



springboard

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Financial Statements of

OPERATION SPRINGBOARD

Year ended March 31, 2015

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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, 2015, 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, 2015, 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 20, 2015

OPERATION SPRINGBOARD

**Balance Sheet
As at March 31, 2015**

	2015	2014
Assets		
Current		
Cash and restricted cash, note 3	\$ 1,567,212	\$ 2,376,793
Accounts receivable, note 4	853,939	378,572
Prepaid expenses	29,701	44,400
	<u>2,450,852</u>	<u>2,799,765</u>
Restricted capital reserve investments, note 5	362,585	345,830
Board restricted reserve investments	2,212,398	2,003,768
Artwork collection	22,124	138,800
Capital assets, note 6	<u>1,782,467</u>	<u>1,937,722</u>
	<u>\$ 6,830,426</u>	<u>\$ 7,225,885</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 585,347	\$ 746,079
Accrued wages and vacation pay	1,050,442	1,342,988
Deferred revenue, note 8	321,511	284,764
Unexpended program funds, note 8	430,024	386,947
Program advances, note 8	85,652	177,789
Current portion of mortgages payable, note 7	59,567	58,436
	<u>2,532,543</u>	<u>2,997,003</u>
Reserve for building maintenance	<u>362,585</u>	<u>345,830</u>
Mortgages payable, note 7	<u>212,149</u>	<u>271,788</u>
Commitments, note 9		
Fund balances		
Capital assets	1,510,751	1,607,498
Board restricted	2,212,398	2,003,766
Operating	-	-
	<u>3,723,149</u>	<u>3,611,264</u>
	<u>\$ 6,830,426</u>	<u>\$ 7,225,885</u>

Approved on behalf of the board:




Elgin Farewell, President

Fran Grant, Treasurer

OPERATION SPRINGBOARD

Statement of Revenue and Expenses For the Year Ended March 31, 2015

	2015	2014
Revenue		
Provincial funding	\$ 10,714,491	\$ 10,701,840
Federal funding	5,479	417,504
Municipal funding	56,920	146,967
Fundraising	151,544	190,686
Client resident room and board	95,767	86,319
Other revenue	329,464	438,600
	<u>\$ 11,353,665</u>	<u>\$ 11,981,916</u>
Expenses		
Programs		
Community justice	\$ 4,059,344	\$ 4,647,047
Employment services	2,701,371	2,539,534
Developmental services	2,293,943	2,257,501
Community learning HUB	1,065,780	1,034,677
	<u>10,120,438</u>	<u>10,478,759</u>
Program administration and support	1,078,189	1,151,286
Fundraising	47,840	54,752
	<u>\$ 11,246,467</u>	<u>\$ 11,684,797</u>
Excess of revenue over expenses before the undernoted	<u>\$ 107,198</u>	<u>\$ 297,119</u>
Gain on disposal of building	121,363	-
Write-off of artwork collection	(116,676)	-
	<u>\$ 111,885</u>	<u>\$ 297,119</u>

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

**Statement of Changes In Fund Balances
For the Year Ended March 31, 2015**

	2015			2014	
	Capital assets	Board restricted	Operating	Total	Total
Fund balances, beginning of year	\$ 1,607,498	\$ 2,003,766	\$ -	\$ 3,611,264	\$ 3,314,145
Excess of revenue over expenses for the year	-	-	111,885	111,885	297,119
Interfund transfers:					
- Write-off of artwork collection		(116,676)	116,676	-	-
- Capital asset disposal	(155,255)	-	155,255	-	-
- Board restriction		325,308	(325,308)	-	-
- Mortgage principal repayments	58,508		(58,508)	-	-
Fund balances, end of year	\$ 1,510,751	\$ 2,212,398	\$ -	\$ 3,723,149	\$ 3,611,264

See accompanying notes to the financial statements

OPERATION SPRINGBOARD

Statement of Cash Flows For the Year Ended March 31, 2015

	2015	2014
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 111,885	\$ 297,119
Gain on disposal of building	(121,363)	-
Write-off of artwork collection	116,676	-
	<u>107,198</u>	<u>297,119</u>
Changes in non-cash working capital balances:		
Accounts receivable	(475,367)	23,016
Prepaid expenses	14,699	(27,316)
Accounts payable and accrued liabilities	(160,732)	257,903
Accrued wages and vacation pay	(292,546)	84,582
Deferred revenue	36,747	40,927
Unexpended program funds	43,077	64,641
Program advances	(92,137)	116,304
	<u>(819,061)</u>	<u>857,176</u>
Cash flows (used in) provided from operating activities		
	<u>(819,061)</u>	<u>857,176</u>
Investing activities		
Proceeds from sale of building	276,618	-
Increase in restricted capital reserve investments	(16,755)	(15,716)
Increase in board restricted reserve investments	(208,630)	(97,231)
	<u>51,233</u>	<u>(112,947)</u>
Cash flows provided from (used in) investing activities		
	<u>51,233</u>	<u>(112,947)</u>
Financing activities		
Increase in reserve for building maintenance	16,755	15,716
Repayment of mortgage principal	(58,508)	(199,890)
	<u>(41,753)</u>	<u>(184,174)</u>
Cash flows used in financing activities		
	<u>(41,753)</u>	<u>(184,174)</u>
Net increase (decrease) in cash and restricted cash	(809,581)	560,055
Cash and restricted cash, beginning of year	<u>2,376,793</u>	<u>1,816,738</u>
Cash and restricted cash, end of year	<u>\$ 1,567,212</u>	<u>\$ 2,376,793</u>

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2015

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 the 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:

<u>Asset/ Liability</u>	<u>Measurement</u>
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, 2015

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, is recorded at fair value at the date it was donated. Management assesses the artwork for other than temporary impairment on an annual basis. When the artwork is determined to have an other than temporary impairment, a loss is recognized in the Statement of revenue and expenses.

(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 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 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 capital asset additions, repayments of mortgage principal and special transfers from the Board restricted fund and 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 - The Operating fund records the operating activities of the Organization.

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2015

3. Cash and restricted cash

	March 31, 2015	March 31, 2014
Cash		
Restricted	\$ 53,771	\$ 70,418
Unrestricted	1,513,441	2,306,376
	\$ 1,567,212	\$ 2,376,793

4. Accounts receivable

	March 31, 2015	March 31, 2014
Government funder receivables	\$ 689,644	\$ 235,078
Property tax receivable	15,298	-
Other receivables	148,997	143,494
	\$ 853,939	\$ 378,572

5. Restricted capital reserve investments

	March 31, 2015		March 31, 2014	
	Cost	Market value	Cost	Market value
Canada Mortgage and Housing Corporation	\$ 290,011	\$ 290,011	\$ 275,840	\$ 275,840
City of Toronto	72,574	72,574	69,990	69,990
	\$ 362,585	\$ 362,585	\$ 345,830	\$ 345,830

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, 2015

6. Capital assets

	2015	2014
	Cost and net book value	Cost and net book value
976 College Street, Toronto	\$ 456,586	\$ 456,586
51 Dawes Road, Toronto		
- Blue Jays Lodge	260,342	260,342
335 Leslie Street, Toronto		
- Frank Drea House	361,886	361,886
2303-5 Gerard Street, Toronto		
- North Beaches Residence	353,653	353,653
230 Beverley Street, Toronto		
- Terry Fox House	350,000	350,000
136 Pilgrim Street, Sault Ste. Marie		
- Gord Saunders House	-	155,255
	\$ 1,782,467	\$ 1,937,722

7. Mortgages payable

			2015	2014
Property	Interest rate	Maturity date	Amount	Amount
51 Dawes Road, Toronto				
- Blue Jays Lodge	4.51%	January 1, 2021	\$ 130,152	\$ 149,248
335 Leslie Street, Toronto				
- Frank Drea House	1.63%	March 1, 2017	42,871	63,789
2303-5 Gerard Street, Toronto				
- North Beaches Residence	2.76%	February 1, 2020	98,693	117,187
			271,716	330,224
Less current portion			(59,567)	(58,436)
			\$ 212,149	\$ 271,788

On June 1, 2015 the North Beaches Residence mortgage was renewed at a rate of 1.39%, maturing on June 1, 2020.

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2015

7. Mortgages payable (continued)

Minimum annual principal payments are as follows:

2016	\$59,567
2017	60,916
2018	40,524
2019	41,790
2020	43,105
Thereafter	25,814
	\$271,716

Interest expense for the year amounted to \$10,154 (2014 - \$11,822). The fair value of these mortgages at March 31, 2015 and 2014 approximates their carrying value. 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:

2016	\$271,362
2017	260,674
2018	76,810
2019	82,264
	\$691,110

(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, 2015, \$Nil (March 31, 2014 - \$Nil) was outstanding.

OPERATION SPRINGBOARD

**Notes to the Financial Statements
March 31, 2015**

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, 2014, Springboard incurred \$232,749 as its pension contribution expense (2013 - \$252,821).

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	66,030	(30)	66,000	-
Sault Ste Marie	39,608	39,799	(191)	39,608	-
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	-
	\$ 508,808	\$ 509,029	\$ (221)	\$ 508,808	\$ -

OPERATION SPRINGBOARD

Notes to the Financial Statements March 31, 2015

13. 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.