

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Financial Statements**

**Year Ended September 30, 2018**

***BURNS & CO.***

CHARTERED PROFESSIONAL ACCOUNTANT

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

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Year Ended September 30, 2018**

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# Burns & Co.



Chartered Professional Accountant

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of PHA Public Health Association of British Columbia,

I have reviewed the accompanying financial statements of PHA Public Health Association of British Columbia which comprise the statement of financial position as at September 30, 2018 and the statements of revenues and expenditures, changes in net assets and 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 Canadian 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.

### *Practitioner's Responsibility for the Financial Statements*

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of PHA Public Health Association of British Columbia as at September 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Report on Other Legal and Regulatory Matters*

As required by the Society Act of British Columbia, I report that, in my opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Victoria, British Columbia  
November 10, 2018

  
CHARTERED PROFESSIONAL ACCOUNTANT

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 1,406,930	\$ 1,568,416
Accounts receivable	528,785	502,974
Goods and services tax recoverable	24,071	17,828
Prepaid expenses	3,869	3,869
	<b>1,963,655</b>	<b>2,093,087</b>
<b>TANGIBLE CAPITAL ASSETS (Note 4)</b>	<b>9,790</b>	<b>-</b>
<b>INTANGIBLE ASSETS (Note 5)</b>	<b>20,312</b>	<b>-</b>
	<b>\$ 1,993,757</b>	<b>\$ 2,093,087</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges	\$ 81,344	\$ 85,207
Deposits received	23,345	-
Deferred revenue (Note 6)	940,770	1,278,052
	<b>1,045,459</b>	<b>1,363,259</b>
<b>NET ASSETS</b>		
Unrestricted fund	945,019	726,549
Endowment fund (Note 7)	3,279	3,279
	<b>948,298</b>	<b>729,828</b>
	<b>\$ 1,993,757</b>	<b>\$ 2,093,087</b>

SOLÓRZANO Director  
RW Director:

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CHARTERED PROFESSIONAL ACCOUNTANT

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Statement of Revenues and Expenditures**

**Year Ended September 30, 2018**

	2018	2017
<b>REVENUES</b>		
Revenue (Note 8)	\$ 1,773,151	\$ 1,197,625
Project administration	154,294	-
Interest	6,100	1,831
	<u>1,933,545</u>	<u>1,199,456</u>
<b>EXPENSES</b>		
Accounting fees	24,469	6,394
Administration fee	154,294	-
Amortization of intangible assets	4,374	-
Amortization of tangible capital assets	3,714	-
Awards	10,739	150
Bank charges and interest	1,755	1,814
Board meeting expense	18,799	15,000
Community development	152,073	15,817
Conference and event expenses	89,167	50,438
Consultants	886,086	545,633
Donations	150	17,536
Grants	-	6,152
iboost advertising and promotion	43,881	98,187
Insurance	2,115	2,115
Office and sundry	97,372	97,492
Other program costs	-	15,518
Rent	6,761	8,287
Travel	86,722	9,404
Utilities and telephone	5,957	5,445
Website	126,647	3,843
	<u>1,715,075</u>	<u>899,225</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 218,470</u>	<u>\$ 300,231</u>

See notes to financial statements

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**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2018**

	Unrestricted Fund	Endowment Fund	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 726,549	\$ 3,279	\$ <b>729,828</b>	\$ 429,597
EXCESS OF REVENUES OVER EXPENSES	218,470	-	<b>218,470</b>	300,231
CHANGE IN ENDOWMENT FUND <i>(Note 7)</i>	-	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 945,019</u>	<u>\$ 3,279</u>	<u>\$ <b>948,298</b></u>	<u>\$ 729,828</u>

See notes to financial statements

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Statement of Cash Flows**

**Year Ended September 30, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funding organizations	\$ 1,593,796	\$ 1,516,297
Cash paid to suppliers and subcontractors	(1,709,093)	(834,259)
Interest and bank charges paid	(1,756)	(1,815)
Goods and services tax	(6,243)	1,288
Cash flow from (used by) operating activities	(123,296)	681,511
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(13,504)	-
Purchase of intangible assets	(24,686)	-
Cash flow used by investing activities	(38,190)	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	(161,486)	681,511
Cash - beginning of year	1,568,416	886,905
<b>CASH - END OF YEAR</b>	\$ 1,406,930	\$ 1,568,416

See notes to financial statements

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CHARTERED PROFESSIONAL ACCOUNTANT

# PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

## Notes to Financial Statements

Year Ended September 30, 2018

(Unaudited)

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PHA Public Health Association of British Columbia (the "Association") is a voluntary, not-for-profit, non-government organization incorporated provincially under the Society Act of British Columbia.

The Association's mission is to preserve and promote the public's health through disease and injury prevention, health protection and healthy public policy. PHABC is actively engaged in advocating the development and implementation of healthy public policy, facilitating the sharing of health and related information, encouraging research into the broad issues that affect the public's health, and working cooperatively with regional, national, and international organizations.

PHABC is exempt from income tax under paragraph 149(1)(l) of the Income Tax Act of Canada.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements of the Association were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principles (GAAP).

#### Fund accounting

PHA Public Health Association of British Columbia follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Fund.

Endowment contributions are reported in the Endowment Fund. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund or Operating Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

#### Cash and cash equivalents

Included in cash and cash equivalents are guaranteed investment certificates which are recorded at cost plus accrued interest.

#### Goods and Services Tax

Goods and Services Tax is charged on taxable supplies and input tax credits are recorded at 100% for expenses related to such supplies.

For all other expenses, input tax credits are recoverable at 50% under the Public Service Bodies' rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

(continues)

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements**

**Year Ended September 30, 2018**

*(Unaudited)*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives as determined by management on a declining balance basis at the following rates and methods:

Computer equipment

55% declining balance method

One half year amortization is taken in the year of acquisition.

The Association regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Indefinite-life intangible assets

Intangible assets consist of costs related to trademarks. These assets are tested for impairment annually or more frequently when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing their carrying value to estimates of their fair value based on estimates of discounted future cash flows or other valuation methods. When the fair value is determined to be less than carrying value, the resulting impairment is reported in the income statement.

Intangible assets

The software costs are being amortized on a declining balance basis at a rate of 100%. One half year amortization is taken in the year of acquisition.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted interest income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted interest income is recognized as revenue when earned.

Seminar and conference fees are recognized as revenue when the seminars and conferences are held.

Membership fees are recognized based on the portion of the fees applicable to the current fiscal year.

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**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements**  
**Year Ended September 30, 2018**  
*(Unaudited)*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued charges.

The Association's financial instruments are initially measured at fair value when issued or acquired. At each subsequent reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Use of estimates

When preparing financial statements according to ASNPO, the Association makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses
- Reported amounts of assets and liabilities, and
- Disclosure of contingent assets and liabilities

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the association may undertake in the future, and other assumptions that I believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as accrued payables.

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements**

**Year Ended September 30, 2018**

*(Unaudited)*

**2. CASH AND CASH EQUIVALENTS**

The major components of cash and cash equivalents are as follows:

	<b>2018</b>	<b>2017</b>
Cash on deposit	\$ 935,574	\$ 1,390,152
Cheques issued and outstanding	(30,152)	(9,746)
Deposits in transit	7,757	-
	<b>913,179</b>	<b>1,380,406</b>
Bank term deposits bearing interest at rates of 1.2% and 2.25% per annum (2017 - 1% and 0.85%)	<b>493,751</b>	<b>188,010</b>
	<b>\$ 1,406,930</b>	<b>\$ 1,568,416</b>

**3. FINANCIAL INSTRUMENTS**

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of September 30, 2018.

**(a) Credit risk**

Credit risks arise from three sources: cash and cash equivalents, accounts receivable, and accounts payable and accrued charges. Cash and cash equivalents are deposited with a reputable, major financial institution to limit the credit risk exposure. Cash and cash equivalents include investments issued by a high-credit quality financial institution and I consider the risk of non-performance of these instruments to be remote. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

**(b) Liquidity risk**

Liquidity risk exposure is dependent on the receipt of funds from membership fees and other sources to enable the Association to pay its liabilities as they become due.

**(c) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements  
Year Ended September 30, 2018**

*(Unaudited)*

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 13,504	\$ 3,714	\$ 9,790	\$ -

**5. INTANGIBLE ASSETS**

	2018	2017
Trademarks	\$ 15,938	\$ -
Computer software	8,748	-
	24,686	-
Accumulated amortization	(4,374)	-
	<u>\$ 20,312</u>	<u>\$ -</u>

**6. DEFERRED REVENUE**

	2018	2017
<b>Deferred revenue consists of the following grant revenue:</b>		
Province of British Columbia	\$ 914,530	\$ 1,255,556
Memberships	3,196	-
Horner Foundation Grant	23,044	22,496
	<u>\$ 940,770</u>	<u>\$ 1,278,052</u>

**7. ENDOWMENT FUND**

Endowment fund consists of the Phyllis M. Baird Memorial Award Public Health Nursing. The funds are restricted such that a yearly maximum award of \$250 can be given to reward a public health nurse who demonstrates excellence in practice. The fund was established in 1984 with an original donation of \$2,500. The award is not given out each year and the intention is that the fund will never be less than \$2,500.

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements**

**Year Ended September 30, 2018**

*(Unaudited)*

**8. REVENUE**

	<u>2018</u>	<u>2017</u>
<b>Included in revenue is funding from the following sources:</b>		
Public Health Agency of Canada	\$ -	\$ 1,885
Province of British Columbia Ministry of Health	<b>841,025</b>	569,000
Vancouver Coast Health	<b>180,000</b>	105,000
	<u><b>\$ 1,021,025</b></u>	<u><b>\$ 675,885</b></u>

**9. ECONOMIC DEPENDENCE**

The Association received approximately 47% of its funding from the British Columbia Ministry of Health. Should this funder substantially change its dealings with the Association, management is of the opinion that continued operations would be viable.

**10. DISCLOSURES UNDER THE NEW SOCIETIES ACT**

On November 28, 2016, the new British Columbia Societies Act ("Act") came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors and the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Association paid no remuneration to directors.

During the year, one person who is a contractor received remuneration from the Association that was at least \$75,000 for a total amount of \$106,859.