

PHARMACISTS MANITOBA INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of
Pharmacists Manitoba Inc.

Opinion

We have audited the financial statements of Pharmacists Manitoba Inc., which comprise the statement of financial position as at December 31, 2021, the statements of operations, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pharmacists Manitoba Inc, as at December 31, 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Management is responsible for the Other Information. The Other Information comprises materials from the Annual General Meeting ("AGM") package, other than the financial statements and our auditors' report thereon. This information may include summary/highlights of the Corporation's financial performance and capital expenditures that have (will be) taken place.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 controls 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 Independent Auditors' Report that includes our 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, we exercise professional judgement and maintain professional skepticism throughout the audit. We 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 our 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 controls.

Obtain an understanding of internal controls 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 Entity's internal controls.

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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditors' Report. However, future events or conditions may cause the Entity 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.

We 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 controls that we identify during our audit.

Winnipeg, Manitoba
March 18, 2022



Chartered Professional Accountants Inc.

**PHARMACISTS MANITOBA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

December 31,	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 311,309	\$ 278,164
Cash - Smoking Cessation SIB, note 4	462,238	-
Trust fund, note 5	2,470	2,970
Accounts receivable	5,110	3,445
Prepaid expenses	42,066	30,406
	823,193	314,985
INVESTMENTS, note 6	350,653	297,240
PROPERTY AND EQUIPMENT, note 7	4,728	10,507
	\$ 1,178,574	\$ 622,732
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 8	\$ 18,606	\$ 34,754
Deferred revenue, note 9	172,838	175,848
Deferred contributions - Public relations committee, note 10	8,795	4,635
Deferred revenue - Smoking Cessation SIB, notes 2c, 4	500,629	-
Trust fund, note 5	2,470	2,970
	703,338	218,207
FEDERAL GOVERNMENT LOAN, note 11	40,000	30,000
	743,338	248,207
NET ASSETS		
Net investment in property and equipment, note 12	4,728	10,507
Unrestricted surplus, note 12	430,508	364,018
	435,236	374,525
	\$ 1,178,574	\$ 622,732

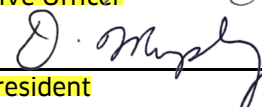
Approved by the Board:



Executive Officer

March 18, 2022

Date



BOD President

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

**PHARMACISTS MANITOBA INC.
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2021**

	Net Investment in Property and Equipment	Internally Restricted Funds	Unrestricted Surplus	Total 2021	Total 2020
Beginning balance	\$ 10,507	\$ -	\$ 364,018	\$ 374,525	\$ 348,535
Excess of revenue over expenditures	-	-	60,711	60,711	25,990
Amortization of property and equipment	(3,666)	-	3,666	-	-
Disposal of property and equipment	(2,113)	-	2,113	-	-
Ending balance	\$ 4,728	\$ -	\$ 430,508	\$ 435,236	\$ 374,525

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

**PHARMACISTS MANITOBA INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 Budget (Unaudited)	2021 Actual	2020
REVENUE, PAGE 13	\$ 514,875	\$ 592,362	\$ 588,635
EXPENDITURES			
Accounting and legal	13,000	22,658	12,981
Amortization of property and equipment	3,000	3,666	6,422
Bank charges	100	82	103
Communication journal	9,000	11,412	9,366
Computer	7,000	14,213	9,767
Conferences and meetings	500	221	1,677
Continuing education	3,500	4,999	-
Credit card charges	16,000	16,247	16,529
Government relations	25,000	9,589	88,486
Honoraria	11,500	14,250	11,500
Insurance	3,500	3,194	3,161
Internet and website	1,500	1,697	818
Management and administrative fees	5,500	4,020	5,303
Lease, note 13	30,000	18,136	30,002
Members' benefit program	11,495	3,803	15,494
Memberships and dues	2,500	2,446	2,467
Office	1,200	8,182	4,952
Postage and delivery	2,000	982	2,874
Printing	3,000	4,079	3,042
Provincial conference expense	50,580	50,231	54,255
Public relations committee, note 10	5,000	-	-
Recruiting fee	-	24,650	-
Salaries, wages, and benefits	342,300	272,249	280,370
Subcontracting	-	37,500	-
Telephone	2,500	3,145	2,735
Vehicle	200	-	341
	549,875	531,651	562,645
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (35,000)	\$ 60,711	\$ 25,990

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

**PHARMACISTS MANITOBA INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Excess of revenue over expenditures	\$ 60,711	\$ 25,990
Amortization of property and equipment	3,666	6,422
Loss on asset disposal	263	-
Realized loss (gain) on disposal of investments	786	(29,656)
Unrealized (gain) loss on investments	(48,924)	18,062
Forgivable portion of Federal government loan	(10,000)	(10,000)
Changes in non-cash working capital items	(28,823)	(27,120)
CASH USED IN OPERATIONS	(22,321)	(16,302)
INVESTING		
Proceeds on disposal of assets	1,850	-
Purchase of property and equipment	-	(5,900)
Investment disposal (additions), net of management fees	(5,275)	(1,238)
Proceeds from Smoking Cessation SIB project	500,629	-
CASH PROVIDED BY (USED IN) INVESTING	497,204	(7,138)
FINANCING		
Proceeds from Federal government loan	20,000	40,000
CASH PROVIDED BY OPERATIONS, INVESTING AND FINANCING	494,883	16,560
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	281,134	264,574
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 776,017	\$ 281,134
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	311,309	278,164
Cash - Smokin Cessation SIB	462,238	-
Trust fund	\$ 2,470	\$ 2,970
	\$ 776,017	\$ 281,134

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

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. PURPOSE AND LEGAL FORM OF THE ORGANIZATION

Pharmacists Manitoba Inc. is a professional organization incorporated without share capital to enhance the recognition and compensation of professional services while inspiring excellence in practice.

The Organization 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 Organization's financial instruments consist of cash, funds held in trust, accounts receivable, investments, accounts payable and accrued liabilities, trust fund and Federal Government loan. The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all financial assets and liabilities at amortized cost, except for investments which are measured at fair value.

Unrealized gains or losses from investments are recognized in the statement of operations.

(c) Revenue Recognition and Reporting

The Organization follows the deferral method of accounting for contributions. 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 Organization's published magazine are recognized as revenue and expenditures in the period that the magazine is published and distributed to its members.

Membership revenues collected are recognized based on their period of membership coverage. Memberships collected which relate to subsequent periods are deferred and recognized as revenue in the respective membership periods.

The collection (revenue) and the disbursement (expense) of liability insurance fees are offset (netted) on the financial statements.

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

(d) 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
Computer software	5 years
Leasehold improvements	5 years

(e) 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.

3. FINANCIAL INSTRUMENTS

The Organization, 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 Organization's financial assets that are exposed to credit risk consist of cash, funds held in trust, investments and accounts receivable. The Organization's cash, funds held in trust, and investments are maintained with a large federally regulated financial institution in Canada. The accounts receivable primarily includes advertising fees receivable. The maximum exposure to credit risk is the carrying value of accounts receivable on the balance sheet.

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

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they become due. The Organization holds a cash balance with a value that exceeds the total liabilities reported at year end, therefore liquidity risk is limited.

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

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

4. SMOKING CESSATION SOCIAL IMPACT BOND (SIB)

During the year ending December 31, 2021, the Organization received funding of \$500k (2020 - nil) and incurred \$38k (2020 - \$19k) of start-up legal and consulting costs relating to the Smoking Cessation Social Impact Bond (SIB) project. The SIB project was postponed to 2022 to give priority to the COVID-19 related services provided by the Organization's members.

The initial funding received is reported as deferred revenue and the start-up costs incurred are reported as part of the 2021 prepaid expenses.

5. TRUST FUND

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

	2021	2020
Receipts		
Other	\$ -	\$ 10
Expenditures		
Scholarship	(500)	(500)
Expenditures in excess of receipts	(500)	(490)
Trust fund, beginning of year	2,970	3,460
Trust fund, end of year	\$ 2,470	\$ 2,970

6. INVESTMENTS

The Organization has investments which consist of fixed income and equity securities. The percentage of fixed income investment to total investment based on fair market value as at December 31, 2021 is 24% (2020 - 53%). Investment income earned is considered unrestricted income, to be used for the general benefit of the Organization's members.

Investment	2021	2020
Cash	\$ 30,522	\$ 233
Asset Class		
Fixed Income	84,482	158,971
Equity	235,649	138,036
Total fair market value	\$ 350,653	\$ 297,240

Investment activity for the year is as follows:

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

6. INVESTMENTS (Continued)

	2021	2020
Beginning balance	\$ 297,240	\$ 284,408
Investment Income	9,507	6,807
Realized (loss) gain	(786)	29,656
Unrealized gain (loss)	48,924	(18,062)
Management fee (including GST)	(4,232)	(5,569)
Ending balance	\$ 350,653	\$ 297,240

7. PROPERTY AND EQUIPMENT

	2021			2020		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 29,437	\$ 29,229	\$ 208	\$ 29,437	\$ 29,109	\$ 328
Computer software	43,390	38,870	4,520	43,390	36,010	7,380
Furniture and fixtures	-	-	-	31,243	28,444	2,799
Leasehold improvements	-	-	-	1,200	1,200	-
Total	\$ 72,827	\$ 68,099	\$ 4,728	\$ 105,270	\$ 94,763	\$ 10,507

During the year, the Organization implemented full-time remote work arrangement for all its employees. As a result, the Organization terminated its office lease agreement (see note 13) and disposed all of its furniture and fixtures.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Audit fees payable	\$ 12,402	\$ 12,402
Goods and services tax	(2,070)	(2,645)
Trade	8,274	24,997
Total	\$ 18,606	\$ 34,754

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. DEFERRED REVENUE

	2021	2020
Deferred membership revenue	\$ 172,538	\$ 175,548
Kaleigh Gregorash memorial	300	300
Total	\$ 172,838	\$ 175,848

10. DEFERRED CONTRIBUTIONS - PUBLIC RELATIONS COMMITTEE

The Organization 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.

All Public Relations efforts were postponed in 2021 in order to support the Organization during COVID-19 pandemic.

The 2021 contributions of \$4,160 and the deferred contributions from 2020 of \$4,635 have been designated for the following year and are reported as deferred contributions on the statement of financial position.

	2021	2020
Revenue		
Voluntary contributions deferred from prior year	\$ 4,635	\$ 4,597
Surplus deferred from prior year	-	1,723
	4,635	6,320
Expenditures		
Revenue diverted to Government Relations during COVID-19	-	6,320
	-	6,320
Surplus	4,635	-
		-
Voluntary contributions collected in the current year and designated for following year	4,160	4,635
Total deferred contributions	\$ 8,795	\$ 4,635

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

11. FEDERAL GOVERNMENT LOAN

During the year, the Organization received additional Canada Emergency Business Account (CEBA) loan proceeds of \$20k through the Government of Canada's COVID-19 Economic Response Plan to arrive at total loan proceeds of \$60k. The loan is non-interest bearing to December 31, 2023.

The CEBA loan allows for the forgiveness of up to \$20k if \$40k of the loan is fully repaid by December 31, 2023.

The forgivable amount of \$10k from the current year loan proceeds has therefore been recognized into income in the 2021 fiscal year.

If the \$40k balance of the loan is not repaid by December 31, 2023, the full loan will be converted to an interest-bearing term loan.

12. NET ASSETS

The by-laws of the Organization provide that net assets cannot be divided among the members individually. Any surplus of the Organization must only be used in promoting the Organization's objectives. Should the Organization dissolve or wind up, the remaining assets of the Organization must be distributed to an association(s) with similar objectives to the Organization or to such charitable Organizations as may be determined by the Board of Directors of the Organization.

13. LEASE COMMITMENT

In 2018, the Organization entered into a lease agreement for the lease of an office space. This lease expires July 31, 2023 with an annual base rent of \$13,671. During the year, the Organization implemented full-time remote work and terminated the lease agreement effective August 31, 2021 without any penalty or requirement to pay the remaining lease from the lessor.

14. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19).

The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the Organization and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

**PHARMACISTS MANITOBA INC.
SCHEDULE OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 Budget (Unaudited)	2021	2020
Communication journal	\$ 12,000	\$ 19,466	\$ 13,668
Continuing education	10,000	200	144
Event sponsorship income	3,000	-	3,000
Friends of pharmacy	1,000	710	885
Gain (loss) on disposal of assets	-	(263)	-
Government relations	-	-	10,000
Government subsidies	-	43,119	59,154
Interest income	-	717	950
Investment income	5,000	9,507	6,807
Membership fees	400,000	379,154	392,704
Miscellaneous	10,000	1,999	1,499
Public relations committee, note 10	5,000	-	6,320
Provincial conference	68,875	89,615	81,910
Realized (loss) gain on disposal of investments	-	(786)	29,656
Unrealized gain (loss) on investments	-	48,924	(18,062)
	\$ 514,875	\$ 592,362	\$ 588,635