

TOUCHSTONE FAMILY ASSOCIATION
FINANCIAL STATEMENTS

March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Touchstone Family Association

Report on the Financial Statements

I have audited the accompanying financial statements of Touchstone Family Association, which comprise the statement of financial position as at March 31, 2016, 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.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 and fair presentation 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.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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.

Qualified Opinion

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, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Report on Other Legal and Regulatory Requirements

As required by communication with those charged with governance and with the BC Society Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink, appearing to be "Linda Cran", is written over a horizontal line.

Cran & Company
Chartered Professional Accountant

Delta, BC
September 8, 2016

**TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**


	Administration and Programs	Gaming	2016 Total	2015 Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 788,895	\$ 15,001	\$ 803,896	\$ 535,199
Prepaid expenses	21,510	-	21,510	30,684
Accounts receivable	35,036	-	35,036	33,351
GST refundable	14,508	-	14,508	12,778
Due from controlled entity (note 3)	10,029	-	10,029	8,197
TOTAL CURRENT ASSETS	869,978	15,001	884,979	620,209
CAPITAL ASSETS (notes 2A, 4)	22,780	-	22,780	21,504
TOTAL ASSETS	\$ 892,758	\$ 15,001	\$ 907,759	\$ 641,713

The accompanying notes are an integral part of the financial statements

**TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**

LIABILITIES	Administration and Programs	Gaming	2016 Total	2015 Total
CURRENT LIABILITIES				
Accounts payable	\$ 25,874	\$ -	\$ 25,874	\$ 40,591
Payroll liabilities	376,647	-	376,647	360,139
Deferred revenue (note 5)	128,494	15,001	143,495	134,318
TOTAL CURRENT LIABILITIES	531,015	15,001	546,016	535,048
NET ASSETS				
Internally restricted (note 2f)	313,452	-	313,452	288,415
Unrestricted	48,291	-	48,291	(181,750)
TOTAL NET ASSETS	361,743	-	361,743	106,665
TOTAL LIABILITIES AND NET ASSETS	\$ 892,758	\$ 15,001	\$ 907,759	\$ 641,713

APPROVED BY THE DIRECTORS:



 _____ Director



 _____ Director

TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2016

	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
NET ASSETS				
Balance, beginning of year	\$ 288,415	\$ (181,750)	\$ 106,665	\$ 199,008
Excess (deficiency) of revenues over expenses	-	230,041	230,041	(115,871)
Transfer of internally restricted revenue	25,037	-	25,037	23,528
Balance, end of year	\$ 313,452	\$ 48,291	\$ 361,743	\$ 106,665

The accompanying notes are an integral part of the financial statements

**TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Administration and Programs</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenue			
Ministry of Children and Families	\$ 3,127,841	\$ 3,127,841	\$ 2,516,088
BC Housing	2,100	2,100	2,100
Richmond Community Foundation	15,797	15,797	14,057
Other grant funding	206,987	206,987	152,314
Rent-free facility (note 2d)	39,600	39,600	36,000
Donations and fundraising	105,735	105,735	114,878
Interest and other income	4,290	4,290	4,439
	3,502,350	3,502,350	2,839,876
Accounting and legal	14,654	14,654	17,178
Amortization	17,912	17,912	15,177
Promotion and publicity	35,753	35,753	34,072
Contractors	18,073	18,073	6,832
Program expenses	63,218	63,218	61,990
Memberships and dues	11,435	11,435	12,961
Insurance	11,222	11,222	10,532
Repairs and maintenance	19,048	19,048	15,500
Office	129,621	129,621	135,619
Rent	279,469	279,469	246,503
Salaries and benefits	2,556,781	2,556,781	2,307,191
Staff development and training	28,899	28,899	12,966
Telephone and utilities	30,762	30,762	32,658
Travel and Transportation	55,462	55,462	46,568
	3,272,309	3,272,309	2,955,747
Excess (Deficiency) revenue over expenses	\$ 230,041	\$ 230,041	\$ (115,871)

**TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF CASH FLOWS
MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Government Grants	\$ 3,129,941	\$ 2,518,188
Received from other sources	368,893	307,229
Cash paid for expenses	(3,245,163)	(2,902,018)
	253,671	(76,601)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in deferred revenue	9,177	(2,092)
Increase in internally restricted net assets	25,037	23,528
	34,214	21,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(19,188)	(5,181)
INCREASE (DECREASE) IN CASH	268,697	(60,346)
CASH AND CASH EQUIVALENTS, beginning of year	535,199	595,545
CASH AND CASH EQUIVALENTS, end of year	\$ 803,896	\$ 535,199
REPRESENTED BY:		
CASH		
General Fund	\$ 788,895	\$ 535,199
Gaming	15,001	-
	\$ 803,896	\$ 535,199

The accompanying notes are a integral part of the financial statements

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

1. PURPOSE OF THE ASSOCIATION

The Touchstone Family Association (the "Association") was incorporated under the Society Act of British Columbia, 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.

Computers	Straight-line basis over 3 years
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
Building improvements	Term of lease straight-line

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, 2016

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 are as follows: amount of accrued liabilities, and 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 activates for the purposes of expansion of services to the community through specific operation program.

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, 2016**

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. The expenditures were \$202,347, 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>2016</u>	<u>2015</u>
Statement of Financial Position:		
Total assets	\$ <u>28,864</u>	\$ <u>27,032</u>
Total liabilities	<u>29,917</u>	28,085
Total deficit	<u>(1,053)</u>	<u>(1,053)</u>
Total liabilities and deficit	<u>28,864</u>	<u>27,032</u>
Results of Operations for the year:		
Total revenue	<u>202,347</u>	202,347
Total expenses	<u>202,347</u>	<u>202,347</u>
Excess of revenue over expenses	<u>-</u>	<u>-</u>

4. CAPITAL ASSETS

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Building	5,663	5,663	5,663	5,663
Computers	66,284	52,459	47,096	41,501
Equipment	101,177	92,222	101,177	85,828
Leasehold improvements	<u>53,060</u>	<u>53,060</u>	<u>53,060</u>	<u>52,500</u>
	<u>\$ 226,184</u>	<u>\$ 203,404</u>	<u>\$ 206,996</u>	<u>\$ 185,492</u>
		<u>2016</u>		<u>2015</u>
Net Book Value	\$ <u>22,780</u>		\$ <u>21,504</u>	

**TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2016**

5. 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.

	<u>2016</u>	<u>2015</u>
Deferred Revenue at beginning of the year	\$ 134,319	\$ 136,410
add:		
Externally restricted amounts received	3,367,668	2,730,048
Less:		
Amounts recognized as revenue	<u>(3,358,492)</u>	<u>(2,732,139)</u>
Total deferred revenue at end of year	<u>\$ 143,495</u>	<u>\$ 134,319</u>

6. 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. The Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 35 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 most recent actuarial valuation as at December 31, 2012, indicated a \$1,370 million unfunded liability for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

During the fiscal ended March 31, 2016, the Association paid \$142,523 (2015-\$140,348) for employer contributions to the Plan. These contributions at 5.6 % (2015-7.6%) of salary costs.

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

7. COMMITMENTS

On May 19, 2011 the Association entered into a five year lease for office space. The lease is payable on the first of the month for \$20,023. Minimum lease payments due (not including any prorated property tax or operating costs which are approximately \$75,000 per annum) for the remaining term of the lease are as follows:

2017	<u><u>69,154</u></u>
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The Association is committed to the following future minimum lease payments for office equipment:

2017	\$ 12,072
2018	4,812
2019	2,748
2020	<u>609</u>
	<u><u>\$ 89,395</u></u>

8. 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.

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

9. ECONOMIC DEPENDENCE

The Society is economically dependent on government funding and independent grants, which represent 90% of the total revenue.

10. COMPARATIVE FIGURES

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