

# **Punjabi Community Health Services (PCHS)**

**Financial Statements**

**March 31, 2020**

# Punjabi Community Health Services (PCHS)

March 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

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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, 2020, 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, 2020 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.

Mississauga, Ontario  
July 31, 2020

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

# Punjabi Community Health Services (PCHS)

## Statement of Financial Position

As at March 31, 2020

	Note	2020	2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash	4.	\$ 332,999	\$ 141,271
Short term investments	4.	158,313	175,696
Accounts receivable, net of allowances		191,430	167,856
Due from related parties	7.	43,060	42,460
Taxes recoverable/refundable		83,389	51,293
Other current assets	5.	49,818	98,729
<b>Total Current Assets</b>		<b>859,009</b>	<b>677,305</b>
Property, plant and equipment, net of accumulated amortization	6.	254,826	324,326
<b>Total Assets</b>		<b>\$ 1,113,835</b>	<b>\$ 1,001,631</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 299,572	\$ 45,982
Deferred contributions	8.	96,680	111,005
Deferred rent		21,801	26,473
<b>Total Current Liabilities</b>		<b>418,053</b>	<b>183,460</b>
Deferred capital contributions	9.	215,267	258,714
<b>Total Liabilities</b>		<b>633,320</b>	<b>442,714</b>
Net Assets		480,515	559,457
<b>Total Liabilities and Net Assets</b>		<b>\$ 1,113,835</b>	<b>\$ 1,001,631</b>

Approved on Behalf of the Board:



**President**



**Treasurer**

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, 2020

	2020	2019
<b>Revenue</b>		
Caregiver Support Program (CWLHIN)	\$ 616,100	\$ 579,932
Immigration, Refugees and Citizenship Canada (IRCC)	994,095	1,050,201
Case Management - Mental Health (CWLHIN)	557,555	555,581
Case Management - Addiction (CWLHIN)	428,354	427,708
Community Treatment – Substance Abuse (CWLHIN)	403,420	403,717
Respite Program (CWLHIN)	248,172	249,370
General fund revenue	89,122	118,431
Social and Congregate Dining (CWLHIN)	-	149,081
Core Funding (Region of Peel)	79,898	107,055
Early Psychosis Intervention (CWLHIN)	100,865	103,054
Substance Abuse Initiative (William Osler Health System)	88,970	87,068
Behavioural Support Ontario (CWLHIN)	88,933	69,288
Integrated Seniors Team (SHIP)	77,076	76,116
Peer Support Program (CWLHIN)	73,814	73,514
United Way Greater Toronto	69,380	72,735
Ministry of Children, Community and Social Services	65,390	94,468
Peer Support Program Coordinator (CWLHIN)	27,216	53,126
Information & Referral Service (CWLHIN)	58,092	-
Registered Practical Nurse (CWLHIN)	42,378	-
Other Programs	135,240	283,765
<b>Total Revenue</b>	<b>\$ 4,244,070</b>	<b>\$ 4,554,210</b>
<b>Expenses</b>		
Amortization of tangible assets	106,969	158,456
Computer-related expenses	81,589	86,128
Insurance	11,609	12,190
Office expenses	55,727	44,296
Other operating expenses	16,156	11,974
Professional fees	48,229	33,598
Program expenses	247,963	269,104
Rental	437,317	411,924
Repairs and maintenance	33,542	27,755
Salaries and wages	2,925,473	3,030,006
Sub-contracts	144,175	206,841
Training costs	48,252	71,821
Travel expenses	90,390	120,576
Utilities	75,621	68,252
<b>Total Expenses</b>	<b>4,323,012</b>	<b>4,552,921</b>
<b>Net Excess / (deficit) of Revenue over Expenses</b>	<b>(78,942)</b>	<b>1,289</b>

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, 2020

	2020	2019
Net assets – beginning of the year	\$ 559,457	\$ 558,168
Excess of revenue over expenses (expenses over revenue)	(78,942)	1,289
<b>Net Assets – end of the year</b>	<b>\$ 480,515</b>	<b>\$ 559,457</b>

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, 2020

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash revenue received	\$ 4,157,453	\$ 4,358,194
Cash payments for other goods and services	(3,945,639)	(4,337,500)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>211,814</b>	<b>20,694</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital additions	(37,469)	(190,894)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<b>OTHER ACTIVITIES:</b>		
<b>Net cash increase (decreases) in cash and cash equivalents</b>	<b>174,345</b>	<b>(170,200)</b>
Cash and cash equivalents at beginning of period	316,967	487,167
<b>Cash and cash equivalents at end of period (Note 4)</b>	<b>\$ 491,312</b>	<b>\$ 316,967</b>

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, 2020

### 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, 2020

### 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 and Cash Equivalents

	<b>2020</b>	<b>2019</b>
Internally restricted - Term deposits	\$ 158,313	\$ 175,696
General - Operating account	217,519	30,266
Restricted for programs - Operating account	115,480	111,005
	<u>\$ 491,312</u>	<u>\$ 316,967</u>

There is an internal cash restriction on term deposits (GIC) with a balance of \$158,313 as of March 31, 2020 (\$175,696 as of March 31, 2019). 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

	<b>2020</b>	<b>2019</b>
Prepaid Rent	\$ 26,521	\$ 64,449
Prepaid Program Expenses	1,208	25,508
Prepaid Software	4,312	1,290
Staff and Other Advances	17,777	7,482
Total	<u>\$ 49,818</u>	<u>\$ 98,729</u>

# Punjabi Community Health Services (PCHS)

## Notes to the Financial Statements

For the Year Ended March 31, 2020

### 6. Property, plant & equipment

	Cost	Accumulated amortization	NBV 2020	NBV 2019
Furniture and fixtures	\$ 146,306	89,088	57,218	\$ 55,986
Computer equipment	466,517	343,085	123,432	165,948
Leaseholds	405,522	374,281	31,241	51,189
Office equipment	175,082	132,147	42,935	51,203
	<u>\$ 1,193,427</u>	<u>938,601</u>	<u>254,826</u>	<u>\$ 324,326</u>

### 7. Related party transactions

During the year, PCHS paid salary in the amount of \$115,000 (\$115,000 in 2019), travel allowance in the amount of \$6,938.66 (\$9,920.70 in 2019), legal fee reimbursement of Nil (2019: \$1,410.72) and other expense reimbursements in the amount of \$13.19 (2019: \$78.93) to CEO. CEO's son, was hired to publish newsletters during prior fiscal year and was paid \$4,050 (\$5,400 in 2019) as an independent contractor. In addition, salaries in the amount of \$95,000 (\$103,489.92 in 2019), travel expense in the amount \$3,946.32 (\$4,312 in 2019) and reimbursement of legal costs of Nil (\$1,410.72 in 2019) were paid to Chief Operating Officer (COO). COO's son was paid \$33,076.30 as salary in the capacity of Addiction Case Manager (\$34,358.27 in 2019) and travel reimbursement of Nil (\$783.56 in 2019).

Spouse of one of the Finance Managers was engaged as Financial Support Resource. He was paid \$18,362.52 (\$13,371.68 in 2019). Parent of other Finance Manager, was paid \$23,843 as contractor Finance support for period from October to March 2020 and salary of \$22,790.67 for serving as Finance Manager for a short term of June to October 2019. Brother of PCHS Treasurer was engaged as Project Coordinator for a compensation of \$7,400 in year ended March 31, 2019 and was reimbursement for travel and program expenses of \$609 and \$1,508 respectively. No payments were made to him during the year.

Payments were made to All Type IT Solutions Inc. of \$31,506.66 (\$42,008 in 2019) and Hybrid Cloud Technology Inc. of \$34,600.48 (\$64,003.25 in 2019) for providing IT services in the normal course of operations. These two companies are owned and operated by the spouse of HR Manager. Rent in the amount of \$111,733 (\$107,977 in 2019) 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 ended March 31, 2019, PCHS Foundation, a registered charity which PCHS has economic interest in, was engaged to carry out certain events and programs. These programs were not assigned to PCHS Foundation for the current year. Balance due from PCHS Foundation is \$43,060 (2019: \$42,460). PCHS paid registration and incorporation costs totalling \$5,048.46 on behalf of the Foundation in the year ended March 31, 2019. No costs except refund from Rosemount Realty Inc. of \$10,000 were reimbursed to the PCHS Foundation during the year.

# Punjabi Community Health Services (PCHS)

## Notes to the Financial Statements

For the Year Ended March 31, 2020

### 8. Deferred contributions

Deferred contributions include government grants received, which remain unspent to March 31, 2020.

	<b>2020</b>	<b>2019</b>
Region of Peel	\$ 45,211	\$ 89,828
Respite	1,139	1,139
Aging at Home	2,466	2,466
IRCC	4,334	-
Others	43,530	17,572
	<u><b>\$ 96,680</b></u>	<u><b>\$ 111,005</b></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.

	<b>2020</b>	<b>2019</b>
Balance at beginning of the year	\$ 258,714	\$ 263,642
Additions	37,969	127,347
Amounts amortized to revenue	(81,416)	(132,275)
	<u><b>\$ 215,267</b></u>	<u><b>\$ 258,714</b></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.

# Punjabi Community Health Services (PCHS)

## Notes to the Financial Statements

For the Year Ended March 31, 2020

### 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:

<b>2020-21</b>	432,767
<b>2021-22</b>	396,105
<b>2022-23</b>	382,422
<b>2023-24</b>	382,422
<b>2024-25</b>	290,637
<b>Thereafter</b>	252,935

### 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 (2019 - \$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.

# Punjabi Community Health Services (PCHS)

## Notes to the Financial Statements

For the Year Ended March 31, 2020

### 17. Subsequent Events

Since March 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. These conditions, however, do not affect the company's ability to continue as a going concern, as management does not anticipate that the company's revenues and operations will be materially impacted.

The Organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.