



Financial Statements

Operation Springboard

March 31, 2018

Contents

	Page
Independent Auditor's Report	1 - 2
Balance Sheet	3
Statement of Revenue and Expenses	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13

Independent Auditor's Report

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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, 2018, 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, in all material respects, the financial position of Operation Springboard as at March 31, 2018, 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 restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2 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.



Toronto, Canada
July 12, 2018

Chartered Professional Accountants
Licensed Public Accountants

Operation Springboard Balance Sheet

March 31 2018 2017

Assets

Current

Cash and restricted cash (Note 3)	\$ 1,138,303	\$ 879,953
Accounts receivable (Note 4)	702,186	468,688
Prepaid expenses	<u>75,563</u>	<u>44,100</u>

1,916,052 1,392,741

Restricted capital reserve investments (Note 5)	415,314	392,070
Board restricted reserve investments (Note 6)	3,381,366	3,159,244
Capital assets (Note 7)	<u>1,782,467</u>	<u>1,782,467</u>

\$ 7,495,199 \$ 6,726,522

Liabilities

Current

Accounts payable and accrued liabilities (Note 8)	\$ 903,109	\$ 703,459
Deferred revenue (Note 9)	853,027	520,108
Program advances (Note 9)	159,916	169,174
Current portion of mortgages payable (Note 10)	<u>43,212</u>	<u>42,696</u>

1,959,264 1,435,437

Mortgages payable (Note 10) 61,394 104,606

Capital reserve (Note 5) 415,314 392,070

Fund balances

Capital assets	1,677,861	1,635,165
Board restricted	3,381,366	3,159,244
Operating	<u>-</u>	<u>-</u>

5,059,227 4,794,409

\$ 7,495,199 \$ 6,726,522

Commitments (Note 11)

On behalf of the Board

 Elgin Farewell, President

 Fran Grant, Treasurer

See accompanying notes to the financial statements.

Operation Springboard

Statement of Revenue and Expenses

Year ended March 31

2018

2017

Revenue

Government funding		
Provincial	\$ 11,623,240	\$ 10,967,505
Municipal	130,935	84,976
Federal	173,346	11,242
Fundraising	165,476	406,592
Fees for services	114,727	125,930
Client resident room and board	94,272	92,770
Other revenue	<u>189,228</u>	<u>283,622</u>
	<u>12,491,224</u>	<u>11,972,637</u>

Expenses

Programs		
Community justice	4,207,394	4,011,841
Employment services	3,197,882	3,347,067
Developmental services	2,616,490	2,515,437
Community learning HUB	<u>1,084,012</u>	<u>625,859</u>
	11,105,778	10,500,204
Program administration and support	1,108,160	1,172,181
Fundraising	<u>12,468</u>	<u>29,527</u>
	<u>12,226,406</u>	<u>11,701,912</u>

Excess of revenue over expenses	<u>\$ 264,818</u>	<u>\$ 270,725</u>
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See accompanying notes to the financial statements.

Operation Springboard
Statement of Changes in Fund Balances

Year ended March 31

	Capital assets	Board restricted	Operating	2018 Total	2017 Total
Fund balances, beginning of year	1,635,165	3,159,244	-	4,794,409	4,523,684
Excess of revenue over expenses	-	-	264,818	264,818	270,725
Interfund transfers:					
Mortgage principal repayments	42,696	-	(42,696)	-	-
Board restriction	-	222,122	(222,122)	-	-
Fund balances, end of year	<u>\$ 1,677,861</u>	<u>\$ 3,381,366</u>	<u>\$ -</u>	<u>\$ 5,059,227</u>	<u>\$ 4,794,409</u>

See accompanying notes to the financial statements.

Operation Springboard Statement of Cash Flows

Year ended March 31

2018

2017

Increase (decrease) in cash and restricted cash

Operating activities

Excess of revenue over expenses	\$ 264,818	\$ 270,725
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Changes in non-cash working capital balances:

Accounts receivable	(233,498)	(41,524)
Prepaid expenses	(31,463)	11,825
Accounts payable and accrued liabilities	199,650	(179,014)
Deferred revenue	332,919	(240,992)
Program advances	<u>(9,258)</u>	<u>(297,576)</u>

	<u>523,168</u>	<u>(476,556)</u>
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Financing activities

Increase in capital reserve	23,244	13,720
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Repayment of mortgage principal	<u>(42,696)</u>	<u>(63,802)</u>
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	<u>(19,452)</u>	<u>(50,082)</u>
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Investing activities

Increase in capital reserve investments	(23,244)	(13,720)
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Increase in Board restricted investments	<u>(222,122)</u>	<u>(206,923)</u>
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	<u>(245,366)</u>	<u>(220,643)</u>
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Net increase (decrease) in cash and restricted cash	258,350	(747,281)
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Cash and restricted cash, beginning of year	<u>879,953</u>	<u>1,627,234</u>
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Cash and restricted cash, end of year	<u>\$ 1,138,303</u>	<u>\$ 879,953</u>
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See accompanying notes to the financial statements.

Operation Springboard

Notes to the Financial Statements

March 31, 2018

1. Purpose of the organization

Operation Springboard ("Springboard" or the "Organization") is building stronger communities by providing its clients with the skills they need to fulfill their potential. Springboard is a community-based social services 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. Summary of significant accounting policies

Basis of presentation

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

Use of estimates

The preparation of financial statements in accordance with the basis of presentation as stated above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 and disclosures which reflect estimates include accounts receivable, accrued liabilities, and the fair value of the mortgages payable.

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.

Operation Springboard

Notes to the Financial Statements

March 31, 2018

2. Summary of significant accounting policies (continued)

Springboard maintains three funds:

Capital assets fund – This fund segregates the land and building balances and related financing from the other fund accounts. The fund balance is increased by capital asset additions, repayments of mortgage principal and special transfers from the Board restricted fund, and is reduced by capital asset disposals.

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

Revenue recognition

Springboard follows the deferral method of accounting for restricted contributions. Revenue is recognized on the accrual basis in the year in which the related expenses are incurred.

Fundraising revenue includes revenue from community campaigns, events, 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.

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.

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.

Financial instruments

Springboard initially measures its financial instruments at fair value and has elected to subsequently measure its financial instruments as follows:

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

Operation Springboard Notes to the Financial Statements

March 31, 2018

2. Summary of significant accounting policies (continued)

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.

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.

3. Cash and restricted cash

	<u>2018</u>	<u>2017</u>
Cash		
Unrestricted	\$ 1,134,536	\$ 876,927
Restricted for gaming funds received	<u>3,767</u>	<u>3,026</u>
	<u>\$ 1,138,303</u>	<u>\$ 879,953</u>

4. Accounts receivable

	<u>2018</u>	<u>2017</u>
Government funder receivables	\$ 450,977	\$ 312,898
Property tax receivable	29,255	26,729
Other receivables	<u>221,954</u>	<u>129,061</u>
	<u>\$ 702,186</u>	<u>\$ 468,688</u>

5. Restricted capital reserve investments

Springboard is required to contribute set amounts to a restricted capital reserve fund as a condition of operating certain properties. These requirements are tied to mortgage financing provided by the Canada Mortgage and Housing Corporation. The funds are invested in a low-risk investment portfolio in accordance with each of the funder's requirements in the following amounts:

Operation Springboard Notes to the Financial Statements

March 31, 2018

5. Restricted capital reserve investments (continued)

	<u>2018</u>	<u>2017</u>
Canada Mortgage and Housing Corporation	\$ 340,226	\$ 317,060
City of Toronto	<u>75,088</u>	<u>75,010</u>
	<u>\$ 415,314</u>	<u>\$ 392,070</u>

6. Board restricted reserve investments

Board restricted reserve investments are invested in a low-risk investment portfolio.

7. Capital assets

	<u>2018</u> Cost and net book value	<u>2017</u> Cost and net book value
976 College Street, Toronto	\$ 456,586	\$ 456,586
335 Leslie Street, Toronto - Frank Drea House	361,886	361,886
2303-5 Gerrard Street, Toronto - North Beaches Residence	353,653	353,653
230 Beverley Street, Toronto - Terry Fox House	350,000	350,000
51 Dawes Road, Toronto - Blue Jays Lodge	<u>260,342</u>	<u>260,342</u>
	<u>\$ 1,782,467</u>	<u>\$ 1,782,467</u>

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$Nil (2017 - \$Nil) in government remittances payable.

9. Deferred revenue 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 programs, services, projects, gaming and other activities that are 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 into revenue after Springboard receives the appropriate approval and matched with expenditures incurred.

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.

Operation Springboard Notes to the Financial Statements

March 31, 2018

9. Deferred revenue and program advances (continued)

Springboard engages in negotiations with funding sources to retain these funds where possible to meet any unfunded program, service or organizational need.

The continuity of deferred revenue and program advances for the current year are as follows:

	<u>Beginning balance</u>	<u>Received</u>	<u>Used</u>	<u>Ending balance</u>
Deferred revenue	\$ 520,108	\$ 607,547	\$ 274,628	\$ 853,027
Program advances	\$ 169,174	\$ 78,354	\$ 87,612	\$ 159,916

10. Mortgages payable

	<u>2018</u>	<u>2017</u>
2303-5 Gerrard Street, Toronto - North Beaches Residence, bearing interest at 1.39% (2017 – 1.39%), maturing on February 1, 2020	39,341	59,455
51 Dawes Road, Toronto - Blue Jays Lodge, bearing interest at 1.04% (2017 – 1.04%), maturing on January 1, 2021	<u>65,265</u>	<u>87,847</u>
	104,606	147,302
Less: current portion	<u>(43,212)</u>	<u>(42,696)</u>
	\$ 61,394	\$ 104,606

Minimum annual principal payments are as follows:

2019	43,212
2020	42,000
2021	<u>19,394</u>
	\$ 104,606

Interest expense for the year amounted to \$1,502 (2017 - \$2,199).

Operation Springboard

Notes to the Financial Statements

March 31, 2018

11. Commitments

Lease commitments

Springboard has commitments for its leased equipment and premises expiring in fiscal 2020. The approximate future minimum annual lease payments are as follows:

2019	286,162
2020	<u>184,665</u>
	<u>\$ 470,827</u>

12. 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 on all assets of Operation Springboard and a first mortgage on the property situated at 230 Beverley Street in the amount of \$500,000. As at March 31, 2018, \$Nil (2017 - \$Nil) was outstanding.

13. 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 pension plan's year ended December 31, 2017, Springboard incurred \$234,514 (2017 - \$207,465) as its pension contribution expense. It is management's estimate that this expense amount does not significantly differ than the amount incurred during Springboard's fiscal year.

14. Service contracts

Springboard has various contracts with Federal, Provincial and Municipal funding bodies. Reconciliation reports and separate audited or reviewed 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.

15. Ministry of the Attorney General funding

Springboard has a number of service contracts with the Ministry of the 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. The following summarizes current year activity with the Ministry:

Operation Springboard

Notes to the Financial Statements

March 31, 2018

15. Ministry of the Attorney General funding (continued)

Program	Revenue	Expenses	Net	Cash Funding	Receivable (payable)
Youth Justice Committee					
Newmarket	\$ 41,625	\$ 41,625	\$ -	\$ 41,625	\$ -
Scarborough	48,800	48,800	-	48,800	-
Sault Ste Marie	41,625	41,625	-	41,625	-
Community Justice Worker					
Scarborough	94,500	94,500	-	94,500	-
Old City Hall	153,200	153,200	-	153,200	-
Stop Shop Theft	<u>85,500</u>	<u>85,500</u>	<u>-</u>	<u>85,500</u>	<u>-</u>
	<u>\$ 465,250</u>	<u>\$ 465,250</u>	<u>\$ -</u>	<u>\$ 465,250</u>	<u>\$ -</u>

16. Financial instruments

Springboard is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date, which remains unchanged from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Springboard's main credit risk exposure is with respect to its accounts receivable. The carrying amount of cash and restricted cash, and accounts receivable on the balance sheet represents Springboard's maximum credit exposure at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. Springboard is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, mortgages payable, and commitments. The Organization expects to meet these obligations as they come due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Organization is not subject to currency or price risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income investments held and mortgages payable by the Organization. Changes in the prime interest rate will have a positive or negative impact on Springboard's interest income.