

Punjabi Community Health Services (PCHS)

Financial Statements

March 31, 2023

Punjabi Community Health Services (PCHS)

March 31, 2023

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 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, 2023, 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, 2023 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
June 30, 2023

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, 2023

	Note	2023	2022
Assets			
Current Assets			
Cash	4.	\$ 1,854,902	\$ 1,294,379
Short term investments	4.	-	277,280
Accounts receivable, net of allowances		403,990	568,101
Due from related parties	7.	7,500	17,613
Taxes recoverable/refundable		147,207	139,632
Other current assets	5.	110,345	96,098
Total Current Assets		2,523,944	2,393,103
Long term investment	4.	516,395	-
Capital assets, net of accumulated amortization	6.	382,935	454,089
Total Assets		\$ 3,423,274	\$ 2,847,192
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 495,494	\$ 327,740
Deferred contributions	8.	957,014	845,909
Deferred rent		10,020	16,032
Total Current Liabilities		1,462,528	1,189,681
Deferred capital contributions	9.	366,873	436,880
Total Liabilities		1,829,401	1,626,560
Net Assets		1,593,873	1,220,631
Total Liabilities and Net Assets		\$ 3,423,274	\$ 2,847,192

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, 2023

	2023	2022
Revenue		
Revenue (note 17)	\$ 10,090,393	\$ 9,930,390
Total Revenue	10,090,393	9,930,390
Expenses		
Advertising and promotions	35,173	106,857
Amortization of tangible assets	155,667	164,285
Computer-related expenses	158,454	179,543
Insurance	26,240	16,555
Office expenses	84,176	84,443
Other operating expenses	45,962	63,997
Professional fees	28,335	49,530
Program expenses	1,055,400	952,960
Rental, net off government subsidies (note 16)	508,505	499,230
Repairs and maintenance	68,834	48,573
Salaries and wages, net off government subsidies (note 16)	6,488,915	5,149,435
Sub-contracts	674,823	2,141,348
Training costs	131,568	153,744
Travel expenses	136,483	135,171
Utilities	118,616	83,314
Total Expenses	9,717,151	9,828,985
Excess of Revenue over Expenses	\$ 373,242	\$ 101,405

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, 2023

				2023	2022
	Externally Restricted	Internally Restricted	Unrestricted	Total	Total
Net assets – beginning of the year	\$ 845,909	\$ 277,280	\$ 97,442	\$ 1,220,631	\$ 1,119,226
Excess of revenue over expenses	-	-	373,242	373,242	101,405
Change in restricted net assets	111,105	239,115	(350,220)	-	-
Net Assets – end of the year	\$ 957,014	\$ 516,395	\$ 120,464	\$ 1,593,873	\$ 1,220,631

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, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash revenue received	\$ 10,299,307	\$ 10,140,184
Cash payments for other goods and services	(9,415,553)	(9,963,108)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	883,754	177,076
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital additions	(84,512)	(140,995)
Interest reinvested	(16,000)	-
Investment in long-term GIC	(500,000)	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(600,512)	(140,995)
Net cash increase (decreases) in cash and cash equivalents	283,242	36,081
Cash and cash equivalents at beginning of period	1,571,659	1,535,578
Cash and cash equivalents at end of period (Note 4)	\$ 1,854,901	\$ 1,571,659

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, 2023

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 provisions 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 which are restricted for a designated purpose are recognized in the financial statements using the deferral method, whereby contributions 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 materials and services

Volunteers contribute many hours to assist the organization in carrying out its mission. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. The organization is offered rent free space to carry out program activities. The organization chooses not to recognize related rent in the financial statements.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2023

ii) Use of estimates

The preparation of financial statements in conformity 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 at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. Significant financial statement items that require the use of estimates are common expenses for allocation amongst various programs, deferred revenue, deferred capital contribution and useful life of capital assets.

iii) Cash and cash equivalents

PCHS presents cash-in-hand, bank balances and term deposits with a maturity period of three months or less (2022 - one year or less) from the date of acquisition under cash and cash equivalents.

iv) Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives using following methods and annual rates. When the organization observes conditions that indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets are accounted for as expenses in the statement of operations.

	Methods	Rates
Office equipment	Diminishing balance	20%
Computer equipment	Diminishing balance	30%
Furniture and fixtures	Diminishing balance	20%
Leasehold improvement	Straight line	Over the expected lease term

4. Cash and Cash Equivalents

	2023	2022
Internally restricted – Short term deposits	\$ -	\$ 277,280
General - Operating account	902,887	448,470
Restricted for programs - Operating account	952,014	845,909
	<u>\$ 1,854,901</u>	<u>\$ 1,571,659</u>

There is an internal restriction on term deposits (GIC) with a balance of \$516,395 (2022: \$277,280) maturing on April 23, 2024 and classified as long term investment (2022: short term investment) at the reporting date. 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.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2023

5. Other Current Assets

	2023	2022
Prepaid Rent	\$ 72,619	\$ 69,902
Prepaid Program Expenses	19,216	20,386
Prepaid Software	728	728
Staff and Other Advances	17,782	5,082
Government subsidy receivable	-	-
Total	<u>\$ 110,345</u>	<u>\$ 96,098</u>

6. Capital assets

	Cost	Accumulated Amortization	2023 Net Value	2022 Net Value
Furniture and fixtures	\$ 177,202	\$ 127,128	\$ 50,074	\$ 61,895
Computer equipment	886,022	605,759	280,264	298,427
Leaseholds	546,647	516,362	30,285	65,759
Office equipment	176,214	153,902	22,312	28,008
	<u>\$ 1,786,085</u>	<u>\$ 1,403,151</u>	<u>\$ 382,935</u>	<u>\$ 454,089</u>

7. Related party transactions

During the year, PCHS paid salary in the amount of \$177,869 (\$178,719 in 2022), travel allowance in the amount of \$2,804 (2022: Nil) and other expense reimbursements in the amount of Nil (2021: Nil) to Chief Executive Officer. An amount of \$7,500 (2021: \$14,612) was due from Chief Executive Officer for event sponsorship as of the reporting date. Salaries in the amount of \$143,987 (\$145,623 in 2022), travel expense in the amount Nil (2022: Nil) were paid to Chief Operating Officer (COO). COO's son was paid Nil (2022: \$35,657) as salary in the capacity of Addiction Case Manager and Intake Coordinator and travel reimbursement of Nil (2022: Nil).

Payments of \$64,092, in total (2022: \$170,493) were made to two companies owned and operated by the spouse of HR Manager of PCHS for IT services and equipment in the normal course of operations. Rent in the amount of \$116,400 (2022: \$116,400) was paid to 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 or the previous year. During the year, PCHS paid Nil (2022: \$1,922) for advertising cost on behalf of the Foundation.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2023

All these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

8. Deferred contributions

Deferred contributions represent unspent resources externally restricted for program expenses related to subsequent periods. These contributions include government funds or grants received but not spent at March 31, 2023.

	2023	2022
Centre for Addiction and Mental Health	\$ -	\$ 42,353
High Priorities Project	106,033	308,090
Immigration, Refugees and Citizenship Canada	71,283	52,734
Mental Health Wellness	-	71,022
Mobile Care Rapid Response Team	54,743	54,743
New Horizon	15,500	-
Ontario Trillium Foundation	24,510	
Peel Community Cycling Program	45,348	58,794
Peer Support	51,922	51,922
Region of Peel (Core funding)	470,515	110,072
Other programs	117,160	96,179
	\$ 957,014	\$ 845,909

Contributions recognized as revenue are included in respective program categories in the statement of operations. Restricted cash for programs is grouped with cash in 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.

	2023	2022
Balance at beginning of the year	\$ 436,880	\$ 458,423
Contributed capital assets	84,675	139,510
Amounts amortized to revenue	(154,683)	(161,053)
Balance at end of the year	\$ 366,872	\$ 436,880

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2023

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 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 entered into a lease agreement with 2330951 Ontario Inc., a related party, with an initial term of 5 years starting on August 1, 2012, renewed until July 31, 2027. There are 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:

2023-24	502,553
2024-25	328,449
2025-26	119,043
2026-27	119,043
2027-28	50,775
Thereafter	58,877

13. Allocation of common costs

Certain common expenses (such as rent, utilities, salaries) 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 Senior Finance Manager are mainly related to accounting and reporting of programs funded by Ontario Health Team Central (OHT), formerly known as Central West Local Health Integration Network (CWLHIN), which makes extensive use of Great Plains accounting software. Other programs are relatively smaller and do not require particular type of reporting. Therefore, Senior Finance Manager's compensation is allocated mostly to core programs funded by OHT. The compensation paid to CEO and COO is charged to specific programs as they deliver those program activities. The administrative duties performed by CEO and COO are their in-kind contribution towards PCHS which are not recognized in the financial statements.

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2023

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 (2022 - \$Nil) is included within accounts payable and accrued liabilities.

15. 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.

16. Government Assistance

In the current year, PCHS received Nil (2022: \$11,110) under Canada Emergency Wage Subsidy (CEWS) and Nil (2022: \$2,385) under Canada Emergency Rent Subsidy (CERS) as a result of decline in revenue excluding government funding attributed to the COVID-19 pandemic. Entities must satisfy certain eligibility criteria, including among others a significant decline in revenue as compared to earlier periods.

17. Revenue

Revenue comprises of the following:

	2023	2022
Behavioural Support Ontario (Ontario Health Central)	\$ 93,081	\$ 91,256
Caregiver Support Program (Ontario Health Central)	576,128	573,815
Case Management - Addiction (Ontario Health Central)	446,685	466,915
Case Management - Mental Health (Ontario Health Central)	898,287	716,637
Community Treatment – Substance Abuse (Ontario Health Central)	519,020	402,482
Early Psychosis Intervention (Ontario Health Central)	100,663	100,712
Information & Referral Service (Ontario Health Central)	77,050	77,279
High Priorities Community Strategy (Ontario Health Central)	1,117,847	1,262,682
Peer Support Program (Ontario Health Central)	342,073	136,575
Peer Support Program Coordinator (Ontario Health Central)	27,217	27,217
Registered Practical Nurse (Ontario Health Central)	72,853	67,970
Respite Program (Ontario Health Central)	433,844	300,745
Crisis Services (CMHA PD)	429,914	222,549
Withdrawal Management Addiction Program (Ontario Health Central)	197,393	197,875
Centre of Addiction and Mental Health (CAMH)	62,299	120,719
General fund revenue	375,328	399,139
Immigration, Refugees and Citizenship Canada (IRCC)	2,153,036	1,885,743
Integrated Seniors Team (SHIP)	78,396	77,076
Addiction Services (WOHS)	190,843	189,157

Punjabi Community Health Services (PCHS)

Notes to the Financial Statements

For the Year Ended March 31, 2023

Ministry of Labour, Immigration, Training and Skills Development	70,000	65,000
Ministry of Attorney General	42,979	-
Ministry of Children, Community and Social Services	256,617	-
Ontario Structured Psychotherapy Program (CarePoint Health)	217,822	41,554
Other Programs	395,562	281,395
Region of Peel	749,034	2,053,447
United Way Greater Toronto	166,422	172,450
Total Revenue	\$10,090,393	9,930,390

18. Comparative Figures

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