	790,896
Restricted		(15,783)	(227,142)
Capital building fund	9	468,746	459,448
		<b>1,108,904</b>	1,023,202
		<b>6,065,981</b>	6,231,233

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, 2020

	Unrestricted		Restricted						Capital Building Fund	2020 Total	2019 Total	
	General	CAC - NSP	Day care	TEC	LYVE	Jobs For Youth	The Lab	Trusteed Projects				Total restricted
	\$	\$										
<b>Revenue</b>												
City of Toronto fees	—	—	983,130	—	—	—	—	—	983,130	—	983,130	627,350
City of Toronto grants	211,689	—	289,365	361,787	—	—	7,122	—	658,273	—	869,962	1,212,390
Provincial grants	941,347	—	—	4,818,044	—	—	—	—	4,818,044	—	5,759,391	6,180,012
Federal grants	48,962	—	8,839	25,494	—	—	—	—	34,333	—	83,295	65,104
United Way	445,760	—	—	105,015	—	—	16,950	—	121,965	9,547	577,272	713,369
Foundations and others	—	—	—	—	—	—	—	—	—	—	—	28,900
Membership and donations	72,660	—	300	13,000	—	—	—	—	13,300	1,589	87,549	164,886
Parents fees/Fee for Service	26,432	—	105,142	—	—	—	—	—	105,142	—	131,574	112,340
Fund raising – general and others	—	—	—	—	—	—	—	—	—	—	—	—
Fund raising – spring dance/uplifting spirits	—	—	—	—	—	—	—	—	—	—	—	—
Other income and expense recoveries	33,731	—	—	532	—	—	—	—	532	—	34,263	199,966
Interest income	9,892	—	—	—	—	—	—	—	—	—	9,892	2,972
Rental income	67,349	—	—	—	—	—	22,330	—	22,330	—	89,679	50,269
Amortization of deferred capital grants	52,171	—	—	—	—	—	—	—	—	—	52,171	49,471
	<b>1,909,993</b>	<b>—</b>	<b>1,386,776</b>	<b>5,323,871</b>	<b>—</b>	<b>—</b>	<b>46,402</b>	<b>—</b>	<b>6,757,049</b>	<b>11,135</b>	<b>8,678,177</b>	<b>9,407,029</b>
<b>Expenses</b>												
Advertising and promotion	7,514	—	—	22,747	—	—	—	—	22,747	—	30,261	44,952
Fund raising – spring dance/uplifting spirits	10,988	—	—	—	—	—	—	—	—	—	10,988	13,300
Amortization	137,566	—	1,861	15,263	71	—	1,568	—	18,763	1,165	157,494	166,145
Equipment lease	17,036	—	800	17,128	—	—	340	—	18,268	—	35,304	45,193
Food	15,415	—	67,215	3,757	—	—	87	—	71,059	647	87,121	79,621
Insurance	18,120	—	5,897	16,287	—	—	228	—	22,411	—	40,531	32,967
Employment service reimbursement	—	—	—	1,843,206	—	—	—	—	1,843,206	—	1,843,206	2,440,012
HRSDC participants' reimbursement	—	—	—	—	—	—	—	—	—	—	—	—
Non-recoverable portion of Harmonized Sales Tax	18,506	1	5,880	16,344	—	—	122	—	22,346	26	40,879	42,132
Professional fees	239,755	—	11,805	73,975	—	—	620	—	86,399	—	326,154	239,227
Program supplies	27,856	—	31,907	3,271	—	—	—	—	35,178	—	63,034	201,735
Rent, utilities, renovations and cleaning	87,682	—	2,036	284,967	—	—	1,705	—	288,708	—	376,390	284,752
Salaries and benefits	1,814,677	—	903,362	1,937,996	—	—	427	—	2,841,786	—	4,656,463	5,026,927
Special projects	2,801	—	—	3,304	—	—	—	—	3,304	—	6,105	20,091
Stipends - YJC Program Training	—	—	—	404,628	—	—	—	—	404,628	—	404,628	417,688
Stationery, office supplies and bank charges	229,568	2	49,129	173,614	—	—	4,440	—	227,183	—	456,753	277,193
Telephone	10,631	—	7,215	6,406	—	—	187	—	13,807	—	24,438	23,486
Travel	7,046	—	—	25,680	—	—	—	—	25,680	—	32,726	15,205
	<b>2,645,161</b>	<b>3</b>	<b>1,087,106</b>	<b>4,848,572</b>	<b>71</b>	<b>—</b>	<b>9,724</b>	<b>—</b>	<b>5,945,473</b>	<b>1,837</b>	<b>8,592,475</b>	<b>9,370,626</b>
Allocation – administration expenses	(600,217)	—	67,743	530,194	—	—	2,280	—	600,217	—	—	—
Adjusted total expenses	<b>2,044,944</b>	<b>3</b>	<b>1,154,849</b>	<b>5,378,766</b>	<b>71</b>	<b>—</b>	<b>12,004</b>	<b>—</b>	<b>6,545,690</b>	<b>1,837</b>	<b>8,592,475</b>	<b>9,370,626</b>
Excess (deficiency) of revenue over expenses	(134,952)	(3)	231,927	(54,895)	(71)	—	34,398	—	211,359	9,298	85,702	36,403
Fund balances, beginning 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
<b>Fund balances, end of year</b>	<b>649,137</b>	<b>6,804</b>	<b>354,581</b>	<b>(315,004)</b>	<b>(311,770)</b>	<b>190,128</b>	<b>87,208</b>	<b>(20,926)</b>	<b>(15,783)</b>	<b>468,746</b>	<b>1,108,904</b>	<b>1,023,202</b>

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

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

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

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

## Tropicana Community Services Organization

### Statement of cash flows

Year ended March 31, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	85,702	36,403
Items not affecting cash		
Amortization of deferred capital grant	(52,171)	(49,471)
Amortization of capital assets	157,494	166,040
	<b>191,025</b>	152,972
Changes in non cash working capital items		
Accounts and other receivables	68,547	23,447
Deposits and prepaid expenses	13,996	2,467
Accounts payable and accrued liabilities	(17,382)	88,420
Amount due to funders	(25,775)	443,781
Deferred revenue	(79,647)	(226,229)
	<b>150,764</b>	484,858
<b>Investing activity</b>		
Purchase of capital assets	—	(50,489)
<b>Financing activity</b>		
Repayment of long-term debt	(75,979)	(72,483)
Increase (decrease) in cash and term deposits	74,785	361,886
Cash and term deposits, beginning of year	453,965	92,079
<b>Cash and term deposits, end of year</b>	<b>528,750</b>	453,965
<b>Cash and term deposits comprise the following</b>		
Cash	528,750	213,965
Term deposits	—	240,000
	<b>528,750</b>	453,965
<b>Supplementary cash flow information</b>		
Interest paid	88,502	87,798

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



# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2020

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### 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, 2020

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## 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

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	2019 Net book value
	\$	\$	\$	\$
Land	<b>700,000</b>	—	<b>700,000</b>	700,000
Building	<b>5,329,423</b>	<b>698,530</b>	<b>4,630,893</b>	4,738,162
Furniture and equipment	<b>705,714</b>	<b>604,806</b>	<b>100,908</b>	126,135
Computer equipment	<b>829,111</b>	<b>784,566</b>	<b>44,545</b>	66,620
Leasehold improvements	<b>358,741</b>	<b>347,050</b>	<b>11,691</b>	14,614
	<b>7,922,989</b>	<b>2,434,952</b>	<b>5,488,037</b>	5,645,531

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, 2020

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#### 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:

	2020	2019
	\$	\$
Principal amount outstanding	1,455,602	1,531,581
Less: current portion	1,455,602	75,979
Long-term portion	—	1,455,602

Interest paid for the year ended March 31, 2020 totaled \$70,804 (\$74,301 in 2019). The Organization has commenced negotiations with Royal Bank of Canada to renew the long-term debt for an additional period of up to 36 months, and anticipate no issues with extending this agreement.

#### 5. Amount due from (to) funders

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

#### 6. Deferred revenue

	2020	2019
	\$	\$
Trusted projects	—	14,550
Daycare wage subsidy (Note 11)	(46,045)	(46,045)
Daycare	49,718	184,653
Pre-apprenticeship	—	30,435
United Way	—	125
Other programs	31,756	91,359
	<b>35,429</b>	<b>275,077</b>

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, 2020

#### 7. Deferred capital grants

	2020 \$	2019 \$
Ministry of Children and Youth Services	<b>1,300,000</b>	1,300,000
Federal Economic Development Agency	<b>612,709</b>	612,709
Ontario Trillium Foundation	<b>546,553</b>	546,553
Toronto Foundation	<b>160,000</b>	—
	<b>2,619,262</b>	2,459,262
Accumulated amortization	<b>(333,082)</b>	(280,912)
	<b>2,286,180</b>	2,178,350

#### 8. Unrestricted fund

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

	2020 \$	2019 \$
Net book value of capital assets (Note 3)	<b>5,488,037</b>	5,645,531
Long-term debt (Note 4)	<b>(1,455,602)</b>	(1,531,581)
Deferred capital grant (Note 7)	<b>(2,286,180)</b>	(2,178,350)
	<b>1,746,255</b>	1,935,600

#### 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.

These reports show the following services to be in surplus (deficit) position for the year ended March 31, 2020:

	V.A.W. (Counsel Service) \$	(Perf. Mngt. Framework) \$	(Capacity Building) \$	C.A.C. (Transitional Support) \$	SNAP (Stop Now and Plan) \$	Mentoring Program \$	2020 Total \$	2019 Total \$
Revenue per TPAR	<b>150,694</b>	<b>2,100</b>	<b>5,400</b>	<b>71,848</b>	<b>472,403</b>	<b>160,022</b>	<b>862,467</b>	864,374
Expenses per TPAR	<b>147,650</b>	<b>773</b>	<b>5,858</b>	<b>69,387</b>	<b>549,847</b>	<b>178,592</b>	<b>952,107</b>	859,535
(Deficit) surplus per TPAR	<b>3,044</b>	<b>1,327</b>	<b>(458)</b>	<b>2,461</b>	<b>(77,444)</b>	<b>(18,570)</b>	<b>(89,640)</b>	4,839

## Tropicana Community Services Organization

### Notes to the financial statements

March 31, 2020

#### 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	2020 Total	2019 Total
		\$	\$	\$	\$	\$	\$	\$
Deferred from prior years	(1)	(46,045)					(46,045)	(46,045)
Grants received								
Infant/Toddler						35,508	35,508	34,700
Pre-school/School Age						13,748	13,748	18,916
	(2)	—	—	—	—	49,256	49,256	53,616
Expense								
Infant/Toddler						35,508	35,508	34,700
Pre-school/School Age						13,748	13,748	18,916
	(3)	—	—	—	—	49,256	49,256	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)	(46,045)

#### 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.

## Tropicana Community Services Organization

### Notes to the financial statements

March 31, 2020

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#### 12. Guarantees and commitments (continued)

(i) *Guarantees (continued)*

(c) (continued)

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.

(ii) *Commitments*

The Organization has the following minimum lease commitments under operating leases, the latest expiry date of which is September 30, 2025:

	<u>\$</u>
2021	82,586
2022	83,353
2023	87,189
2024 and thereafter	<u>118,615</u>
	<u>371,744</u>

#### 13. Financial instruments

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, 2020

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### 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, 2020

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#### **15. 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 has 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 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.