



Financial Statements

Operation Springboard

March 31, 2023

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# Independent Auditor's Report

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To the Directors of  
**Operation Springboard**

## Opinion

We have audited the financial statements of Operation Springboard (the "Organization"), which comprise the balance sheet as at March 31, 2023, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies (together, "the financial statements").

In our opinion, the accompanying financial statements are prepared, in all material respects in accordance with the provisions of the Organization's funding agreements with certain Provincial and Federal Ministries and Municipal Government departments as disclosed in Note 2.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter – Basis of Accounting and Restriction on Use

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 opinion is not modified in respect of this matter. Our report is intended solely for certain Provincial and Federal Ministries and Municipal Government departments and should not be used by parties other than the intended users.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 2; this includes determining that the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Grant Thornton LLP*

Toronto, Canada  
July 10, 2023

Chartered Professional Accountants  
Licensed Public Accountants

# Operation Springboard Balance Sheet

March 31

2023

2022

## Assets

### Current

Cash	\$ 3,339,467	\$ 3,462,670
Accounts receivable (Note 3)	268,076	416,579
Prepaid expenses	<u>48,594</u>	<u>28,619</u>
	<b>3,656,137</b>	3,907,868

Restricted capital reserve investments (Note 4)	523,765	515,121
Board restricted reserve investments (Note 5)	4,874,143	4,542,017
Capital assets (Note 6)	<u>1,782,467</u>	<u>1,782,467</u>
	<b><u>\$ 10,836,512</u></b>	<b><u>\$ 10,747,473</u></b>

## Liabilities

### Current

Accounts payable and accrued liabilities (Note 7)	\$ 1,473,594	\$ 1,695,530
Deferred revenue (Note 8)	1,585,875	1,454,199
Funds held for others	441,509	586,361
Program advances (Note 8)	<u>155,159</u>	<u>171,778</u>
	<b><u>3,656,137</u></b>	<b><u>3,907,868</u></b>

Capital reserve (Note 4)	<u>523,765</u>	<u>515,121</u>
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## Fund balances

Capital assets	1,782,467	1,782,467
Board restricted	4,874,143	4,542,017
Operating	<u>-</u>	<u>-</u>
	<b><u>6,656,610</u></b>	<b><u>6,324,484</u></b>
	<b><u>\$ 10,836,512</u></b>	<b><u>\$ 10,747,473</u></b>

Commitments (Note 9)

On behalf of the Board



Deborah Newman, Chair



Jeff King, Treasurer

See accompanying notes to the financial statements.

# Operation Springboard

## Statement of Revenue and Expenses

Year ended March 31

2023

2022

### Revenue

Government funding		
Provincial	\$ 10,411,801	\$ 11,508,407
Federal	366,506	527,299
Municipal	394,596	420,981
Fundraising	145,030	43,801
Fees for services	106,958	60,440
Client resident room and board	87,300	96,045
Other revenue	176,022	127,944
	<u>11,688,213</u>	<u>12,784,917</u>

### Expenses

Programs		
Employment services	3,701,960	3,511,636
Developmental services	2,684,177	2,657,112
Community justice	1,873,265	2,275,498
Youth Homes	1,190,089	2,004,627
Community learning HUB	859,967	905,561
	<u>10,309,458</u>	<u>11,354,434</u>
Program administration and support	994,497	1,185,580
Fundraising	52,132	9,568
	<u>11,356,087</u>	<u>12,549,582</u>

Excess of revenue over expenses	\$ <u>332,126</u>	\$ <u>235,335</u>
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See accompanying notes to the financial statements.

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## Operation Springboard

### Statement of Changes in Fund Balances

Year ended March 31

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	Capital <u>assets</u>	Board <u>restricted</u>	<u>Operating</u>	<b>2023</b> <b><u>Total</u></b>	2022 <u>Total</u>
Fund balances, beginning of year	\$ 1,782,467	\$ 4,542,017	\$ -	\$ <b>6,324,484</b>	\$ 6,089,149
Excess of revenue over expenses	-	-	332,126	<b>332,126</b>	235,335
Interfund transfers:					
Board restricted	<u>-</u>	<u>332,126</u>	<u>(332,126)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<b><u>\$ 1,782,467</u></b>	<b><u>\$ 4,874,143</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,656,610</u></b>	<b><u>\$ 6,324,484</u></b>

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See accompanying notes to the financial statements.

## Operation Springboard Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash

### Operating activities

Excess of revenue over expenses	\$ 332,126	\$ 235,335
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Changes in non-cash working capital balances:

Accounts receivable	148,503	526,796
Prepaid expenses	(19,975)	127,555
Accounts payable and accrued liabilities	(221,936)	(449,904)
Deferred revenue	131,676	355,956
Funds held for others	(144,852)	441,509
Program advances	(16,619)	58,158
	<u>208,923</u>	<u>1,295,405</u>

### Financing activities

Increase in capital reserve	<u>8,644</u>	<u>19,385</u>
	<u>8,644</u>	<u>19,385</u>

### Investing activities

Increase in capital reserve investments	(8,644)	(19,385)
Increase in Board restricted investments	<u>(332,126)</u>	<u>(235,335)</u>
	<u>(340,770)</u>	<u>(254,720)</u>

Net (decrease) increase in cash	(123,203)	1,060,070
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Cash, beginning of year	<u>3,462,670</u>	<u>2,402,600</u>
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Cash, end of year	<u>\$ 3,339,467</u>	<u>\$ 3,462,670</u>
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See accompanying notes to the financial statements.



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# Operation Springboard

## Notes to the Financial Statements

March 31, 2023

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### 1. Purpose of the organization

Operation Springboard ("Springboard" or the "Organization") builds stronger communities by helping at risk and vulnerable youth and adults through critical transitions in their lives with a focus on community justice, employment and developmental disability services. 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.

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### 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 and the recognition of a capital reserve fund.

#### 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, investments and accrued liabilities.

#### 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.

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# Operation Springboard

## Notes to the Financial Statements

March 31, 2023

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### 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 investment 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.

#### Restricted capital reserve

Springboard is contributing to a capital reserve for properties used as group homes for people with developmental disabilities using the funding from the Ministry of Children, Community and Social Services ("MCCSS").

#### Funds held for others

Springboard has been appointed by MCCSS to hold funds that will be directed to other beneficiaries at the discretion of MCCSS. Included in cash is \$441,509 (2022 - \$586,361) of MCCSS funds held for this purpose.

#### 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.

Investment income is recognized as revenue when earned. Investment income is included in other revenue in the statement of revenue and expenses.

#### 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.

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# Operation Springboard

## Notes to the Financial Statements

March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

Springboard initially measures its financial instruments at fair value and subsequently measures its financial instruments as follows:

<b>Asset/Liability</b>	<b>Measurement</b>
Cash	Amortized cost
Accounts receivable	Amortized cost
Restricted capital reserve investments	Amortized cost
Board restricted reserve investments	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

#### 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.

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### 3. Accounts receivable

	<u>2023</u>	<u>2022</u>
Government funder receivables	\$ 79,483	\$ 229,507
Property tax receivable	39,163	28,033
Other receivables	<u>149,430</u>	<u>159,039</u>
	<u>\$ 268,076</u>	<u>\$ 416,579</u>

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# Operation Springboard

## Notes to the Financial Statements

March 31, 2023

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#### 4. Restricted capital reserve investments

	<u>2023</u>	<u>2022</u>
Frank Drea House and North Beaches Residence	\$ 445,326	\$ 437,976
Dawes Road	<u>78,439</u>	<u>77,145</u>
	<u>\$ 523,765</u>	<u>\$ 515,121</u>

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#### 5. Board restricted reserve investments

Board restricted reserve investments are invested in a low-risk investment portfolio which includes mutual funds, guaranteed investment certificates, and cash. The fair value of the investment portfolio was \$5,097,160 (2022 - \$5,199,136) and includes funds of the restricted capital reserve investments.

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#### 6. Capital assets

	<u>2023</u>	<u>2022</u>
	Cost and net book value	Cost and net book value
976 College Street, Toronto	\$ 456,586	\$ 456,586
Frank Drea House	361,886	361,886
North Beaches Residence	353,653	353,653
Terry Fox House	350,000	350,000
Dawes Road	<u>260,342</u>	<u>260,342</u>
	<u>\$ 1,782,467</u>	<u>\$ 1,782,467</u>

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The Province of Ontario has a 31.65% interest in the Dawes Road property. The cost and net book value of the property reflects Springboard's 68.35% ownership.

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#### 7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$69,929 (2022 - \$76,408) in government remittances payable.

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#### 8. Deferred revenue and program advances

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

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# Operation Springboard

## Notes to the Financial Statements

March 31, 2023

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### 8. Deferred revenue and program advances (continued)

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. 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	\$ 1,454,199	\$ 486,256	\$ 354,580	\$ 1,585,875
Program advances	\$ 171,778	\$ 9,678,911	\$ 9,695,530	\$ 155,159

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### 9. Commitments

Springboard has commitments for its leased equipment and premises expiring in fiscal 2029. The approximate future minimum annual lease payments are as follows:

2024	\$ 405,014
2025	412,648
2026	314,155
2027	90,250
2028	90,250
2029	<u>90,250</u>
	<b><u>\$ 1,402,567</u></b>

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### 10. 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 Terry Fox House in the amount of \$500,000. As at March 31, 2023, \$Nil (2022 - \$Nil) was outstanding.

# Operation Springboard

## Notes to the Financial Statements

March 31, 2023

### 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 pension plan's year ended December 31, 2022, Springboard incurred \$192,527 (2022 - \$193,852) as its pension contribution expense. It is management's estimate that this expense amount does not significantly differ from the amount incurred during Springboard's fiscal year.

### 12. 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.

### 13. Ministry of the Attorney General funding

Springboard has a Direct Accountability Program contract with the Ministry of the Attorney General. The funding revenue for these are included in the provincial government funding line of the statement of revenue and expenses. 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:

<u>Program</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Cash</u> <u>Funding</u>	<u>Receivable</u> <u>(payable)</u>
Direct					
Accountability Programs	\$ 286,000	\$ 286,000	\$ -	\$ 286,000	\$ -

### 14. Federal government funding

Springboard has a service agreement with the Canadian Federal government. The following reconciliation report summarizes all revenue and expenditures and identifies any resulting surplus or deficit that relates to the service contract.

<u>Funder</u>	<u>Funding Initiative/ Program</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Net</u>
Health Canada	Substance Use & Addictions Program	\$ 335,145	\$ 335,145	\$ -

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# Operation Springboard

## Notes to the Financial Statements

March 31, 2023

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### 15. 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, accounts receivable and investments 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. 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 by the Organization. Changes in the prime interest rate will have a positive or negative impact on Springboard's interest income.

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