



Punjabi Community Health Services (PCHS)

Financial Statements

March 31, 2017



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Punjabi Community Health Services

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, 2017 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 26, 2017



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

As at March 31, 2017

	Note	2017	2016
Assets			
Current Assets			
Cash	\$	318,056	\$ 280,479
Short term investments		148,526	144,142
Accounts receivable, net of allowances		182,142	113,341
Other current assets		139,779	70,782
Total Current Assets		788,503	608,744
Property, plant and equipment, net of accumulated amortization		340,342	307,557
Total Assets	\$	1,128,845	\$ 916,301
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$	40,283	\$ 46,677
Deferred contributions		217,792	165,670
Deferred rent		27,213	-
Total Current Liabilities		285,288	212,347
Deferred capital contributions		316,411	275,489
Total Liabilities		601,699	487,836
Net Assets		527,146	428,465
Total Liabilities and Net Assets	\$	1,128,845	\$ 916,301

Approved on Behalf of the Board:

 Marty Klein
 Preet Sohal

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, 2017

	2017	2016
Revenue		
Caregiver Support Program (CWLHIN)	566,086	538,553
Immigration, Refugees and Citizenship Canada	556,835	319,557
Mental Health (CWLHIN)	443,326	433,033
Addiction (CWLHIN)	411,915	412,449
Community Treatment – Substance Abuse (CWLHIN)	302,652	254,269
Respite Program (CWLHIN)	245,839	244,657
General fund revenue	206,191	212,024
Social and Congregate Dining (CWLHIN)	147,605	147,605
Core Funding (Region of Peel)	105,664	89,822
Early Psychosis Intervention (CWLHIN)	105,327	102,700
Substance Abuse Initiative (William Osler Health System)	87,552	87,749
Behavioural Support Ontario (CWLHIN)	85,408	83,815
Integrated Seniors Team (SHIP)	74,024	74,024
Peer Support Program (CWLHIN)	72,679	50,148
United Way of Peel Region	70,772	70,802
Ministry of Citizenship, Immigration and International Trade	66,073	66,509
Peer Support Program Coordinator (CWLHIN)	59,600	-
Other Programs	290,605	128,251
Total Revenue	\$ 3,898,153	\$ 3,316,236
Expenses		
Computer-related expenses	106,598	70,819
Amortization of tangible assets	143,107	86,905
Insurance, membership and licenses	12,366	11,327
Program expenses	234,257	185,854
Office expenses	92,267	65,683
Other operating expenses	84,064	110,293
Professional fees	9,796	29,598
Rental	246,712	222,215
Repairs and maintenance	21,032	21,102
Salaries and wages	2,393,013	2,069,640
Sub-contracts	286,262	202,312
Travel expenses	111,444	106,427
Utilities	58,554	42,406
Total Expenses	3,799,472	3,224,581
Excess of Revenue over Expenses	\$ 98,681	\$ 91,655

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, 2017

	2017	2016
Net assets – beginning of the year	\$ 428,465	\$ 336,810
Excess of revenue over expenses (expensed over revenue)	98,681	91,655
Net Assets – End of the Year	\$ 527,146	\$ 428,465



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, 2017

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash sales revenue received		\$ 3,949,608	\$ 3,402,589
Cash payments for other goods and services		(3,731,754)	(3,079,348)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		217,854	323,241
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital additions		(175,893)	(58,618)
CASH FLOWS FROM FINANCING ACTIVITIES:			
OTHER ACTIVITIES:			
Net cash increase (decreases) in cash and cash equivalents		41,961	264,623
Cash and cash equivalents at beginning of period		424,621	159,998
Cash and cash equivalents at end of period		\$ 466,582	\$ 424,621



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, 2017

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, 2017

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	Over the expected use of the leasehold

4. Cash

	2017	2016
Internally restricted - Term deposits	\$148,526	\$144,142
General - Operating account	73,052	114,809
Restricted for programs - Operating account	245,004	165,670
	<u>\$466,582</u>	<u>\$424,621</u>

There is an internal cash restriction on term deposits (GIC) with a balance of \$148,526 as of 03/31/2017 (\$144,142 as of 03/31/2016). The Board of Directors has placed this restriction directing that these funds will only be used upon approval from the Board, for purposes specifically authorized by the Board. This motion is effective from December 21, 2016.

5. Other Current Assets

	2017	2016
GST/HST Rebate Receivable	\$50,522	\$34,931
Prepaid Rent	\$48,709	\$28,360
Prepaid Program	\$29,029	\$1,809
Staff and Other Advances	\$11,519	\$5,682
Total	<u>\$139,779</u>	<u>\$70,782</u>



Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2017

6. Property, plant & equipment

	Cost	Accumulated amortization	NBV 2017	NBV 2016
Furniture and fixtures	\$ 100,930	\$ 55,575	\$ 45,355	\$47,410
Computer equipment	313,557	198,416	115,141	80,914
Leaseholds	251,818	126,317	125,501	126,487
Office equipment	151,023	96,678	54,346	52,746
	<u>\$817,328</u>	<u>\$476,986</u>	<u>\$340,342</u>	<u>\$307,557</u>

7. Related party transactions

During the year PCHS paid salary in the amount of \$105,000 (\$105,000 in 2016), travel allowance in the amount of \$10,136 (\$11,190 in 2016) and other expense reimbursements in the amount of \$0 (\$186 in 2016) to Baldev Mutta, CEO. Satvinder Mutta (CEO's son), was hired to publish newsletters during the year and was paid \$1,350 as an independent contractor (\$0 in 2016). In addition, salaries in the amount of \$95,000 (\$95,000 in 2016), travel allowance in the amount \$5,357 (\$5,400 in 2016) and other expense reimbursements in the amount of \$1,291 (\$532 in 2016) were paid to Amandeep Kaur, COO. Shanjot Singh (COO's son), was hired to provide support to Addictions Program. He was paid \$19,714 salary (\$12,600 in 2016), travel reimbursement in the amount of \$261 (\$0 in 2016) and other expense reimbursements in the amount of \$45 (\$0 in 2016). Rent in the amount of \$96,186 (\$96,186 in 2016) 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 contributions include government grants received, which remain unspent to March 31, 2017.

	Balance 03/31/2017	Balance 03/31/2016
Region of Peel	\$173,664	\$114,679
The Calgary Foundation	16,692	36,033
Bell Canada	8,026	8,026
Respite	2,638	2,638
Aging at Home	2,066	2,066
Others	14,706	2,228
Total	\$217,792	\$165,670

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2017

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.

	2017	2016
Balance, beginning of year	\$ 275,489	\$ 310,403
Add contributions	170,189	50,518
Less amounts amortized to revenue	(129,267)	(85,432)
	<u>\$ 316,411</u>	<u>\$ 275,489</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:

2017-18	\$297,186
2018-19	253,365
2019-20	168,910
2020-21	-
2021-22	-
Thereafter	-



Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2017

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's compensation 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.

15. Subsequent Events

There is a claim for wrongful dismissal initiated against PCHS by a former employee after year-end, but before the completion of these financial statements. The matter is expected to go to trial and management is unable to determine the outcome of the matter at this time with reasonable certainty. However, as per initial discussion with the lawyers, management is of the opinion that it is unlikely that there will be any financial costs for PCHS as a result of this matter.

16. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

