

Financial statements of

**Tropicana Community  
Services Organization**

March 31, 2010

# Tropicana Community Services Organization

March 31, 2010

## Table of contents

Auditors' Report.....	1
Statement of revenue, expenses and changes in fund balances .....	2
Balance sheet.....	3
Statement of cash flows.....	4
Notes to the financial statements .....	5-10

## Auditors' Report

To the Members of  
Tropicana Community Services Organization

We have audited the balance sheet of Tropicana Community Services Organization as at March 31, 2010 and the statements of revenue, expenses and changes in fund balances and of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Licensed Public Accountants  
May 28, 2010

# Tropicana Community Services Organization

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

### year ended March 31, 2010

2010

2009

	Restricted										Capital Building fund	Total	Total
	General	Daycare	A.Y.C.E.	S.Y.R.C.	I.S.A.P.	Involve Youth	Summer Jobs For Youth	Microsoft ProTech	Trusteed Projects	Total Restricted			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>													
City of Toronto fees	-	740,429	-	-	-	-	-	-	-	740,429	-	740,429	717,878
City of Toronto grants	43,995	163,454	55,790	-	-	385,100	-	-	151,917	756,261	-	800,256	632,951
Provincial grants (General includes \$36,502 for NSP)	223,506	-	2,988,333	-	-	-	3,882,193	-	-	6,870,526	-	7,094,032	5,357,011
Less: Unspent provincial grants	-	-	(347,130)	-	-	-	-	-	-	(347,130)	-	(347,130)	(106,172)
Federal grants	-	6,543	122,764	276,879	69,819	5,850	-	-	-	481,855	-	481,855	594,774
United Way	401,058	-	-	52,713	-	-	-	-	263,730	316,443	-	717,501	653,678
Ontario Trillium Foundation	-	-	-	37,100	-	-	-	-	-	37,100	-	37,100	-
Membership and donations	114,521	-	100	-	-	500	-	55,098	-	55,698	120,740	290,959	238,906
Parents fees	24,339	34,110	-	230	-	-	-	-	-	34,340	-	58,679	47,716
Fund raising projects-net	39,425	-	-	2,483	-	-	-	-	-	2,483	-	41,908	24,522
Other income and expense recoveries	364,307	-	64,911	18,063	-	16,491	-	-	1,000	100,465	2,109	466,881	339,900
Interest income	951	-	-	-	-	-	-	-	-	-	-	951	6,233
Rental income	1,675	-	-	480	-	-	-	-	-	480	-	2,155	2,923
	<b>1,213,777</b>	<b>944,536</b>	<b>2,884,768</b>	<b>387,948</b>	<b>69,819</b>	<b>407,941</b>	<b>3,882,193</b>	<b>55,098</b>	<b>416,647</b>	<b>9,048,950</b>	<b>122,849</b>	<b>10,385,576</b>	<b>8,510,320</b>
<b>Expenses</b>													
Advertising and promotion	45,623	-	53,142	4,619	-	550	24,057	1,526	3,987	87,881	-	133,504	88,937
Fund raising expenses	26,417	-	-	1,798	-	-	809	-	-	2,607	1,620	30,644	33,610
Amortization	24,878	5,541	47,989	3,130	258	179	47,117	289	126	104,629	-	129,507	130,551
Equipment lease	15,895	2,549	15,003	6,660	2,421	-	9	-	-	26,642	-	42,537	49,727
Food	10,498	56,233	2,816	4,822	-	25,253	14,435	-	4,590	108,149	91	118,738	100,486
Insurance	6,857	4,862	14,194	1,193	362	-	-	-	-	20,611	-	27,468	26,904
Job Connect reimbursement	-	-	331,567	-	-	-	-	-	-	331,567	-	331,567	435,059
HRSDC participants' reimbursement	-	-	-	157,280	-	-	-	-	-	157,280	-	157,280	204,148
Non-recoverable portion of GST	11,661	3,041	9,856	1,037	354	1,102	8,185	566	244	24,385	40	36,086	28,702
OSJS reimbursement	-	-	426,257	-	-	-	-	-	-	426,257	-	426,257	351,336
Professional fees	45,000	6,128	81,289	13,338	495	64,114	25,482	525	174,876	366,247	-	411,247	328,393
Program supplies	14,675	29,036	25,690	301	-	-	79,864	-	-	134,891	-	149,566	122,824
Rent, utilities and cleaning	179,459	18,744	152,653	2,640	7,641	2,800	46,546	-	10,800	241,824	-	421,283	399,059
Salaries and benefits	1,199,792	718,068	1,437,613	170,891	60,219	251,613	3,005,531	43,514	90,464	5,777,913	-	6,977,705	5,378,056
Special projects	27,921	-	48,746	-	-	851	28,591	-	70,000	148,188	-	176,109	145,112
Stationery, office supplies and bank charges	97,516	8,309	38,729	12,251	4,316	56,794	437,224	7,985	59,726	625,334	-	722,850	466,848
Telephone	10,932	4,296	15,998	2,245	553	6,038	12,601	693	1,134	43,558	-	54,490	33,419
Travel	5,182	148	7,284	1,228	303	1,366	10,247	-	700	21,276	-	26,458	20,952
	<b>1,722,306</b>	<b>856,955</b>	<b>2,708,826</b>	<b>383,433</b>	<b>76,922</b>	<b>410,660</b>	<b>3,740,698</b>	<b>55,098</b>	<b>416,647</b>	<b>8,649,239</b>	<b>1,751</b>	<b>10,373,296</b>	<b>8,344,123</b>
Allocation - administration expenses	(379,261)	51,850	171,235	26,912	4,264	-	125,000	-	-	379,261	-	-	-
Adjusted total expenses	<b>1,343,045</b>	<b>908,805</b>	<b>2,880,061</b>	<b>410,345</b>	<b>81,186</b>	<b>410,660</b>	<b>3,865,698</b>	<b>55,098</b>	<b>416,647</b>	<b>9,028,500</b>	<b>1,751</b>	<b>10,373,296</b>	<b>8,344,123</b>
Excess (deficiency) of revenue over expenses	(129,268)	35,731	4,707	(22,397)	(11,367)	(2,719)	16,495	-	-	20,450	121,098	12,280	166,197
Fund balances, beginning of year	543,517	191,774	(158,816)	2,325	(63,921)	5,400	192,850	-	-	169,612	44,912	758,041	720,342
Fund balances, end of year	<b>414,249</b>	<b>227,505</b>	<b>(154,109)</b>	<b>(20,072)</b>	<b>(75,288)</b>	<b>2,681</b>	<b>209,345</b>	<b>-</b>	<b>-</b>	<b>190,062</b>	<b>166,010</b>	<b>770,321</b>	<b>758,041</b>

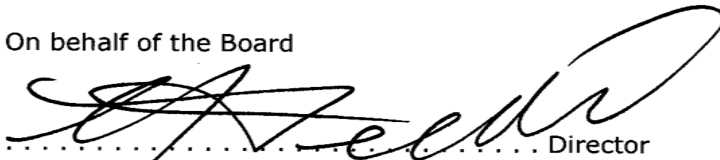
# Tropicana Community Services Organization

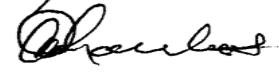
## Balance sheet

March 31, 2010

	2010	2009
	\$	\$
<b>Assets</b>		
Current assets		
Cash and term deposits (Note 4)	954,736	600,418
Accounts receivable	1,000,199	620,868
Deposits and prepaid expenses	48,598	66,873
	<b>2,003,533</b>	1,288,159
Capital assets (Note 5)	467,196	463,742
	<b>2,470,729</b>	1,751,901
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	640,644	616,873
Amount due to funders (Note 6)	378,220	121,840
Deferred revenue (Note 7)	681,544	255,147
	<b>1,700,408</b>	993,860
<b>Fund Balances</b>		
General		
Invested in capital assets	467,196	463,742
Unrestricted	(52,947)	79,775
	<b>414,249</b>	543,517
Restricted	190,062	169,612
Capital Building Fund	166,010	44,912
	<b>770,321</b>	758,041
	<b>2,470,729</b>	1,751,901

On behalf of the Board

  
 ..... Director

  
 ..... Director

# Tropicana Community Services Organization

## Statement of cash flows year ended March 31, 2010

	2010	2009
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	12,280	166,197
Item not affecting cash		
Amortization of capital assets	129,507	130,551
	<b>141,787</b>	296,748
 Changes in non cash working capital items		
Accounts receivable	(379,331)	(232,986)
Deposits and prepaid expenses	18,275	(4,708)
Accounts payable and accrued liabilities	23,771	(57,526)
Amount due to funders	256,380	617
Deferred revenue	426,397	(263,573)
	<b>487,279</b>	(261,428)
<b>Investing activities</b>		
Purchase of capital assets	(132,961)	(114,207)
 Increase (decrease) in cash and term deposits	<b>354,318</b>	(375,635)
Cash and term deposits, beginning of year	600,418	976,053
<b>Cash and term deposits, end of year</b>	<b>954,736</b>	600,418
 <b>Cash and term deposits comprise the following:</b>		
Cash	582,845	228,922
Term deposits	371,891	371,496
	<b>954,736</b>	600,418

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2010

### 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. Changes in accounting policies

#### *Series of Sections 4400 – Not-for-profit organizations*

In September 2008, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to several of the existing sections on accounting, measurement and financial reporting by Not-for-profit organizations contained in the 4400 series of Sections of the CICA Handbook. The adoption of these amendments has not resulted in any change in how the Organization accounts for its transactions.

#### *Section 1000 – Financial statement concepts*

On April 1, 2009, the Organization adopted the amendments made to Section 1000 "Financial statements concepts". The amended section requires an entity to demonstrate that any amount that is presented as an asset meets the conceptual definition of an asset or is permitted to be recorded as assets under specific CICA Handbook sections. The adoption of these amendments has not resulted in any change in how the Organization accounts for its transactions.

#### *EIC-173 - Credit risk and the fair value of financial assets and financial liabilities*

In January 2009, the Emerging Issues Committee ("EIC") issued EIC-173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counterparty (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The new guidance did not have any impact on the valuation of the Organization's financial assets and liabilities, or its net assets.

### 3. Significant accounting policies

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

#### *Capital assets*

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

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

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

#### *Revenue recognition*

Restricted donations or grants are recognized as revenue of the appropriate restricted funds. All other restricted donations or grants for which no restricted funds have been established are deferred and recognized as revenue of the General Fund in the years in which the related expense are incurred. Unrestricted donations or grants are recognized as revenue of the General Fund.

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2010

### 3. Significant accounting policies (continued)

#### *Fund balance*

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

#### *Donated services*

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

#### *Financial instruments*

The Organization has classified each of its financial instruments into the following categories, effective April 1, 2007. The category for an item determines its subsequent accounting.

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

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

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

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

### 4. Credit facility

The Organization has available a \$200,000 credit facility with the Royal Bank of Canada. As security for the operating line of credit, the Organization must maintain a minimum term deposit balance of \$200,000. During the course of the year, and as at March 31, 2010 no funds from the facility had been drawn.

### 5. Capital assets

			<b>2010</b>	2009
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	Net book value
	\$	\$	\$	\$
Furniture and equipment	<b>396,001</b>	<b>208,696</b>	<b>187,305</b>	188,174
Computer equipment	<b>597,157</b>	<b>433,753</b>	<b>163,404</b>	129,958
Leasehold improvements	<b>357,211</b>	<b>240,724</b>	<b>116,487</b>	145,610
	<b>1,350,369</b>	<b>883,173</b>	<b>467,196</b>	463,742

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2010

### 6. Amount due to funders

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

### 7. Deferred revenue

	2010	2009
	\$	\$
General	450,218	109,829
Trusteed projects	228,379	130,777
Daycare (see Note 10)	2,947	14,541
	<b>681,544</b>	<b>255,147</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, since there is no appropriate restricted fund.

### 8. Capital Building Fund

The Capital Building Fund is an internally restricted account that was established by the Board with the aim to appropriate contributions, and record funds expended, towards the future development of Tropicana's own building.

### 9. Transfer Payment Annual Reconciliation ("TPAR")

The Organization has five Service Contracts/CFSA (Child and Family Services Act) Approvals with the Ministry of Community and Social Services and the Ministry of Children and Youth Services. The contracts require the completion of an annual program reconciliation report that summarizes by service, all revenues and expenditures and identifies any resulting surplus or deficit.

A review of these reports shows the following services to be in surplus position for the year ended March 31, 2010:

						2010	2009
	V. A. W. (Counsel. Service)	V. A. W. (Perf. Mngt. Framework)	V. A. W. (Capacity Building)	Summer Jobs For Youth	C.A.C. (Transitional Support)	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue per TPAR	124,853	2,100	4,084	3,883,182	69,555	4,083,774	2,710,982
Expenses per TPAR	124,750	2,100	3,501	3,882,193	69,555	4,082,099	2,704,275
Surplus per TPAR	103	-	583	989	-	1,675	6,707

# Tropicana Community Services Organization

## Notes to the financial statements

March 31, 2010

### 10. Toronto Children's Services Wage Subsidies

	Wage Subsidy	Pay Equity	Wage Improvement Funding	Total
	\$	\$	\$	\$
Deferred from prior years (1)	14,541	-	-	14,541
Received in this Fiscal Year (2)	123,776	15,696	12,388	151,860
Wage Subsidies expensed in this Fiscal Year (3)	135,370	15,696	12,388	163,454
Wage Subsidies returned to Children's Services this Fiscal Year (4)	-	-	-	-
Wage Subsidies deferred to future years (1) + (2) - (3) - (4)	2,947	-	-	2,947

### 11. Guarantees and commitments

#### (i) Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to the disclosure requirements of AcG-14 are as follows:

- The Organization has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Organization agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- Indemnity has been provided to all directors and or officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to association with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Organization. The maximum amount of any potential future payment cannot be reasonably estimated.
- In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Organization to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

# Tropicana Community Services Organization

Notes to the financial statements

March 31, 2010

## 11. Guarantees and commitments (continued)

### (ii) Commitments

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

	\$
2011	302,068
2012	147,179
2013	133,098
2014	133,098
2015	22,183
	<hr/> <hr/> <u>737,626</u>

## 12. Capital disclosure

The Organization considers its capital to be restricted net assets and deferred revenue. The Organization's objectives when managing its capital is to meet any externally imposed restrictions and it has met these requirements.

## 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, 2010

## 14. Project classification

Tropicana has several restricted and unrestricted projects to complete. The funds for restricted projects are to be used for those specific projects only. The following are programs carried out by the Organization during the year:

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