



springboard

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Financial Statements of

OPERATION SPRINGBOARD

Year ended March 31, 2014

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Independent Auditor's Report

To the Directors of Operation Springboard

We have audited the accompanying financial statements of Operation Springboard, which comprise the balance sheet as at March 31, 2014, the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Operation Springboard in accordance with the provisions of Operation Springboard's funding agreements with certain Provincial and Federal Ministries and Municipal Government departments.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the provisions of Operation Springboard's funding agreements with certain Provincial and Federal Ministries and Municipal Government departments, 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 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 Operation Springboard as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with the provisions of Operation Springboard's funding agreements with certain Provincial and Federal Ministries and Municipal Government Departments.

Basis of Accounting and Restrictions on Distribution and Use

Without modifying our opinion, we draw attention to Note 2(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Operation Springboard to comply with the financial reporting provisions of the funding agreements with certain Provincial and Federal Ministries and Municipal Government departments. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for certain Provincial and Federal Ministries and Municipal Government Departments and should not be distributed to or used by parties other than the intended users.

Deloitte LLP

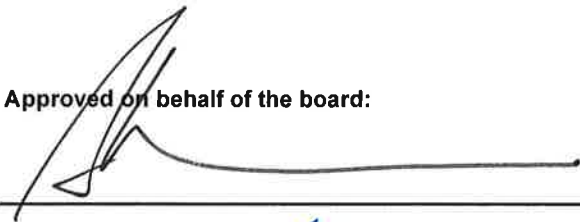
Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
July 21, 2014

OPERATION SPRINGBOARD

**Balance Sheet
As at March 31, 2014**

	2014	2013 (Note 14)
Assets		
Current		
Cash and restricted cash, note 3	\$ 2,376,793	\$ 1,816,738
Accounts receivable, note 4	378,572	401,588
Prepaid expenses	44,400	17,084
	<u>2,799,765</u>	<u>2,235,410</u>
Restricted capital reserve investments, note 5	345,830	330,114
Board restricted reserve investments	2,003,766	1,906,537
Artwork collection	138,800	138,800
Capital assets, note 6	<u>1,937,722</u>	<u>1,937,722</u>
	\$ 7,225,885	\$ 6,548,583
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 746,079	\$ 488,176
Accrued wages and vacation pay	1,342,988	1,258,406
Deferred revenue, note 8	284,764	243,837
Unexpended program funds, note 8	386,947	322,306
Program advances, note 8	177,789	61,485
Current portion of mortgages payable, note 7	58,436	199,797
	<u>2,997,003</u>	<u>2,574,007</u>
Reserve for building maintenance	<u>345,830</u>	<u>330,114</u>
Mortgages payable, note 7	<u>271,788</u>	<u>330,317</u>
Commitments, note 9		
Fund balances		
Capital assets	1,607,498	1,407,608
Board restricted	2,003,766	1,906,537
Operating	-	-
	<u>3,611,264</u>	<u>3,314,145</u>
	\$ 7,225,885	\$ 6,548,583

Approved on behalf of the board:



Brad Lambert, President



Fran Grant, Treasurer

OPERATION SPRINGBOARD

Statement of Revenue and Expenses For the Year Ended March 31, 2014

	2014	2013 (Note 14)
Revenue		
Provincial funding	\$ 10,701,840	\$ 10,144,829
Federal funding	417,504	393,999
Municipal funding	146,967	118,181
Fundraising	190,686	203,032
Client resident room and board	86,319	88,886
Other revenue	438,600	358,832
	\$ 11,981,916	\$ 11,307,759
Expenses		
Programs		
Community justice	\$ 4,647,047	\$ 4,565,208
Employment services	2,539,534	2,152,161
Developmental services	2,257,501	2,264,761
Community learning HUB	1,034,677	855,495
	10,478,759	9,837,625
Program administration and support	1,151,286	1,024,491
Fundraising	54,752	90,164
	\$ 11,684,797	\$ 10,952,280
Excess of revenue over expenses for the year	\$ 297,119	\$ 355,479

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

**Statement of Changes In Fund Balances
For the Year Ended March 31, 2014**

	2014			2013	
	Capital assets	Board restricted	Operating	Total	Total
Fund balances, beginning of year	\$ 1,407,608	\$ 1,906,537	\$ -	\$ 3,314,145	\$ 2,958,666
Excess of revenue over expenses for the year	-	-	297,119	297,119	355,479
Interfund transfers:					
- Board restriction	-	97,229	(97,229)	-	-
- Mortgage principal repayments	199,890	-	(199,890)	-	-
Fund balances, end of year	\$ 1,607,498	\$ 2,003,766	\$ -	\$ 3,611,264	\$ 3,314,145

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

Statement of Cash Flows For the Year Ended March 31, 2014

	2014	2013
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 297,119	\$ 355,479
Changes in non-cash working capital balances:		
Decrease/(increase) in accounts receivable	23,016	(130,998)
(Increase)/decrease in prepaid expenses	(27,316)	22,451
Increase/(decrease) in accounts payable and accrued liabilities	257,903	(118,748)
Increase in accrued wages and vacation pay	84,582	329,462
Increase in deferred revenue	40,927	30,737
Increase in unexpended program funds	64,641	252,525
Increase/(decrease) in program advances	116,304	(304,978)
Cash flows provided from operating activities	<u>857,176</u>	<u>435,930</u>
Investing activities		
Increase in restricted capital reserve investments, note 5	(15,716)	(16,256)
Increase in board restricted reserve investments	(97,229)	(290,191)
Cash flows used in investing activities	<u>(112,944)</u>	<u>(306,447)</u>
Financing activities		
Increase in reserve for building maintenance	15,716	16,250
Repayment of mortgage principal	(199,890)	(65,288)
Cash flows used in financing activities	<u>(184,174)</u>	<u>(49,038)</u>
Net increase in cash and restricted cash	560,055	80,445
Cash and restricted cash, beginning of year	<u>1,816,738</u>	<u>1,736,293</u>
Cash and restricted cash, end of year	<u>\$ 2,376,793</u>	<u>\$ 1,816,738</u>

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2014

1. Purpose of the Organization

Operation Springboard ("Springboard" or "Organization") is building stronger communities by providing our clients with the skills they need to fulfill their potential. Springboard is a community-based social service agency with programs in the areas of community justice, employment and developmental disabilities. The Organization was incorporated under the Ontario Corporations Act in 1974 as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act.

Springboard delivers programs and services from 18 locations across Ontario in the following areas:

Community Justice - Youth and adult skill development programs, residences and counselling that can turn lives around.

Employment Services - Skill building and placement programs to overcome employment barriers, so people can find and keep work they enjoy.

Developmental Services - Skill building, community participation and residential programming that help people with developmental disabilities live independently.

Community Learning HUB - An innovative digital suite of programs that enhances the way life skills are delivered to youth and adults.

2. Significant accounting policies

(a) Basis of presentation

The financial statements have been prepared in accordance with the accounting principles stipulated by Springboard's agreements with certain Provincial and Federal Ministries and Municipal Government departments for the purpose of satisfying filing requirements. These agreements predominantly reflect Canadian accounting standards for not-for-profit organizations with the exception of the accounting for capital assets.

(b) Revenue recognition

Springboard follows the deferral method of accounting for contributions.

Revenue is recognized on an accrual basis in the year in which the related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned.

Fundraising revenue includes revenue from community campaigns, events, gaming and other donations, and is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donation pledges are not recognized as revenue until received.

(c) Allocation of expenses

Certain officers and employees perform functions for various programs. As a result, salaries and benefits are recorded directly to those programs based on the estimated time spent on each program. Springboard does not allocate administrative expenses to programs.

(d) Financial instruments

Springboard has elected to value its financial instruments as follows:

Asset/ Liability	Measurement
Cash and restricted cash	Fair value
Restricted capital reserve investments	Fair value
Board restricted reserve investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Mortgages payable	Amortized cost

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2014

2. Significant accounting policies (continued)

e) Capital assets

Capital assets, other than land and buildings, acquired during the year are charged to operations and are classified to match the expenditure with the corresponding funding revenue as required by the various funding agreements.

Land and buildings are recorded at cost plus the cost of improvements which have been financed through mortgages, loans or general operating funds. No amortization is provided on land and buildings.

(f) Donated services

Volunteers contribute a significant number of hours to assist Springboard in carrying out its service delivery, administration, as well as board and advisory activities. Due to the difficulty in determining fair value, such contributed services are not recognized in the financial statements.

(g) Artwork collection

Springboard's collection, which consists of artwork, was recorded at fair value at the date it was donated.

(h) Use of estimates

The preparation of financial statements in accordance with the basis of presentation as stated in Note 2(a) 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Balances which reflect estimates include accrued liabilities and the fair value of the mortgages payable.

(i) Fund accounting

The accounts of Springboard are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives in order to recognize restrictions on the use of resources.

Springboard maintains three funds:

Capital assets fund - The Capital assets fund segregates the land and building balances and related financing from the other fund accounts. The fund balance is increased by repayments of mortgage principal and special transfers from the Board reserve fund and reduced by amortization.

Board restricted fund - The Board of Directors established a separate Board Restricted fund from which it can draw monies to seed new activities, fund research and award scholarships. The use of these funds, along with any interest income earned on them, is internally restricted based on conditions imposed by Springboard's Board of Directors.

Operating - The Operating fund records the operating activities of the Organization.

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2014

3. Cash and restricted cash

	March 31, 2014	March 31, 2013
Cash		
Restricted	\$ 70,418	\$ 70,852
Unrestricted	2,306,375	1,745,886
	\$ 2,376,793	\$ 1,816,739

4. Accounts receivable

	March 31, 2014	March 31, 2013
Government funder receivables	\$ 235,078	\$ 267,363
Property tax receivable	-	4,616
Other receivables	143,494	129,609
	\$ 378,572	\$ 401,588

5. Restricted capital reserve investments

	March 31, 2014		March 31, 2013	
	Cost	Market value	Cost	Market Value
Canada Mortgage and Housing Corporation	\$ 275,840	\$ 275,840	\$ 262,770	\$ 262,770
City of Toronto	69,990	69,990	67,344	67,344
	\$ 345,830	\$ 345,830	\$ 330,114	\$ 330,114

The amounts are held in a premium investment account.

Springboard is required to contribute set amounts to a restricted capital reserve as a condition of operating certain properties. These requirements are tied to annual funding provided by the City of Toronto as well as mortgage financing provided by the Canada Mortgage and Housing Corporation.

OPERATION SPRINGBOARD

Notes to the Financial Statements

March 31, 2014

6. Capital assets

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
976 College Street, Toronto	\$ 456,586	-	\$ 456,586	\$ 456,586
51 Dawes Road, Toronto				
- Blue Jays Lodge	260,342	-	260,342	260,342
335 Leslie Street, Toronto				
- Frank Drea House	361,886	-	361,886	361,886
2303-5 Gerard Street, Toronto				
- North Beaches Residence	353,653	-	353,653	353,653
230 Beverley Street, Toronto				
- Terry Fox House	350,000	-	350,000	350,000
136 Pilgrim Street, Sault Ste. Marie				
- Gord Saunders House	155,255	-	155,255	155,255
	\$ 1,937,722	-	\$ 1,937,722	\$ 1,937,722

7. Mortgages payable

			2014	2013
Property	Interest rate	Maturity date	Amount	Amount
976 College Street, Toronto	6.05%	April 16, 2013	-	\$ 143,051
51 Dawes Road, Toronto				
- Blue Jays Lodge	4.51%	January 1, 2021	149,248	167,510
335 Leslie Street, Toronto				
- Frank Drea House	1.63%	March 1, 2017	63,789	84,370
2303-5 Gerard Street, Toronto				
- North Beaches Residence	2.76%	February 1, 2020	117,188	135,183
			330,224	530,114
Less current portion			\$ (58,436)	\$ (199,797)
			\$ 271,788	\$ 330,317

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2014

7. Mortgages payable (continued)

Minimum annual principal payments are as follows:

2015	\$58,436
2016	60,173
2017	61,969
2018	41,864
2019	43,429
Thereafter	64,353
	\$330,224

The mortgage that matured on April 16, 2013 was repaid in full on that date.

Interest expense for the year amounted to \$11,822 (2013 - \$24,703). The fair value of these mortgages at March 31, 2014 is estimated to be \$313,605 (March 31, 2013 - \$498,334). The estimate was determined by discounting expected cash flows at the interest rate currently being offered for mortgages with the same remaining maturity.

8. Deferred revenue, unexpended program funds and program advances

Springboard receives funds from government and other funding sources for restricted use on specific programs, services or projects.

Deferred revenue represents restricted funds for gaming and other activities that are deferred and matched with expenditures once approval is obtained from regulators.

Unexpended program funds represent amounts relating to programs, services or projects in process as at the end of the fiscal year. Due to their restrictive nature, any excess funds from completed programs, services or projects are either returned to their originating source or taken in to operations after Springboard receives the appropriate approval.

Program advances represent unused funds for programs, services or projects that were completed as at the end of the fiscal year. These funds are repayable to their originating source. Springboard engages in negotiations with funding sources to retain these funds where possible to meet any unfunded program, service or organizational need.

9. Commitments

(a) Lease commitments

Springboard has commitments for its leased equipment and premises. The approximate future minimum annual lease payments are as follows:

2015	\$267,847
2016	271,362
2017	260,674
2018	76,810
2019	82,264
	\$958,957

(b) Bank indebtedness

Springboard has a secured line of credit with the Royal Bank of Canada of up to \$500,000 with a variable interest rate of prime plus 0.7%. This facility is secured against a first ranking general security agreement and a first mortgage on the property situated at 230 Beverley Street in the amount of \$500,000. As at March 31, 2014, \$Nil (March 31, 2013 - \$Nil) was outstanding.

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2014

10. Pension Plan

Springboard provides pension benefits to eligible employees through a Defined Contribution Pension Plan and Group Registered Retirement Savings Plan. Voluntary contributions are made by participating employees and Springboard in accordance with established contribution rates. For the year ended December 31, 2013, Springboard incurred \$252,821 as its pension contribution expense (2012 - \$237,437).

11. Service contracts

Springboard has various contracts with Federal, Provincial and Municipal funding bodies. Reconciliation reports and separate audited statements summarize by funder service or project code, all revenue and expenditures and identify any resulting surplus or deficit that relates to these service contracts per specific funder requirements.

12. Ministry of Attorney General funding

Springboard has a number of service contracts with the Ministry of Attorney General. A reconciliation report summarizes, by contract, all revenue and expenditures and identifies any resulting surplus or deficit that relates to the service contract.

Program	Revenue	Expenses	Net	Cash Funding	Receivable (Payable)
Youth Justice Committee					
Newmarket	\$ 70,000	\$ 70,000	-	\$ 70,000	-
Scarborough	66,000	66,000	-	66,000	-
Sault Ste Marie	38,972	39,323	(351)	38,972	-
Community Justice Worker					
Scarborough	94,500	94,500	-	94,500	-
Old City Hall	153,200	153,200	-	153,200	-
Stop Shop Theft	85,500	85,500	-	85,500	-
	\$508,172	\$508,523	(\$351)	\$508,172	-

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2014

13. Financial Instruments

Fair Value

The fair value of Springboard's financial instruments, except as noted otherwise, approximates their carrying value due to their short-term nature.

Credit Risk

Springboard's accounts receivable is subject to credit risk. The carrying amount of the balance on the balance sheet represent Springboard's maximum credit exposure at the balance sheet date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in the prime interest rate will have a positive or negative impact on Springboard's interest income. Such exposure will increase accordingly should Springboard maintain higher levels of investment in the future.

14. Comparative amounts

	March 31, 2013	
	As amended	As previously stated
Balance Sheet		
Unexpended program funds	\$ 322,306	\$ 69,782
Program advances	61,485	314,009
	<u>\$ 383,791</u>	<u>\$ 383,791</u>
Statement of revenue and expenses		
Expenses		
Youth justice	-	\$ 3,428,770
Adult justice	-	1,136,438
Community justice	4,565,208	-
	<u>\$ 4,565,208</u>	<u>\$ 4,565,208</u>