

Canadian Public Health Association
Financial Statements
For the year ended December 31, 2011

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Independent Auditor's Report

To the Members of Canadian Public Health Association

We have audited the accompanying financial statements of Canadian Public Health Association, which comprise the statement of financial position as at December 31, 2011, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Public Health Association as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Ottawa, Ontario
April 27, 2012

**Canadian Public Health Association
Statement of Financial Position**

December 31 2011 2010

Assets

Current

Cash and cash equivalents	\$ 458,266	\$ 423,504
Accounts receivable	322,139	1,177,657
Inventory	49,489	34,124
Prepaid expenses and other current assets	178,135	24,102
	1,008,029	1,659,387
Investments (note 1)	1,146,528	1,081,601
Capital assets (note 2)	4,292	20,170
	\$ 2,158,849	\$ 2,761,158

Liabilities and Net Assets

Current

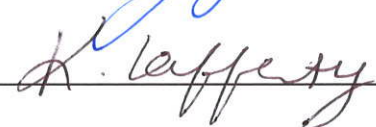
Accounts payable and accrued liabilities	\$ 210,184	\$ 558,048
Deferred revenue (note 3)	1,263,025	1,228,825
	1,473,209	1,786,873

Commitments (note 4)
Subsequent event (note 10)

Net assets internally restricted for contingencies and extraordinary services	1,087,000	1,087,000
Unrestricted net assets	(401,360)	(112,715)
	685,640	974,285
	\$ 2,158,849	\$ 2,761,158

Approved by the Board:

 _____ Chief Executive Officer

 _____ Chair Finance Committee

Canadian Public Health Association Statement of Operations

For the year ended December 31	2011	2010
Revenue		
National Office (note 8)	\$ 1,071,662	\$ 1,146,206
Publication Sales	151,644	147,812
Knowledge Centre	-	-
Journal	122,470	185,308
Projects and Conferences	3,600,972	5,903,853
	4,946,748	7,383,179
Expenses		
National Office	1,275,396	1,269,539
Publication Sales	133,798	114,555
Knowledge Centre	100,787	3,760
Journal	149,772	159,589
Projects and Conferences	3,600,972	5,903,853
	5,260,725	7,451,296
Net loss from operations	(313,977)	(68,117)
Loss on sale of investments	-	(618)
	(313,977)	(68,735)
Loss before change in fair value of investments	(313,977)	(68,735)
Fair value changes for held for trading investments	25,332	15,607
	(288,645)	(53,128)
Excess of expenses over revenue	\$ (288,645)	\$ (53,128)

Canadian Public Health Association Statement of Changes in Net Assets

For the year ended December 31

	Unrestricted	Internally restricted	Total 2011	Total 2010
Balance, January 1	\$ (112,715)	\$1,087,000	\$ 974,285	\$ 1,027,413
Excess of expenses over revenue	(288,645)	-	(288,645)	(53,128)
Balance, December 31	\$ (401,360)	\$1,087,000	\$ 685,640	\$ 974,285

Canadian Public Health Association Statement of Cash Flows

For the year ended December 31	2011	2010
Net inflow (outflow) of cash related to the following activities:		
Operating Activities		
Excess of expenses over revenues	\$ (288,645)	\$ (53,128)
Adjustments for:		
Fair value changes for held for trading investments	(25,332)	(15,607)
Amortization of capital assets	15,877	16,171
Interest income on long-term investments	(48,094)	(62,669)
Realized loss on sale of investments	-	618
	(346,194)	(114,615)
Net change in non-cash working capital balances (note 5)	372,456	(240,394)
	26,262	(355,009)
Investing Activities		
Net proceeds on trading of investments	-	305,438
Investment income	48,094	62,669
Realized loss on sale of investments	-	(618)
Fair value changes for held for trading investments	-	15,607
Decrease (increase) in accrued interest	(39,594)	75,750
	8,500	458,846
Net cash inflow	34,762	103,837
Cash and cash equivalents, January 1	423,504	319,667
Cash and cash equivalents, December 31	\$ 458,266	\$ 423,504
Cash and cash equivalents is comprised of:		
Cash	\$ 327,213	\$ 423,504
Short-term investments	131,053	-
	\$ 458,266	\$ 423,504

Canadian Public Health Association Summary of Significant Accounting Policies

December 31, 2011

Purpose of the organization

The Canadian Public Health Association ("Association") was incorporated by an Act of Parliament on April 1, 1912 to represent public health in Canada with links to the international public health community. The Association's members believe in universal and equitable access to the basic conditions which are necessary to achieve health for all Canadians. The Association's mission is to constitute a special national resource in Canada that advocates for the improvement and maintenance of personal and community health according to the public health principles of disease prevention, health promotion and protection and healthy public policy.

The Association is a registered charity, incorporated under the Canada Corporations Act as a non-profit organization without share capital and as such is exempt from income tax under current legislation.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with financial institutions and short-term investments which consist of a high interest savings account.

Investments

The Association designates its investments as held for trading and records them at their fair value.

Fair value is determined by reference to published price quotations in an active market.

The purchase and sale of investments are accounted for using settlement date accounting.

Inventory

Inventory, which is comprised of publications, is valued at the lower of cost and net realizable value using the average cost method.

Canadian Public Health Association Summary of Significant Accounting Policies

December 31, 2011

Capital Assets	<p>Capital assets are recorded at cost. Amortization is recorded using the following annual rates:</p> <table><tr><td>Equipment</td><td>5 years straight-line</td></tr><tr><td>Computer equipment</td><td>2 years straight-line</td></tr><tr><td>Computer software</td><td>2 to 3 years straight-line</td></tr></table>	Equipment	5 years straight-line	Computer equipment	2 years straight-line	Computer software	2 to 3 years straight-line
Equipment	5 years straight-line						
Computer equipment	2 years straight-line						
Computer software	2 to 3 years straight-line						
Revenue Recognition	<p>Revenue from projects is recognized based on the funding bodies' reporting requirements which are generally related directly to project expenses. Funds received from the funding bodies are recorded as deferred revenue until the revenue is recognized. The disbursement of project revenue is generally subject to audit by the funding body. Based on experience the Association believes costs ultimately disallowed, if any, would be immaterial to the financial statements. Adjustments to prior years' contributions are recorded in the year in which the funding body requests the adjustment.</p> <p>Revenue from conferences is deferred and recognized in the year that the conference takes place.</p> <p>Interest income derived from investments is recognized when earned and is recorded in National Office revenue.</p> <p>Revenue from publication sales is recognized once the title of goods has passed.</p> <p>Funds received from Journal subscriptions, memberships and advertising are recorded as deferred revenue and are recognized over the term of the subscription, membership or advertising period.</p>						
Use of Estimates	<p>The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from these estimates.</p>						
Financial Instruments	<p>Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Association's designation of such instruments. Settlement date accounting is used.</p>						

Canadian Public Health Association Summary of Significant Accounting Policies

December 31, 2011

Financial Instruments (cont'd)

The Association has classified its financial instruments as follows:

Asset/Liability	Category	Measurement
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments	Held for trading	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The carrying amount of these financial assets and financial liabilities approximates their fair values unless otherwise disclosed.

Contributed Services

These financial statements do not reflect the value associated with the numerous hours contributed by volunteers to assist the Association in carrying out its service delivery activities.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the association, are as follows:

a) New accounting standards

In December 2010, the Accounting Standards Board (AcSB) issued new accounting and financial reporting requirements for not-for-profit organizations, which will require non-government (private sector) not-for-profit organizations to adopt either International Financial Reporting Standards or Accounting Standards for Private Enterprises (ASPE) plus the current 4400 Series of Standards related to not-for-profit organizations, for year ends beginning on or after January 1, 2012. Early adoption is allowed. Unless they early adopt, not-for-profit organizations will continue to follow the current CICA Handbook - Accounting Part V - Pre-Changeover Standards until January 1, 2012. The impact of the transition on the Association's financial statements has yet to be determined.

Canadian Public Health Association Notes to Financial Statements

December 31, 2011

1. Investments

Investments consist of the following:

	2011		2010	
	Market Value	Cost	Market Value	Cost
Bonds	\$ 1,146,528	\$ 1,060,300	\$ 1,081,601	\$ 1,020,731

Investments are managed by the Board in consultation with the Association's financial advisors.

The Association earned total interest from investments of \$52,281 (2010 - \$64,761).

Interest rate risk

The Association manages the interest rate exposure of its investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations. Investments are comprised of bonds maturing between December 1, 2013 and June 30, 2020, bearing interest rates between 4.25% and 5.07%.

Canadian Public Health Association Notes to Financial Statements

December 31, 2011

2. Capital assets

	2011		2010	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Computer equipment under capital lease	\$ 18,676	\$ 18,676	\$ -	\$ -
Equipment	194,615	194,615	-	-
Computer software under capital lease	48,513	44,221	4,292	20,170
	\$ 261,804	\$ 257,512	\$ 4,292	\$ 20,170

Included in National Office expense of \$1,275,396 (2010 - \$1,269,539) on the statement of operations is amortization of \$15,878 (2010 - \$16,171).

3. Deferred revenue

Deferred revenue represents contributions received from various government sources as well as deferred journal subscriptions and membership revenue. The breakdown is as follows:

	2011	2010
Deferred revenue - projects and conferences		
Balance at beginning of year	\$ 1,166,004	\$ 1,434,536
Contributions received in the year	3,632,085	5,635,321
Less amounts recognized as revenue	(3,600,972)	(5,903,853)
Balance at end of year	1,197,117	1,166,004
Deferred revenue - other		
Journal subscriptions	39,208	35,645
Memberships	26,700	27,176
Total deferred revenue	\$ 1,263,025	\$ 1,228,825

Canadian Public Health Association Notes to Financial Statements

December 31, 2011

4. Commitments

The Association entered into a lease agreement for their premises that expires in December 2015. The Association is subject to maintenance and realty tax apportionments in addition to their base rent payments. The future annual base rent payments, excluding maintenance and realty tax apportionments, is:

2012	\$	132,651
2013		141,778
2014		141,778
2015	\$	141,778

The Association has commitments under various equipment leases. The minimum payments under these leases are as follows:

2012	\$	15,455
2013		9,628
2014		9,628
2015	\$	9,628

5. Net changes in non-cash working capital balances

The net change in non-cash working capital balances consists of the following changes in current assets and current liabilities:

	2011	2010
Accounts receivable	\$ 855,518	\$ (163,858)
Inventory	(15,365)	13,653
Prepaid expenses	(154,033)	(6,767)
Accounts payable and accrued liabilities	(347,864)	209,065
Deferred revenue	34,200	(292,487)
	\$ 372,456	\$ (240,394)

6. Capital management

The Association defines its capital as its net assets and is not subject to external restrictions on its capital. The Association's objective when managing its capital is to hold sufficient net assets to maintain the stability of its financial structure enabling it to focus its efforts on serving its members.

Canadian Public Health Association Notes to Financial Statements

December 31, 2011

7. Financial instruments

Credit risk refers to the risk resulting from the possibility that parties may default on their financial obligations to the Association. Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. It is the opinion of management, given the nature of the Association's financial instruments, that the Association is not exposed to significant credit risk or interest rate risk arising from these financial instruments.

8. National Office - Revenue

National Office revenue includes contributions of \$929,197 (2010 - \$978,355) from ongoing and completed projects and conferences.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statements presentation.

10. Subsequent event

CPHA has used some of its reserve to focus on ongoing business transformation and revenue diversification to reduce its reliance on project funding and ensure its long-term sustainability. A three year business plan has been developed to ensure that the reserve is not entirely depleted and can be replenished over time.

In May 2012, the Association will undertake significant restructuring to reduce its operational costs, which will result in the termination of several Association employees. Core costs related to salary and benefits will be reduced by over \$600,000 from fiscal year 2012 to 2013 as a direct result of the restructuring to be implemented.