



Financial Statements of

OPERATION SPRINGBOARD

Year ended March 31, 2013

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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 sheets as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of revenue and expenses, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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, in all material respects, the financial position of Operation Springboard as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 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 3(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 18, 2013

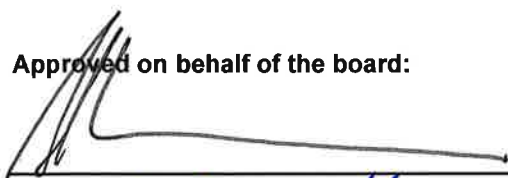
OPERATION SPRINGBOARD

Balance Sheets

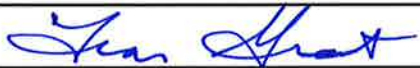
As at March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011 (Note 2)
Assets			
Current			
Cash and restricted cash, note 4	\$ 1,816,738	\$ 1,736,293	\$1,750,046
Accounts receivable, note 5	401,588	270,590	525,911
Prepaid expenses	17,084	39,535	40,082
	<u>2,235,410</u>	<u>2,046,418</u>	<u>2,316,039</u>
Restricted capital reserve investments, note 6	330,114	313,858	287,820
Board restricted reserve investments	1,906,537	1,616,346	1,285,871
Artwork collection	138,800	138,800	138,800
Capital assets, note 7	1,937,722	1,937,722	1,937,722
	<u>\$ 6,548,583</u>	<u>\$ 6,053,144</u>	<u>\$ 5,966,252</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 488,177	\$ 606,925	\$604,067
Accrued wages and vacation pay, note 15	1,258,406	928,944	1,022,649
Deferred revenue, note 9	243,837	213,100	144,403
Unexpended program funds, note 9	69,781	69,781	71,077
Program advances, note 9	314,009	366,462	601,000
Current portion of mortgages payable, note 8	199,797	65,180	62,554
	<u>2,574,007</u>	<u>2,250,392</u>	<u>2,505,750</u>
Reserve for building maintenance, note 6	330,114	313,864	299,463
Mortgages payable, note 8	330,317	530,222	595,467
Commitments, note 10			
Fund balances			
Invested in Capital assets	1,407,608	1,342,320	1,279,701
Board restricted	1,906,537	1,616,346	1,285,871
Operating	-	-	-
	<u>3,314,145</u>	<u>2,958,666</u>	<u>2,565,572</u>
	<u>\$ 6,548,583</u>	<u>\$ 6,053,144</u>	<u>\$ 5,966,252</u>

Approved on behalf of the board:



Brad Lambert, President



Fran Grant, Treasurer

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

Statements of Revenue and Expenses For the Years Ended March 31, 2013, and March 31, 2012

	2013	2012 (Note 2)
Revenue		
Provincial funding	\$ 10,144,829	\$ 10,086,557
Federal funding	393,999	400,024
Municipal funding	118,181	109,853
Fundraising	203,032	323,791
Client resident room and board	88,886	96,978
Other revenue	358,832	317,554
	\$ 11,307,759	\$ 11,334,757
Expenses		
Programs		
Youth justice	\$ 3,428,770	\$ 3,570,619
Employment services	2,152,161	2,430,888
Developmental disability services	2,264,761	2,211,913
Adult justice	1,136,438	1,140,385
Community learning HUB	855,495	602,758
	9,837,625	9,956,563
Program administration and support	1,024,491	921,138
Fundraising	90,164	63,962
	\$ 10,952,280	\$ 10,941,663
Excess of revenue over expenses for the year	\$ 355,479	\$ 393,094

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

**Statements of Changes In Fund Balances
For the Years Ended March 31, 2013, and March 31, 2012**

	2013			2012 (Note 2)	
	Invested in Capital assets	Board restricted	Operating	Total	Total
Fund balances, beginning of year	\$ 1,342,320	\$ 1,616,346	\$ -	\$ 2,958,666	\$ 2,565,572
Excess of revenue over expenses for the year	-	-	355,479	355,479	393,094
Interfund transfers:					
- Board restriction	-	290,191	(290,191)	-	-
- Mortgage principal repayments	65,288	-	(65,288)	-	-
Fund balances, end of year	\$ 1,407,608	\$ 1,906,537	\$ -	\$ 3,314,145	\$ 2,958,666

See accompanying notes to the financial statements

OPERATION SPRINGBOARD**Statements of Cash Flows****For the Years Ended March 31, 2013, March 31, 2012**

	2013	2012 (Note 2)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 355,479	\$ 393,094
Changes in non-cash working capital balances:		
(Increase)/ decrease in accounts receivable	(130,998)	255,321
Decrease in prepaid expenses	22,451	547
(Decrease)/ increase in accounts payable and accrued liabilities	(118,748)	2,858
Increase/ (decrease) in accrued wages and vacation pay	329,462	(93,705)
Increase in deferred revenue	30,737	68,697
Decrease in unexpended program funds	-	(1,296)
Decrease in program advances	(52,453)	(234,538)
Cash flows from operating activities	435,930	390,978
Investing activities		
Increase in restricted capital reserve investments, note 6	(16,256)	(26,038)
Increase in board restricted reserve investments	(290,191)	(330,475)
Cash flows used in investing activities	(306,447)	(356,513)
Financing activities		
Increase in reserve for building maintenance	16,250	14,401
Repayment of mortgage principal	(65,288)	(62,619)
Cash flows used in financing activities	(49,038)	(48,218)
Net increase (decrease) in cash and restricted cash	80,445	(13,753)
Cash and restricted cash, beginning of year	1,736,293	1,750,046
Cash and restricted cash, end of year	\$ 1,816,738	\$ 1,736,293

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2013 and 2012

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:

Youth Justice - Programs for youth, aged 12 to 17, who are involved in the justice system. In keeping with the principles of the Youth Criminal Justice Act, our diverse programming provides for a variety of justice alternatives in which youth are held accountable through interventions appropriate to the seriousness of the offence. These programs include: Three justice residences which offer programming and counseling to youth who are either in open detention (awaiting trial) or serving an open custody sentence; the Aris Kaplanis Youth Centre, which houses our Attendance, Youth Connect, Brief Therapy and Toronto District School Board Support and Assessment Program and the Youth Court Action Planning Program which is offered in 3 Youth Courts. Also our Youth Justice Committee programs operate in 3 locations in the province: Scarborough, Newmarket and Sault Ste. Marie.

Employment Services – Programs that take a holistic client-centered approach to employment needs. These programs include: Springboard Employment Services, which provides comprehensive employment support and job placement for youth 16 and older; Success In Motion, which is a six week pre-employment development and life skill program for those on social assistance aged 18 and over; Summer Jobs Service, a program to find summer jobs for those aged 15 to 30 returning to school in the fall; and Youth at Work, an intensive pre-employment program for youth and young adults aged 15 to 30 who face significant barriers to employment.

Developmental Disability Services – In the mid 1980's, the various levels of government significantly withdrew from the areas of housing for those individuals with development disabilities. Shortly thereafter, Springboard decided to fill this gap of service to prevent those individuals with developmental disabilities from becoming at-risk and possibly ending up in our justice programming. Our programs include: Seeking Opportunities Accessing Resources (S.O.A.R), which focuses on life-skill training and transitioning participants by encouraging volunteer and employment placements in the community; and our two transitional homes for males with developmental disabilities which provide life-skill training and counseling; Family Support Services, a program that works with families and individuals with disabilities to provide goal-oriented case management and referral services; and Community Housing Supports Services, a program that supports individuals who are ready to transition out of 24-hour support housing with goal planning, skill development and social development.

Adult Justice Programs for adults who are involved in the criminal justice system. These include: Direct Accountability Programs based in two Toronto Courts that provide alternatives to court prosecution for minor offences; the Stop Shop Theft Program for theft charges; a Federal diversion program for those charged with possession of marijuana at Old City Hall; the Intermittent Community Work Program (ICWP) which provides a community work alternative for adult males serving an intermittent (usually weekend) sentence and related Substance Use Program for impaired drivers; and our Community Service Order program which supervises adults from 5 Toronto probation offices in the completion of a set number of hours of community service.

Community Learning HUB - A highly engaging, evidence-informed and health promoting, digital skill development platform that is being utilized by all Springboard programs along with over 58 institutional and community agency external sites in 37 Ontario communities. Through the HUB, Springboard has converted pen-and-paper programs into a digital format in areas such as substance abuse, anger management, employment, and girls' self-esteem, financial literacy, developmental services and Aboriginal services. The HUB's programming combines years of experience serving at-risk populations with best-practices from academic research. HUB programming is offered on state-of-the-art interactive touch-screens and portable computers and incorporates client generated images, gaming and culturally appropriate content.

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2013 and 2012

2. Adoption of new accounting standards

During the year, the Organization adopted the new Canadian accounting standards for not-for-profit organizations ("the new standards") issued by the Canadian Institute of Chartered Accountants ("CICA"). In accordance with section 1501 of the CICA Handbook, First-time adoption, ("Section 1501"), the date of transition to the new standards is April 1, 2011 and Organization has presented an opening balance sheet as at that date. This opening balance sheet is the starting point for the Organization's accounting under the new standards. In its opening balance sheet, under the recommendations of Section 1501, the Organization:

- (a) recognized all assets and liabilities the recognition of which is required by the new standards;
- (b) did not recognize items as assets or liabilities if the new standards do not permit such recognition; and
- (c) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented.

The Organization has adopted the exemption available under Section 1501 related to the financial instruments, but this has not resulted in any changes to Fund balances as at April 1, 2011, or to the Statements of revenue and expenses and of cash flows for the year ended March 31, 2012.

3. 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.

Restricted investment income is recognized as revenue 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, 2013 and 2012

3. 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 expense 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, is 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 3(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:

Invested in Capital assets fund - The Invested in 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 Operating fund.

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, 2013 and 2012

4. Cash and restricted cash

	March 31, 2013	March 31, 2012	April 1, 2011
Cash			
Restricted	\$ 70,852	\$ 62,503	\$ 42,462
Unrestricted	1,745,886	1,673,790	1,707,584
	\$ 1,816,738	\$ 1,736,293	\$ 1,750,046

5. Accounts receivable

	March 31, 2013	March 31, 2012	April 1, 2011
Government funder receivables	\$ 267,363	\$ 100,062	\$ 349,770
Property tax receivable	4,616	13,967	5,596
Other receivables	129,609	156,561	170,545
	\$ 401,588	\$ 270,590	\$ 525,911

6. Restricted capital reserve investments

	March 31, 2013		March 31, 2012		April 1, 2011	
	Cost	Market value	Cost	Market Value	Cost	Market Value
Canada Mortgage and Housing Corporation	\$ 262,770	\$ 262,770	\$ 249,275	\$ 249,275	\$ 225,620	\$ 225,620
City of Toronto	67,344	67,344	64,583	64,583	62,200	62,200
	\$ 330,114	\$ 330,114	\$ 313,858	\$ 313,858	\$ 287,820	\$ 287,820

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.

The investments consist of:

	March 31, 2013	March 31, 2012	April 1, 2011
Premium investment account, bearing interest at 1.25% (March 31, 2012 - \$1.25%; April 1, 2011 - 0.93%)	\$ 92,585	\$ 79,924	\$ 55,876
Guaranteed investment certificates			
Interest at 1.8% maturing June 28, 2013	237,529	-	-
Interest at 0.75% matured June 22, 2012	-	109,809	-
Interest at 1.00% matured June 6, 2012	-	124,125	-
Interest at 0.45% matured June 22, 2011	-	-	109,064
Interest at 1.05% matured June 6, 2011	-	-	122,880
	\$ 330,114	\$ 313,858	\$ 287,820

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2013 and 2012

7. Capital assets

	Cost	Accumulated amortization	2013	2012	2011
			Net book value	Net book value	Net book value
976 College Street, Toronto	\$ 456,586	\$ -	\$ 456,586	\$ 456,586	\$ 456,686
51 Dawes Road, Toronto - Blue Jays Lodge	260,342	-	260,342	260,342	260,342
335 Leslie Street, Toronto - Frank Drea House	361,886	-	361,886	361,886	361,886
2303-5 Gerard Street, Toronto - North Beaches Residence	353,653	-	353,653	353,653	353,653
230 Beverley Street, Toronto - Terry Fox House	350,000	-	350,000	350,000	350,000
136 Pilgrim Street, Sault Ste. Marie - Gord Saunders House	155,255	-	155,255	155,255	155,255
	\$ 1,937,722	\$ -	\$ 1,937,722	\$ 1,937,722	\$ 1,937,822

8. Mortgages payable

Property	Interest rate	Maturity date	2013	2012	2011
			Amount	Amount	Amount
976 College Street, Toronto	6.05%	April 16, 2013	143,051	154,198	164,709
51 Dawes Road, Toronto - Blue Jays Lodge	4.51%	January 1, 2021	\$ 167,510	\$ 184,995	\$ 201,680
335 Leslie Street, Toronto - Frank Drea House	1.63%	March 1, 2017	84,370	103,509	121,907
2303-5 Gerard Street, Toronto - North Beaches Residence	2.76%	February 1, 2020	135,183	152,700	169,725
			530,114	595,402	658,021
Less current portion			\$ (199,797)	\$ (65,180)	\$ (62,554)
			\$ 330,317	\$ 530,222	\$ 595,467

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2013 and 2012

8. Mortgages payable (continued)

Minimum annual principal payments are as follows:

2014	\$	199,797
2015		58,424
2016		60,160
2017		61,957
2018		41,850
Thereafter		107,926
	\$	<u>530,114</u>

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

Interest expense for the year amounted to \$24,703 (2012 - \$27,264). The fair value of these mortgages at March 31, 2013 is estimated to be \$498,334 (March 31, 2012 - \$557,284; April 1, 2011 - \$ 603,142). The estimate was determined by discounting expected cash flows at the interest rate currently being offered for mortgages with the same remaining maturity.

9. 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 expenses 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.

10. Commitments

(a) Lease commitments

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

2014	266,797
2015	76,896
2016	80,725
2017	77,573
2018	76,927
Thereafter	76,349
	<u>\$655,267</u>

(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, 2013, \$Nil (March 31, 2012 - \$Nil; April 1, 2011 - \$Nil) was outstanding.

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2013 and 2012

11. 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, 2012, Springboard incurred \$237,437 as its pension contribution expense (2011 - \$235,124).

12. 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 expenses and identify any resulting surplus or deficit that relates to these service contracts per specific funder requirements.

13. 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 revenues and expenses and identifies any resulting surplus or deficit that relates to the service contracts.

Program	Revenue	Expenses	Net	Cash Funding	Payable
Youth Justice Committee					
Newmarket	\$ 70,000	\$ 70,090	\$ (90)	\$ 70,000	\$ -
Scarborough	66,000	66,331	(331)	66,000	-
Sault Ste.Marie	38,836	51,744	(12,908)	38,972	(136)
Community Justice Worker					
Scarborough	94,500	94,500	-	94,500	-
Old City Hall	109,500	109,500	-	109,500	-
Stop Shop Theft	85,500	85,500	-	85,500	-
	\$ 464,336	\$ 477,665	\$ (13,329)	\$ 464,472	\$ (136)

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2013 and 2012

14. Financial Instruments

Fair Value

The fair value of Springboard's financial instruments, except as noted otherwise, approximate 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.

15. Accrued wages and vacation pay

Accrued wages and vacation pay include statutory deductions owing to the government of \$73,248 (March 31, 2012 - \$71,044 and April 1, 2011 - \$71,443).

