

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Financial Statements

Year Ended September 30, 2020

BURNS & CO.

CHARTERED PROFESSIONAL ACCOUNTANT

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

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Year Ended September 30, 2020**

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Burns & Co.



Chartered Professional Accountant

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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, 2020 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, 2020, 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.

Emphasis of Matter - Subsequent Events

Without modifying my conclusion, I draw attention to Note 13 to the financial statements, which describes the subsequent events related to the global COVID-19 pandemic declared in March 2020.

Victoria, British Columbia
November 26, 2020

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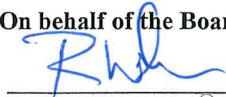
PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Statement of Financial Position

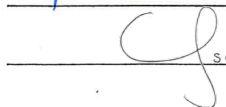
September 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 2,509,828	\$ 1,143,742
Accounts receivable	1,452,982	619,995
Public Service Bodies' Rebate receivable	27,201	36,198
Prepaid expenses	4,862	3,879
	<u>3,994,873</u>	<u>1,803,814</u>
TANGIBLE CAPITAL ASSETS (Note 4)	7,538	4,405
INTANGIBLE CAPITAL ASSETS (Note 5)	19,557	18,797
	<u>\$ 4,021,968</u>	<u>\$ 1,827,016</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 92,153	\$ 129,502
Deposits received	-	6,633
Goods and services tax payable	7,949	10,358
Wages payable	24,880	-
Employee deductions payable	11,554	-
Deferred revenue (Note 6)	2,373,973	668,097
	<u>2,510,509</u>	<u>814,590</u>
NET ASSETS		
Unrestricted fund	1,508,180	1,009,147
Endowment fund (Note 7)	3,279	3,279
	<u>1,511,459</u>	<u>1,012,426</u>
	<u>\$ 4,021,968</u>	<u>\$ 1,827,016</u>

On behalf of the Board



Director



SOLÓRZANO

Director

See notes to financial statements

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PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Statement of Revenues and Expenditures

Year Ended September 30, 2020

	2020	2019
REVENUES		
Revenue (<i>Notes 6, 8, 9, 10</i>)	\$ 2,257,650	\$ 1,873,152
Project management	180,275	203,483
Donations	32,954	-
Interest	3,044	6,361
	<u>2,473,923</u>	<u>2,082,996</u>
EXPENSES		
Accounting fees	17,693	16,985
Administration fee (<i>Note 12</i>)	230,275	-
Amortization of intangible assets (<i>Note 5</i>)	21,778	4,627
Amortization of tangible capital assets (<i>Note 4</i>)	4,530	5,385
Awards	-	10,150
Bank charges and interest	1,821	3,779
Board meeting expense	-	8,393
Community development	37,955	161,530
Conference and event expenses	75,633	192,633
Consultants (<i>Note 11</i>)	875,528	1,128,678
Donations	-	100
Grants	17,600	35,000
Insurance	2,394	2,115
Meetings and conventions	1,048	91
Office and sundry	104,444	63,260
Professional development	1,271	-
Rent	6,619	6,275
Travel	48,557	125,844
Utilities and telephone	18,639	16,520
Wages and employee benefits (<i>Note 11</i>)	257,582	-
Website	194,451	117,013
iboost advertising and promotion	57,072	120,490
	<u>1,974,890</u>	<u>2,018,868</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 499,033</u>	<u>\$ 64,128</u>

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Statement of Changes in Net Assets

Year Ended September 30, 2020

	Unrestricted Fund	Endowment Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 1,009,147	\$ 3,279	\$ 1,012,426	\$ 948,298
EXCESS OF REVENUES OVER EXPENSES	499,033	-	499,033	64,128
CHANGE IN ENDOWMENT FUND <i>(Note 7)</i>	-	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 1,508,180</u>	<u>\$ 3,279</u>	<u>\$ 1,511,459</u>	<u>\$ 1,012,426</u>

See notes to financial statements

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PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Statement of Cash Flows

Year Ended September 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Cash receipts from funding organizations	\$ 3,346,812	\$ 1,702,401
Cash paid to suppliers and subcontractors	(1,955,290)	(1,956,928)
Public Service Bodies' Rebate receivable	8,997	(7,311)
Interest and bank charges paid	(1,822)	(3,779)
Goods and services tax	(2,409)	5,541
	<u>1,396,288</u>	<u>(260,076)</u>
Cash flow from (used by) operating activities		
INVESTING ACTIVITIES		
Purchase of tangible capital assets (Note 4)	(7,664)	-
Purchase of intangible capital assets (Note 5)	(22,538)	(3,112)
	<u>(30,202)</u>	<u>(3,112)</u>
Cash flow used by investing activities		
INCREASE (DECREASE) IN CASH FLOW	1,366,086	(263,188)
Cash - beginning of year	<u>1,143,742</u>	<u>1,406,930</u>
CASH - END OF YEAR (Note 3)	<u>\$ 2,509,828</u>	<u>\$ 1,143,742</u>

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements Year Ended September 30, 2020 (Unaudited)

PHA Public Health Association of British Columbia (the "Association") is a charitable organization incorporated provincially under the Society Act of British Columbia. The Association received its charitable status on October 1, 2019.

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)(f) 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.

(continues)

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended September 30, 2020

(Unaudited)

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 and website development 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.

(continues)

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended September 30, 2020
(Unaudited)

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, 2020
(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, 2020.

(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:

	2020	2019
Cash on deposit	\$ 2,337,078	\$ 969,252
Cheques issued and outstanding	(23,364)	(18,592)
Deposits in transit	410	-
	2,314,124	950,660
Bank term deposits bearing interest at rates of 1.25% and 1.45% per annum (2019 - 1.3% and 1.9%)	195,704	193,082
	\$ 2,509,828	\$ 1,143,742

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 21,167	\$ 13,629	\$ 7,538	\$ 4,405

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended September 30, 2020
(Unaudited)

5. INTANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Computer software	\$ 9,254	\$ 9,254
Accumulated amortization	(9,254)	(9,001)
Website development	21,525	-
Accumulated amortization	(21,525)	-
	<u>-</u>	<u>253</u>
Trademarks	19,557	18,544
	<u>\$ 19,557</u>	<u>\$ 18,797</u>

6. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Current		
Ministry of Health	\$ 1,578,042	\$ -
Public Health Agency of Canada	545,378	-
Province of British Columbia	96,370	646,699
Northern Health	40,033	-
Victoria Foundation	35,711	-
Sanofi	26,377	-
North Shore Neighbourhood House	12,221	-
Real Estate Foundation of British Columbia	11,744	-
Merck	8,779	-
British Columbia Centre for Disease Control Foundation	6,512	-
Community Action Initiative	6,417	-
Canadian Scholarship Trust	1,885	-
PosAbilities	1,408	-
City of Surrey	506	-
CPHA	-	12,750
Kids Boost Immunity	-	6,301
Memberships	2,590	2,347
	<u>\$ 2,373,973</u>	<u>\$ 668,097</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, 2020

(Unaudited)

8. SIGNIFICANT REVENUE SOURCES

	2020	2019
Included in revenue is funding from the following sources:		
Province of British Columbia Ministry of Health	\$ 1,381,574	\$ 999,359
Provincial Health Services Authority	156,340	-
Public Health Agency of Canada	88,730	250,408
Victoria Foundation	80,788	-
British Columbia Centre for Disease Control Foundation	73,112	-
Vancouver Coast Health	44,480	327,500
	<u>\$ 1,825,024</u>	<u>\$ 1,577,267</u>

9. REVENUE SOURCES

	2020	2019
<u>Amounts included in revenue</u>		
Project revenue	\$ 1,837,357	\$ 1,708,819
Grants	340,617	-
Conferences - sponsorships	47,600	76,859
Conferences	28,229	62,441
Summer school	7,030	11,583
Membership fees - PHABC	2,705	2,729
Membership fees - CPHA	2,501	3,390
Credit card point redemption	1,241	-
Swag sales	270	1,985
Prior year adjustments	(9,900)	5,346
	<u>\$ 2,257,650</u>	<u>\$ 1,873,152</u>

10. ECONOMIC DEPENDENCE

The Association received approximately 61% (2019 - 53%) 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 four (2019 - five) contractors that received over \$75,000 during the year, for combined total payments of \$416,488 (2019 - \$493,758).

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended September 30, 2020

(Unaudited)

12. PHABC ADMINISTRATION FEE

Effective in the 2020 year, the expense item "Administration fee" is used to reflect the 10-12% fee charged to cover administration costs. The previous treatment had the costs recorded to the specific expense account.

Administrative fee (12%) covers: teleconference and Videoconference (Momentum/Zoom/BigBlueButton), Bookkeeping/Accounting, Legal, Insurance, Office Utilities/Rent, Administrator/Project Coordinator Time (Extra work required by Administrator/Project Coordinator will be charged to project - PHABC will inform if work requested is beyond scope of Admin Fee), Equipment (Laptops), Standardized Software (MS Office, Project), PHABC Server Hosting (website, file server & email), Banking Fees (PayPal, Stripe, Coast Capital), and Employer portions of Taxes.

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended September 30, 2020
(Unaudited)

13. SUBSEQUENT EVENTS

Since March 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operation 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 stabilize economic conditions.

As a result of these events, the Association has had to make changes to the operations as described below.

The Association has reviewed circumstances existing at September 30, 2020 relating to these events and has determined that there is no impairment of assets, new material liabilities or other accounting adjustments required as a result. Accordingly, the financial position and results of operations as of and for the year ended September 30, 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 Association for future periods.

Staff and operations

The Association had already adapted a work from home model prior to the COVID-19 pandemic. As such, there was minimal impact when the pandemic began in mid-March 2020. Staff work arrangements have been adapted to conform with guidance issued by the Provincial Government. The ability of staff members to complete their work has not been compromised and the Association's work has not been impacted.

Operations

In response to the pandemic, multiple contractors were transitioned to employee status in order to better protect the workforce.

Funding for core programs continued despite some interruption but some smaller projects have been cancelled or postponed.

The Association diverted many in-kind hours to support the COVID-19 response as part of the Association's mission to support public health in BC and ensure safe, healthy and inclusive communities in the province.

The summer institute was shifted online and the annual conference was postponed.

Government assistance

The Association did not utilize any Government of Canada wage subsidies.

The Association received \$43,000 of rapid relief funding from the Victoria Foundation.

14. COMPARATIVE FIGURES

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