

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Financial Statements

Year Ended September 30, 2021

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

**Index to Financial Statements
Year Ended September 30, 2021**

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of PHA Public Health Association of British Columbia

Report on the Financial Statements

Opinion

I have audited the financial statements of PHA Public Health Association of British Columbia (the Association), which comprise the statement of financial position as at September 30, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at September 30, 2021, 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.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, I report that, in my opinion, the Association's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations.

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 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

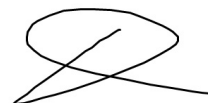
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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 Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association 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.

I 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 I identify during my audit.

Victoria, British Columbia
December 8, 2021



CHARTERED PROFESSIONAL ACCOUNTANT

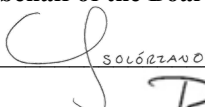
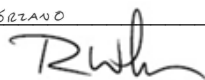
PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Statement of Financial Position

September 30, 2021

	2021	2020
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 3)</i>	\$ 2,266,806	\$ 2,509,828
Accounts receivable	887,454	1,452,982
Public Service Bodies' Rebate receivable	5,928	27,201
Goods and services tax recoverable	10,962	-
Prepaid expenses	4,862	4,862
	3,176,012	3,994,873
TANGIBLE CAPITAL ASSETS <i>(Note 4)</i>	7,170	7,538
INTANGIBLE CAPITAL ASSETS <i>(Note 5)</i>	21,227	19,557
	\$ 3,204,409	\$ 4,021,968
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 71,028	\$ 92,153
Goods and services tax payable	-	7,949
Wages payable	28,280	24,880
Employee deductions payable	3,891	11,554
Deferred revenue	1,267,501	2,373,973
	1,370,700	2,510,509
NET ASSETS		
Unrestricted fund	1,830,430	1,508,180
Endowment fund <i>(Note 6)</i>	3,279	3,279
	1,833,709	1,511,459
	\$ 3,204,409	\$ 4,021,968

On behalf of the Board

 Director
 Director

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA
Statement of Revenues and Expenditures
Year Ended September 30, 2021

	2021	2020
REVENUES		
Project revenues and grants <i>(Note 7)</i>	\$ 3,094,431	\$ 2,168,074
Project administration	305,385	180,275
Conferences	-	82,859
Membership fees	4,281	5,207
Interest	1,089	3,044
Donations	1,630	32,954
Other income	2,092	1,511
	3,408,908	2,473,924
EXPENSES		
Accounting fees	19,880	17,693
Administration fee <i>(Note 9)</i>	305,385	230,275
Amortization of intangible assets <i>(Note 5)</i>	-	21,778
Amortization of tangible capital assets <i>(Note 4)</i>	5,579	4,530
Bank charges and interest	2,592	1,822
Community development	56,108	37,955
Conference and event expenses	24,294	75,633
Consultants <i>(Note 8)</i>	780,748	875,528
Digital applications	398,485	194,451
Donations	175	-
Grants	117,268	17,600
Immunize BC advertising and promotion	340,348	57,072
Insurance	2,342	2,394
Meetings and conventions	787	1,048
Office and sundry	100,381	104,444
Professional development	1,393	1,271
Rent	9,644	6,619
Travel	7,850	48,557
Utilities and telephone	14,036	18,639
Wages and employee benefits <i>(Note 8)</i>	899,363	257,582
	3,086,658	1,974,891
EXCESS OF REVENUES OVER EXPENSES	\$ 322,250	\$ 499,033

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA
Statement of Changes in Net Assets
Year Ended September 30, 2021

	Unrestricted Fund	Endowment Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 1,508,180	\$ 3,279	\$ 1,511,459	\$ 1,012,426
EXCESS OF REVENUES OVER EXPENSES	322,250	-	322,250	499,033
CHANGE IN ENDOWMENT FUND <i>(Note 6)</i>	-	-	-	-
NET ASSETS - END OF YEAR	\$ 1,830,430	\$ 3,279	\$ 1,833,709	\$ 1,511,459

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Statement of Cash Flows

Year Ended September 30, 2021

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from funding organizations	\$ 2,867,965	\$ 3,346,813
Cash paid to suppliers and subcontractors	(3,103,877)	(1,955,291)
Public Service Bodies' Rebate receivable	21,274	8,997
Interest and bank charges paid	(2,592)	(1,822)
Goods and services tax	(18,911)	(2,409)
Cash flow from (used by) operating activities	<u>(236,141)</u>	<u>1,396,288</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets <i>(Note 4)</i>	(5,211)	(7,664)
Purchase of intangible capital assets <i>(Note 5)</i>	(1,670)	(22,538)
Cash flow used by investing activities	<u>(6,881)</u>	<u>(30,202)</u>
INCREASE (DECREASE) IN CASH FLOW	(243,022)	1,366,086
Cash - beginning of year	<u>2,509,828</u>	<u>1,143,742</u>
CASH - END OF YEAR <i>(Note 3)</i>	<u>\$ 2,266,806</u>	<u>\$ 2,509,828</u>

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year Ended September 30, 2021

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.

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PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements Year Ended September 30, 2021

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
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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.

- Project revenue and grants received are deferred and revenue is recognized over the life of the project.
- Administration fees are recognized as revenue at the commencement date of the applicable funding agreements.
- 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.
- Interest income is recognized as revenue when earned.
- 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, 2021

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

Financial instruments

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

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, 2021**

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, 2021.

(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:

	2021	2020
Cash on deposit	\$ 2,233,097	\$ 2,337,078
Cheques issued and outstanding	(164,053)	(23,364)
Deposits in transit	970	410
	2,070,014	2,314,124
Bank term deposits bearing interest at rates ranging from 0.4% to 0.65% (2020 - 1.25% to 1.45% per annum)	196,792	195,704
	\$ 2,266,806	\$ 2,509,828

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 26,378	\$ 19,208	\$ 7,170	\$ 7,538

PHA PUBLIC HEALTH ASSOCIATION OF BRITISH COLUMBIA
Notes to Financial Statements
Year Ended September 30, 2021

5. INTANGIBLE CAPITAL ASSETS

	2021	2020
Trademarks	\$ 21,227	\$ 19,557

6. 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.

7. ECONOMIC DEPENDENCE

The Association received approximately 46% (2020 - 61%) of its funding from the British Columbia government. Should this funder substantially change its dealings with the Association, management is of the opinion that continued operations would be viable.

8. 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 three (2020 - nil) employees that received over \$75,000 during the year, for combined total payments of \$337,523 (2020 - \$nil).

There were three (2020 - four) contractors that received over \$75,000 during the year, for combined total payments of \$269,219 (2020 - \$416,488).

9. 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, 2021

10. IMPACT OF COVID-19

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.

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 operations of the Company for future periods.

11. COMPARATIVE FIGURES

Certain comparative figures were prepared on a review engagement basis and are presented for comparative purposes only.