

Financial statements of

**Tropicana Community  
Services Organization**

March 31, 2014

# Tropicana Community Services Organization

March 31, 2014

## Table of contents

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 .....	7-12

Deloitte LLP  
5140 Yonge Street  
Suite 1700  
Toronto ON M2N 6L7  
Canada

Tel: 416-601-6150  
Fax: 416-601-6151  
www.deloitte.ca

## **Independent Auditor's Report**

To the Members of  
Tropicana Community Services Organization

We have audited the accompanying financial statements of Tropicana Community Services Organization (the "Organization"), which comprise the balance sheet as at March 31, 2014, 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 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 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, 2014 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.

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
June 9, 2014

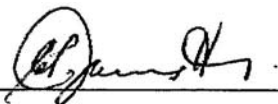
# Tropicana Community Services Organization

## Balance sheet

as at March 31, 2014

	2014	2013
	\$	\$
<b>Assets</b>		
Current assets		
Cash and term deposits	460,205	1,041,312
Accounts receivable	423,225	475,824
Deposits and prepaid expenses	89,917	118,845
	<b>973,347</b>	1,635,981
Capital assets (Note 3)	<b>4,628,709</b>	3,808,921
	<b>5,602,056</b>	5,444,902
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 15)	1,256,476	1,257,820
Current portion of long-term debt (Note 4)	34,927	33,660
Amount due to funders (Note 5)	129,975	47,169
Deferred revenue (Note 6)	465,663	783,536
	<b>1,887,041</b>	2,122,185
Long-term debt (Note 4)	836,323	871,251
Deferred capital grants (Note 7)	1,849,585	1,450,000
	<b>2,685,908</b>	2,321,251
	<b>4,572,949</b>	4,443,436
<b>Fund balances</b>		
Unrestricted (Note 8)	671,480	617,330
Restricted	2,010	82,235
Capital building fund (Note 9)	355,617	301,901
	<b>1,029,107</b>	1,001,466
	<b>5,602,056</b>	5,444,902

On behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

# Tropicana Community Services Organization

## Statement of revenue, expenses and changes in fund balances

year ended March 31, 2014

	Restricted											2014 Total	2013 Total
	Unrestricted		Daycare	A.Y.C.E.	Y.R.C.	MCYS Capital Project	Jobs For Youth	Microsoft ProTech	Trusteed Projects	Total restricted	Capital Building Fund		
	General	CAC-NSP											
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Revenue</b>													
City of Toronto fees	-	-	709,128	-	-	-	-	-	-	709,128	-	709,128	732,660
City of Toronto grants	75,665	-	161,911	34,475	18,500	-	-	16,000	-	230,886	-	306,551	325,266
Provincial grants	201,143	3,391	-	3,083,529	-	-	5,795,378	-	-	8,878,907	26,515	9,109,956	6,971,497
Less: unspent provincial grants	-	-	-	(32,762)	-	-	-	-	-	(32,762)	-	(32,762)	(23,781)
Federal grants	9,710	-	4,045	13,043	336,884	-	-	-	-	353,972	-	363,682	305,106
United Way	416,305	-	-	-	53,767	-	-	-	-	939,817	22,661	1,432,550	865,868
Foundations and Others	-	-	-	-	-	-	-	-	4,126	4,126	-	4,126	85,895
Membership and donations	35,762	-	115	-	23,397	-	-	20,000	-	43,512	7,842	87,116	119,214
Parents fees/Fee for Service	29,835	-	46,065	-	797	-	-	1,925	-	48,787	-	78,622	82,490
Fund raising - general and others	-	-	-	-	839	-	-	-	-	839	-	839	6,214
Fund raising - spring dance	65,030	-	-	-	-	-	-	-	-	-	-	65,030	61,252
Other income and expense recoveries	268,032	-	-	12,056	10,060	-	-	-	-	22,116	-	290,148	285,931
Interest income	4,608	-	-	-	-	-	-	-	-	-	-	4,608	2,880
Rental income	3,050	-	-	-	600	-	-	-	-	600	-	3,650	5,970
Amortization of deferred capital grants (Note 7)	28,166	-	-	-	-	-	-	-	-	-	-	28,166	-
	<b>1,137,306</b>	<b>3,391</b>	<b>921,264</b>	<b>3,110,341</b>	<b>444,844</b>	<b>-</b>	<b>5,795,378</b>	<b>37,925</b>	<b>943,943</b>	<b>11,253,695</b>	<b>57,018</b>	<b>12,451,410</b>	<b>9,826,462</b>
<b>Expenses</b>													
Advertising and promotion	21,489	-	-	49,779	-	-	3,405	-	890	54,074	-	75,563	94,211
Capital expenditure - Trusteed Projects	-	-	-	-	-	-	3,148	-	673,427	676,575	-	676,405	159,908
Fund raising expenses - general and others	650	-	-	-	100	-	-	-	-	100	-	750	2,370
Fund raising expenses - spring dance	37,380	-	-	-	-	-	-	-	-	-	-	37,380	44,035
Amortization	68,430	-	2,074	28,075	1,764	-	35,495	1,595	-	69,003	2,368	139,971	96,968
Equipment lease	28,280	-	3,767	13,085	4,961	-	665	-	-	22,478	-	50,758	51,000
Food	6,687	-	52,881	2,875	2,200	-	8,950	50	1,184	68,140	-	74,827	89,193
Insurance	6,353	-	5,155	15,049	1,265	-	-	-	3,844	25,313	-	31,666	25,061
Employment service reimbursement	-	-	-	785,482	-	-	-	-	-	785,482	-	785,482	225,048
HRSDC participants' reimbursement	-	-	-	-	200,497	-	-	-	-	200,497	-	200,497	156,513
Non-recoverable portion of H.S.T.	13,088	-	4,327	14,448	847	-	8,013	1,172	27,280	56,087	934	70,109	44,218
QSJS reimbursement	-	-	-	294,596	-	-	-	-	-	294,596	-	294,596	363,068
Professional fees	53,753	-	12,418	57,947	8,997	-	29,580	13,509	6,429	128,880	-	182,633	191,838
Program supplies	7,118	-	16,009	7,319	-	-	77,728	1,184	4,069	106,309	-	113,427	74,786
Rent, utilities and cleaning	179,031	-	17,882	158,697	-	-	96,638	-	926	274,143	-	453,174	387,409
Salaries and benefits	1,190,195	-	744,605	1,329,969	213,138	-	4,437,378	25,366	164,609	6,915,065	-	8,105,260	7,440,022
Special projects	120	-	1,927	157,278	-	-	-	-	-	159,205	-	159,325	116,039
Stationery, office supplies and bank charges	110,502	3,391	3,873	48,280	9,362	-	673,506	1,988	59,008	796,017	-	909,910	488,097
Telephone	9,774	-	5,052	8,537	3,011	-	7,365	533	1,248	25,746	-	35,520	33,191
Travel	5,329	-	318	3,786	1,480	-	14,574	-	1,029	21,187	-	26,516	23,636
	<b>1,738,179</b>	<b>3,391</b>	<b>870,288</b>	<b>2,975,202</b>	<b>447,622</b>	<b>-</b>	<b>5,396,445</b>	<b>45,397</b>	<b>943,943</b>	<b>10,678,897</b>	<b>3,302</b>	<b>12,423,769</b>	<b>10,106,611</b>
Allocation - administration expenses	(654,457)	-	48,000	154,612	30,637	-	421,208	-	-	654,457	-	-	-
<b>Adjusted total expenses</b>	<b>1,083,722</b>	<b>3,391</b>	<b>918,288</b>	<b>3,129,814</b>	<b>478,259</b>	<b>-</b>	<b>5,817,653</b>	<b>45,397</b>	<b>943,943</b>	<b>11,333,354</b>	<b>3,302</b>	<b>12,423,769</b>	<b>10,106,611</b>
Excess (deficiency) of revenue over expenses	53,584	-	2,976	(19,473)	(33,415)	-	(22,275)	(7,472)	-	(79,659)	53,716	27,641	(280,149)
Fund balance, beginning of year	617,330	-	305,999	(224,527)	(127,691)	566	188,617	(43,491)	(17,238)	82,235	301,901	1,001,466	1,281,615
Inter-fund transfer	566	-	-	-	-	(566)	-	-	-	(566)	-	-	-
<b>Fund balances, end of year</b>	<b>671,480</b>	<b>-</b>	<b>308,975</b>	<b>(244,000)</b>	<b>(161,106)</b>	<b>-</b>	<b>166,342</b>	<b>(50,963)</b>	<b>(17,238)</b>	<b>2,010</b>	<b>355,617</b>	<b>1,029,107</b>	<b>1,001,466</b>

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

# Tropicana Community Services Organization

## Statement of revenue, expenses and changes in fund balances year ended March 31, 2013

	Restricted										Capital Building Fund	Total
	Unrestricted		Daycare	A.Y.C.E.	Y.R.C.	MCYS Capital Project	Jobs For Youth	Microsoft ProTech	Trusteed Projects	Total restricted		
	General	CAC-NSP										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>												
City of Toronto fees	-	-	732,660	-	-	-	-	-	-	732,660	-	732,660
City of Toronto grants	73,108	-	161,605	71,441	6,500	-	-	-	12,612	252,158	-	325,266
Provincial grants	202,008	41,718	-	2,512,293	-	-	4,212,082	-	3,396	6,727,771	-	6,971,497
Less: unspent provincial grants	-	-	-	(23,781)	-	-	-	-	-	(23,781)	-	(23,781)
Federal grants	6,336	-	4,155	14,004	280,611	-	-	-	-	298,770	-	305,106
United Way	409,605	-	-	-	53,822	-	-	-	390,287	444,109	12,154	865,868
Foundations and Others	-	-	-	-	38,869	-	-	-	47,026	85,895	-	85,895
Membership and donations	46,242	-	50	-	14,830	-	-	45,182	-	60,062	12,910	119,214
Parents fees/Fee for Service	29,685	-	49,886	-	2,919	-	-	-	-	52,805	-	82,490
Fund raising - general and others	485	-	-	-	5,729	-	-	-	-	5,729	-	6,214
Fund raising - spring dance	389	-	-	-	60,863	-	-	-	-	60,863	-	61,252
Other income and expense recoveries	262,070	-	-	21,836	1,952	-	-	-	73	23,861	-	285,931
Interest income	2,880	-	-	-	-	-	-	-	-	-	-	2,880
Rental income	4,450	-	-	-	1,520	-	-	-	-	1,520	-	5,970
	1,037,258	41,718	948,356	2,595,793	467,615	-	4,212,082	45,182	453,394	8,722,422	25,064	9,826,462
<b>Expenses</b>												
Advertising and promotion	30,740	-	-	60,380	118	-	257	-	2,716	63,471	-	94,211
Capital expenditure - Trusteed Projects	-	-	-	-	-	-	-	-	159,908	159,908	-	159,908
Fund raising expenses - general and others	1,554	-	-	-	-	-	-	-	-	-	816	2,370
Fund raising expenses - spring dance	-	-	-	-	44,035	-	-	-	-	44,035	-	44,035
Amortization	16,222	-	2,664	31,776	2,185	-	44,121	-	-	80,746	-	96,968
Equipment lease	27,668	-	3,647	13,398	5,818	-	469	-	-	23,332	-	51,000
Food	4,752	-	56,452	3,093	706	-	20,153	-	3,112	83,516	925	89,193
Insurance	4,728	-	3,955	11,897	971	-	-	-	3,510	20,333	-	25,061
Employment service reimbursement	-	-	-	225,048	-	-	-	-	-	225,048	-	225,048
HRSDC participants' reimbursement	-	-	-	-	156,513	-	-	-	-	156,513	-	156,513
Non-recoverable portion of H.S.T.	13,617	-	4,229	14,069	1,037	-	3,292	534	7,394	30,555	46	44,218
OSJS reimbursement	-	-	-	363,068	-	-	-	-	-	363,068	-	363,068
Professional fees	33,613	-	8,146	50,005	11,397	-	14,070	11,679	62,378	157,675	550	191,838
Program supplies	9,583	-	15,135	11,286	193	-	4,513	-	34,076	65,203	-	74,786
Rent, utilities and cleaning	180,894	-	17,685	156,815	-	-	28,900	-	3,091	206,491	24	387,409
Salaries and benefits	1,251,959	37,623	751,324	1,357,969	192,686	-	3,688,961	74,612	84,888	6,150,440	-	7,440,022
Special projects	-	-	2,302	113,409	-	-	328	-	-	116,039	-	116,039
Stationery, office supplies and bank charges	162,284	3,391	3,445	42,747	19,579	-	152,310	1,315	103,015	322,411	11	488,097
Telephone	8,458	-	4,355	8,547	3,129	-	4,194	533	3,975	24,733	-	33,191
Travel	3,927	704	-	4,900	1,349	-	9,945	-	2,811	19,005	-	23,636
	1,749,999	41,718	873,339	2,468,407	439,716	-	3,971,513	88,673	470,874	8,312,522	2,372	10,106,611
Allocation - administration expenses	(532,320)	-	48,000	151,113	44,774	-	288,433	-	-	532,320	-	-
Adjusted total expenses	1,217,679	41,718	921,339	2,619,520	484,490	-	4,259,946	88,673	470,874	8,844,842	2,372	10,106,611
Excess (deficiency) of revenue over expenses	(180,421)	-	27,017	(23,727)	(16,875)	-	(47,864)	(43,491)	(17,480)	(122,420)	22,692	(280,149)
Fund balance, beginning of year	797,751	-	278,982	(200,800)	(110,816)	566	236,481	-	242	204,655	279,209	1,281,615
<b>Fund balances, end of year</b>	617,330	-	305,999	(224,527)	(127,691)	566	188,617	(43,491)	(17,238)	82,235	301,901	1,001,466

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

# Tropicana Community Services Organization

## Statement of cash flows year ended March 31, 2014

	2014	2013
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses (expenses over revenue)	27,641	(280,149)
Items not affecting cash		
Amortization of deferred capital grant	(28,166)	-
Amortization of capital assets	139,971	96,968
	<b>139,446</b>	<b>(183,181)</b>
Changes in non cash working capital items		
Accounts receivable	52,599	427,850
Deposits and prepaid expenses	28,928	(10,220)
Accounts payable and accrued liabilities	(1,344)	401,675
Amount due to funders	82,806	(518,048)
Deferred revenue	(317,873)	421,234
	<b>(15,438)</b>	<b>539,310</b>
<b>Investing activities</b>		
Deferred capital grants received	427,751	790,000
Purchase of capital assets	(959,759)	(940,602)
	<b>(532,008)</b>	<b>(150,602)</b>
<b>Financing activity</b>		
Long-term debt	(33,661)	(32,439)
(Decrease) increase in cash and term deposits	(581,107)	356,269
Cash and term deposits, beginning of year	1,041,312	685,043
<b>Cash and term deposits, end of year</b>	<b>460,205</b>	<b>1,041,312</b>
<b>Cash and term deposits comprise the following</b>		
Cash	78,393	662,342
Term deposits	381,812	378,970
	<b>460,205</b>	<b>1,041,312</b>
<b>Supplementary cash flow information</b>		
Interest paid	32,915	34,136

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



# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2014

---

### 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:

Building	2% straight line
Furniture 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.

#### *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.

#### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments. 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.

# Tropicana Community Services Organization

Notes to the financial statements

March 31, 2014

### 3. Capital assets

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	700,000		700,000	700,000
Building	3,660,938	54,914	3,606,024	2,776,856
Furniture and equipment	590,174	386,562	203,612	203,705
Computer equipment	662,378	591,723	70,655	67,838
Leasehold improvements	358,741	310,323	48,418	60,522
	<b>5,972,231</b>	<b>1,343,523</b>	<b>4,628,709</b>	<b>3,808,921</b>

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 is \$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 bears an annual interest rate of 3.70%. The loan is repayable by consecutive monthly blended payments of \$5,548, including interest, based on a 240-month amortization. The loan has a 36-month term and 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:

	2014	2013
	\$	\$
Principal amount outstanding	871,250	904,911
Less: current portion	34,927	33,660
Long-term portion	<b>836,323</b>	<b>871,251</b>

Principal repayments to the maturity date are as follows:

Fiscal year	\$
2015	34,927
2016	836,323
	<b>871,250</b>

Interest paid for the year ended March 31, 2014 totaled \$32,915 (2013 - \$34,136).

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2014

---

### 5. Amount due to funders

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

### 6. Deferred revenue

	2014	2013
	\$	\$
Trusted projects	132,538	529,885
Daycare wage subsidy (Note 11)	24,363	(222)
Other programs	308,761	253,873
	<b>465,663</b>	<b>783,536</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.

### 7. Deferred capital grants

	2014	2013
	\$	\$
Ministry of Children and Youth Services	1,300,000	1,300,000
Federal Economic Development Agency	277,751	-
Ontario Trillium Foundation	300,000	150,000
	<b>1,877,751</b>	<b>1,450,000</b>
Amortization	<b>(28,166)</b>	-
	<b>1,849,585</b>	<b>1,450,000</b>

### 8. Unrestricted fund

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

	2014	2013
	\$	\$
Net book value of capital assets	4,628,709	3,808,921
Long-term debt	<b>(871,250)</b>	(904,911)
Deferred capital grant (Note 7)	<b>(1,849,585)</b>	(1,450,000)
	<b>1,907,874</b>	<b>1,454,010</b>

### 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 deficit.

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2014

### 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, 2014:

						2014	2013
	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	124,853	2,100	5,100	5,214,349	69,555	5,415,957	4,414,090
Expenses per TPAR	137,627	1,855	4,880	5,214,669	81,752	5,440,783	4,452,516
Surplus (deficit) per TPAR	(12,774)	245	220	(320)	(12,197)	(24,826)	(38,426)

### 11. Toronto Children's Services wage grants

						2014	2013
	Wage subsidy	P.E. Prior 98	P.E. 99-05	Wage improvement funding	Total	Total	
	\$	\$	\$	\$	\$	\$	
Deferred from prior years	(1)	(222)	-	-	(222)	9,523	
Grants received							
Infant/Toddler	71,148	5,927	10,864	8,337	96,276	83,666	
Pre-school/School Age	56,675	5,926	8,756	7,148	78,505	68,194	
	(2)	127,823	11,853	19,620	15,485	151,860	
Expense							
Infant/Toddler	62,624	4,756	8,706	6,665	82,751	82,135	
Pre-school/School Age	49,977	4,755	6,990	5,723	67,445	79,470	
	(3)	112,601	9,511	15,696	12,388	161,605	
Wage subsidies returned to Children's Services this fiscal year	(4)	-	-	-	-	-	
Wage subsidies deferred to future years (1) + (2) - (3) - (4)		15,000	2,342	3,924	3,097	(222)	

### 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.

# Tropicana Community Services Organization

Notes to the financial statements

March 31, 2014

---

## 12. Guarantees and commitments (continued)

### (i) Guarantees (continued)

- 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.

### (ii) Commitments

The Organization has the following minimum lease commitments under operating leases, the latest expiry date of which is May 31, 2019:

2015	111,302
2016	160,023
2017	78,776
2018	59,164
2019	55,242
2020	9,207
	<hr/>
	473,715

## 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, 2014

---

## 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>Department</u>	<u>Program/Project</u>
<b>General</b>	
Administration/Capital Campaign/Fundraising	
C.A.C. - Culturally Appropriate Counselling	Family Counselling N.S.P. - Newcomer Settlement Program V.A.W. - Violence Against Women Transitional Support
Youth	Youth Development A.R.T. - Aggression Replacement Training Defy Your Label
Education	Tutoring Camp Tropicana March Break Camp Parent Support
<b>Restricted</b>	
Children of Tomorrow Day Care Organizations	Pre-school/School Age Infant/Toddler
A.Y.C.E. - Alternative Youth Centre for Employment	Employment Service Employment Subsidies Youth Employment Pre-apprenticeship Training Program O.S.J.S. - Ontario Summer Jobs Service Investing in Neighbourhood
Youth Resource Centre	Scarborough Youth Resource Centre Leading Youth to Viable Employment
Jobs for Youth	Summer/After School Jobs For Youth
Trusted Projects	Trillium - NYICYG Pan Fantasy Steelband Dorset Park Youth Council Steeles/L'Amoreaux Youth Hub Steeles/L'Amoreaux Y.H. Construction
Special Projects	Microsoft ProTech Media Centre Identify N' Impact

## 15. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$15,399 (2013 - \$13,669) of income taxes, CPP and EI owing to the government.