

**TOUCHSTONE FAMILY ASSOCIATION**  
**FINANCIAL STATEMENTS**

**March 31, 2019**

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Directors of Touchstone Family Association**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Touchstone Family Association, which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Touchstone Family Association as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

#### **Basis for Qualified Opinion**

In common with many charitable organizations, Touchstone Family Association derives a part of its revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of Touchstone Family Association, and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

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

#### **Responsibility 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 Canadian accounting standards for not-for-profit organizations, 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 Touchstone Family Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Touchstone Family Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Touchstone Family Association's financial reporting process.

### **Auditor's Responsibility**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Touchstone Family Association'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 Touchstone Family Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Touchstone Family Association 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.

I 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 I identify during my audit.

### **Report on Other Legal and Regulatory Requirements**

As required by the BC Societies Act, I report that, in my opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



**Cran & Company**  
Chartered Professional Accountant  
Delta, BC  
June 11, 2019

**TOUCHSTONE FAMILY ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2019**

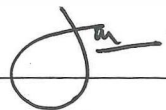
	<u>Administration and Programs</u>	<u>Gaming</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 656,262	\$ 23,429	\$ 679,691	\$ 660,428
Prepaid expenses	29,838	-	29,838	28,159
Accounts receivable	44,363	-	44,363	26,866
GST refundable	7,478	-	7,478	7,617
Due from controlled entity (note 3)	58,444	-	58,444	30,313
<b>TOTAL CURRENT ASSETS</b>	<b>796,385</b>	<b>23,429</b>	<b>819,814</b>	<b>753,383</b>
<b>RESTRICTED CASH</b> (note 5)	<b>384,912</b>	-	<b>384,912</b>	<b>344,846</b>
<b>CAPITAL ASSETS</b> (notes 2A, 4)	<b>20,735</b>	-	<b>20,735</b>	<b>36,115</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,202,032</b>	<b>\$ 23,429</b>	<b>\$ 1,225,461</b>	<b>\$ 1,134,344</b>

The accompanying notes are an integral part of the financial statements

**TOUCHSTONE FAMILY ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2019**

	<u>Administration and Programs</u>	<u>Gaming</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 83,763	\$ -	\$ 83,763	\$ 44,044
Government remittances payable	70,188	-	70,188	73,341
Payroll liabilities	328,400	-	328,400	320,629
Deferred revenue (note 6)	103,456	23,429	126,885	161,624
<b>TOTAL CURRENT LIABILITIES</b>	<b>585,807</b>	<b>23,429</b>	<b>609,236</b>	<b>599,638</b>
<b>NET ASSETS</b>				
Internally restricted (note 2F and 5)	384,912	-	384,912	344,846
Unrestricted	231,313	-	231,313	189,860
<b>TOTAL NET ASSETS</b>	<b>616,225</b>	<b>-</b>	<b>616,225</b>	<b>534,706</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,202,032</b>	<b>\$ 23,429</b>	<b>\$ 1,225,461</b>	<b>\$ 1,134,344</b>

**APPROVED BY THE DIRECTORS:**



Director



Director

**TOUCHSTONE FAMILY ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended March 31, 2019**

	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>
<b>NET ASSETS</b>	<b><u>Internally Restricted</u></b> (note 5)	<b><u>Unrestricted</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
Balance, beginning of year	\$ 344,846	\$ 189,860	\$ 534,706	\$ 411,485
Excess of revenues over expenses	-	41,453	41,453	111,933
Transfer of internally restricted revenue	40,066	-	40,066	11,288
<b>Balance, end of year</b>	<b>\$ 384,912</b>	<b>\$ 231,313</b>	<b>\$ 616,225</b>	<b>\$ 534,706</b>

The accompanying notes are a integral part of the financial statements

**TOUCHSTONE FAMILY ASSOCIATION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
<b>Revenue</b>		
Ministry of Children and Families	\$ 3,231,729	\$ 3,215,972
Grant and other funding (note 7)	259,475	302,608
Donations and fundraising	55,137	69,098
Rent-free facility (note 2D)	39,600	39,600
Richmond Community Foundation	10,425	10,000
BC Housing	2,100	2,100
Sundry income	17,160	8,703
Interest and membership income	3,633	2,988
	<b>3,619,259</b>	<b>3,651,069</b>
<b>Expenses</b>		
Accounting and legal	8,124	9,186
Amortization	25,412	20,017
Promotion and publicity	20,057	12,301
Contractors	26,884	19,001
Program expenses	63,908	60,926
Memberships and dues	15,113	14,141
Insurance	8,999	9,973
Repairs and maintenance	18,223	16,938
Office	139,297	134,905
Rent (note 2D)	269,748	312,821
Salaries and benefits	2,867,091	2,803,301
Staff development and training	25,154	40,425
Telephone and utilities	31,624	30,076
Travel and Transportation	58,172	55,125
	<b>3,577,806</b>	<b>3,539,136</b>
<b>Excess revenue over expenses</b>	<b>\$ 41,453</b>	<b>\$ 111,933</b>

**TOUCHSTONE FAMILY ASSOCIATION  
STATEMENT OF CASH FLOWS  
MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Government Grants	\$ 3,233,829	\$ 3,218,072
Received from other sources	339,802	432,163
Cash paid for expenses	(3,509,597)	(3,473,446)
	<b>64,034</b>	176,789
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in deferred revenue	(34,738)	(45,382)
	<b>(34,738)</b>	(45,382)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(10,033)	(23,284)
<b>INCREASE IN CASH</b>	<b>19,263</b>	108,123
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>660,428</b>	552,305
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 679,691</b>	\$ 660,428
<b>REPRESENTED BY:</b>		
<b>CASH</b>		
General Fund	\$ 656,262	\$ 641,481
Gaming	23,429	18,947
	<b>\$ 679,691</b>	\$ 660,428



**TOUCHSTONE FAMILY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2019**

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**1. PURPOSE OF THE ASSOCIATION**

The Touchstone Family Association (the "Association") was incorporated under the B.C. Societies Act, in 1983. The Association is a registered charity under the Income Tax Act, and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The purpose of the Association is to:

- 1) Establish and operate residential and non-residential facilities and services to provide emergency, receiving and assessment services for youths and their families in the City of Richmond and surrounding municipalities. These services include provision of food, clothing, shelter, psychological assessment and counselling;
- 2) To inform the residents of Richmond and surrounding municipalities as to the importance of the services being provided to families and children.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**A. Capital Assets**

Tangible capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution. Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

Computer Hardware	Straight-line basis over 3 years
Computer Software	Straight-line basis over 1 year
Furniture, fixtures & equipment (Francis house)	Straight-line basis over 5 years
Furniture, fixtures & equipment (Richmond)	Straight-line basis over 10 years
Leasehold improvements	Straight-line basis over 5 year

**B. Cash and cash equivalents**

Cash equivalents are comprised of highly liquid term deposits that are readily convertible to cash with maturities that are less than three months from the date of acquisition.

**TOUCHSTONE FAMILY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES - continued**

**C. Revenue Recognition**

The Association follows the deferral method of accounting for contributions.

Restricted contributions, other than endowments, are recognized as revenue in the year in which the related expenses are incurred. Contracts and grants from government and their agencies are recorded in accordance with budget management plans and performance agreements established and approved by the Ministry.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income, including endowment funds are recognized as revenue when earned.

**D. Donated goods and services**

These financial statements are representative of the receipts and expenditures of funds actually received and expended by the Association. They do not reflect or present the economic value of volunteer activities use to carry out the purpose of the Association. The Association had the rent-free use of a facility owned by B.C. Housing Management Commission throughout the year. The value to the Association for the use of this facility has been estimated at \$39,600. This amount has been reflected as revenue and as an expense in the accounts.

**E. Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 reporting date and the reported amounts of receipts and disbursements for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates in the useful life of capital assets. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations and changes in fund balances in the year they become known.

**F. Fund Accounting**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

The gaming fund accounts for the association's disbursements of funds based on guidelines provided by the Province of British Columbia. Restricted contributions from gaming are reported in this fund.

Internally restricted fund reports the balance held and the activities for the purposes of expansion of services to the community through specific operation programs.

Unrestricted operating fund reports the balance held and the operating activities of the Association except for those specified above.

**TOUCHSTONE FAMILY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2019**

**3. CONTROLLED ENTITY**

Touchstone Family Association has 60% interest in the Richmond/Delta Family Empowerment Program, the other 40% is administered by the Boys and Girls Clubs of South Coast BC. The Association provides operational and staff support to the program and thereby it is able to indirectly control the entity.

Richmond/Delta Family Empowerment Program operates the Community Action Program for Children. The Association on behalf of the Richmond/Delta Family Empowerment Program signed a contribution agreement with the Federal Minister of Health.

The financial statements of Richmond/Delta Family Empowerment Program are not consolidated in the association financial statements.

The contributions of \$202,315 were advances from Public Health Agency of Canada to Touchstone Family Association on the programs behalf and \$35 interest was earned on funds in the year. The expenditures were \$202,315, of which the Association administers 60% and the Boys and Girls Clubs of South Coast BC administered 40%.

The following are the unaudited financial summaries of the unconsolidated entity:

	<u>2019</u>	<u>2018</u>
Statement of Financial Position:		
Total assets	\$ <u>103,828</u>	\$ 49,145
Total liabilities	<u>104,846</u>	50,198
Total deficit	<u>(1,018)</u>	<u>(1,053)</u>
Total liabilities and deficit	<u>103,828</u>	<u>49,145</u>
Results of Operations for the year:		
Total revenue	<u>202,350</u>	202,351
Total expenses	<u>202,315</u>	<u>202,351</u>
Excess of revenue over expenses	<u>35</u>	<u>-</u>

**4. CAPITAL ASSETS**

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer Software	9,257	9,257	9,257	6,385
Computer Hardware	116,401	102,885	106,698	82,841
Equipment	108,651	103,338	108,651	102,124
Leasehold improvements	<u>57,825</u>	<u>55,919</u>	<u>57,825</u>	<u>54,966</u>
	<u>\$ 292,134</u>	<u>\$ 271,399</u>	<u>\$ 282,431</u>	<u>\$ 246,316</u>
		<u>2019</u>		<u>2018</u>
<b>Net Book Value</b>	<b>\$ <u>20,735</u></b>			<b>\$ <u>36,115</u></b>

**TOUCHSTONE FAMILY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2019**

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**5. INTERNALLY RESTRICTED**

The board currently has internally restricted net assets held for the following purposes. In this fiscal year no expenditures were charged against the funds.

Front Porch program	\$	146,153
Expansion of services		<u>238,759</u>
	\$	<u><u>384,912</u></u>

**6. DEFERRED REVENUE**

Deferred revenues are revenues received from contributors who have restricted their use for specific operating purposes. Recognition of these amounts as revenue is deferred to periods when the specific expenditures are made. Deferred revenue consists of funds held for the following purposes:

		<u>2019</u>		<u>2018</u>
CAPC - Success by 6	\$	15,245	\$	15,705
Avenues of Change		14,766		11,990
Front Porch		21,603		28,129
Youth Gang		73,396		103,925
Restorative Justice		<u>1,875</u>		<u>1,875</u>
Total deferred revenue at end of year	\$	<u><u>126,885</u></u>	\$	<u><u>161,624</u></u>

**7. GRANT AND OTHER FUNDING**

Consists of:

		<u>2019</u>		<u>2018</u>
Canada Summer Jobs	\$	8,094	\$	8,845
Averbach Family Foundation		7,500		10,000
City of Richmond		100,000		98,750
Green Shield		-		21,097
Richmond Family Place		9,979		7,508
United Way		62,873		85,763
Victim Services & Crime Prevention Division		2,500		625
Community Gaming grant		18,000		15,000
Civil forfeiture grant		30,529		35,020
Coast Capital Savings		<u>20,000</u>		<u>20,000</u>
	\$	<u><u>259,475</u></u>	\$	<u><u>302,608</u></u>

**TOUCHSTONE FAMILY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2019**

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**8. COMMITMENTS**

On October 1, 2016 the Association entered into a three year lease for office space. The lease is payable on the first of the month for \$22,563. Estimated payments due for the remaining term of the lease are as follows (property tax and operating costs are subject to change):

2020	\$ <u>135,378</u>
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In April 2019, the Association had secured a new office location in Richmond through payment of security deposit and first month's rent, the 10 year lease will commence October 1, 2019.

On March 16, 2016 the Association entered into a five year equipment lease. Monthly payments are \$890 and they are committed to the following future minimum lease payments for office equipment:

2020	\$ 10,680
2021	<u>10,680</u>
	\$ <u>32,040</u>

On July 16, 2015 the Association entered into a five year vehicle lease. At the end of the lease there is a purchase option at a value of \$7,588. Monthly payments are \$419 and they are committed to the following future minimum lease payments for the van:

2020	\$ <u>1,257</u>
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**9. ECONOMIC DEPENDENCE**

The Association is economically dependent on government funding and independent grants, which represents over 90% of the total revenue.

**10. SOCIETIES ACT OF BRITISH COLUMBIA**

As part of the new disclosure requirements of the B.C. Societies Act, the Association reports they had 4 employees who earned in excess of \$75,000. Total remuneration to these employees was \$385,033

**TOUCHSTONE FAMILY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2019**

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**11. EMPLOYEES' PENSION PLAN AND RETIREMENT BENEFIT**

The Association and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As of December 31, 2017, the Plan has about 197,279 active members, 40,410 inactive members, and 95,290 retired members. Active members include approximately 50 contributors from the Touchstone Family Association.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of the Plan funding. The report is released at the end of September. The most recent actuarial valuation as at December 31, 2015, indicated a \$2,224 million surplus of assets over liabilities for basic pension benefits.

During the fiscal ended March 31, 2019, the Association paid \$168,008 (2018-\$168,809) for employer contributions to the Plan. The contributions are at 9.76% (2018-9.76%) of pensionable earnings.

**12. FINANCIAL INSTRUMENTS**

The Association uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, and liquidity risk.

The Association does not use any derivative financial instruments to mitigate these risks.

**Credit risk**

Credit risks arise from three sources: cash and cash equivalents, and accounts receivable. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

**Interest rate risk**

The Association is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income and expense.

**Liquidity risk**

Liquidity risk exposure is dependent on the receipt of funds from government grants, and other sources to enable the Association to pay its liabilities as they become due.

**13. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to current year's presentation.