

PHARMACISTS MANITOBA INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of
Pharmacists Manitoba Inc.

We have audited the accompanying financial statements of Pharmacists Manitoba Inc., which comprise the statement of financial position as at December 31, 2017, 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 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.

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 Pharmacists Manitoba Inc. at December 31, 2017, 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 08, 2018



Chartered Professional Accountants Inc.

**PHARMACISTS MANITOBA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

<i>December 31,</i>	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 363,729	\$ 362,417
Trust fund, note 4	4,440	4,960
Accounts receivable	5,818	5,817
Prepaid expenses	19,966	17,554
	393,953	390,748
INVESTMENTS, note 5	256,326	241,046
PROPERTY AND EQUIPMENT, NOTE 6	27,443	26,690
	\$ 677,722	\$ 658,484
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 7	\$ 29,511	\$ 27,560
Deferred revenue, note 8	209,075	212,428
Deferred contributions - Public relations committee, note 9	9,277	10,320
Trust fund, note 4	4,440	4,960
Loan payable, note 10	-	4,028
	252,303	259,296
NET ASSETS		
Net investment in property and equipment, note 11	28,729	27,976
Internally restricted funds, note 11	1,949	1,949
Unrestricted surplus, note 11	394,741	369,263
	425,419	399,188
	\$ 677,722	\$ 658,484

Approved on behalf of the Board:

Executive Officer

Executive Officer

Date

Date

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, 2017**

	Net Investment in Property and Equipment	Internally Restricted Funds	Unrestricted Surplus	Total 2017	Total 2016
Beginning balance	\$ 27,976	\$ 1,949	\$ 369,263	\$ 399,188	\$ 359,515
Revenue (Deficit) in excess of expenditures	-	-	26,231	26,231	39,673
Purchase of property and equipment	9,254	-	(9,254)	-	-
Amortization of property and equipment	(8,501)	-	8,501	-	-
Ending balance	\$ 28,729	\$ 1,949	\$ 394,741	\$ 425,419	\$ 399,188

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, 2017**

	2017 Budget (Unaudited)	2017 Actual	2016
REVENUE, PAGE 12	\$ 616,100	\$ 653,508	\$ 672,366
EXPENDITURES			
Accounting and legal	12,500	13,691	18,054
Amortization of property and equipment	3,000	8,501	8,121
Bank charges	1,200	882	1,000
Communication journal	15,000	11,054	16,774
Computer	4,500	6,103	6,703
Conferences and meetings	24,000	19,907	23,754
Continuing education	5,000	454	5,025
Credit card charges	18,000	19,316	17,747
Donations	1,000	1,375	1,870
Finance and human resources committee	3,500	2,998	2,290
Government relations	3,000	48,359	230
Honoraria	16,600	20,350	14,875
Insurance	3,000	3,048	3,130
Investment management fees	3,000	4,188	3,349
Members' benefit program	20,000	20,388	20,937
Memberships and dues	3,250	2,079	5,075
Office	7,500	7,713	8,401
Postage and delivery	2,000	2,470	2,394
Printing	5,000	6,688	4,861
Provincial conference expense	114,300	105,252	100,644
Public relations committee, note 9	27,100	7,962	60,994
Rent and occupancy	26,000	25,730	25,878
Salaries, wages, and benefits	286,000	277,560	268,036
Telephone	6,500	6,402	6,658
Vehicle	5,000	3,185	4,358
Website	1,500	1,622	1,535
	617,450	627,277	632,693
REVENUE (DEFICIT) IN EXCESS OF EXPENDITURES	\$ (1,350)	\$ 26,231	\$ 39,673

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, 2017**

	2017	2016
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Revenue (Deficit) in excess of expenditures	\$ 26,231	\$ 39,673
Amortization of property and equipment	8,501	8,121
Realized (gain) loss on disposal of investments	5,377	(11,681)
Unrealized loss on investments	(15,262)	8,990
Changes in non-cash working capital items	(5,378)	(42,335)
CASH PROVIDED BY OPERATIONS	19,469	2,768
INVESTING		
Purchase of property and equipment	(9,254)	(1,228)
Long term investment net (additions) disposals	(5,395)	(18,841)
CASH USED IN INVESTING	(14,649)	(20,069)
Proceeds from long-term debt	-	22,853
Payments on long-term debt using administration fees	(4,028)	(18,825)
CASH (USED IN) PROVIDED BY FINANCING	(4,028)	4,028
CASH PROVIDED BY (USED IN) OPERATIONS, INVESTING AND FINANCING	792	(13,273)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	367,377	380,650
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 368,169	\$ 367,377
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	363,729	362,417
Trust fund	\$ 4,440	\$ 4,960
	\$ 368,169	\$ 367,377

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

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, accounts receivable, funds held in trust, investments, accounts payable and accrued liabilities and loan payable. 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 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 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.

Effective 2015, the collection (revenue) and the disbursement (expense) of malpractice insurance and administration fees have been offset (netted) on the financial statements.

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

(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 and risk is therefore mitigated. The Organization, in the normal course of operations, is subject to credit risk from members. 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, 2017**

4. 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:

	2017	2016
Receipts	\$ -	\$ -
Expenditures		
Scholarship	(500)	(500)
Bank charges	(20)	-
	\$ (520)	\$ (500)
Expenditures in excess of receipts	(520)	(500)
Trust fund, beginning of year	4,960	5,460
Trust fund, end of year	\$ 4,440	\$ 4,960

5. INVESTMENTS

The Organization 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, 2017 is 60% (2016 - 59%). Investment income earned is considered unrestricted income, to be used for the general benefit of the Organization's members.

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

Unrealized gain of \$7,797 was recorded in 2017 (2016 - \$8,990 unrealized loss).

Investment	2017	2016
Cash	\$ 2	\$ -
Asset Class		
Fixed Income	154,242	141,175
Equity	102,082	99,871
Total	\$ 256,326	\$ 241,046

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. PROPERTY AND EQUIPMENT

	2017			2016		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 28,674	\$ 25,470	\$ 3,204	\$ 28,675	\$ 24,242	\$ 4,433
Computer software	37,490	16,700	20,790	29,090	10,182	18,908
Furniture and fixtures	28,729	25,280	3,449	27,874	24,525	3,349
Leasehold improvements	1,200	1,200	-	1,200	1,200	-
Total	\$ 96,093	\$ 68,650	\$ 27,443	\$ 86,839	\$ 60,149	\$ 26,690

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Accrued professional fees	\$ 7,500	\$ 7,750
Goods and services tax	(1,078)	(942)
Provincial sales tax	36	9,792
Trade	23,053	10,960
Total	\$ 29,511	\$ 27,560

8. DEFERRED REVENUE

	2017	2016
Deferred conference income	\$ -	\$ 20,486
Deferred membership revenue	208,775	191,642
Kaleigh Gregorash memorial	300	300
Total	\$ 209,075	\$ 212,428

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. 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.

In 2017, deferred contributions from 2016 of \$10,320 were recognized into income. The annual Public Relations Committee funds of \$10,000 were instead designated to Government Relations Committee activities in 2017.

In 2015, the Public Relations Committee launched a two year Public Affairs campaign to promote public awareness of the existing services that the pharmacists in Manitoba can provide. The campaign ended in 2016.

Of the total 2017 Public Relations income, \$5,420 was designated for the following year and therefore was deferred.

The remaining Public Relations income was offset against expenses incurred of \$7,963, resulting in a surplus of \$3,857. This surplus has also been deferred to 2018, thus reducing revenue recognized in 2017 respecting the Public Relations Committee from \$11,820 to \$7,963 as reported on the schedule of revenue (see page 12).

	2017	2016
Revenue		
Corporate contributions deferred from prior year	\$ 3,500	\$ -
Voluntary contributions deferred from prior year	6,650	10,048
Surplus deferred from prior year	170	16,116
Corporate contributions designated for current year	1,500	-
Public Affairs campaign - corporate contributions	-	25,000
	11,820	51,164
Expenditures		
Advertising	315	670
Office expense	5,571	6,666
Print media promotion	2,077	3,658
Public Affairs campaign - coordinator fee	-	50,000
	7,963	60,994
Committee expenditures in excess of revenue	3,857	(9,830)
Funds internally designated to Public Relations committee in current year	-	10,000
Surplus deferred to following year	3,857	170
Voluntary contributions collected current year and designated for following year	5,420	6,650
Corporate contributions collected current year and designated for following year	-	3,500
Total deferred contributions	\$ 9,277	\$ 10,320

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

10. LOAN PAYABLE

In 2015, the Organization determined and reported to the Manitoba Department of Finance a Retail Sales Tax (R.S.T) liability specific to years 2012, 2013 and 2014.

This R.S.T liability related to the members prior years' insurance premiums, which were collected by the Organization on behalf of Marsh Canada Limited, the insurance provider.

The total R.S.T liability plus related professional fees amounted to \$22,853.

In 2016, CPBA advanced loan proceeds to finance this liability. Repayment of the loan was to be over a 24-month period, without interest, funded through the member CPBA administration fees.

The CPBA administration fee revenue, which is included in the Organization's surplus (revenue in excess of expenditures), reflects repayment of the CPBA loan starting 2016 in the amount of \$18,285. In 2017, the Organization paid the outstanding balance of \$4,028.

11. 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.

12. MALPRACTICE INSURANCE AND ADMINISTRATION FEES

The Organization collects malpractice insurance premiums and administration fees from its members on behalf of Marsh Canada Limited, the insurance provider and CPBA, respectively.

Effective 2015, the collection (revenue) and the disbursement (expense) of these amounts have been offset (netted) on the financial statements, with the exception of the 2016 (\$18,825) and 2017 (\$4,028) administration fee revenues which were used to repay the CPBA loan as described in note 10 above.

13. LEASE COMMITMENT

In 2015, the Organization entered into a lease renewal agreement for the lease of office space. This renewed lease expires February 29, 2020. Annual base rent from March 2015 to February 2017 was \$9,371, increasing to \$9,585 for the period of March 2017 to February 2020.

Additional monthly rental fees include common area costs, parking, storage rental and certain utilities .

**PHARMACISTS MANITOBA INC.
SCHEDULE OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 Budget (Unaudited)	2017	2016
Communication journal	\$ 25,000	\$ 25,543	\$ 28,451
Continuing education	10,000	78	9,064
Friends of pharmacy	1,000	-	870
Government relations	-	20,000	-
Investment income	11,000	4,998	11,356
Member administration fees, note 10 & 12	-	4,028	18,825
Membership fees	432,000	436,732	422,741
Miscellaneous	500	2,892	795
Public relations committee, note 9	10,100	7,963	50,994
Provincial conference	126,500	141,389	126,579
Realized gain (loss) on investments	-	(5,377)	11,681
Unrealized (loss) gain on investments	-	15,262	(8,990)
	\$ 616,100	\$ 653,508	\$ 672,366