

Punjabi Community Health Services (PCHS)

Financial Statements

March 31, 2019

Punjabi Community Health Services (PCHS)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Punjabi Community Health Services

Qualified Opinion

We have audited the accompanying financial statements of Punjabi Community Health Services ("PCHS" or "the Organization"), 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 our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, these financial statements present fairly, in all material respects, the financial position of PCHS as at March 31, 2019 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.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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. In preparing the financial statements, management is responsible for assessing the Organization'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 the Organization or to cease operations (or has no realistic alternative but to do so). Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but it 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 the Organization's internal control.
- Evaluate appropriateness of accounting policies used and reasonableness of accounting estimates & related disclosures 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 the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

We 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 we identify during our audit.

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

Mississauga, Ontario
June 17, 2019

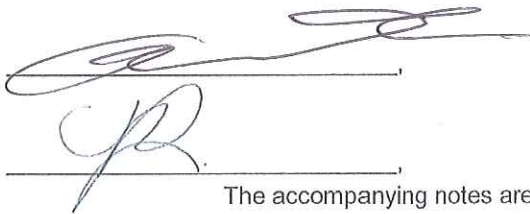
Punjabi Community Health Services (PCHS)

Statement of Financial Position

As at March 31, 2019

	Note	2019	2018
Assets			
Current Assets			
Cash	4.	\$ 141,271	\$ 295,125
Short term investments		175,696	192,042
Accounts receivable, net of allowances		167,856	191,841
Due from related parties	7.	42,460	-
Other current assets	5.	150,022	210,309
Total Current Assets		677,305	889,317
Property, plant and equipment, net of accumulated amortization	6.	324,326	291,887
Total Assets		\$ 1,001,631	\$ 1,181,204
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 45,982	\$ 49,301
Deferred contributions	8.	111,005	279,537
Deferred rent		26,473	30,556
Total Current Liabilities		183,460	359,394
Deferred capital contributions	9.	258,714	263,642
Total Liabilities		442,174	623,036
Net Assets		559,457	558,168
Total Liabilities and Net Assets		\$ 1,001,631	\$ 1,181,204

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, 2019

	2019	2018
Revenue		
Caregiver Support Program (CWLHIN)	\$ 579,932	\$ 562,077
Immigration, Refugees and Citizenship Canada (IRCC)	1,050,201	1,035,301
Case Management - Mental Health (CWLHIN)	555,581	434,852
Case Management - Addiction (CWLHIN)	427,708	423,093
Community Treatment – Substance Abuse (CWLHIN)	403,717	342,490
Respite Program (CWLHIN)	249,370	244,534
General fund revenue	118,431	178,514
Social and Congregate Dining (CWLHIN)	149,081	148,343
Core Funding (Region of Peel)	107,055	200,560
Early Psychosis Intervention (CWLHIN)	103,054	102,881
Substance Abuse Initiative (William Osler Health System)	87,068	87,232
Behavioural Support Ontario (CWLHIN)	69,288	85,835
Integrated Seniors Team (SHIP)	76,116	74,394
Peer Support Program (CWLHIN)	73,514	72,502
United Way Greater Toronto	72,735	76,955
Ministry of Children, Community and Social Services	94,468	65,764
Peer Support Program Coordinator (CWLHIN)	53,126	89,350
New Horizon Support Program	25,000	-
Other Programs	258,765	307,505
Total Revenue	\$ 4,554,210	\$ 4,532,182
Expenses		
Computer-related expenses	86,128	114,462
Amortization of tangible assets	158,456	196,421
Insurance	12,190	10,777
Membership and licenses	1,710	1,688
Program expenses	269,104	293,331
Office expenses	44,296	56,851
Other operating expenses	82,085	97,531
Professional fees	33,598	46,166
Rental	411,924	358,403
Repairs and maintenance	27,755	35,243
Salaries and wages	3,030,006	2,868,463
Sub-contracts	206,841	225,401
Travel expenses	120,576	125,881
Utilities	68,252	70,542
Total Expenses	4,552,921	4,501,160
Excess of Revenue over Expenses	\$ 1,289	\$ 31,022

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, 2019

	2019	2018
Net assets – beginning of the year	\$ 558,168	\$ 527,146
Excess of revenue over expenses (expenses over revenue)	1,289	31,022
Net Assets – end of the Year	\$ 559,457	\$ 558,168

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, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash revenue received	\$ 4,358,194	4,534,854
Cash payments for other goods and services	(4,337,500)	(4,366,252)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	20,694	168,602
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital additions	(190,894)	(148,017)
CASH FLOWS FROM FINANCING ACTIVITIES:		
OTHER ACTIVITIES:		
Net cash increase (decreases) in cash and cash equivalents	(170,200)	20,585
Cash and cash equivalents at beginning of period	487,167	466,582
Cash and cash equivalents at end of period (Note 4)	\$ 316,967	487,167

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, 2019

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, 2019

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 lease term

4. Cash

	2019	2018
Internally restricted - Term deposits	\$175,696	\$192,042
General - Operating account	30,266	15,588
Restricted for programs - Operating account	111,005	279,537
	<u>\$316,967</u>	<u>\$487,167</u>

There is an internal cash restriction on term deposits (GIC) with a balance of \$175,696 as of 03/31/2019 (\$192,042 as of 03/31/2018). 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

	2019	2018
GST/HST Rebate Receivable	\$51,293	\$63,143
Prepaid Rent	64,449	57,571
Prepaid Program Expenses	25,508	15,853
Prepaid for Server Upgrade	-	72,005
Staff and Other Advances	8,772	1,737
Total	<u>\$150,022</u>	<u>\$210,309</u>

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2019

6. Property, plant & equipment

	Cost	Accumulated amortization	NBV 2019	NBV 2018
Furniture and fixtures	\$ 132,496	\$ 76,510	\$55,986	\$41,783
Computer equipment	457,966	292,018	165,948	125,058
Leaseholds	392,915	341,725	51,189	69,682
Office equipment	172,630	121,427	51,203	55,364
	<u>\$1,156,007</u>	<u>\$831,680</u>	<u>\$324,326</u>	<u>\$291,887</u>

7. Related party transactions

During the year, PCHS paid salary in the amount of \$115,000 (\$115,000 in 2018), travel allowance in the amount of \$9,920.70 (\$9,586 in 2018), legal fee reimbursement of \$1,410.72 (\$0 in 2018) and other expense reimbursements in the amount of \$78.93 (\$0.00 in 2018) to Baldev Mutta, CEO. Satvinder Mutta (CEO's son), was hired to publish newsletters during the year and was paid \$5,400 as an independent contractor (\$7,125 in 2018). In addition, salaries in the amount of \$103,489.92 (\$95,000 in 2018), travel expense in the amount \$4,312 (\$5,368 in 2018) and other expense reimbursements in the amount of \$0 (\$48 in 2018) were paid to Amandeep Kaur, COO, along with reimbursement of legal costs of \$1,410.72. Shanjot Singh (COO's son), was paid \$34,358.27 as salary in the capacity of Addiction Case Manager (\$23,074 in 2018) and travel reimbursement in the amount of \$783.56 (\$540 in 2018).

During the year Pinkal Choksi, spouse of Finance Manager Ekta Choksi, was engaged as Financial Support Resource. He was paid \$13,371.68 (\$0 in 2018). Anupma Cvejic, PCHS Board President and Preet Sohal, PCHS Board Treasurer were reimbursed for setting up PCHS Surrey and were paid \$2,757.29 and \$893.70, respectively (\$0 in 2018). Rajbir Sohal, brother of PCHS Treasurer, Preet Sohal was engaged as Project Coordinator and was paid contract compensation of \$7,400 along with reimbursement of travel expenses of \$609.35 and program expense of \$1,508.01 (\$0 in 2018).

Payments were made to All Type IT Solutions Inc. of \$42,008 (\$83,254 in 2018) and Hybrid Cloud Technology Inc. of \$64,003.25 (\$153,178 in 2018) for providing IT services in the normal course of operations. These two companies are owned and operated by the spouse of HR Manager. Payment of \$0 (\$2,000 in 2018) was made to Meenu Sikand, PCHS Board Member, for providing training on Accessibility for Ontarians with Disabilities Act (AODA), also in the normal course of operations. Rent in the amount of \$107,977 (\$96,186 in 2018) 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.

During the year PCHS Foundation, a registered charity which PCHS has economic interest in, was engaged to carry out certain events and programs, for which a receivable of \$42,460 is recorded as at March 31, 2019 (\$0 in 2018). In addition, PCHS paid registration and incorporation costs totalling \$5,048.46 on behalf of the Foundation.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2019

8. Deferred contributions

Deferred contributions include government grants received, which remain unspent to March 31, 2019.

	2019	2018
Region of Peel	\$89,828	\$76,758
Bell Canada	-	5,968
Respite	1,139	1,139
Aging at Home	2,466	2,466
Ontario Trillium Foundation (OTF)	-	36,109
CSS – for server upgrade	-	72,005
Others	17,572	85,092
	<u>\$111,005</u>	<u>\$279,537</u>

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.

	2019	2018
Balance, beginning of year	\$ 263,642	\$ 316,411
Add contributions	127,347	126,606
Less amounts amortized to revenue	(132,275)	(179,375)
	<u>\$ 258,714</u>	<u>\$ 263,642</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.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2019

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, renewed until July 31, 2027. There are two other lease agreements in place with unrelated parties for the organization's office premises in Brampton and Scarborough. Minimum rent payable under these leases in the next five years and thereafter is as follows:

2019-20	494,822
2020-21	494,822
2021-22	453,772
2022-23	332,192
2023-24	116,400
Thereafter	388,000

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 (2017 - \$Nil) is included within accounts payable and accrued liabilities.

15. Comparative Figures

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

16. Economic Interest in Another Not-For-Profit Organization

PCHS is a corporate member of another registered charity (PCHS Foundation) which was formed for the sole purpose of receiving and maintaining a fund or funds and to apply all or part of the principal and income, from time to time, for the benefit of the PCHS. Any property remaining on dissolution or liquidation of the Foundation, after discharge of liabilities, shall also be distributed to PCHS.