

Canadian Public Health Association
Financial Statements
For the year ended December 31, 2012

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Independent Auditor's Report

To the Members of Canadian Public Health Association

We have audited the accompanying financial statements of the Canadian Public Health Association, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits 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 in our audits 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, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants
Ottawa, Ontario
April 30, 2013

Canadian Public Health Association Statement of Financial Position


	December 31 2012	December 31 2011	January 1 2011
Assets			
Current			
Cash and cash equivalents (Note 3)	\$ 1,131,247	\$ 458,266	\$ 423,504
Accounts receivable	187,439	322,139	1,177,657
Inventory (Note 4)	20,852	49,489	34,124
Prepaid expenses and other current assets	69,195	178,135	24,102
	1,408,733	1,008,029	1,659,387
Investments (Note 3)	204,495	1,146,528	1,081,601
Tangible capital assets (Note 5)	-	4,292	20,170
	\$ 1,613,228	\$ 2,158,849	\$ 2,761,158

Liabilities and Net Assets

Current			
Accounts payable and accrued liabilities	\$ 338,120	\$ 210,184	\$ 558,048
Deferred revenue (Note 6)	943,598	1,263,025	1,228,825
	1,281,718	1,473,209	1,786,873
Commitments (Note 7)			
Net assets internally restricted for contingencies and extraordinary services	331,510	1,087,000	1,087,000
Unrestricted net assets (deficiency)	-	(401,360)	(112,715)
	331,510	685,640	974,285
	\$ 1,613,228	\$ 2,158,849	\$ 2,761,158

Approved by the Board:


Executive Director


Chair Finance Committee

Canadian Public Health Association Statement of Operations

For the year ended December 31	2012	2011
Revenue		
National Office (Note 9)	\$ 755,514	\$ 1,019,381
Publication Sales	140,152	151,644
Journal	136,509	122,470
Projects and Conferences	2,657,995	3,600,972
Investment income (Note 3)	43,644	52,281
	3,733,814	4,946,748
Expenses		
National Office	1,096,940	1,275,396
Publication Sales	124,784	133,798
Knowledge Centre	40,454	100,787
Journal	145,568	149,772
Projects and Conferences	2,657,995	3,600,972
	4,065,741	5,260,725
Net loss from operations	(331,927)	(313,977)
Loss on sale of investments	(22,203)	-
Fair value changes for investments	-	25,332
	\$ (354,130)	\$ (288,645)
Excess of expenses over revenue	\$ (354,130)	\$ (288,645)

The accompanying notes are an integral part of these financial statements.

Canadian Public Health Association Statement of Changes in Net Assets

For the year ended December 31

	Unrestricted	Internally restricted	Total 2012	Total 2011
Balance, January 1	\$ (401,360)	\$1,087,000	\$ 685,640	\$ 974,285
Excess of expenses over revenue	(354,130)	-	(354,130)	(288,645)
Transfer to unrestricted	755,490	(755,490)	-	-
Balance, December 31	\$ -	\$ 331,510	\$ 331,510	\$ 685,640

The accompanying notes are an integral part of these financial statements.

Canadian Public Health Association Statement of Cash Flows

For the year ended December 31	2012	2011
Net inflow (outflow) of cash related to the following activities:		
Operating Activities		
Excess of expenses over revenue	\$ (354,130)	\$ (288,645)
Adjustments for:		
Fair value changes for investments	-	(25,332)
Amortization of tangible capital assets (Note 5)	4,292	15,877
Realized loss on sale of long-term investments	22,203	-
	(327,635)	(298,100)
Net change in non-cash working capital balances (Note 8)	80,786	372,456
	(246,849)	74,356
Investing Activities		
Proceeds on trading of investments	919,830	-
Increase in accrued interest	-	(39,594)
	919,830	(39,594)
Net cash inflow	672,981	34,762
Cash and cash equivalents, January 1	458,266	423,504
Cash and cash equivalents, December 31	\$1,131,247	\$ 458,266
Cash and cash equivalents is comprised of:		
Cash	\$ 527,678	\$ 327,213
Short-term investments	603,569	131,053
	\$1,131,247	\$ 458,266

Canadian Public Health Association Notes to Financial Statements

December 31, 2012

1. Significant Accounting Policies

Purpose of 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.

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. Areas of significant estimates include accounts payable and accrued liabilities, and deferred revenue.

Canadian Public Health Association Notes to Financial Statements

December 31, 2012

1. Significant Accounting Policies (continued)

Revenue Recognition

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.

Revenue from conferences is deferred and recognized in the year that the conference takes place.

Interest income derived from investments is recognized when earned and is recorded in National Office revenue.

Revenue from publication sales is recognized once the title of goods has passed.

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.

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.

Canadian Public Health Association Notes to Financial Statements

December 31, 2012

1. Significant Accounting Policies (continued)

Financial Instruments

Measurement

The organization initially measures its financial assets and liabilities at fair value. The organization 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. The financial instruments measured at fair value are investments.

Impairment

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

Transaction costs

The organization 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 realizable value 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 following methods and annual rates:

Equipment	5 years straight-line basis
Computer equipment	2 years straight-line basis
Computer software	2 to 3 years straight-line basis

Contributed Services

Volunteers contribute numerous hours per year to assist the organization 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.

Canadian Public Health Association Notes to Financial Statements

December 31, 2012

2. First-time Adoption of Accounting Standards for Not-for-Profit Organizations

Effective January 1, 2012, the organization adopted the requirements of the new accounting framework: Canadian Accounting Standards for Not-for-Profit Organization (ASNPO), which is Part III of the CICA Handbook - Accounting. These are the organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time adoption by not-for-profit organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening ASNPO statement of financial position at the date of transition of January 1, 2011.

The organization issued financial statements for the year ended December 31, 2011 using Canadian generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover accounting standards. The adoption of ASNPO had no impact on the previously reported assets, liabilities, net assets (deficiency), excess of expenses over revenues and cash flows of the organization. Accordingly, no adjustments have been recorded in the comparative statements of financial position, changes in net assets, operations and cash flows. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNPO.

The following exemption was used at the date of transition to ASNPO:

Financial instruments - The organization has designated the following financial assets to be measured at fair value: investments.

Canadian Public Health Association Notes to Financial Statements

December 31, 2012

3. Investments and cash equivalents

	2012	2011
Measured at fair value		
Government bonds	<u>\$ 204,495</u>	<u>\$ 1,146,528</u>
Measured at amortized cost		
Guaranteed investment certificates, included in cash equivalents	<u>\$ 603,569</u>	<u>\$ 131,053</u>

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

The Association earned total interest from investments and cash equivalents of \$43,644 (2011 - \$52,281).

4. Inventory

	2012	2011
Publications	<u>\$ 20,852</u>	<u>\$ 49,489</u>

The total amount of inventory recognized as an expense in 2012 was \$63,392 (2011 - \$42,327) and is included in the publication sales expense line.

5. Tangible capital assets

	2012		2011	
	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	48,513	-	4,292
	<u>\$ 261,804</u>	<u>\$ 261,804</u>	<u>\$ -</u>	<u>\$ 4,292</u>

Included in National Office expense of \$1,096,940 (2011 - \$1,275,396) on the statement of operations is amortization of \$4,292 (2011 - \$15,877).

Canadian Public Health Association Notes to Financial Statements

December 31, 2012

6. Deferred revenue

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

	2012	2011
Deferred revenue - projects and conferences		
Balance at beginning of year	\$ 1,197,117	\$ 1,166,004
Contributions received in the year	2,286,392	3,632,085
Less amounts recognized as revenue	(2,657,995)	(3,600,972)
Balance at end of year	825,514	1,197,117
Deferred revenue - other		
Journal subscriptions	82,845	39,208
Memberships	35,239	26,700
Total deferred revenue	\$ 943,598	1,263,025

7. 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 their base rent payments. The future annual base rent payments, excluding maintenance and realty tax apportionments, is:

2013	\$ 50,468
2014	50,468
2015	50,468
2016	50,468
2017	50,468

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

2013	\$ 18,638
2014	18,638
2015	18,638
2016	16,316
2017	9,350

Canadian Public Health Association Notes to Financial Statements

December 31, 2012

8. 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:

	2012	2011
Accounts receivable	\$ 134,700	\$ 855,518
Inventory	28,637	(15,365)
Prepaid expenses and other current assets	108,940	(154,033)
Accounts payable and accrued liabilities	127,936	(347,864)
Deferred revenue	(319,427)	34,200
	<u>\$ 80,786</u>	<u>\$ 372,456</u>

9. National Office - Revenue

National Office revenue includes contributions of \$514,045 (2011 - \$929,197) from ongoing and completed projects and conferences.

10. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

The organization 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 organization is exposed to credit risk for its accounts receivable. The organization 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 organization to a fair value risk while variable rate instruments subject it to a cash flow risk. The organization 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.