

Financial statements of

**Tropicana Community
Services Organization**

March 31, 2011

Tropicana Community Services Organization

March 31, 2011

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Independent Auditor's Report

To the Members of Tropicana Community Services Organization

We have audited the accompanying financial statements of Tropicana Community Services Organization, which comprise the statement of financial position as at March 31, 2011, and the statements of revenues, expenses and changes in fund balances and of 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 generally accepted accounting standards, 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. Except as explained below, 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 in our audit 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 the Organization as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 13, 2011

Tropicana Community Services Organization

Statements of revenue, expenses and changes in fund balances

year ended March 31, 2011

	2011											2010	
	Restricted										Capital Building Fund	Total	Total
	General	Daycare	A.Y.C.E.	S.Y.R.C.	I.S.A.P.	I. Y. YCF	Summer Jobs For Youth	Microsoft ProTech	Trusteed Projects	Total Restricted		Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue													
City of Toronto fees	-	731,515	-	-	-	-	-	-	-	731,515	-	731,515	740,429
City of Toronto grants	79,850	151,754	39,226	-	-	67,725	-	-	41,609	300,314	-	380,164	800,256
Provincial grants													
(General includes \$36,502 for NSP)	252,939	1,000	3,408,622	-	-	-	4,176,001	-	3,992	7,589,615	-	7,842,554	7,094,032
Less: Unspent provincial grants	-	-	(512,214)	-	-	-	-	-	-	(512,214)	-	(512,214)	(347,130)
Federal grants	-	3,648	148,770	285,457	67,229	-	-	-	-	505,104	-	505,104	481,855
United Way	411,644	-	-	52,713	-	-	-	-	92,864	145,577	14,805	572,026	717,501
Ontario Trillium Foundation	-	-	-	74,600	-	-	-	-	3,750	78,350	-	78,350	37,100
Membership and donations	34,365	265	2,000	-	-	-	-	83,942	-	86,207	88,994	209,566	290,959
Parents fees	23,651	39,491	-	100	-	-	-	-	-	39,591	-	63,242	58,679
Fund raising projects-net	-	-	-	-	-	-	-	-	-	-	23,573	23,573	41,908
Other income and expense recoveries	257,687	47	35,560	7,447	-	-	-	-	150	43,204	-	300,891	466,881
Interest income	2,073	-	-	-	-	-	-	-	-	-	-	2,073	951
Rental income	2,645	-	-	480	-	-	-	-	-	480	-	3,125	2,155
	1,064,854	927,720	3,121,964	420,797	67,229	67,725	4,176,001	83,942	142,365	9,007,743	127,372	10,199,969	10,385,576
Expenses													
Advertising and promotion	21,520	-	104,643	4,552	25	-	13,608	-	1,712	124,540	3,127	149,187	133,504
Capital expenditure	-	-	1,606	-	-	-	-	-	-	1,606	-	1,606	-
Fund raising expenses	2,614	-	-	-	-	-	-	-	-	-	36,859	39,473	30,644
Amortization	23,294	4,459	42,060	3,377	181	-	44,316	-	211	94,604	-	117,898	129,507
Equipment lease	21,619	3,459	18,067	6,592	3,716	-	-	-	-	31,834	-	53,453	42,537
Food	10,145	56,448	2,194	2,832	29	1,922	9,314	-	2,126	74,865	-	85,010	118,738
Insurance	6,910	4,578	13,364	1,123	341	-	-	-	-	19,406	-	26,316	27,468
Job Connect reimbursement	-	-	217,160	-	-	-	-	-	-	217,160	-	217,160	331,567
HRSDC participants' reimbursement	-	-	-	159,830	-	-	-	-	-	159,830	-	159,830	157,280
Non-recoverable portion of GST/HST	11,325	4,493	14,852	1,385	514	178	7,584	485	252	29,743	123	41,191	36,086
OSJS reimbursement	-	-	591,741	-	-	-	-	-	-	591,741	-	591,741	426,257
Professional fees	56,449	6,938	64,440	13,326	761	855	60,461	10,027	8,194	165,002	-	221,451	411,247
Program supplies	10,707	20,920	43,430	1,679	13	-	131,954	-	134	198,130	-	208,837	149,566
Rent, utilities and cleaning	168,108	16,211	146,314	300	6,888	-	29,520	-	-	199,233	-	367,341	421,283
Salaries and benefits	1,305,277	732,508	1,444,731	229,125	56,811	60,102	3,457,106	69,792	37,288	6,087,463	-	7,392,740	6,977,705
Special projects	3,725	2,025	171,799	5,000	-	-	19,474	-	68,742	267,040	-	270,765	176,109
Stationery, office supplies and bank charges	107,432	9,735	62,669	12,729	3,821	849	205,660	3,094	20,405	318,962	-	426,394	722,850
Telephone	7,633	4,477	8,644	3,474	381	3,539	5,855	544	1,630	28,544	-	36,177	54,490
Travel	6,236	197	8,011	1,486	385	280	10,692	-	1,671	22,722	-	28,958	26,458
	1,762,994	866,448	2,955,725	446,810	73,866	67,725	3,995,544	83,942	142,365	8,632,425	40,109	10,435,528	10,373,296
Allocation - administration expenses	(530,490)	62,265	209,982	32,318	4,265	-	221,660	-	-	530,490	-	-	-
Adjusted total expenses	1,232,504	928,713	3,165,707	479,128	78,131	67,725	4,217,204	83,942	142,365	9,162,915	40,109	10,435,528	10,373,296
Excess (deficiency) of revenue over expenses	(167,650)	(993)	(43,743)	(58,331)	(10,902)	-	(41,203)	-	-	(155,172)	87,263	(235,559)	12,280
Fund balance, beginning of year	414,249	227,505	(154,109)	(20,072)	(75,288)	2,681	209,345	-	-	190,062	166,010	770,321	758,041
Fund balances, end of year	246,599	226,512	(197,852)	(78,403)	(86,190)	2,681	168,142	-	-	34,890	253,273	534,762	770,321

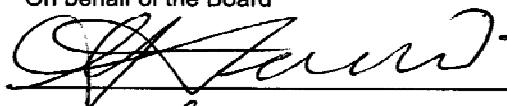
Tropicana Community Services Organization

Balance sheet

as at March 31, 2011

	2011	2010
	\$	\$
Assets		
Current assets		
Cash and term deposits (Note 4)	895,039	954,736
Accounts receivable	882,447	1,000,199
Deposits and prepaid expenses	80,547	48,598
	<u>1,858,033</u>	<u>2,003,533</u>
Capital assets (Note 5)	368,172	467,196
	<u>2,226,205</u>	<u>2,470,729</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	655,427	640,644
Amount due to funders (Note 6)	521,908	378,220
Deferred revenue (Note 7)	514,108	681,544
	<u>1,691,443</u>	<u>1,700,408</u>
Fund balances		
General		
Invested in capital assets	368,172	467,196
Unrestricted	(121,573)	(52,947)
	<u>246,599</u>	<u>414,249</u>
Restricted		
Capital building	34,890	190,062
	<u>253,273</u>	<u>166,010</u>
	<u>534,762</u>	<u>770,321</u>
	<u>2,226,205</u>	<u>2,470,729</u>

On behalf of the Board



Director



Director

Tropicana Community Services Organization

Statement of cash flows year ended March 31, 2011

	2011	2010
	\$	\$
Operating activities		
Excess of (expenses over revenue) revenue over expenses	(235,559)	12,280
Item not affecting cash		
Amortization of capital assets	117,898	129,507
	(117,661)	141,787
 Changes in non cash working capital items		
Accounts receivable	117,752	(379,331)
Deposits and prepaid expenses	(31,949)	18,275
Accounts payable and accrued liabilities	14,783	23,771
Amount due to funders	143,688	256,380
Deferred revenue	(167,436)	426,397
	(40,823)	487,279
Investing activity		
Purchase of capital assets	(18,874)	(132,961)
 (Decrease) increase in cash and term deposits	(59,697)	354,318
Cash and term deposits, beginning of year	954,736	600,418
Cash and term deposits, end of year	895,039	954,736
 Cash and term deposits comprise the following:		
Cash	521,690	582,845
Term deposits	373,349	371,891
	895,039	954,736

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2011

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 for 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:

Furniture and equipment	-	20% declining-balance
Computer equipment	-	33.33% declining-balance

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

Revenue recognition

Restricted donations or grants are recognized as revenue of the appropriate restricted funds. All other restricted donations or 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.

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 service 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.

Financial instruments

The Organization has classified each of its financial instruments into the following categories, effective April 1, 2008. The category for an item determines its accounting.

<u>Asset/liability</u>	<u>Category</u>	<u>Measurement</u>
Cash and term deposits	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Amount due to funders	Other liabilities	Amortized cost

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2011

2. Significant accounting policies (continued)

Financial instruments (continued)

Held-for-trading items are carried at fair value, with changes in their fair value recognized in the Statement of revenue and expenses.

Accounts receivables are carried at amortized cost, using the effective interest method, net of any impairment.

Accounts payable and accrued liabilities and Amount due to funders are carried at amortized cost, using the effective interest method.

3. Future accounting changes

In December 2010, the CICA issued a new accounting framework applicable to Not-for-Profit Organizations. Effective for fiscal years beginning on or after January 1, 2012 Not-for-Profit Organizations will have to choose between International Financial Reporting Standards ("IFRSs") and Canadian accounting standards for Not-for-Profit Organizations. Early adoption of these standards is permitted. The Foundation currently plans to adopt the new accounting standards for Not-for-Profit Organizations for its fiscal year beginning on April 1, 2012. The impact of transitioning to these new standards has not been determined.

4. Credit facility

The Organization has available, a \$200,000 credit facility with the Royal Bank of Canada. As security for the operating line of credit, the Organization must maintain a minimum term deposits balance of \$200,000. During the course of the year, and as at March 31, 2011, no funds from the facility had been drawn.

5. Capital assets

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and equipment	401,491	246,706	154,785	187,305
Computer equipment	609,012	490,191	118,821	163,404
Leasehold improvements	358,740	264,174	94,566	116,487
	1,369,243	1,001,071	368,172	467,196

6. Amount due to funders

The amount represents unspent funding that will be applied against funding in the next fiscal year.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2011

7. Deferred revenue

	2011	2010
	\$	\$
Trusteed projects	210,703	228,379
Daycare (Note 10)	3,053	2,947
Other programs	300,352	450,218
	514,108	681,544

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.

8. 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.

9. 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 deficit.

A review of these reports shows the following services to be in surplus (deficit) position for the year ended March 31, 2011:

						2011	2010
	V. A. W. (Counsel. Service)	V. A. W. (Perf. Mngt. Framework)	V. A. W. (Capacity Building)	Summer Jobs For Youth	C.A.C. (Transitional Support)	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue per TPAR	132,853	2,100	8,584	4,176,001	69,555	4,389,093	4,083,774
Expenses per TPAR	132,839	2,100	8,553	4,176,001	69,555	4,389,048	4,082,099
Surplus per TPAR	14	-	31	-	-	45	1,675

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2011

10. Toronto Children's Services wage subsidies

	Wage subsidy	Pay equity	Wage improvement funding	Total
	\$	\$	\$	\$
Deferred from prior years (1)	2,947	-	-	2,947
Received in this fiscal year (2)	123,776	15,696	12,388	151,860
Wage subsidies expensed in this fiscal year (3)	123,670	15,696	12,388	151,754
Wage subsidies returned to Children's Services this fiscal year (4)	-	-	-	-
Wage subsidies deferred to future years (1) + (2) - (3) - (4)	3,053	-	-	3,053

11. 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:

- 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.
- 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.
- 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, 2011

11. Guarantees and commitments (continued)

(ii) Commitments

The Organization has the following minimum lease commitments under operating leases:

	\$
2012	305,922
2013	147,347
2014	133,098
2015	22,183
	<hr/> 608,550 <hr/>

12. Capital disclosure

The Organization considers its capital to be restricted net assets and deferred revenue.

The Organization's objectives when managing its capital is to meet any externally imposed restrictions and it has met that requirement.

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.

Tropicana Community Services Organization

Notes to the financial statements

March 31, 2011

14. Project classification

Tropicana 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>Department</u>	<u>Program/Project</u>
General	
Administration/Capital Campaign/Fundraising	
C.A.C. - Culturally Appropriate Counselling	Family Counselling N.S.P. - Newcomer Settlement Program V.A.W. - Violence Against Women A.R.T. - Aggression Replacement Training Transitional Support
Youth	Youth Development Youth Start
Education	Tutoring Camp Tropicana March BreakCamp Defy Your Label
Special Projects	Parent Support
Restricted	
Children of Tomorrow Day Care Organizations	Pre-school/School Age Infant/Toddler
A.Y.C.E. - Alternative Youth Centre for Employment	Job Connect/Employment Service Job/Employment Subsidies Pre-apprenticeship Training Program J.S.W. - Job Search Workshop O.S.J.S. - Ontario Summer Jobs Service Entry Point Project Investing in Neighbourhood Bridging Business Careers
Youth Resource Centre	Scarborough Youth Resource Centre. Leading Youth to Viable Employment YRC-Trillium
Counselling	I.S.A.P. - Immigration Settlement & Adaptation Program
Jobs for Youth	Summer Jobs For Youth
Trusted Projects	Building Sustainable Capacities YCF - Elevated Grounds YCF - Lawrence Heights Steeles/L'Amoreaux Youth Hub Steeles/L'Amoreaux Neighbourhood Action Service Development Investment Program Youth Opportunities Program
Special Projects	Microsoft ProTech Media Centre Identify N' Impact YCF - Creating Leaders in Chester Le