

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Financial Statements**

**Year Ended September 30, 2019**

***BURNS & CO.***

CHARTERED PROFESSIONAL ACCOUNTANT

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

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**Year Ended September 30, 2019**

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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, 2019 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, 2019, 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 12, 2019

  
CHARTERED PROFESSIONAL ACCOUNTANT

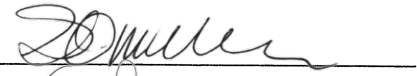
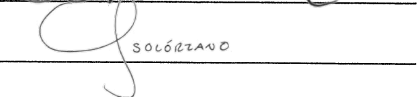
**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Statement of Financial Position**

**September 30, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents <i>(Note 3)</i>	\$ 1,143,742	\$ 1,406,930
Accounts receivable	619,995	528,785
Public Service Bodies' Rebate receivable	36,198	28,887
Prepaid expenses	3,879	3,869
	<u>1,803,814</u>	<u>1,968,471</u>
TANGIBLE CAPITAL ASSETS <i>(Note 4)</i>	4,405	9,790
INTANGIBLE CAPITAL ASSETS <i>(Note 5)</i>	<u>18,797</u>	<u>20,312</u>
	<u>\$ 1,827,016</u>	<u>\$ 1,998,573</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges	\$ 129,502	\$ 81,343
Deposits received	6,633	23,345
Goods and services tax payable	10,358	4,817
Deferred revenue <i>(Note 6)</i>	<u>668,097</u>	<u>750,599</u>
	814,590	860,104
DEFERRED REVENUE <i>(Note 6)</i>	<u>-</u>	<u>190,171</u>
	<u>814,590</u>	<u>1,050,275</u>
<b>NET ASSETS</b>		
Unrestricted fund	1,009,147	945,019
Endowment fund <i>(Note 7)</i>	<u>3,279</u>	<u>3,279</u>
	<u>1,012,426</u>	<u>948,298</u>
	<u>\$ 1,827,016</u>	<u>\$ 1,998,573</u>

On behalf of the Board

 Director  
 Director

See notes to financial statements

**BURNS & CO. 2**

CHARTERED PROFESSIONAL ACCOUNTANT

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Statement of Revenues and Expenditures**

**Year Ended September 30, 2019**

	2019	2018
<b>REVENUES</b>		
Revenue ( <i>Notes 10, 6, 8, 9</i> )	\$ 1,873,152	\$ 1,773,151
Project administration	203,483	154,294
Interest	6,361	6,100
	<u>2,082,996</u>	<u>1,933,545</u>
<b>EXPENSES</b>		
Accounting fees	16,985	24,469
Administration fee ( <i>Note 12</i> )	-	154,294
Amortization of tangible capital assets ( <i>Note 4</i> )	5,385	3,714
Amortization of intangible assets ( <i>Note 5</i> )	4,627	4,374
Awards	10,150	10,739
Bank charges and interest	3,779	1,755
Board meeting expense	8,393	18,799
Community development	161,530	152,073
Conference and event expenses	192,633	89,167
Consultants ( <i>Note 11</i> )	1,128,678	886,086
Donations	100	150
Grants	35,000	-
iboost advertising and promotion	120,490	43,881
Insurance	2,115	2,115
Meetings and conventions	91	-
Office and sundry	63,648	97,372
Rent	6,275	6,761
Travel	125,844	86,722
Utilities and telephone	16,132	5,957
Website	117,013	126,647
	<u>2,018,868</u>	<u>1,715,075</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 64,128</u>	<u>\$ 218,470</u>

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Statement of Changes in Net Assets**

**Year Ended September 30, 2019**

	Unrestricted Fund	Endowment Fund	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 945,019	\$ 3,279	\$ 948,298	\$ 729,828
<b>EXCESS OF REVENUES OVER EXPENSES</b>	64,128	-	<b>64,128</b>	218,470
<b>CHANGE IN ENDOWMENT FUND (Note 7)</b>	-	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,009,147</u>	<u>\$ 3,279</u>	<u>\$ 1,012,426</u>	<u>\$ 948,298</u>

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Statement of Cash Flows**

**Year Ended September 30, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funding organizations	\$ 1,702,401	\$ 1,593,796
Cash paid to suppliers and subcontractors	(1,956,928)	(1,709,093)
Public Service Bodies' Rebate receivable	(7,311)	(9,601)
Interest and bank charges paid	(3,779)	(1,756)
Goods and services tax	<u>5,541</u>	<u>3,358</u>
Cash flow used by operating activities	<u>(260,076)</u>	<u>(123,296)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets (Note 4)	-	(13,504)
Purchase of intangible capital assets (Note 5)	<u>(3,112)</u>	<u>(24,686)</u>
Cash flow used by investing activities	<u>(3,112)</u>	<u>(38,190)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(263,188)</b>	<b>(161,486)</b>
Cash - beginning of year	<u>1,406,930</u>	<u>1,568,416</u>
<b>CASH - END OF YEAR (Note 3)</b>	<b><u>\$ 1,143,742</u></b>	<b><u>\$ 1,406,930</u></b>

See notes to financial statements

**BURNS & CO.5**

CHARTERED PROFESSIONAL ACCOUNTANT

# PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

## Notes to Financial Statements Year Ended September 30, 2019 (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 Unrestricted Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

#### Cash and cash equivalents

Cash and cash equivalents are defined as cash on deposit, less outstanding items, and 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.

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PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended September 30, 2019

(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

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.

Intangible capital assets

The software costs are being amortized on a declining balance basis at a rate of 100%.

Indefinite-life intangible capital assets

Indefinite-life intangible capital 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.

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.

Interest income is recognized as revenue when earned.

Seminar, conference and summer school fees are recognized as revenue when the events are held.

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

Administration fees are recognized as revenue at the commencement date of the applicable funding agreements.

Project revenue received is deferred and revenue is recognized over the life of the project.

Contributions by other parties and funds received for swag from third-party merchant services are recorded as revenue when the funds are received.

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PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements  
Year Ended September 30, 2019  
(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, 2019**

(Unaudited)

**2. 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, 2019.

*(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.

**3. CASH AND CASH EQUIVALENTS**

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

	2019	2018
Cash on deposit	\$ 969,252	\$ 935,574
Cheques issued and outstanding	(18,592)	(30,152)
Deposits in transit	-	7,757
	<u>950,660</u>	<u>913,179</u>
Bank term deposits bearing interest at rates of 1.3% and 1.9% per annum (2018 - 1.2% and 2.25%)	<u>193,082</u>	<u>493,751</u>
	<u><u>\$ 1,143,742</u></u>	<u><u>\$ 1,406,930</u></u>

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 13,504	\$ 9,099	\$ 4,405	\$ 9,790

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements**  
**Year Ended September 30, 2019**  
*(Unaudited)*

**5. INTANGIBLE CAPITAL ASSETS**

	<u>2019</u>	<u>2018</u>
Computer software	\$ 9,254	\$ 8,748
Accumulated amortization	<u>(9,001)</u>	<u>(4,374)</u>
	253	4,374
Trademarks	<u>18,544</u>	<u>15,938</u>
	<u>\$ 18,797</u>	<u>\$ 20,312</u>

**6. DEFERRED REVENUE**

	<u>2019</u>	<u>2018</u>
<b>Current</b>		
Province of British Columbia	\$ 646,699	\$ 724,359
Horner Foundation Grant	-	23,044
Memberships	2,347	3,196
CPHA	12,750	-
Kids Boost Immunity	<u>6,301</u>	<u>-</u>
	668,097	750,599
<b>Long-term</b>		
Province of British Columbia	<u>-</u>	<u>190,171</u>
	<u>\$ 668,097</u>	<u>\$ 940,770</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.

**8. SIGNIFICANT REVENUE SOURCES**

	<u>2019</u>	<u>2018</u>
<b>Included in revenue is funding from the following sources:</b>		
Province of British Columbia Ministry of Health	\$ 999,359	\$ 841,025
Vancouver Coast Health	327,500	180,000
Public Health Agency of Canada	<u>250,408</u>	<u>-</u>
	<u>\$ 1,577,267</u>	<u>\$ 1,021,025</u>

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements**

**Year Ended September 30, 2019**

*(Unaudited)*

**9. REVENUE SOURCES**

	2019	2018
<u>Amounts included in revenue</u>		
Conferences	\$ 62,441	\$ 14,963
Conferences - sponsorships	76,859	10,143
Contributions by other parties	-	150
Membership fees - CPHA	3,390	2,323
Membership fees - paypal/stripe	2,729	1,092
PayPal - swag	415	599
Prior year adjustments	5,346	4,675
Project revenue	1,708,819	1,728,636
Shopify - swag	1,570	5,309
Stripe - swag	-	101
Summer school	11,583	5,160
	<u>\$ 1,873,152</u>	<u>\$ 1,773,151</u>

**10. ECONOMIC DEPENDENCE**

The Association received approximately 53% (2018 - 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.

**11. 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.

There were five contractors that received over \$75,000 during the year, for combined total payments of \$493,758.

**12. PHABC ADMINISTRATION FEE**

Effective in the 2019 year, the expense item "Administration fee" is no longer being used. In the past, it was used to reflect the 10-12% fee that was charged to cover administration costs. Current treatment has the costs recorded to the specific expense account.

**PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA**

**Notes to Financial Statements**

**Year Ended September 30, 2019**

*(Unaudited)*

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**13. SUBSEQUENT EVENTS**

The following events occurred subsequent to the fiscal year end:

Charity Status Received

During the 2018 and 2019 fiscal years, the Association applied for charity status. Effective October 1, 2019, the Association is a federally registered charity in the Province of BC. There is no impact on the financial statements or operations for the 2019 fiscal year, but subsequent years will see a change in policy due to the successful application. Furthermore, all financial activity must be compliant with the Income Tax Act of Canada.

**14. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform with the financial statement presentation adopted in the current year.