

Punjabi Community Health Services (PCHS)

Financial Statements

March 31, 2016

Punjabi Community Health Services (PCHS)

March 31, 2016

CONTENTS

	<u>Page</u>
Financial Statements	
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Punjabi Community Health Services (PCHS)

Report on the Financial Statements

We have audited the accompanying financial statements of Punjabi Community Health Services (PCHS), 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 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

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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, PCHS derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of revenue from these sources was limited to verifying the amounts recorded in the records of the organization and we were not able to determine whether any adjustment might be necessary to general contributions, excess of revenue over expenses and changes in financial position.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, these financial statements present fairly, in all material respects, the financial position of PCHS as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Accounting Standards for Not for Profit Organizations.

Mississauga, Ontario
June 14, 2016



Harpreet Dhawan CPA, CA
HDCPA Professional Corporation
Chartered Accountants
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

Punjabi Community Health Services (PCHS)

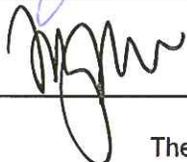
Statement of Financial Position

March 31, 2016

	Note	2016	2015
Assets			
Current Assets			
Cash	4	\$ 280,479	\$ 19,731
Short term investments	4	144,142	140,267
Accounts receivable, net of allowances		113,341	133,945
Other current assets	5	70,782	109,100
Total Current Assets		608,744	403,043
Property, plant and equipment, net of accumulated amortization	6	307,557	335,843
Total Assets		\$ 916,301	\$ 738,886
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 46,677	\$ 26,666
Deferred contribution	8	165,670	65,007
Total Current Liabilities		212,347	91,673
Deferred contribution	9	275,489	310,403
Total Liabilities		487,836	402,076
Equity			
Net Assets		428,465	336,810
Total Liabilities and Equity		\$ 916,301	\$ 738,886

Approved on Behalf of the Board:





The accompanying notes are an integral part of these financial statements.

Punjabi Community Health Services (PCHS)

Statement of Operations

For the Year Ended March 31, 2016

	2016	2015
Revenue		
Caregiver Support Program (CWLHIN)	538,553	401,888
Mental Health (CWLHIN)	433,033	296,217
Addiction (CWLHIN)	412,449	413,281
Immigration, Refugees and Citizenship Canada	319,557	313,315
Addictions Community Treatment-Substance Abuse (CWLHIN)	254,269	131,965
Respite Program (CWLHIN)	244,657	64,055
General fund revenue	212,024	214,622
Social and Congregate Dining (CWLHIN)	147,605	147,607
Early Psychosis Intervention (CWLHIN)	102,700	34,532
Core Funding (Region of Peel)	89,822	72,922
Substance Abuse Initiative (William Osler)	87,749	88,050
Behavioural Support Ontario (CWLHIN)	83,815	83,822
Integrated Seniors Team (SHIP)	74,024	74,024
United Way of Peel Region	70,802	70,146
Ministry of Citizenship, Immigration and International Trade	66,509	65,998
Peer Support Program (CWLHIN)	50,147	-
Other Programs	128,521	122,593
Total Revenue	\$ 3,316,236	\$ 2,595,037
Expenses		
Computer-related expenses	70,819	61,944
Amortization of tangible assets	86,905	72,256
Program expenses	185,854	195,885
Insurance, Memberships and licenses	11,327	8,382
Office expenses	53,301	39,558
Other operating expenses	110,293	139,001
Professional fees	35,045	29,122
Rental	229,150	168,733
Repairs and maintenance	21,102	14,529
Salaries and wages	2,069,640	1,525,935
Sub-contracts	202,312	186,204
Travel expenses	106,427	65,838
Utilities	42,406	41,011
Total Expenses	3,224,581	2,548,398
Excess of revenue over expenses	\$ 91,655	\$ 46,639

The accompanying notes are an integral part of these financial statements.

Punjabi Community Health Services (PCHS)

Statement of Changes in Net Assets

For the Year Ended March 31, 2016

	2016	2015
Net assets – beginning of the year	\$ 336,810	\$ 290,171
Excess of revenue over expenses (expenses over revenue)	91,655	46,639
Net assets – end of the year	\$ 428,465	\$ 336,810

The accompanying notes are an integral part of these financial statements.

Punjabi Community Health Services (PCHS)

Statement of Cash Flows

For the Year Ended March 31, 2016

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash revenue received		\$ 3,402,589	\$ 2,593,166
Cash payments for goods and services		(3,079,348)	(2,535,888)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		323,241	57,278
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital additions		(58,618)	(181,235)
CASH FLOWS FROM FINANCING ACTIVITIES:			
OTHER ACTIVITIES:			
Cash and cash equivalents at beginning of year		159,998	283,955
Cash and cash equivalents at end of period		\$ 424,621	\$ 159,998

The accompanying notes are an integral part of these financial statements.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2016

1. Nature of the Organization

Punjabi Community Health Services (PCHS) is a registered charity with Charities Directorate and is exempt from income tax under the provision of Paragraph 149(1)(f) of the Income tax Act. The objectives of the organization are as follows:

- i) To educate and inform the community about health care, family centered care, and substance abuse and related social problems, by providing supportive counselling, educational material, workshops, training sessions and presentations, mentoring programs, psycho-educational programs and other support services.
- ii) To develop programs to educate the public about the culture and traditions of diverse community and the social and health problems.
- iii) To provide education, supportive counselling and other support services for the immigrants in need, including translation services, diversity training and information programs on Canadian life and culture, for their integration with the mainstream Canadian Society.

2. Basis of Accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations.

3. Summary of significant accounting policies

i) Revenue

Revenue is derived from the following significant sources:

a. Restricted contributions

Contributions that are restricted for a designated purpose are recognized in the financial statements using the deferral method, whereby contributions related to expenses of future years are deferred and recognized as revenue in the year in which the related expenses are incurred. These contributions include funding from various government agencies and registered charities.

b. General Contributions

General contributions from public, which are designated for a specific purpose, are recognized in the financial statements as revenue when received.

c. Administration Fees

General administration fees are charged for approximately 5-10% of program funding for all non-recurring programs. PCHS prorates this administration fees based on duration of each such program, and recognizes as administration expense on individual programs and revenue in the general fund.

d. Contributed services

Volunteers contribute many hours to assist the organization in carrying out its mission. Because of the difficulty of determining their fair value, contributed services are not recognized.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2016

ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results could differ from those estimates.

iii) Property, plant & equipment

Capital assets are accounted for at cost. Amortization is based on their estimated useful life using following methods and rates.

	<u>Methods</u>	<u>Rates</u>
Office equipment	Diminishing balance	20%
Computer equipment	Diminishing balance	30%
Furniture and fixtures	Diminishing balance	20%
Leaseholds	Straight line	5 years

4. Cash

	2016	2015
General - Term deposits	\$144,142	\$ 140,267
General - Operating account	114,809	(45,276)
Restricted for programs - Operating account	165,670	65,007
	<u>\$424,621</u>	<u>\$159,998</u>

5. Other Current Assets

	2016	2015
GST/HST Receivable	\$34,931	\$46,961
Contract Out Services	\$0	\$11,070
Prepaid Rent	\$28,360	\$28,190
Prepaid Insurance	\$0	\$10,678
Prepaid Program	\$1,809	\$2,000
Staff and other	\$5,682	\$10,201
Total	<u>\$70,782</u>	<u>\$109,100</u>

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2016

6. Property, plant & equipment

	Cost	Accumulated amortization	NBV 2016	NBV 2015
Furniture and fixtures	\$ 92,808	\$ 45,982	\$ 46,826	\$39,422
Computer equipment	283,739	194,854	88,885	96,314
Leaseholds	189,793	63,307	126,486	143,407
Office equipment	97,453	52,093	45,360	56,700
	<u>\$663,793</u>	<u>\$356,236</u>	<u>\$307,557</u>	<u>\$335,843</u>

7. Related party transactions

During the year PCHS paid salary in the amount of \$105,000 (\$103,979 in 2015), travel allowance in the amount of \$11,190 (\$11,659 in 2015) and other expense reimbursements in the amount of \$186 (\$685 in 2015) to Baldev Mutta, CEO. In addition, salaries in the amount of \$95,000 (\$93,035 in 2015), travel allowance in the amount \$5,400 (\$4,620 in 2015) and other expense reimbursements in the amount of \$532 (\$9,868 in 2015) were paid to Amandeep Kaur, COO. COO's son, Shanjot Singh, was hired to implement the Youth Mentoring Programs. He was paid \$12,600 salary. Rent in the amount of \$96,186 (\$96,186 in 2015) was paid to 2330951 Ontario Inc., a company owned jointly by the CEO and COO. The property was financed in part by the CEO and COO through personal lines of credit, and rental income is used to pay down those lines. It is the intention of PCHS's management and the Board that once the personal lines of credit are fully paid, the property will be contributed to PCHS without additional consideration, and there will be no financial or material benefit conferred upon the CEO and COO from this property or any transactions related thereto.

8. Deferred contributions

Deferred contribution includes government grants received, which remain unspent to March 31, 2016.

	Balance 03/31/2016	Balance 03/31/2015
Bell Canada	\$8,026	\$20,000
The Calgary Foundation	36,033	20,000
Region of Peel	114,679	13,539
Malton Community Building	0	4,536
Respite	2,638	2,638
Aging at Home	2,066	2,066
Early Intervention / Others	2,228	2,228
Total	\$165,670	\$65,007

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2016

Deferred contributions recognized as revenue are included in respective program categories on the statement of operations. Restricted cash for programs is grouped with cash on the statement of financial position.

9. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of government grants received for the purchase of capital assets. Amortization of deferred capital contributions is recorded in program revenue on the statement of operations.

	2015	2015
Balance, beginning of year	\$ 310,403	\$ 210,531
Add contributions	50,518	166,424
Less amounts amortized to revenue	(85,432)	(66,552)
	<u>\$ 275,489</u>	<u>\$ 310,403</u>

10. Financial instruments

The organization's financial instruments consist of cash, advances receivable, accounts payable and accrued liabilities, and are accounted for in accordance with Section 3856 of the CPA Canada Handbook. The carrying value of these financial instruments approximates their fair value due to their short-term duration.

It is management's opinion that the organization is not exposed to significant interest, currency, credit or market risks arising from these financial instruments.

11. Capital disclosures

PCHS defines its capital as its net assets. The objective of PCHS when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide sufficient funding for its mission.

PCHS maintains sufficient liquidity to meet its obligations as they become due. The organization does not carry long-term debt and is not subject to any externally imposed capital requirements.

12. Commitments

The organization has entered into a lease agreement with 2330951 Ontario Inc., a related party, with a term of 5 years starting on August 1, 2012. There are three other lease agreements in place. Minimum rent payable under these leases in the next five years and thereafter is as follows:

2016-17	\$244,000
2017-18	\$157,918
2018-19	\$114,096
2019-20	\$76,064
2020-21	\$0
Thereafter	\$0

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2016

13. Allocation of common costs

Certain common expenses (i.e. Rent) are allocated to individual programs and to the general fund based on management estimates of actual usage and/or benefit derived by those programs. These allocations are normally budgeted for and approved by the respective funders at the beginning of the program, and actual expense allocations are in accordance with the budget approvals.

The services of the Finance Manager are mainly attached to accounting and reporting of programs funded by Central West Local Health Integration Networks (CWLHIN), which make extensive use of the Great Plains accounting software. Other programs are relatively smaller and do not require any particular type of reporting. Therefore finance manager salary is allocated mostly to core programs funded by CWLHIN. The compensation paid to CEO and COO is charged to specific programs as they both deliver those program activities. The administration duties performed by CEO and COO are their in-kind contribution towards PCHS which are not recognized.

14. Government Remittances Payable

Government remittances consist of amounts (such as property taxes, sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, \$Nil (2015 - \$Nil) is included within accounts payable and accrued liabilities.