

TOUCHSTONE FAMILY ASSOCIATION
FINANCIAL STATEMENTS

March 31, 2018

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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, 2018, 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 my 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 I 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, 2018 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 the BC Societies Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.



Cran & Company
Chartered Professional Accountant

Delta, BC
June 12, 2018

TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	<u>Administration and Programs</u>	<u>Gaming</u>	<u>2018 Total</u>	<u>2017 Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 986,327	\$ 18,947	\$ 1,005,274	\$ 885,863
Prepaid expenses	28,159	-	28,159	34,430
Accounts receivable	26,866	-	26,866	30,300
GST refundable	7,617	-	7,617	7,995
Due from controlled entity (note 3)	30,313	-	30,313	26,046
TOTAL CURRENT ASSETS	1,079,282	18,947	1,098,229	984,634
CAPITAL ASSETS (notes 2A, 4)	36,115	-	36,115	32,849
TOTAL ASSETS	\$ 1,115,397	\$ 18,947	\$ 1,134,344	\$ 1,017,483

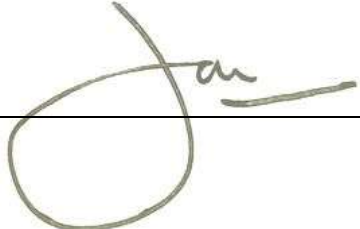
TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	<u>Administration and Programs</u>	<u>Gaming</u>	<u>2018 Total</u>	<u>2017 Total</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 44,044	\$ -	\$ 44,044	\$ 32,552
Government remittances payable	73,341	-	73,341	41,354
Payroll liabilities	320,629	-	320,629	325,086
Deferred revenue (note 6)	142,677	18,947	161,624	207,006
TOTAL CURRENT LIABILITIES	580,691	18,947	599,638	605,998
NET ASSETS				
Internally restricted (note 2f)	344,846	-	344,846	333,558
Unrestricted	189,860	-	189,860	77,927
TOTAL NET ASSETS	534,706	-	534,706	411,485
TOTAL LIABILITIES AND NET ASSETS	\$ 1,115,397	\$ 18,947	\$ 1,134,344	\$ 1,017,483

APPROVED BY THE DIRECTORS:



Director



Director

The accompanying notes are an integral part of the financial statements

TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2018

	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2017</u>
NET ASSETS	<u>Internally Restricted</u> (note 5)	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 333,558	\$ 77,927	\$ 411,484	\$ 361,743
Excess of revenues over expenses	-	111,933	111,933	29,635
Transfer of internally restricted revenue	11,288	-	11,288	20,106
<hr/>				
Balance, end of year	\$ 344,846	\$ 189,860	\$ 534,705	\$ 411,484
<hr/>				

The accompanying notes are an integral part of the financial statements

TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
	<u>Total</u>	<u>Total</u>
Revenue		
Ministry of Children and Families	\$ 3,215,972	\$ 2,966,997
BC Housing	2,100	2,100
Richmond Community Foundation	10,000	14,029
Other income and grant funding (note 7)	302,608	298,086
Rent-free facility (note 2d)	39,600	39,600
Donations and fundraising	77,801	67,768
Interest and membership income	2,988	3,519
	<hr/> 3,651,069	<hr/> 3,392,099
Expenses		
Accounting and legal	9,186	9,635
Amortization	20,017	22,894
Promotion and publicity	12,301	20,267
Contractors	19,001	11,783
Program expenses	60,926	67,643
Memberships and dues	14,141	13,155
Insurance	9,973	10,225
Repairs and maintenance	16,938	20,109
Office	134,905	109,371
Rent (note 2d)	312,821	302,137
Salaries and benefits	2,803,301	2,659,953
Staff development and training	40,425	40,750
Telephone and utilities	30,076	27,936
Travel and Transportation	55,125	46,606
	<hr/> 3,539,136	<hr/> 3,362,464
Excess revenue over expenses	<hr/> \$ 111,933	<hr/> \$ 29,635

TOUCHSTONE FAMILY ASSOCIATION
STATEMENT OF CASH FLOWS
MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Government Grants	\$ 3,218,072	\$ 2,969,097
Received from other sources	432,163	411,721
Cash paid for expenses	(3,473,446)	(3,349,506)
	176,789	31,312
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deferred revenue	(45,382)	63,511
Increase in internally restricted net assets	11,288	20,106
	(34,094)	83,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(23,284)	(32,962)
INCREASE IN CASH	119,411	81,967
CASH AND CASH EQUIVALENTS, beginning of year	885,863	803,896
CASH AND CASH EQUIVALENTS, end of year	\$ 1,005,274	\$ 885,863
REPRESENTED BY:		
CASH		
General Fund	\$ 986,327	\$ 870,859
Gaming	18,947	15,004
	\$ 1,005,274	\$ 885,863

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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.

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, 2018

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, 2018

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 \$36 interest was earned on funds in the year. The expenditures were \$202,352, 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>2018</u>	<u>2017</u>
Statement of Financial Position:		
Total assets	\$ <u>49,145</u>	\$ <u>12,854</u>
Total liabilities	50,198	13,907
Total deficit	<u>(1,053)</u>	<u>(1,053)</u>
Total liabilities and deficit	<u>49,145</u>	<u>12,854</u>
Results of Operations for the year:		
Total revenue	202,351	202,342
Total expenses	<u>202,351</u>	<u>202,342</u>
Excess of revenue over expenses	<u>-</u>	<u>-</u>

4. CAPITAL ASSETS

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer Software	9,257	6,385	6,124	6,124
Computer Hardware	106,698	82,841	86,547	66,644
Equipment	108,651	102,124	108,651	99,517
Leasehold improvements	<u>57,825</u>	<u>54,966</u>	<u>57,825</u>	<u>54,013</u>
	<u>\$ 282,431</u>	<u>\$ 246,316</u>	<u>\$ 259,147</u>	<u>\$ 226,298</u>
		<u>2018</u>		<u>2017</u>
Net Book Value		<u>\$ 36,115</u>		<u>\$ 32,849</u>

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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	\$	106,087
Expansion of services		<u>238,759</u>
		<u>\$ 344,846</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>2018</u>		<u>2017</u>
CAPC - Success by 6	\$	15,705	\$	13,778
Avenues of Change		11,990		5,753
Front Porch		28,129		29,780
Youth Gang		103,925		133,945
Restorative Justice		1,875		3,750
Supervised Visits		<u>-</u>		<u>20,000</u>
Total deferred revenue at end of year	\$	<u>161,624</u>	\$	<u>207,006</u>

7. OTHER INCOME AND GRANT FUNDING

Consists of:

		<u>2018</u>		<u>2017</u>
Canada Summer Jobs	\$	8,845	\$	9,171
Averbach Family Foundation		10,000		-
YMCA summer student		-		1,947
City of Richmond		98,750		96,211
Green Shield		21,097		22,282
Richmond Family Place		7,508		7,508
United Way		85,763		93,623
Victim Services & Crime Prevention Division		625		2,500
Community Gaming grant		15,000		15,000
Civil forfeiture grant		35,020		34,843
Coast Capital Savings		<u>20,000</u>		<u>15,000</u>
	\$	<u>302,608</u>	\$	<u>298,085</u>

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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):

2019	270,756
2020	<u>135,378</u>
	<u>\$ 406,134</u>

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:

2019	\$ 10,680
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:

2019	\$ 5,028
2020	<u>1,257</u>
	<u>\$ 6,285</u>

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

9. 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 192,800 active members and approximately 89,500 retired members. Active members include approximately 41 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, 2015, indicated a \$2,224 million surplus of assets over liabilities for basic pension benefits.

During the fiscal ended March 31, 2018, the Association paid \$168,809 (2017-\$155,203) for employer contributions to the Plan. These contributions at 6.0 % (2017-5.8%) of salary costs.

10. 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.

11. ECONOMIC DEPENDENCE

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

TOUCHSTONE FAMILY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

12. 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 \$407,693.