

Financial statements of

**Tropicana Community  
Services Organization**

March 31, 2016

# Tropicana Community Services Organization

March 31, 2016

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## **Independent Auditor's Report**

To the Members of  
Tropicana Community Services Organization

We have audited the accompanying financial statements of Tropicana Community Services Organization (the "Organization"), which comprise the balance sheet as at March 31, 2016, the statements of revenues, expenses and changes in fund balances and 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 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, 2016 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*

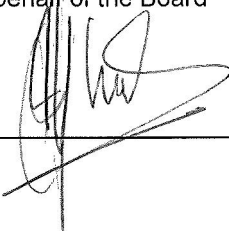
Chartered Professional Accountants  
Licensed Public Accountants  
June 15, 2016

# Tropicana Community Services Organization

Balance sheet  
as at March 31, 2016

	2016	2015
	\$	\$
<b>Assets</b>		
Current assets		
Cash and term deposits	1,163,388	298,915
Accounts receivable	93,653	318,752
Deposits and prepaid expenses	87,330	97,845
	<b>1,344,371</b>	<b>715,512</b>
Capital assets (Note 3)	<b>6,076,960</b>	<b>6,135,347</b>
	<b>7,421,331</b>	<b>6,850,859</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 15)	1,110,078	1,152,324
Current portion of long-term debt (Note 4)	76,476	74,071
Amount due to funders (Note 5)	644,677	74,929
Deferred revenue (Note 6)	457,661	444,470
	<b>2,288,892</b>	<b>1,745,794</b>
Long-term debt (Note 4)	1,682,678	1,759,154
Deferred capital grants (Note 7)	2,334,515	2,270,631
	<b>4,017,193</b>	<b>4,029,785</b>
	<b>6,306,085</b>	<b>5,775,579</b>
<b>Fund balances</b>		
Unrestricted (Note 8)	797,855	778,197
Restricted	(73,155)	(80,371)
Capital building fund (Note 9)	390,546	377,454
	<b>1,115,246</b>	<b>1,075,280</b>
	<b>7,421,331</b>	<b>6,850,859</b>

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, 2016

	Unrestricted		Daycare	TEC	LYVE	Jobs For Youth	The Lab	Trusteed Projects	Restricted	Capital Building Fund	2016 Total	2015 Total
	General	CAC-NSP							Total restricted			
	\$	\$							\$			
<b>Revenue</b>												
City of Toronto fees	-	-	705,744	-	-	-	16,700	-	722,444	-	722,444	691,757
City of Toronto grants	78,765	-	120,660	42,085	-	-	-	-	162,745	-	241,510	310,104
Provincial grants	224,747	3,391	-	3,977,746	-	4,872,130	-	-	8,849,876	-	9,078,014	9,914,623
Less: unspent provincial grants	-	-	-	-	-	-	-	-	-	-	-	(19,526)
Federal grants	9,154	-	-	-	273,098	-	-	-	273,098	-	282,252	147,979
United Way	402,105	-	-	30,886	53,767	19,679	-	22,110	126,442	10,154	538,701	575,746
Membership and donations	49,336	-	-	22,015	14,213	-	300	-	36,528	6,350	92,214	79,514
Parents fees/Fee for Service	25,655	-	51,443	-	525	-	135	-	52,103	-	77,758	65,325
Fund raising - general and others	-	-	133	-	-	-	-	-	133	-	133	556
Fund raising - spring dance	16,243	-	-	-	-	-	-	-	-	-	16,243	60,020
Other income and expense recoveries	208,279	-	-	-	-	-	-	46,944	46,944	-	255,223	215,202
Interest income	1,150	-	-	-	-	-	-	-	-	-	1,150	3,016
Rental income	40,209	-	-	-	-	-	-	-	-	-	40,209	17,382
Amortization of deferred capital grants	49,471	-	-	-	-	-	-	-	-	-	49,471	47,109
	<b>1,105,114</b>	<b>3,391</b>	<b>877,980</b>	<b>4,072,732</b>	<b>341,603</b>	<b>4,891,809</b>	<b>17,135</b>	<b>69,054</b>	<b>10,270,313</b>	<b>16,504</b>	<b>11,395,322</b>	<b>12,108,807</b>
<b>Expenses</b>												
Advertising and promotion	26,836	-	232	45,928	116	3,628	-	100	50,004	-	76,840	95,193
Fund raising - general and others	14,358	-	-	-	-	-	-	-	-	-	14,358	-
Fund raising - spring dance	-	-	-	-	-	-	-	-	-	-	-	39,174
Amortization	126,158	-	824	15,054	543	34,921	6,769	-	58,111	3,412	187,681	220,053
Equipment lease	23,167	-	3,427	10,050	4,365	6,346	-	-	24,188	-	47,355	52,769
Food	3,196	-	52,259	2,797	1,030	19,591	-	942	76,618	-	79,815	81,968
Insurance	11,631	-	3,555	13,843	853	3,035	-	4,529	25,815	-	37,446	33,859
Employment service reimbursement	-	-	-	1,285,700	-	-	-	-	1,285,700	-	1,285,700	1,147,108
HRSDC participants' reimbursement	-	-	-	-	180,562	-	-	-	180,562	-	180,562	56,726
Non-recoverable portion of Harmonized Sales Tax	17,089	-	4,777	13,484	677	11,045	246	156	30,385	-	47,474	42,523
OSJS reimbursement	-	-	-	345,637	-	-	-	-	345,637	-	345,637	307,307
Professional fees	65,596	-	9,045	63,842	6,493	42,655	6,737	14,273	143,045	-	208,641	228,662
Program supplies	12,743	-	16,401	7,216	395	82,359	-	3,052	109,423	-	122,166	86,306
Rent, utilities, renovations and cleaning	237,891	-	19,380	157,227	7,740	47,049	-	5,602	236,998	-	474,889	350,167
Salaries and benefits	1,203,229	-	724,039	1,647,610	134,939	3,654,408	-	27,792	6,188,788	-	7,392,017	8,089,571
Special projects	4,443	-	2,535	158,333	-	67,547	-	-	228,415	-	232,858	196,699
Stationery, office supplies and bank charges	108,289	-	32,344	48,721	6,883	377,772	116	2,046	467,882	-	576,171	977,572
Telephone	10,046	-	5,564	3,361	719	5,392	-	1,720	16,756	-	26,802	32,571
Travel	2,642	-	354	5,566	672	8,799	-	912	16,303	-	18,945	24,406
	<b>1,867,315</b>	<b>-</b>	<b>874,737</b>	<b>3,824,367</b>	<b>345,988</b>	<b>4,364,545</b>	<b>13,867</b>	<b>61,124</b>	<b>9,484,630</b>	<b>3,412</b>	<b>11,355,356</b>	<b>12,062,634</b>
Allocation - administration expenses	(778,467)	-	48,000	215,069	26,826	484,237	-	4,335	778,467	-	-	-
Adjusted total expenses	<b>1,088,847</b>	<b>-</b>	<b>922,737</b>	<b>4,039,436</b>	<b>372,815</b>	<b>4,848,783</b>	<b>13,867</b>	<b>65,459</b>	<b>10,263,097</b>	<b>3,412</b>	<b>11,355,356</b>	<b>12,062,634</b>
Excess (deficiency) of revenue over expenses	16,267	3,391	(44,757)	33,296	(31,212)	43,026	3,268	3,595	7,216	13,092	39,966	46,173
Fund balance, beginning of year	778,197	-	320,482	(253,727)	(235,889)	147,102	(41,101)	(17,238)	(80,371)	377,454	1,075,280	1,029,107
<b>Fund balances, end of year</b>	<b>794,464</b>	<b>3,391</b>	<b>275,725</b>	<b>(220,431)</b>	<b>(267,101)</b>	<b>190,128</b>	<b>(37,833)</b>	<b>(13,643)</b>	<b>(73,155)</b>	<b>390,546</b>	<b>1,115,246</b>	<b>1,075,280</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, 2015

	Unrestricted		Restricted							Capital	2015 Total
	General	CAC-NSP	Daycare	A.Y.C.E.	Y.R.C.	Jobs For Youth	Microsoft ProTech	Trusteed Projects	Total restricted	Building Fund	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Revenue</b>											
City of Toronto fees	-	-	691,757	-	-	-	-	-	691,757	-	691,757
City of Toronto grants	77,235	-	158,218	58,296	-	-	16,355	-	232,869	-	310,104
Provincial grants	204,822	3,391	-	3,490,388	-	6,200,022	16,000	-	9,706,410	-	9,914,623
Less: unspent provincial grants	-	-	-	(19,526)	-	-	-	-	(19,526)	-	(19,526)
Federal grants	8,919	-	3,851	-	132,757	-	2,452	-	139,060	-	147,979
United Way	403,105	-	-	-	53,766	-	-	106,655	160,421	12,220	575,746
Membership and donations	38,204	-	-	13,674	5,121	-	7,500	-	26,295	15,015	79,514
Parents fees/Fee for Service	19,240	-	45,695	-	390	-	-	-	46,085	-	65,325
Fund raising - general and others	-	-	-	-	556	-	-	-	556	-	556
Fund raising - spring dance	60,020	-	-	-	-	-	-	-	-	-	60,020
Other income and expense recoveries	199,091	-	-	14,261	1,500	-	350	-	16,111	-	215,202
Interest income	3,016	-	-	-	-	-	-	-	-	-	3,016
Rental income	13,325	-	-	-	3,294	-	-	763	4,057	-	17,382
Amortization of deferred capital grants	47,109	-	-	-	-	-	-	-	-	-	47,109
	1,074,086	3,391	899,521	3,557,093	197,384	6,200,022	42,657	107,418	11,004,095	27,235	12,108,807
<b>Expenses</b>											
Advertising and promotion	28,739	-	-	55,433	-	10,365	-	656	66,454	-	95,193
Fund raising expenses - spring dance	39,174	-	-	-	-	-	-	-	-	-	39,174
Amortization	125,919	-	3,599	41,356	3,169	36,462	5,283	-	89,869	4,265	220,053
Equipment lease	21,579	-	3,181	15,141	4,791	8,077	-	-	31,190	-	52,769
Food	9,784	-	52,894	2,495	1,516	11,185	-	4,094	72,184	-	81,968
Insurance	10,170	-	3,809	13,238	842	1,997	-	3,803	23,689	-	33,859
Employment service reimbursement	-	-	-	1,147,108	-	-	-	-	1,147,108	-	1,147,108
HRSDC participants' reimbursement	-	-	-	-	56,726	-	-	-	56,726	-	56,726
Non-recoverable portion of Harmonized Sales Tax	10,934	-	4,563	13,583	778	10,882	1,155	585	31,546	43	42,523
OSJS reimbursement	-	-	-	307,307	-	-	-	-	307,307	-	307,307
Professional fees	62,054	-	8,344	56,522	8,206	19,824	20,205	53,507	166,608	-	228,662
Program supplies	7,056	-	14,390	6,831	-	55,278	-	2,751	79,250	-	86,306
Rent, utilities and cleaning	130,246	-	18,969	136,766	-	64,075	-	111	219,921	-	350,167
Salaries and benefits	1,140,271	-	717,250	1,428,595	163,091	4,603,175	4,227	32,962	6,949,300	-	8,089,571
Special projects	6,500	-	2,448	150,028	-	37,015	-	708	190,199	-	196,699
Stationery, office supplies and bank charges	118,046	3,391	5,948	29,767	6,916	806,375	1,523	4,516	855,045	1,090	977,572
Telephone	6,867	-	4,496	8,393	2,881	7,176	402	2,356	25,704	-	32,571
Travel	4,092	-	123	3,145	981	14,696	-	1,369	20,314	-	24,406
	1,721,431	3,391	840,014	3,415,708	249,897	5,686,582	32,795	107,418	10,332,414	5,398	12,062,634
Allocation - administration expenses	(754,062)	-	48,000	151,112	22,270	532,680	-	-	754,062	-	-
Adjusted total expenses	967,369	3,391	888,014	3,566,820	272,167	6,219,262	32,795	107,418	11,086,476	5,398	12,062,634
Excess (deficiency) of revenue over expenses	106,717	-	11,507	(9,727)	(74,783)	(19,240)	9,862	-	(82,381)	21,837	46,173
Fund balance, beginning of year	671,480	-	308,975	(244,000)	(161,106)	166,342	(50,963)	(17,238)	2,010	355,617	1,029,107
<b>Fund balances, end of year</b>	778,197	-	320,482	(253,727)	(235,889)	147,102	(41,101)	(17,238)	(80,371)	377,454	1,075,280

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, 2016

	2016	2015
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	39,966	46,173
Items not affecting cash		
Amortization of deferred capital grant	(49,471)	(47,109)
Amortization of capital assets	187,681	220,053
	178,176	219,117
Changes in non cash working capital items		
Accounts receivable	225,099	104,473
Deposits and prepaid expenses	10,515	(7,928)
Accounts payable and accrued liabilities	(42,246)	(104,152)
Amount due to funders	569,748	(55,046)
Deferred revenue	13,191	(21,193)
	954,483	135,271
<b>Investing activities</b>		
Deferred capital grants received	113,355	468,155
Purchase of capital assets	(129,294)	(1,726,691)
	(15,939)	(1,258,536)
<b>Financing activity</b>		
Long-term debt	(74,071)	961,975
Increase (decrease) in cash and term deposits	864,473	(161,290)
Cash and term deposits, beginning of year	298,915	460,205
<b>Cash and term deposits, end of year</b>	<b>1,163,388</b>	<b>298,915</b>
<b>Cash and term deposits comprise the following</b>		
Cash	1,058,348	(85,761)
Term deposits	105,040	384,676
	1,163,388	298,915
<b>Supplementary cash flow information</b>		
Interest paid	57,583	48,871

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, 2016

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### 1. Purpose of Organization

Tropicana Community Services Organization (the "Organization") is a charitable organization providing culturally appropriate social services in east Toronto, focusing on the needs of youth and the Caribbean and Black communities.

Through the cooperative efforts of staff, volunteers and community partners, the Organization provides counseling and other support programs to have an enduring positive impact in building a healthier community, by enhancing self-reliance and self-worth.

The Organization is a charitable organization under the Income Tax Act and therefore, is not subject to either Federal or Provincial income taxes.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit organizations, using the restricted method of recognizing restricted contributions, and reflect the following policies:

#### *Capital assets*

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

Building	Straight-basis over 50 years
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.

#### *Allocation of expenses*

The Organization does not allocate administration expenses to functions; instead, it records such expenses in a separate account and then re-allocates the total to the various programs based on amounts allowed in the budget by the funders.

#### *Fund balance*

Upon completion of each program and subsequent final settlement with the primary funding agency, any remaining fund balance is transferred into the General Fund balance, or as contracted with the Funder, included in the appropriate Restricted Fund.

#### *Donated services*

The work of the Organization is dependent on the voluntary services of many members. Due to the difficulty of determining the fair value of these services, they are not recognized in these financial statements and no official receipts are therefore issued.

#### *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.

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2016

### 2. Significant accounting policies (continued)

#### *Deferred capital grants*

Amounts received for the purchase of capital assets are recorded as deferred capital grants and are amortized at the same rate as the related capital assets.

### 3. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	700,000	-	700,000	700,000
Building	5,329,423	269,453	5,059,970	5,167,239
Furniture and equipment	673,082	481,282	191,800	155,768
Computer equipment	766,972	670,324	96,648	76,662
Leasehold improvements	358,741	330,199	28,542	35,678
	<b>7,828,217</b>	<b>1,751,257</b>	<b>6,076,960</b>	<b>6,135,347</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 was \$2,000,000, of which \$700,000 was for the purchase of the land and was received and recorded in the Statement of changes in fund balances during the 2012 fiscal year. The remaining \$1,300,000 is included in deferred capital grant (Note 7).

### 4. Long-term debt

On February 14, 2012, the Organization entered into a fixed rate loan agreement with the Royal Bank of Canada. The original principal amount was \$940,000 and bore an annual interest rate of 3.70%. The loan was repayable by consecutive monthly blended payments of \$5,548, including interest, based on a 240-month amortization. On February 17, 2015, this loan agreement was renewed for a 36-month term with a principal amount of \$842,462 and bears an annual interest rate of 3.20%. The loan is repayable by consecutive monthly blended payments of \$5,322, including interest, based on a 205-month amortization. All outstanding principal and interest is payable in full at the end of the term.

Additionally, on February 17, 2015, the Organization entered into a fixed rate loan agreement with Royal Bank of Canada. The principal amount of \$1,000,000 bears an annual interest of 3.20% for a 36-month term. The loan is repayable by consecutive monthly blended payments of \$5,648, including interest, based on a 240-month amortization.

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:

	2016	2015
	\$	\$
Principal amount outstanding	1,759,154	1,833,225
Less: current portion	76,476	74,071
<b>Long-term portion</b>	<b>1,682,678</b>	<b>1,759,154</b>

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2016

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#### 4. Long-term debt (continued)

Principal repayments to the maturity date are as follows:

	\$
2017	76,476
2018	1,682,678
	<u>1,759,154</u>

Interest paid for the year ended March 31, 2016 totaled \$57,583 (2015 - \$48,871).

#### 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

	2016	2015
	\$	\$
Trusted projects	21,654	29,314
Daycare wage subsidy (Note 11)	(17,716)	(24,952)
Other programs	453,723	440,108
	<u>457,661</u>	<u>444,470</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.

#### 7. Deferred capital grants

	2016	2015
	\$	\$
Ministry of Children and Youth Services	1,300,000	1,300,000
Federal Economic Development Agency	612,709	545,906
Ontario Trillium Foundation	546,552	500,000
	<u>2,459,261</u>	<u>2,345,906</u>
Accumulated amortization	(124,746)	(75,275)
	<u>2,334,515</u>	<u>2,270,631</u>

#### 8. Unrestricted fund

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

	2016	2015
	\$	\$
Net book value of capital assets	6,076,960	6,135,347
Long-term debt	(1,759,154)	(1,833,225)
Deferred capital grant (Note 7)	(2,334,515)	(2,270,631)
	<u>1,983,291</u>	<u>2,031,491</u>

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2016

### 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.

These reports show the following services to be in surplus (deficit) position for the year ended March 31, 2016:

						2016	2015
	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	129,934	2,179	5,400	1,896,031	72,334	2,105,878	6,405,560
Expenses per TPAR	135,066	2,155	4,815	1,904,839	85,088	2,131,963	6,412,925
(Deficit) surplus per TPAR	(5,132)	24	585	(8,808)	(12,754)	(26,085)	(7,365)

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

The following amounts are included in the Daycare column amounts on the Statement of revenue, expenses and changes in fund balances.

						2016	2015
	Wage subsidy	P.E. Prior 98	P.E. 99-05	Wage improvement funding	Total	Total	
					\$	\$	
Deferred from prior years	(1)	(24,952)	-	-	(24,952)	24,363	
Grants received							
Infant/Toddler		44,562	5,017	9,183	10,333	69,095	
Pre-school/School Age		35,269	5,016	7,373	13,406	61,064	
	(2)	79,831	10,033	16,556	23,739	130,159	
Expense							
Infant/Toddler		41,924	4,756	8,706	9,796	65,182	
Pre-school/School Age		33,136	4,755	6,990	9,974	54,855	
	(3)	75,060	9,511	15,696	19,770	120,037	
Wage subsidies returned to Children's Services this fiscal year	(4)	-	-	-	2,885	2,885	
Wage subsidies deferred to future years (1) + (2) - (3) - (4)		(20,181)	522	860	1,084	(17,715)	

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2016

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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 March 23, 2020:

	\$
2017	81,633
2018	84,191
2019	84,702
2020	38,667
	<hr/> 289,193

### 13. Financial instruments

#### *Fair value*

The fair value of the Organization's accounts receivable, accounts payable and accrued liabilities and amount due to funders approximates their carrying value due to their short-term maturity.

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2016

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### 13. Financial instruments (continued)

#### *Fair value (continued)*

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:

#### Department

#### Program/Project

##### **General**

Administration/Capital Campaign/Fundraising

C.A.C. - Culturally Appropriate Counselling

Family Counselling

N.S.P. - Newcomer Settlement Program  
(Pay Equity)

V.A.W. - Violence Against Women  
Transitional Support

Youth

Youth Development

Aggression Replacement Training

Education

Tutoring

Camp Tropicana

The Lab (formerly, ProTech Media Lab)

Youths' Rec:

Man Up

Sister to Sister

Run, Jump, Throw

Drum Artz

##### **Restricted**

Children of Tomorrow Day Care Organizations

Kindergarten, Pre-school/School Age,  
Infant/Toddler

Tropicana Employment Centre (Formally A.Y.C.E)

Employment Service

Youth Employment Program

Pre-apprenticeship Training Program

Ontario Summer Jobs Service

Canada-Ontario Job Grant

Investing in Neighbourhood

Youth Job Connection

Net Works

Youths' Rec:

Tropicana LYVE (Leading Youth to viable  
Employment)

# Tropicana Community Services Organization

Notes to the financial statements

March 31, 2016

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**14. Project classification (continued)**

**Department**

**Program/Project**

***Restricted (continued)***

Jobs for Youth

Summer/After School Programs

Trusted Projects

Dorset Park Youth Council

Steeles/L'Amoreaux Youth Hub

Children & Youth Dance Theatre

**15. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities include \$1,002 (2015 - \$12,349) of income taxes, CPP and EI owing to the government.