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# Financial statements of Tropicana Community Services Organization

March 31, 2022

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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, 2022, 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, 2022, 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 13, 2022

# Tropicana Community Services Organization

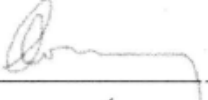
## Balance sheet

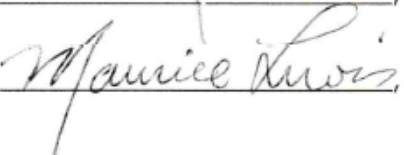
As at March 31, 2022

	Notes	2022 \$	2021 \$
<b>Assets</b>			
Current assets			
Cash and term deposits		1,528,330	1,942,594
Accounts and other receivables		7,935	6,254
Deposits and prepaid expenses		104,940	59,124
Amount due from funders		1,532,881	—
		<b>3,174,086</b>	2,007,972
Capital assets	3	5,262,228	5,354,588
		<b>8,436,314</b>	7,362,560
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		3,074,497	1,534,648
Current portion of long-term debt	4	45,855	55,479
Amount due to funders	5	—	29,194
Deferred revenue	6	317,656	422,897
		<b>3,438,008</b>	2,042,219
Long-term debt	4	687,309	716,201
Deferred capital grants	7	2,184,038	2,233,509
		<b>2,871,347</b>	2,949,710
Guarantees and commitments	12		
<b>Fund balances</b>			
Unrestricted	8	988,432	1,638,054
Restricted		651,946	254,647
Internally restricted	9	486,581	477,931
		<b>2,126,959</b>	2,370,632
		<b>8,436,314</b>	7,362,560

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, 2022

	Unrestricted				Restricted	Capital Building Fund	2022 Total	2021 Total
	General	Day care	TEC	SBCCI	Total restricted			
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
City of Toronto fees	—	471,198	—	—	471,198	—	471,198	225,469
City of Toronto grants	184,287	784,546	—	—	784,546	—	968,833	962,418
Provincial grants	919,713	—	5,325,130	—	5,325,130	—	6,244,843	5,933,328
Federal grants	128,789	48,070	71,084	5,610,629	5,729,783	—	5,858,572	2,313,544
United Way	553,351	—	—	—	—	—	553,351	597,925
Membership and donations	145,984	50,481	—	—	50,481	—	196,465	443,663
Parents fees/Fee for Service	6,714	80,453	—	—	80,453	—	87,167	37,953
Fund raising – general and others	147,701	—	3,956	—	3,956	—	151,657	10,200
Other income and expense recoveries	106,199	—	1,258	—	1,258	—	107,457	75,800
Interest income	8,168	—	—	—	—	—	8,168	4,024
Rental income	855	—	—	—	—	—	855	—
Amortization of deferred capital grants	49,471	—	—	—	—	—	49,471	52,671
	<b>2,251,232</b>	<b>1,434,748</b>	<b>5,401,428</b>	<b>5,610,629</b>	<b>12,446,805</b>	<b>—</b>	<b>14,698,037</b>	<b>10,656,994</b>
<b>Expenses</b>								
Advertising and promotion	51,318	2,216	155,881	43,834	201,931	—	253,249	134,549
Amortization of capital assets	128,284	984	7,856	—	8,840	—	137,124	146,989
Equipment lease	24,409	400	13,129	705	14,234	—	38,643	48,605
Food	27,055	52,096	1,109	1,496	54,701	—	81,756	41,205
Insurance	23,017	10,182	14,290	679	25,151	—	48,168	31,582
Employment service reimbursement	—	—	1,775,091	—	1,775,091	—	1,775,091	2,001,755
Non-recoverable portion of Harmonized Sales Tax	37,864	5,614	21,959	4,780	32,353	—	70,217	48,987
Professional fees	299,909	11,011	82,529	51,146	144,686	—	444,595	274,449
Program supplies	95,489	34,100	—	2,000	36,100	—	131,589	79,753
Rent, utilities, renovations and cleaning	377,308	1,969	215,474	3,577	221,020	—	598,328	298,792
Salaries and benefits	2,448,717	1,091,983	1,840,723	213,407	3,146,113	—	5,594,830	4,614,412
Special projects	64,427	—	1,141	4,974,457	4,975,598	—	5,040,025	928,221
Stipend-YJC Program training	—	—	327,014	—	327,014	—	327,014	383,588
Stationery, office supplies and bank charges	185,934	39,282	111,702	22,942	173,926	—	359,860	326,973
Telephone	23,805	7,650	6,069	418	14,137	—	37,942	31,193
Travel	2,777	184	319	—	503	—	3,280	4,214
	<b>3,790,314</b>	<b>1,257,670</b>	<b>4,574,285</b>	<b>5,319,441</b>	<b>11,151,396</b>	<b>—</b>	<b>14,941,710</b>	<b>9,395,266</b>
Allocations – administration expenses	(898,110)	100,349	483,918	313,843	898,110	—	—	—
Adjusted total expenses	<b>2,892,204</b>	<b>1,358,019</b>	<b>5,058,203</b>	<b>5,633,284</b>	<b>12,049,506</b>	<b>—</b>	<b>14,941,710</b>	<b>9,395,266</b>
(Deficiency) excess of revenue over expenses	(640,972)	76,728	343,225	(22,655)	397,299	—	(243,673)	1,261,728
Interfund transfers	(8,650)	—	—	—	—	8,650	—	—
Fund balances, beginning of year	1,638,054	295,950	(37,210)	(4,093)	254,647	477,931	2,370,632	1,108,904
<b>Fund balances, end of year</b>	<b>988,432</b>	<b>372,678</b>	<b>306,015</b>	<b>(26,748)</b>	<b>651,946</b>	<b>486,581</b>	<b>2,126,959</b>	<b>2,370,632</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, 2021

	Unrestricted		Restricted			Internally Restricted	2021 Total	2020 Total
	General	Day care	TEC	SBCCI	Total restricted	Capital building		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
City of Toronto fees	—	225,469	—	—	225,469	—	225,469	983,130
City of Toronto grants	487,697	474,721	—	—	474,721	—	962,418	869,961
Provincial grants	951,399	—	4,981,929	—	4,981,929	—	5,933,328	5,759,391
Federal grants	656,191	215,960	435,470	1,005,923	1,657,352	—	2,313,544	83,295
United Way	597,925	—	—	—	—	—	597,925	577,272
Membership and donations	370,732	70,481	2,450	—	72,931	—	443,663	87,549
Parents fees/Fee for Service	2,510	35,443	—	—	35,443	—	37,953	131,574
Fund raising – general and others	—	—	10,200	—	10,200	—	10,200	—
Other income and expense recoveries	75,800	—	—	—	—	—	75,800	34,263
Interest income	4,024	—	—	—	—	—	4,024	9,892
Rental income	—	—	—	—	—	—	—	89,679
Amortization of deferred capital grants	52,671	—	—	—	—	—	52,671	52,171
	<b>3,198,950</b>	<b>1,022,074</b>	<b>5,430,049</b>	<b>1,005,923</b>	<b>7,458,045</b>	<b>—</b>	<b>10,656,995</b>	<b>8,678,177</b>
<b>Expenses</b>								
Advertising and promotion	94,480	—	20,261	19,808	40,068	—	134,549	30,261
Fund raising – spring dance/uplifting spirits	—	—	—	—	—	—	—	10,988
Amortization of capital assets	135,114	1,348	10,527	—	11,875	—	146,989	157,494
Equipment lease	30,470	800	17,159	176	18,135	—	48,605	35,304
Food	16,604	24,288	13	300	24,601	—	41,205	87,121
Insurance	14,827	5,722	11,018	14	16,755	—	31,582	40,531
Employment service reimbursement	—	—	2,001,755	—	2,001,755	—	2,001,755	1,843,206
Non-recoverable portion of Harmonized Sales Tax	27,827	5,522	13,685	1,953	21,160	—	48,987	40,879
Professional fees	172,655	10,611	68,803	22,379	101,794	—	274,449	326,154
Program supplies	66,676	12,004	1,074	—	13,077	—	79,753	75,443
Rent, utilities, renovations and cleaning	97,178	3,214	197,473	927	201,614	—	298,792	376,390
Salaries and benefits	1,816,325	856,744	1,883,532	57,811	2,798,087	—	4,614,412	4,656,463
Special projects	103,049	25,969	173	799,030	825,172	—	928,221	6,105
Stipend-YJC Program training	25,452	—	358,136	—	358,136	—	383,588	404,628
Stationery, office supplies and bank charges	181,069	59,859	79,131	6,913	145,903	—	326,973	444,344
Telephone	18,912	6,697	5,472	111	12,280	—	31,193	24,438
Travel	3,905	183	126	—	309	—	4,214	32,726
	<b>2,804,543</b>	<b>1,012,961</b>	<b>4,668,339</b>	<b>909,424</b>	<b>6,590,724</b>	<b>—</b>	<b>9,395,267</b>	<b>8,592,475</b>
Allocation – administration expenses	(652,251)	67,743	483,916	100,592	652,251	—	—	—
Adjusted total expenses	<b>2,152,292</b>	<b>1,080,704</b>	<b>5,152,255</b>	<b>1,010,016</b>	<b>7,242,975</b>	<b>—</b>	<b>9,395,267</b>	<b>8,592,475</b>
Excess (deficiency) of revenue over expenses	<b>1,046,658</b>	<b>(58,630)</b>	<b>277,794</b>	<b>(4,093)</b>	<b>215,070</b>	<b>—</b>	<b>1,261,728</b>	<b>85,702</b>
Interfund transfers	(9,185)	—	—	—	—	9,185	—	—
Fund balances, beginning of year	600,581	354,580	(315,004)	—	39,577	468,746	1,108,904	1,023,202
<b>Fund balances, end of year</b>	<b>1,638,054</b>	<b>295,950</b>	<b>(37,210)</b>	<b>(4,093)</b>	<b>254,647</b>	<b>477,931</b>	<b>2,370,632</b>	<b>1,108,904</b>

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

## Tropicana Community Services Organization

### Statement of cash flows

Year ended March 31, 2022

	2022	2021
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	<b>(243,673)</b>	1,261,728
Items not affecting cash		
Amortization of deferred capital grant	<b>(49,471)</b>	(52,671)
Amortization of capital assets	<b>137,124</b>	146,989
	<b>(156,020)</b>	1,356,046
Changes in non cash working capital items		
Accounts and other receivables	<b>(1,681)</b>	942
Deposits and prepaid expenses	<b>(45,816)</b>	(17,126)
Accounts payable and accrued liabilities	<b>1,539,849</b>	398,146
Amount due to funders	<b>(1,562,075)</b>	(14,169)
Deferred revenue	<b>(105,241)</b>	387,468
	<b>(330,984)</b>	2,111,307
<b>Investing activity</b>		
Purchase of capital assets	<b>(44,764)</b>	(13,540)
<b>Financing activity</b>		
Repayment of long-term debt	<b>(38,516)</b>	(683,922)
(Decrease) increase in cash and term deposits	<b>(414,264)</b>	1,413,845
Cash and term deposits, beginning of year	<b>1,942,594</b>	528,750
<b>Cash and term deposits, end of year</b>	<b>1,528,330</b>	1,942,594
<b>Cash and term deposits comprise the following</b>		
Cash	<b>328,330</b>	1,642,594
Term deposits	<b>1,200,000</b>	300,000
	<b>1,528,330</b>	1,942,594
<b>Supplementary cash flow information</b>		
Interest paid	<b>37,225</b>	76,018

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



# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2022

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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:

#### *Cash and term deposits*

The organization's policy is to present bank balances, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents. Term deposits relating to reserves that the organization cannot use for current transactions are also excluded from cash and cash equivalents.

#### *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.

Government subsidies are recognized as revenue when there is reasonable assurance that the Organization has complied with all the necessary conditions to obtain the subsidies.

#### *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.

## Tropicana Community Services Organization

### Notes to the financial statements

March 31, 2022

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## 2. Significant accounting policies (continued)

### *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 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.

### *Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

## 3. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>	2021 Net book value
	\$	\$	\$	\$
Land	<b>700,000</b>		<b>700,000</b>	700,000
Building	<b>5,329,423</b>	<b>913,070</b>	<b>4,416,353</b>	4,523,623
Furniture and equipment	<b>719,254</b>	<b>645,643</b>	<b>73,611</b>	91,784
Computer equipment	<b>829,111</b>	<b>809,095</b>	<b>20,016</b>	29,829
Leasehold improvements	<b>403,504</b>	<b>351,258</b>	<b>52,246</b>	9,353
	<b>7,981,292</b>	<b>2,719,066</b>	<b>5,262,226</b>	5,354,588

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

## Tropicana Community Services Organization

### Notes to the financial statements

March 31, 2022

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#### 3. Capital assets (continued)

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

In March 2021, the Organization renewed a fixed rate loan agreement with Royal Bank of Canada. The principal amount of \$781,330 bears an annual interest of 3.18% for a 60-month term. The loan is repayable by consecutive monthly blended payments of \$5,739.94, including interest, based on a 169-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:

	2022	2021
	\$	\$
Principal amount outstanding	<b>733,164</b>	771,680
Less: current portion	<b>45,855</b>	55,479
Long-term portion	<b>687,309</b>	716,201

Interest paid for the year ended March 31, 2022, totaled \$24,092 (\$63,196 in 2021).

Principal repayments required in each of the next few years are as follows:

	\$
2023	45,855
2024	47,652
2025	49,246
2026	590,411
	<b>733,164</b>

#### 5. Amount due to funders

Amounts due to funders represents the net unspent funding that will be recovered by the funders in the next fiscal year.

## Tropicana Community Services Organization

### Notes to the financial statements

March 31, 2022

#### 6. Deferred revenue

	2022	2021
	\$	\$
Daycare	49,718	49,718
Pre-apprenticeship	40,979	20,435
RBC Future Launch	153,173	250,000
SBCCI	—	96,577
Other programs	73,786	6,167
	<b>317,656</b>	<b>422,897</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

	2022	2021
	\$	\$
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
Toronto Foundation	160,000	160,000
	<b>2,619,262</b>	<b>2,619,262</b>
Accumulated amortization	<b>(435,224)</b>	<b>(385,753)</b>
	<b>2,184,038</b>	<b>2,233,509</b>

#### 8. Unrestricted fund

The unrestricted fund includes the Organizations net investment in capital assets and its unrestricted net assets as follows:

	2022	2021
	\$	\$
Investment in capital assets	2,345,025	2,349,399
Unrestricted net assets	<b>(1,356,593)</b>	<b>(711,345)</b>
	<b>988,432</b>	<b>1,638,054</b>

The Organizations investment in capital assets is comprised as follows:

	2022	2021
	\$	\$
Net book value of capital assets (Note 3)	5,262,227	5,354,588
Long-term debt (Note 4)	<b>(733,164)</b>	<b>(771,680)</b>
Deferred capital grants (Note 7)	<b>(2,184,038)</b>	<b>(2,233,509)</b>
	<b>2,345,025</b>	<b>2,349,399</b>

## Tropicana Community Services Organization

### Notes to the financial statements

March 31, 2022

#### 9. Internally restricted fund

The internally restricted fund is made up of the Capital building fund that was established by the Board with the aim to record contributions, and record funds expended, towards the future repairs and maintenance of the building owned by the Organization. The Organization may not use these internally restricted amounts for any other purposes without Board approval.

#### 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, 2022:

	V. A. W. (Counsel. Service)	(Perf. Mngt. Framework)	(Capacity Building)	C. A. C. (Transitional Support)	SNAP (Stop Now and Plan)	Mentoring Program	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
per TPAR	142,311	2,100	5,801	74,860	480,262	167,052	872,386	1,019,806
Expenses								
per TPAR	128,823	2,359	5,868	71,465	482,618	157,732	848,865	809,991
(Deficit)								
surplus								
per TPAR	13,488	(259)	(67)	3,395	(2,356)	9,320	23,521	209,815

#### 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	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$
Deferred from prior years	(1)	—				—	—
Grants received							
Infant/Toddler					35,877	35,877	25,634
Pre-school/School Age					14,786	14,786	13,414
	(2)	—	—	—	50,663	50,663	39,048
Expense							
Infant/Toddler					35,877	35,877	25,634
Pre-school/School Age					14,786	14,786	13,414
	(3)	—	—	—	50,663	50,663	39,048
Wage subsidies returned to Children's Services this fiscal year	(4)	—	—	—	—	—	—
Wage subsidies deferred to future years (1) + (2) - (3) - (4)		—	—	—	—	—	—

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2022

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### 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.

#### (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>
2023	87,189
2024	87,957
2025	31,692
2026 and thereafter	<u>10,219</u>
	<u>217,057</u>

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2022

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### 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.

### 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	Community Relations Resource Development Finance Human Resources Food & Toy Drive Harvest
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) Together We Can- Youth Mentorship
Youth	Rise to Achieve Defy Your Label
Education	Increase Your Success Tutoring Increase Your Success STEM 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 Pre-Apprenticeship - Autobody & Collision Repair
Supporting Black Canadian Communities Initiative	Organization Capacity Building

## **Tropicana Community Services Organization**

### **Notes to the financial statements**

March 31, 2022

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#### **15. Government subsidies**

In the prior year, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program under the COVID-19 Economic Response Plan for Canadian employers whose businesses were affected by the pandemic. The CEWS program provides a subsidy for eligible employees' wages based on the degree of revenue decline when measured against certain criteria. Accordingly, the Organization applied for the CEWS to the extent it met the requirements to receive the subsidy and recorded \$237,131 (\$1,285,096 in 2021) in government subsidies as additional revenue under Federal Grants in the statement of revenue, expenses and changes in fund balances.

#### **16. Corresponding figures**

Certain of prior year's corresponding figures have been reclassified to conform to the current year's financial statement presentation.