

Canadian Public Health Association
Financial Statements
For the year ended December 31, 2013

Association canadienne de santé publique
États financiers
Pour l'année terminée le 31 Décembre, 2013

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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, 2013, and the statements of operations, 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.

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.



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, 2013, 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.

A handwritten signature in black ink, appearing to read 'BDO Canada LLP'.

Chartered Accountants, Licensed Public Accountants

Ottawa, Ontario
Report Date

Canadian Public Health Association Statement of Financial Position

December 31	2013	2012
Assets		
Current		
Cash and cash equivalents	\$ 375,709	\$ 1,131,247
Accounts receivable	77,161	187,439
Inventory (Note 3)	35,322	20,852
Prepaid expenses	65,883	69,195
	554,075	1,408,733
Investments (Note 2)	817,363	204,495
Tangible capital assets (Note 4)	-	-
	\$1,371,438	\$ 1,613,228
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 135,892	\$ 338,120
Deferred revenues (Note 5)	622,974	943,598
	758,866	1,281,718
Commitments (Note 6)		
Net Assets		
Internally restricted for contingencies and extraordinary services	400,000	331,510
Unrestricted	212,572	-
	\$1,371,438	\$ 1,613,228

On behalf of the board:



Director



Director

**Canadian Public Health Association
Statement of Changes in Net Assets**

<u>For the year ended December 31</u>	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>2013</u>	<u>2012</u>
Balance, beginning of the year	\$ -	\$ 331,510	\$ 331,510	\$ 685,640
Excess (deficiency) of revenues over expenses	281,062	-	281,062	(354,130)
Interfund transfer	(68,490)	68,490	-	-
Balance, end of the year	\$ 212,572	\$ 400,000	\$ 612,572	\$ 331,510

Canadian Public Health Association Statement of Operations

For the year ended December 31	2013	2012
Revenues		
Projects and Conferences	\$ 2,442,455	\$ 2,657,995
National Office (Note 7)	730,004	755,514
Journal	213,446	136,509
Publication Sales	105,376	140,152
Investment income	18,766	43,644
	3,510,047	3,733,814
Expenses		
Projects and Conferences	2,442,455	2,657,995
National Office (Note 4)	601,532	1,096,940
Journal	120,439	145,568
Publication	64,559	124,784
Knowledge Centre	-	40,454
	3,228,985	4,065,741
Excess (deficiency) from operations	281,062	(331,927)
Loss on sale of investments	-	(22,203)
Excess (deficiency) of revenues over expenses	\$ 281,062	\$ (354,130)

Canadian Public Health Association Statement of Cash Flows

For the year ended December 31	2013	2012
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 281,062	\$ (354,130)
Items not affecting cash:		
Amortization of tangible capital assets	-	4,292
Loss on sale of investments	-	22,203
	281,062	(327,635)
Changes in non-cash working capital:		
Accounts receivable	110,278	134,700
Inventory	(14,470)	28,637
Prepaid expenses	3,312	108,940
Accounts payable and accrued liabilities	(202,228)	127,936
Deferred revenues	(320,624)	(319,427)
	(142,670)	(246,849)
Cash flows from investing activities		
Purchase of investments	(612,868)	-
Proceeds on disposal of investments	-	919,830
	(612,868)	919,830
Net (decrease) increase in cash and cash equivalents	(755,538)	672,981
Cash and cash equivalents, beginning of the year	1,131,247	458,266
Cash and cash equivalents, end of year	\$ 375,709	\$ 1,131,247
Represented by:		
Cash	\$ 174,742	\$ 527,678
Guaranteed investment certificates	200,967	603,569
	\$ 375,709	\$ 1,131,247

Canadian Public Health Association Notes to Financial Statements

December 31, 2013

1. Significant Accounting Policies

Purpose of Organization The Canadian Public Health Association ("Association") was incorporated without share capital 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 under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.

Basis of Accounting The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

Canadian Public Health Association

Notes to Financial Statements

December 31, 2013

1. Significant Accounting Policies (continued)

Revenue Recognition

Revenues from projects and national office revenues are 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.

Revenues from conferences are deferred and recognized in the year that the conference takes place.

Investment income is recognized when earned.

Publication sales are recognized once the title of goods has passed.

Revenues 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with financial institutions and short-term investments which consist of guaranteed investment certificates, which are cashable on demand.

Financial Instruments

Measurement

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost, except for investments which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial instruments measured at amortized cost are cash, cash equivalents, accounts receivable and accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Canadian Public Health Association Notes to Financial Statements

December 31, 2013

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Transaction costs

The Association recognizes its transaction costs in the statement of operations in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

Inventory

Inventory, which is comprised of publications, is valued at the lower of cost and net realized value. Cost is determined on a weighted average basis.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the straight-line method over the following periods:

Computer equipment	2 years
Equipment	5 years
Computer software	2 to 3 years

Contributed Services

Volunteers contribute numerous hours per year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. Investments

	2013	2012
Measured at fair value		
Government bonds	\$ 204,495	\$ 204,495
Mutual funds - investment savings	612,868	-
	\$ 817,363	\$ 204,495

3. Inventory

	2013	2012
Publications	\$ 35,322	\$ 20,852

The total amount of inventory recognized as an expense during the year was \$26,152 (2012 - \$63,392) and is included in the publication expense line.

**Canadian Public Health Association
Notes to Financial Statements**

December 31, 2013

4. Tangible Capital Assets

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 18,676	\$ 18,676	\$ 18,676	\$ 18,676
Equipment	194,615	194,615	194,615	194,615
Computer software	48,513	48,513	48,513	48,513
	\$ 261,804	\$ 261,804	\$ 261,804	\$ 261,804
Net book value		\$ -		\$ -

Included in National Office expense on the statement of operations is amortization of \$Nil (2012 - \$4,292).

5. Deferred Revenues

Deferred revenues represent revenues received from various private and government sources as well as journal subscriptions and memberships. The breakdown is as follows:

	2013	2012
Deferred revenues - projects and conferences		
Balance, beginning of year	\$ 825,514	\$ 1,197,117
Plus: amounts received during the year	2,126,307	2,286,392
Less: amounts recognized as revenues in the year	(2,442,455)	(2,657,995)
	509,366	825,514
Deferred revenues - other		
Journal subscriptions	79,169	82,845
Memberships	34,439	35,239
	113,608	118,084
Total deferred revenue	\$ 622,974	\$ 943,598

Canadian Public Health Association Notes to Financial Statements

December 31, 2013

6. Commitments

The Association entered into a lease agreement for its premises that expires in January 2018. The Association is subject to maintenance and realty tax apportionments in addition to the base rent payments. The future annual base rent payments, excluding maintenance and realty tax apportionments, is:

2014	\$	50,468
2015		50,468
2016		50,468
2017		50,468
2018		4,206
		<hr/>
	\$	<u>206,078</u>

The Association has commitments under various equipment leases with expiry dates between June 2015 and July 2018. The minimum payments under these leases are as follows:

2014	\$	20,290
2015		19,671
2016		16,316
2017		9,350
2018		5,454
		<hr/>
	\$	<u>71,081</u>

7. National Office - Revenues

National Office revenues include contributions of \$424,448 (2012 - \$514,045) from ongoing and completed projects and conferences.

Canadian Public Health Association

Notes to Financial Statements

December 31, 2013

8. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk for its accounts receivable. The Association provides credit to its members in the normal course of its operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the Association to a fair value risk while variable rate instruments subject it to a cash flow risk. The Association is exposed to this risk for its investments in bonds. The risk associated with investments is reduced to a minimum since these assets are invested in government bonds.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments in mutual funds.