

**MANITOBA SOCIETY OF PHARMACISTS INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Manitoba Society of Pharmacists Inc.

We have audited the accompanying financial statements of Manitoba Society of Pharmacists Inc., which comprise the statement of financial position as at December 31, 2014, 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 controls 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 controls. 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 Manitoba Society of Pharmacists Inc. at December 31, 2014, 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.

Winnipeg, Manitoba  
March 20, 2015




Certified Management Accountants Inc.

**MANITOBA SOCIETY OF PHARMACISTS INC.  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014**

<u>December 31,</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 346,213	\$ 240,918
Trust fund, note 3	5,960	6,539
Accounts receivable	5,037	26,156
Funding receivable	-	30,000
Prepaid expenses	104,340	100,148
	<b>461,550</b>	<b>403,761</b>
INVESTMENTS, note 4	<b>224,560</b>	<b>211,266</b>
PROPERTY AND EQUIPMENT, note 5	<b>16,205</b>	<b>5,133</b>
	<b>\$ 702,315</b>	<b>\$ 620,160</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities, note 6	\$ 24,269	\$ 26,699
Deferred revenue, note 7	296,519	348,092
Deferred contributions, note 8	17,496	19,616
Trust fund, note 3	5,960	6,539
Donations received	300	300
	<b>344,544</b>	<b>401,246</b>
<b>NET ASSETS</b>		
Net investment in property and equipment, note 9	17,492	6,419
Internally restricted funds, notes 9 & 10	6,314	6,314
Unrestricted surplus, note 9	333,965	206,181
	<b>357,771</b>	<b>218,914</b>
	<b>\$ 702,315</b>	<b>\$ 620,160</b>

Approved on behalf of the Board:

  
Executive Officer

  
Executive Officer

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**MANITOBA SOCIETY OF PHARMACISTS INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**AS AT DECEMBER 31, 2014**

	Net Investment in Property and Equipment	Internally Restricted Funds	Unrestricted Surplus	Total 2014	Total 2013
Beginning balance	\$ 6,419	\$ 6,314	\$ 206,181	\$ 218,914	\$ 170,302
Revenue in excess of expenditures	-	-	138,857	138,857	48,612
Purchase of property and equipment	13,321	-	(13,321)	-	-
Amortization of property and equipment	(2,248)	-	2,248	-	-
Ending balance	\$ 17,492	\$ 6,314	\$ 333,965	\$ 357,771	\$ 218,914

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**MANITOBA SOCIETY OF PHARMACISTS INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 Budget (Unaudited)	2014 Actual	2013
<b>REVENUE, PAGE 14</b>	<b>\$ 706,000</b>	<b>\$ 896,211</b>	<b>\$ 698,844</b>
<b>EXPENDITURES</b>			
Accounting and legal	11,000	14,970	11,089
Amortization of property and equipment	3,000	2,248	2,921
Bank charges	2,000	1,149	837
Communication journal	25,000	19,176	23,597
Computer	2,000	3,519	-
Conferences and meetings	18,000	19,413	18,700
Credit card charges	13,000	17,915	13,372
Donations	1,000	1,030	1,917
Economics committee	-	-	290
Government relations	5,000	1,036	1,420
Honoraria	19,000	15,670	13,423
Human resource and compensation committee	3,500	1,283	4,247
Immunization webinars	5,000	-	-
Insurance	2,800	3,006	2,557
Investment management fees	3,000	3,237	3,014
Investment portfolio allocation	5,000	-	-
Members' benefit program	2,000	-	-
Memberships and dues	3,250	4,377	3,889
Members' malpractice insurance	175,000	190,265	177,451
Office	12,000	11,402	14,156
Postage and delivery	4,500	4,608	4,087
Printing	8,500	6,816	7,725
Public relations committee, note 8	50,800	42,021	41,878
Rent and occupancy, note 11	23,000	22,353	21,814
Salaries, wages, and benefits	248,187	243,636	256,387
Smoking cessation project, note 14	40,000	113,659	10,500
Telephone	7,000	6,489	6,519
Vehicle	2,500	3,093	2,620
Website	7,000	4,983	5,822
	<b>702,037</b>	<b>757,354</b>	<b>650,232</b>
<b>REVENUE IN EXCESS OF EXPENDITURES</b>	<b>\$ 3,963</b>	<b>\$ 138,857</b>	<b>\$ 48,612</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**MANITOBA SOCIETY OF PHARMACISTS INC.  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATIONS</b>		
Revenue in excess of expenditures	\$ 138,857	\$ 48,612
Amortization of property and equipment	2,248	2,921
Realized (gain) loss on investments	(4,807)	1,626
Unrealized gain on investments	-	(9,998)
Changes in non-cash working capital items	(9,775)	27,843
<b>CASH PROVIDED BY OPERATIONS</b>	<b>126,523</b>	<b>71,004</b>
<b>INVESTING</b>		
Purchase of property and equipment	(13,321)	-
Long term investment net (additions) disposals	(8,486)	(3,264)
<b>CASH USED IN INVESTING</b>	<b>(21,807)</b>	<b>(3,264)</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATIONS AND INVESTING DURING THE YEAR</b>	<b>104,716</b>	<b>67,740</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>247,457</b>	<b>179,717</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 352,173</b>	<b>\$ 247,457</b>
<b>CASH AND CASH EQUIVALENTS COMPRISED OF:</b>		
Cash	346,213	240,918
Trust fund	\$ 5,960	\$ 6,539
	<b>\$ 352,173</b>	<b>\$ 247,457</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**1. PURPOSE AND LEGAL FORM OF THE ORGANIZATION**

Manitoba Society of Pharmacists Inc. (herein after referred to as the "Society") is a professional society incorporated without share capital to enhance the recognition and compensation of professional services while inspiring excellence in practice.

The Society is a not-for-profit organization exempt from tax under paragraph 149(1)(l) of the Income Tax Act (Canada).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

**(b) Financial Instruments**

The Society's financial instruments consist of cash, accounts receivable, funds held in trust, investments, accounts payable and accrued liabilities. Unless otherwise stated, the book value of the Society's financial assets and liabilities approximate their fair value.

The Society, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The following analysis provides a measurement of those risks at year end:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Society's financial assets that are exposed to credit risk consist of cash, funds held in trust, investments and accounts receivable. The Society's cash, funds held in trust, and investments are maintained with a large federally regulated financial institution in Canada and risk is therefore mitigated. The Society, in the normal course of operations, is subject to credit risk from customers. The maximum exposure to credit risk is the carrying value of accounts receivable on the balance sheet.

Market and interest rate risks are risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and interest rates. The Society has a diversified portfolio of investments, which mitigates its market and interest rate risk.

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they become due. The Society holds assets that can be readily converted into cash and their value exceeds the total liabilities reported at year end, therefore liquidity risk is limited.

There have been no changes in the Society's risk exposures from the prior year.



**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

(c) Revenue Recognition

The Society follows the deferral method of accounting for contributions which includes government funds for special projects. As such, restricted contributions designated for specific periods or purposes are deferred and recorded as revenue in the designated period or when the applicable expenditures 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.

Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property and equipment.

The advertising fees and publication costs related to the Society's published magazine are recognized as revenue and expenditures in the period that the magazine is published and distributed to its members.

(d) Investments

The Society recognizes its investments at fair value. Unrealized gains or losses are recognized in the statement of operations.

(e) Property and Equipment

Property and equipment are stated at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives on a straight-line basis as follows:

Furniture and fixtures	5 and 10 years
Computer equipment	5 years
Leasehold improvements	5 years

(f) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ significantly from those estimates.

**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**3. TRUST FUND**

The Society administers the A. Langley Jones Leadership Award trust fund which awards scholarship money to a selected University of Manitoba pharmacy student. The funds under administration are summarized as follows:

	2014	2013
Receipts	\$ -	\$ -
Expenditures		
Scholarship	(500)	(500)
Bank charges	(79)	-
	\$ (579)	\$ (500)
Expenditures in excess of receipts	(579)	(500)
<b>Trust fund, beginning of year</b>	<b>6,539</b>	<b>7,039</b>
<b>Trust fund, end of year</b>	<b>\$ 5,960</b>	<b>\$ 6,539</b>

**4. INVESTMENTS**

The Society has investments which consist of fixed income and equity securities. The percentage of fixed income investment to total investment based on cost as at December 31, 2014 is 57% (2013 - 57%). Investment income earned is considered unrestricted income, to be used for the general benefit of the Society's members.

Under Canadian accounting standards for not-for-profit organizations, investments are recognized at fair value.

Nil unrealized gains were recorded in 2014 (2013 - \$9,998) and are reported on the schedule of revenue (see page 14).

Investment	2014	2013
Cash	\$ 13,372	\$ 4,616
Asset Class		
Fixed Income	127,384	119,807
Equity	83,804	86,843
<b>Total</b>	<b>\$ 224,560</b>	<b>\$ 211,266</b>

**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**5. PROPERTY AND EQUIPMENT**

			<b>2014</b>	<b>2013</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Net Carrying Amount</b>
Computer equipment	\$ 25,120	\$ 21,245	\$ 3,875	\$ 2,505
Computer software	9,150	-	9,150	-
Furniture and fixtures	26,394	23,214	3,180	2,388
Leasehold improvements	1,200	1,200	-	240
<b>Total</b>	<b>\$ 61,864</b>	<b>\$ 45,659</b>	<b>\$ 16,205</b>	<b>\$ 5,133</b>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2014</b>	<b>2013</b>
Accrued professional fees	\$ 8,496	\$ 11,300
Federal sales tax	(2,272)	621
Trade payable	18,045	14,778
<b>Total</b>	<b>\$ 24,269</b>	<b>\$ 26,699</b>

**7. DEFERRED REVENUE**

	<b>2014</b>	<b>2013</b>
Deferred continuing education revenue	\$ -	\$ 5,000
Deferred conference income	12,500	-
Deferred membership revenue	284,019	289,592
Deferred special projects revenue- Smoking Cessation Project	-	53,500
<b>Total</b>	<b>\$ 296,519</b>	<b>\$ 348,092</b>

**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**8. DEFERRED CONTRIBUTIONS - PUBLIC RELATIONS COMMITTEE**

The Society has created a Public Relations Committee for purposes of achieving the following objectives:

- To establish and maintain contact with the public, members, and stakeholders;
- To promote the interests and activities of Manitoba pharmacists using the media and other appropriate communication tools;
- To educate the public with respect to the services that pharmacists provide; and
- To inspire pharmacists to strive for excellence and promote safe, patient-centred care.

In 2014, deferred contributions from 2013 of \$19,616 were recognized into income. In addition, the committee reported designated funds of \$10,000 and contributions totalling \$23,775 which were offset against expenses incurred totalling \$42,021, resulting in a surplus of \$11,369. This surplus has been deferred to 2014, thus reducing revenue recognized in 2014 respecting the Public Relations Committee from \$43,391 to \$32,022 as reported on the schedule of revenue (see page 14)

	2014	2013
<b>Revenue</b>		
Corporate contributions deferred from prior year	\$ -	\$ 6,000
Voluntary contributions deferred from prior year	14,280	10,260
Surplus deferred from prior year	5,336	3,703
Corporate contributions designated for current year	22,500	17,000
Voluntary contributions designated for current year	1,275	250
	<b>43,391</b>	<b>37,213</b>
<b>Expenditures</b>		
Miscellaneous	569	472
Office expense	740	878
Print media promotion	14,435	10,820
Public relations coordinator salary	1,000	3,000
Radio promotion	11,751	12,872
Transit promotion	-	13,836
Health media network	500	-
Video productions	3,726	-
TV promotion	2,401	-
National Drug drop-off day	1,300	-
Billboard promotion	5,600	-
	<b>42,021</b>	<b>41,878</b>
Committee expenditures in excess of revenue	1,369	(4,665)
Funds designated to committee in current year	10,000	10,000
Surplus deferred to following year	11,369	5,336
Voluntary contributions designated for following year	6,126	14,280
<b>Total deferred contributions</b>	<b>\$ 17,496</b>	<b>\$ 19,616</b>

**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**9. NET ASSETS**

The by-laws of the Society provide that net assets of the Society cannot be divided among the members individually. Any surplus (revenue in excess of expenditures) of the Society must only be used in promoting the Society's objectives.

Should the Society dissolve or wind up, the remaining assets of the Society must be distributed to an association or associations with similar objectives to the Society or to such charitable organizations as may be determined by the Board of Directors of the Society.

**10. INTERNALLY RESTRICTED FUNDS**

The Board of Directors of the Society has set aside general surplus funds for the development and operations of the Professional Relations Committee. The role of the committee is to foster greater awareness and acceptance of pharmacists as fundamental contributors to public health. During the year, the committee did not use internally restricted funds (2013 - nil).

**11. LEASE COMMITMENTS**

The Society entered into a five year lease agreement on the premises for which it leases office space. This lease expired February 28, 2010. The Society subsequently exercised its option to renew this lease for an additional five years. Annual base rent is \$8,300. Additional rent on common area costs, parking, storage rental and certain utilities approximates \$950 per month and is payable on a monthly basis. This lease renewal expires February 28, 2015. Negotiations are underway on the renewal of the lease agreement.

**12. PROFESSIONAL RELATIONS COMMITTEE**

The Society created a Professional Relations Committee for purposes of fostering greater awareness and acceptance of pharmacists as fundamental contributors to public health. Revenues are shown within the schedule of revenues (page 14) net of expenses. The results of the Professional Relations Committee are summarized as follows:

	<b>2014</b>	<b>2013</b>
Continuing education revenue	\$ 36,828	\$ 15,431
Continuing education expenditures	<u>(26,528)</u>	<u>(6,490)</u>
<b>Revenue in excess of expenditures</b>	<b>\$ 10,300</b>	<b>\$ 8,941</b>

**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**13. PROVINCIAL CONFERENCE**

The revenues relating to the Society's Provincial Conference are shown within the schedule of revenues (page 14) net of expenses, and are summarized as follows:

	2014 Budget (Unaudited)	<b>2014</b>	2013
<b>Revenue</b>			
Sponsorship revenue	\$ 79,000	\$ 79,342	\$ 61,400
Ticket sales revenue	41,000	49,422	39,008
Displays revenue	5,000	11,900	15,800
	125,000	140,664	116,208
<b>Expenditures</b>			
Awards and gifts	4,500	1,858	1,184
Conference auction	3,000	2,432	2,063
Entertainment	1,900	1,937	3,822
Facility	55,000	48,837	47,824
Photographer	1,700	1,650	1,756
Printing and postage	11,200	11,187	12,815
Salaries and benefits	14,374	14,374	13,955
Speakers and recorders	13,126	11,938	13,477
Supplies	7,700	6,768	5,786
Website	2,500	1,758	1,145
	115,000	102,739	103,827
<b>Conference revenue in excess of expenditures</b>	\$ 10,000	\$ 37,925	\$ 12,381

**MANITOBA SOCIETY OF PHARMACISTS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**14. SMOKING CESSATION PROJECT**

In 2013, the Society entered into an agreement with the Government of Manitoba for the launch of the Smoking Cessation project. The purpose of the project was to raise awareness as to the pharmacists' role as provider of smoking cessation services. The Society's involvement in the project included planning, implementation and monitoring of the overall project. The Project was completed in December 2014 and therefore contributions received were fully recognized as income in the year.

Total contributions received from the Government and other institutions for the Project amounted to \$158,422, while the total expenses incurred amounted to \$124,159. The contributions and expenses for the Project recognized in each 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Contributions, page 14	\$ 147,922	\$ 10,500
Expenses	(113,659)	(10,500)
	<b>\$ 34,263</b>	<b>\$ -</b>

**15. COMPARATIVE FIGURES**

The comparative figures have been reclassified consistent with the current year's presentation.

**MANITOBA SOCIETY OF PHARMACISTS INC.  
SCHEDULE OF REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2014 Budget (Unaudited)</b>	<b>2014</b>	<b>2013</b>
Communication journal	\$ 22,000	\$ 30,155	\$ 29,173
Friends of pharmacy	1,000	108	1,595
Investment income	3,200	13,617	5,847
Membership fees	585,000	624,132	587,403
Miscellaneous	-	30	1,129
Public relations committee, note 8	40,800	32,022	31,877
Professional relations committee (net), note 12	4,000	10,300	8,941
Provincial conference (net), note 13	10,000	37,925	12,381
Smoking cessations project, note 14	40,000	147,922	10,500
Unrealized gain (loss) on investments	-	-	9,998
	<b>\$ 706,000</b>	<b>\$ 896,211</b>	<b>\$ 698,844</b>