
**TROPICANA COMMUNITY
SERVICES ORGANIZATION
FINANCIAL STATEMENTS
MARCH 31, 2024**

INDEX

Page	1-2.	Independent Auditor's Report
	3.	Balance Sheet
	4-5.	Statement of Revenue, Expenses and Changes in Fund Balances
	6.	Statement of Cash Flows
	7-20.	Notes to Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members
Tropicana Community Services Organization
SCARBOROUGH
Ontario

Opinion

We have audited the accompanying financial statements of Tropicana Community Services Organization which comprise the balance sheet as at March 31, 2024 and the statement of revenue, expenses and changes in fund balances, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2024 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. 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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

Other Matter

The financial statements of Tropicana Community Services Organization for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on June 16, 2023.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 generally accepted auditing standards 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.

- 1 -

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 entity'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 entity'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 entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

June 18, 2024

Tropicana Community Services Organization

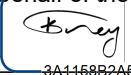
Balance sheet

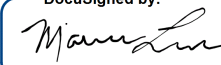
As at March 31, 2024

	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash		—	—
Cash - internally restricted		406,201	399,715
Cash - externally restricted		5,073,276	1,420,476
Term deposits - externally restricted		6,500,000	1,200,000
Accounts and other receivables		84,964	35,332
Deposits and prepaid expenses		85,510	90,751
Amount due from funders	4	470,015	192,083
Externally restricted receivable due from general fund		1,524,318	423,317
		14,144,284	3,761,674
Capital assets	2	5,823,255	5,123,395
		19,967,539	8,885,069
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		5,818,566	1,274,427
Current portion of long-term debt	3	49,260	47,726
Deferred contributions and revenue	5	7,852,649	1,723,397
General fund payable due to externally restricted funds		1,524,318	423,317
		15,244,793	3,468,867
Long-term debt	3	589,880	639,140
Deferred capital grants	6	3,006,425	2,963,458
		3,596,305	3,602,598
Fund balances			
Unrestricted	7	159,370	895,277
Restricted		560,870	518,612
Capital building fund	8	406,201	399,715
		1,126,441	1,813,604
		19,967,539	8,885,069

Guarantees and Commitments (Note 11)

On behalf of the Board


 3A4158B2A63A471... President

DocuSigned by:

 210A56B15374447... Treasurer

The accompanying notes are an integral part of the financial statements

Tropicana Community Services Organization
Statement of revenue, expenses and changes in fund balances
Year ended March 31, 2024

	Unrestricted		Restricted		Internally Restricted		2024 Total	2023 Total
	General	Day care	TEC	SBCCI	Total restricted	Capital Building Fund		
	\$	\$	\$	\$	\$	\$		
Revenue								
City of Toronto fees	—	1,250,152	—	—	1,250,152	—	1,250,152	905,884
City of Toronto grants	185,768	237,951	—	—	237,951	—	423,719	472,657
Provincial grants	970,559	—	5,322,512	—	5,322,512	—	6,293,071	5,911,526
Federal grants	85,264	—	—	6,311,783	6,311,783	—	6,397,047	8,642,859
United Way	549,047	—	80,802	—	80,802	—	629,849	551,540
Membership and donations	184,328	481	—	—	481	—	184,809	216,727
Parents fees/Fee for Service	50,266	161,514	—	—	161,514	—	211,780	180,114
Fund raising – general and others	90,954	—	123,111	—	123,111	—	214,065	104,958
Other income and expense recoveries	192,485	—	—	18,000	18,000	—	210,485	608,299
Interest income	150,321	—	—	—	—	—	150,321	53,428
Rental income	28,438	—	—	—	—	—	28,438	17,737
Amortization of deferred capital grants	50,733	—	—	—	—	—	50,733	58,424
	2,538,163	1,650,098	5,526,425	6,329,783	13,506,306	—	16,044,469	17,724,152
Expenses								
Advertising and promotion	245,875	200	30,214	144,668	175,082	—	420,957	398,828
Amortization	119,797	7,700	4,178	—	11,878	—	131,675	138,832
Equipment lease	21,302	—	14,643	3,075	17,718	—	39,020	32,054
Food	31,632	104,274	10,805	17,277	132,356	—	163,988	126,401
Insurance	30,162	15,420	23,195	4,283	42,898	—	73,060	58,762
Employment service reimbursement	—	214	1,967,874	1,213	1,969,301	—	1,969,301	1,697,680
Non-recoverable portion of Harmonized Sales Tax	38,929	10,863	16,788	21,149	48,800	—	87,729	88,401
Professional fees	503,776	55,893	99,333	118,656	273,882	—	777,658	847,079
Program supplies	56,346	44,300	—	235,404	279,704	—	336,050	112,595
Rent, utilities, renovations and cleaning	69,762	5,613	228,570	40,580	274,763	—	344,525	498,615
Salaries and benefits	2,598,525	1,282,703	2,113,524	481,256	3,877,483	—	6,476,008	5,882,954
Special projects	6,602	—	434	5,072,311	5,072,745	—	5,079,347	7,413,130
Stipend-YJC Program training	—	—	435,845	—	435,845	—	435,845	370,185
Stationery, office supplies and bank charges	222,265	11,477	68,367	18,986	98,830	—	321,095	317,408
Telephone	21,365	6,175	7,988	1,975	16,138	—	37,503	38,960
Travel	6,644	173	2,166	28,888	31,227	—	37,871	15,622
	3,972,982	1,545,005	5,023,924	6,189,721	12,758,650	—	16,731,632	18,037,507
Allocation – administration expenses	(705,400)	62,837	502,501	140,062	705,400	—	—	—
Adjusted total expenses	3,267,582	1,607,842	5,526,425	6,329,783	13,464,050	—	16,731,632	18,037,507
(Deficiency) excess of revenue over expenses	(729,419)	42,256	—	—	42,256	—	(687,163)	(313,355)
Interfund transfers	(6,487)	—	—	—	—	6,487	—	—
Fund balances, beginning of year	895,276	204,146	308,941	5,527	518,614	399,714	1,813,604	2,126,959
Fund balances, end of year	159,370	246,402	308,941	5,527	560,870	406,201	1,126,441	1,813,604

The accompanying notes are an integral part of the financial statements

Tropicana Community Services Organization
Statement of revenue, expenses and changes in fund balances
Year ended March 31, 2023

	Unrestricted		Restricted		Internally Restricted		2023 Total \$	2022 Total \$
	General	Day care	TEC	SBCCI	Total Restricted	Capital Building Fund		
	\$	\$	\$	\$	\$	\$		
Revenue								
City of Toronto fees	—	905,884	—	—	905,884	—	905,884	471,198
City of Toronto grants	192,018	280,639	—	—	280,639	—	472,657	968,833
Provincial grants	941,264	—	4,970,262	—	4,970,262	—	5,911,526	6,244,843
Federal grants	56,107	—	125,000	8,461,752	8,586,752	—	8,642,859	5,858,572
United Way	551,540	—	—	—	—	—	551,540	553,351
Membership and donations	166,053	50,674	—	—	50,674	—	216,727	196,465
Parents fees/Fee for Service	37,000	143,114	—	—	143,114	—	180,114	87,167
Fund raising – general and others	86,459	—	18,499	—	18,499	—	104,958	151,657
Other income and expense recoveries	608,299	—	—	—	—	—	608,299	107,457
Interest income	53,428	—	—	—	—	—	53,428	8,168
Rental income	17,737	—	—	—	—	—	17,737	855
Amortization of deferred capital grants	58,424	—	—	—	—	—	58,424	49,471
	2,768,328	1,380,311	5,113,761	8,461,752	14,955,824	—	17,724,152	14,698,037
Expenses								
Advertising and promotion	165,932	2,120	113,460	117,317	232,896	—	398,828	253,249
Amortization	123,449	9,677	5,706	—	15,383	—	138,832	137,124
Equipment lease	14,769	—	13,796	3,490	17,285	—	32,054	38,643
Food	29,690	88,727	1,836	6,149	96,712	—	126,401	81,756
Insurance	21,210	14,169	18,341	5,043	37,552	—	58,762	48,168
Employment service reimbursement	—	—	1,697,680	—	1,697,680	—	1,697,680	1,775,091
Non-recoverable portion of Harmonized Sales Tax	38,739	9,672	23,479	16,511	49,662	—	88,401	70,217
Professional fees	473,099	65,190	199,765	109,025	373,980	—	847,079	444,595
Program supplies	67,547	43,247	—	1,800	45,047	—	112,595	131,589
Rent, utilities, renovations and cleaning	170,435	4,393	222,170	101,617	328,180	—	498,615	598,328
Salaries and benefits	2,098,866	1,208,844	2,144,682	430,562	3,784,088	—	5,882,954	5,594,830
Special projects	23,714	—	1,675	7,387,741	7,389,416	—	7,413,130	5,040,025
Stipend-YJC Program training	—	—	370,185	—	370,185	—	370,185	327,014
Stationery, office supplies and bank charges	181,320	30,146	56,884	49,059	136,089	—	317,408	359,860
Telephone	19,163	9,512	7,482	2,803	19,796	—	38,960	37,942
Travel	10,986	311	1,324	3,002	4,637	—	15,623	3,278
	3,438,920	1,486,008	4,878,463	8,234,117	14,598,587	—	18,037,507	14,941,709
Allocation – administration expenses	(490,569)	62,837	232,372	195,361	490,569	—	—	—
Adjusted total expenses	2,948,351	1,548,845	5,110,835	8,429,477	15,089,157	—	18,037,507	14,941,709
(Deficiency) excess of revenue over expenses	(180,023)	(168,533)	2,926	32,275	(133,332)	—	(313,355)	(243,673)
Interfund transfers	86,867	—	—	—	—	(86,867)	—	—
Fund balances, beginning of year	988,432	372,679	306,015	(26,748)	651,946	486,581	2,126,959	2,370,632
Fund balances, end of year	895,276	204,146	308,941	5,527	518,614	399,714	1,813,604	2,126,959

Notes

12

The accompanying notes are an integral part of the financial statements

Tropicana Community Services Organization

Statement of cash flows

Year ended March 31, 2024

	2024	2023
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(687,163)	(313,355)
Items not affecting cash		
Amortization of deferred capital grant	(27,933)	(137,379)
Amortization of capital assets	131,675	138,833
	(583,421)	(311,901)
Changes in non cash working capital items		
Accounts and other receivables	(49,633)	(27,397)
Deposits and prepaid expenses	5,243	14,189
Accounts payable and accrued liabilities	4,544,139	(1,800,070)
Amount due to funders	(277,932)	1,340,798
Deferred revenue	6,129,252	1,405,741
	9,767,648	621,360
Investing activity		
Purchase of capital assets	(831,536)	-
Financing activity		
Capital grants received	70,900	916,799
Long-term debt	(47,726)	(46,298)
Increase in cash and term deposits	8,959,286	1,491,861
Cash and term deposits, beginning of year	3,020,191	1,528,330
Cash and term deposits, end of year	11,979,477	3,020,191
Cash and term deposits comprise the following		
Cash	-	-
Cash - internally restricted	406,201	399,715
Cash - externally restricted	5,073,276	1,420,476
Term deposits - externally restricted	6,500,000	1,200,000
	11,979,477	3,020,191
Supplementary cash flow information		
Interest paid	32,746	35,620

The accompanying notes are an integral part of the financial statements

- 6 -

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

NATURE OF OPERATIONS

Tropicana Community Services Organization (the "Organization") is a charitable organization providing culturally appropriate social services to individuals and organizations across Canada, 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 registered and designated as a charitable organization under the Income Tax Act of Canada.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

The **General Fund** accounts for activities related to the day-to-day operating transactions of the Organization's programs and ministries.

The **Daycare Fund** accounts for revenue and expenses related to Day Care Programs.

The **TEC Fund** accounts for revenue and expenses related to programs for Tropicana Employment Center.

The **SBCCI Fund** accounts for revenue and expenses related to Supporting Black Canadian Communities Initiative (SBCCI) program.

The **Capital Building Fund** records activities related to anticipated repairs, maintenance, and renewal of capital assets.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn. Term deposits with short-term maturity dates are held to be used in operations and are treated as cash equivalents.

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

c) Capital Assets

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

	<u>Rate</u>	<u>Method</u>
Building	50 years	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.

d) Revenue Recognition

The Organization follows the restricted fund method of accounting for contributions. Externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue in the General Fund. Restricted contributions for which there is no fund are accounted for using the deferral method.

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. Membership fees are recognized as revenue proportionately over the fiscal year to which they relate. Donations and fund raising are recognized as revenue when earned. Parents fees/fee for service are recognized when services are provided and collection is reasonably assured. Seminar fees are recognized in the General Fund as revenue when seminars are held.

Rental income is recognized when earned on a monthly basis. Other revenues are recognized when earned and collection is reasonably assured. Interest revenue is recognized as it is earned and includes accrued interest.

e) 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.

f) 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.

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

g) 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.

h) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, term deposits, and accounts and other receivables. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in excess (deficiency) of revenue over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

i) Deferred Government Assistance

Grants for the purchase of capital assets are accounted for as deferred capital grants and are amortized on the same basis as the equipment purchased using grant funds.

j) 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 based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets, amortization of deferred grants, additional funding receivable from funders, and estimated excess funding repayable to the City.

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

2. CAPITAL ASSETS

Capital assets consist of the following:

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 700,000	\$ -	\$ 700,000	\$ 700,000
Building	5,329,423	1,127,609	4,201,814	4,309,084
Furniture and equipment	719,254	671,899	47,355	59,040
Computer equipment	829,111	819,998	9,113	13,474
Leasehold improvements	403,504	370,067	33,437	41,797
Vehicle	77,108	-	77,108	-
Construction in Progress	<u>754,428</u>	<u>-</u>	<u>754,428</u>	<u>-</u>
	<u>\$ 8,812,828</u>	<u>\$ 2,989,573</u>	<u>\$ 5,823,255</u>	<u>\$ 5,123,395</u>

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

In 2012, the Ministry of Children and Youth Services (the "Ministry") agreed to assist the Organization in providing funding for the acquisition and renovation of the premises now used to operate the program approved by and/or funded by the Ministry. The amount funded was \$2,000,000, of which \$700,000 was allocated for the purchase of the land and recorded in the Statement of changes in fund balances. The remaining \$1,300,000 was recorded as a deferred capital grant and is being amortized into revenue annually on the same basis as the amortization of the building (Note 6).

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

3. LONG-TERM DEBT

In March 2021, the Organization renewed a fixed rate loan agreement with Royal Bank of Canada. The original principal amount of \$781,330 bears an annual interest of 3.18% over a 60-month term. The loan is repayable by consecutive monthly blended payments of \$5,740, including interest, based on a 169-month amortization. All outstanding principal and interest is payable in full at the end of the term, being March 2026.

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 2).

Long-term debt consists of the following:

	2024	2023
Principal amount outstanding	\$ 639,140	\$ 686,866
Less: current portion	<u>49,260</u>	<u>47,726</u>
	<u>\$ 589,880</u>	<u>\$ 639,140</u>

Principal repayment requirements for the next two years are as follows:

2025	\$ 49,260
2026	<u>589,880</u>
	<u>\$ 639,140</u>

4. AMOUNT DUE FROM FUNDERS

Amounts due from funders represents the net funding expected to be recovered from the funders in the next fiscal year.

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

5. DEFERRED CONTRIBUTIONS AND REVENUES

The change in deferred contributions and revenues is as follows:

	2024	2023
Balance - Beginning	\$ 1,723,397	\$ 317,656
Less: amount recognized as revenue in the year	(2,866,550)	(228,960)
Add: amount received related to future years	<u>8,995,803</u>	<u>1,634,701</u>
Balance - Ending	<u>\$ 7,852,649</u>	<u>\$ 1,723,397</u>

The ending balance is comprised of the following:

	2024	2023
Daycare fees for future service	\$ 161,171	\$ 49,718
Pre-apprenticeship	69,094	57,694
RBC Future Launch	2,473	93,427
SBCCI	7,370,164	1,282,035
Other programs	<u>249,747</u>	<u>240,523</u>
	<u>\$ 7,852,649</u>	<u>\$ 1,723,397</u>

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

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

6. DEFERRED CAPITAL GRANTS

Deferred capital grants consist of the following:

	2024	2023
Ministry of Children and Youth Services	\$ 1,300,000	\$ 1,300,000
Federal Economic Development Agency	612,709	612,709
Ontario Trillium Foundation	775,253	681,553
Toronto Foundation	160,000	160,000
Employment and Social Development Canada	<u>781,798</u>	<u>781,799</u>
	\$ 3,629,760	\$ 3,536,061
Less: Accumulated amortization	<u>623,335</u>	<u>572,603</u>
	<u>\$ 3,006,425</u>	<u>\$ 2,963,458</u>

7. UNRESTRICTED FUND

The unrestricted fund includes the Organization's net investment in capital assets and its unrestricted net assets are follows:

	2024	2023
Investment in capital assets	\$ 2,177,690	\$ 1,473,071
Unrestricted net assets	<u>2,018,319</u>	<u>(577,795)</u>
	<u>\$ 159,370</u>	<u>\$ 895,276</u>

The Organization's investment in capital assets is comprised as follows:

	2024	2023
Net book value of capital assets (Note 2)	\$ 5,823,255	\$ 5,123,395
Long-term debt (Note 3)	(639,140)	(686,866)
Deferred capital grants (Note 6)	<u>(3,006,425)</u>	<u>(2,963,458)</u>
	<u>\$ 2,177,690</u>	<u>\$ 1,473,071</u>

8. INTERNALLY RESTRICTED FUND

The internally restricted fund consists of the Capital building fund that was established by the Board with the aim to record contributions and expenses related to future anticipated repairs and maintenance of the building. The Organization may not use these internally restricted amounts for any other purposes without Board approval.

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

9. TRANSFER PAYMENT ANNUAL RECONCILIATION ("TPAR")

The Organization has six 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 (TPAR) that summarizes by service, all revenues and expenses and identifies any resulting surpluses or deficits. These reports show the following services to be in surplus (deficit) position for the year ended March 31, 2024:

	V.A.W. (Counsel. Service)	(Perf. Mngt. Framework)	(Capacity Building)	C.A.C. (Transitional Support)	SNAP (Stop Now and Plan)	Mentoring program	2024	2023
Revenue per TPAR	\$ 161,982	\$ 2,111	\$ 5,800	\$ 71,866	\$ 477,896	\$ 197,569	\$ 917,224	\$ 861,664
Expenses per TPAR	<u>135,717</u>	<u>2,065</u>	<u>7,715</u>	<u>108,435</u>	<u>733,029</u>	<u>213,166</u>	<u>1,200,127</u>	<u>1,043,870</u>
Surplus (deficit) per TPAR	<u>\$ 26,265</u>	<u>\$ 46</u>	<u>\$ (1,915)</u>	<u>\$ (36,569)</u>	<u>\$ (255,133)</u>	<u>\$ (15,597)</u>	<u>\$ (282,903)</u>	<u>\$ (182,206)</u>

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

10. TORONTO CHILDREN'S SERVICES WAGE GRANTS

The following grants received and expense amount 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	2024	2023
Deferred from prior years	(1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants received								
Infant/Toddler		\$ -	\$ -	\$ -	\$ -	\$ 10,872	\$ 10,872	\$ 32,081
Pre-school/School Age		-	-	-	-	8,278	8,278	23,068
	(2)	\$ -	\$ -	\$ -	\$ -	\$ 19,150	\$ 19,150	\$ 55,149
Expense								
Infant/Toddler		\$ -	\$ -	\$ -	\$ -	\$ 10,872	\$ 10,872	\$ 32,081
Pre-school/School Age		-	-	-	-	8,278	8,278	23,068
	(3)	\$ -	\$ -	\$ -	\$ -	\$ 19,150	\$ 19,150	\$ 55,149
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 FINANCIAL STATEMENTS

MARCH 31, 2024

11. GUARANTEES AND COMMITMENTS

a) Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees are as follows:

- i) 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.
- ii) 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.
- iii) 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.

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 FINANCIAL STATEMENTS

MARCH 31, 2024

11. GUARANTEES AND COMMITMENTS - Continued

b) Commitments

The Organization has the following minimum lease commitments under operating leases, the latest expiry date of which is May 31, 2029:

2025	\$ 108,800
2026	108,545
2027	108,545
2028	88,669
2029	85,227
2030	<u>13,460</u>
	<u>\$ 513,246</u>

The Organization has entered into a construction contract which is in the process of being completed. Total additional costs committed to complete the contract are estimated to be \$206,000. It is estimated that completion will be in fiscal year 2025.

12. INTERFUND TRANSFERS

The Organization transferred \$6,487 from the General Fund to the Capital Building Fund to set aside funds for future capital work (2023 - \$86,867 transferred from Capital Building Fund to General Fund for capital projects).

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

13. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at March 31, 2024:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization is not exposed to significant credit risk as its accounts receivable and amount due from funders mainly consist of government grants, the collection of which is considered to be reasonably certain.

b) **Liquidity Risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and long-term debt. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations.

The nature of the indemnification agreements (Note (1a)) prevents the Organization from making a reasonable estimate of the maximum potential exposure due to the difficulties in assessing the amount of liability, due to 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.

c) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is exposed to interest rate risk as follows:

i) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of 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 FINANCIAL STATEMENTS

MARCH 31, 2024

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:

Unrestricted

Administration

Program/Project

Community Relations
Community Engagement
Finance
Information Technology
Human Resources
Food & Toy Drive
Harvest Share Program
Ricochet Program
Scholarships
Marketing/Communications/Public Relations
Volunteer Program
Fundraising/Grant Writing

Culturally Appropriate Counselling

Individual & Family Counselling
Newcomer Settlement Program (Pay Equity)
Transition & Housing Support
Success Through Aggression Replacement
Training (Start)
Stop Now and Plan (SNAP)
EYOW Enhance Youth Outreach Worker

Youth

Rise Above (Rise to Achieve)
Defy Your Label
Youth Leadership Program/Leadership Certificate

Education

Increase Your Success Tutoring
Increase Your Success STEM
Coding Workshop
Camp Tropicana – Summer & March Break
Steelpan
The Reading Partnership (TRP)

TROPICANA COMMUNITY SERVICES ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

14. PROJECT CLASSIFICATION - Continued

Restricted

Childcare Centers

Tropicana Employment Centre (TEC)

Supporting Black Canadian
Communities Initiative

Program/Project

Infant, Toddler, Preschool
Full Day Kindergarten, School-Age

Employment Service
Youth Job Connection
Youth Job Connection Summer
Canada Ontario Job Grant
Pre-Apprenticeship - Autobody & Collision Repair
Early Childhood Education Program
Inclusive Employment – Career Navigator
netWorks Program

Organization Capacity Building

15. COMPARATIVES FIGURES

Certain comparative figures have been reclassified in order to conform with the presentation adopted in the current year.