

PHARMACISTS MANITOBA INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Supplemental Schedules	
Schedule of Revenue	13



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, 2019, 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, 2019, 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 auditor's 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 Auditor's 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 24, 2020



Chartered Professional Accountants Inc.

**PHARMACISTS MANITOBA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

December 31,	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 261,114	\$ 342,222
Trust fund, note 4	3,460	3,960
Accounts receivable	2,400	1,440
Prepaid expenses	22,682	17,503
	289,656	365,125
INVESTMENTS, note 5	284,408	250,115
PROPERTY AND EQUIPMENT, note 6	11,029	21,403
	\$ 585,093	\$ 636,643
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 7	\$ 31,798	\$ 28,162
Deferred revenue, note 8	194,980	221,168
Deferred contributions - Public relations committee, note 9	6,320	6,669
Trust fund, note 4	3,460	3,960
	236,558	259,959
NET ASSETS		
Net investment in property and equipment, note 10	11,029	22,689
Internally restricted funds, note 10	-	1,949
Unrestricted surplus, note 10	337,506	352,046
	348,535	376,684
	\$ 585,093	\$ 636,643

Approved on behalf of the Board:



 Executive Officer 

 BOD President

March 24, 2020

 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, 2019**

	Net Investment in Property and Equipment	Internally Restricted Funds	Unrestricted Surplus	Total 2019	Total 2018
Beginning balance	\$ 22,689	\$ 1,949	\$ 352,046	\$ 376,684	\$ 425,419
(Deficit) excess revenue over expenditures	-	-	(28,149)	(28,149)	(48,735)
Amortization of property and equipment	(10,373)	-	10,373	-	-
Reallocation of net assets from prior years, note 10	(1,287)	-	1,287	-	-
Image and reputation collateral expenses	-	(1,949)	1,949	-	-
Ending balance	\$ 11,029	\$ -	\$ 337,506	\$ 348,535	\$ 376,684

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, 2019**

	2019 Budget (Unaudited)	2019 Actual	2018
REVENUE, PAGE 13	\$ 573,670	\$ 622,043	\$ 626,363
EXPENDITURES			
Accounting and legal	13,000	12,957	13,756
Amortization of property and equipment	3,000	10,373	11,001
Bank charges	1,000	144	533
Communication journal	10,000	11,871	10,546
Computer	5,000	9,155	7,441
Conferences and meetings	15,000	17,380	18,589
Continuing education	4,000	3,124	25
Credit card charges	20,000	17,749	19,476
Donations	1,500	1,040	1,005
Finance and human resources committee	-	-	162
Government relations	84,700	90,376	111,206
Honoraria	17,500	19,400	15,890
Insurance	3,300	3,425	3,039
Management and administrative fees	5,000	4,971	4,759
Lease	33,000	35,382	35,288
Members' benefit program	20,000	17,256	18,994
Memberships and dues	3,250	3,103	2,694
Office	7,000	7,109	7,370
Postage and delivery	3,000	2,578	1,720
Printing	7,000	5,247	7,917
Provincial conference expense	93,500	81,502	87,354
Public relations committee, note 9	6,670	6,896	8,227
Salaries, wages, and benefits	290,000	281,955	277,716
Telephone	4,200	3,124	5,110
Vehicle	4,000	3,415	4,308
Website	700	660	972
	655,320	650,192	675,098
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (81,650)	\$ (28,149)	\$ (48,735)

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, 2019**

	2019	2018
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Deficiency of revenue over expenditures	\$ (28,149)	\$ (48,735)
Amortization of property and equipment	10,373	11,001
Gain on disposal of assets	(1,684)	-
Realized (gain) loss on disposal of investments	(856)	75
Unrealized (gain) loss on investments	(24,285)	8,867
Changes in non-cash working capital items	(29,539)	14,497
CASH USED IN OPERATIONS	(74,140)	(14,295)
INVESTING		
Proceeds on disposal of assets	1,684	-
Purchase of property and equipment	-	(4,961)
Investment additions, net of management fees	(9,152)	(2,731)
CASH USED IN INVESTING	(7,468)	(7,692)
CASH USED IN OPERATIONS AND INVESTING	(81,608)	(21,987)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	346,182	368,169
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 264,574	\$ 346,182
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	261,114	342,222
Trust fund	\$ 3,460	\$ 3,960
	\$ 264,574	\$ 346,182

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

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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. 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 malpractice insurance fees are offset (netted) on the financial statements.

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

(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, 2019**

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:

	2019	2018
Receipts		
Other	\$ -	\$ 20
Expenditures		
Scholarship	(500)	(500)
Expenditures in excess of receipts	(500)	(480)
Trust fund, beginning of year	3,960	4,440
Trust fund, end of year	\$ 3,460	\$ 3,960

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, 2019 is 55% (2018 - 60%). Investment income earned is considered unrestricted income, to be used for the general benefit of the Organization's members.

Investment	2019	2018
Cash	\$ 1,432	\$ 5,878
Asset Class		
Fixed Income	157,515	151,020
Equity	125,461	93,217
Total	\$ 284,408	\$ 250,115

Investment activity for the year is as follows:

	2019	2018
Beginning balance	\$ 250,115	\$ 256,326
Transfers in	5,589	5,633
Investment Income	8,783	2,095
Realized gain (loss)	856	(75)
Unrealized gain (loss)	24,285	(8,867)
Management fee	(5,220)	(4,997)
Ending balance	\$ 284,408	\$ 250,115

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. PROPERTY AND EQUIPMENT

	2019			2018		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 29,437	\$ 28,385	\$ 1,052	\$ 29,437	\$ 27,017	\$ 2,420
Computer software	37,490	31,696	5,794	37,490	24,198	13,292
Furniture and fixtures	31,243	27,060	4,183	32,927	27,236	5,691
Leasehold improvements	1,200	1,200	-	1,200	1,200	-
Total	\$ 99,370	\$ 88,341	\$ 11,029	\$101,054	\$ 79,651	\$ 21,403

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Audit fees payable	\$ 12,450	\$ 10,777
Goods and services tax	2,054	(403)
Provincial sales tax	-	8,824
Trade	17,294	8,964
Total	\$ 31,798	\$ 28,162

8. DEFERRED REVENUE

	2019	2018
Deferred conference income	\$ 13,300	\$ 13,090
Deferred membership revenue	181,380	207,778
Kaleigh Gregorash memorial	300	300
Total	\$ 194,980	\$ 221,168

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

9. DEFERRED CONTRIBUTION - 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 2019, deferred contributions and deferred surpluses from 2018 totalling \$6,669 were recognized into income.

Funds of \$1,949 were internally restricted to Public Relations, which resulted in a net surplus of \$1,723.

The 2019 surplus is being deferred to the following year, thereby decreasing Public Relations Committee revenues reported on page 13.

The \$1,723 surplus from 2019 plus all current year contributions of \$4,597 total \$6,320 which has been reported as deferred contributions on the statement of financial position.

	2019	2018
Revenue		
Voluntary contributions deferred from prior year	\$ 5,620	\$ 5,420
Surplus deferred from prior year	1,049	3,857
	6,669	9,277
Expenditures		
Abacus Data Survey - CPhA	4,000	-
Advertising	-	3,710
Image and reputation collateral	2,290	-
Print media promotion	605	4,518
	6,896	8,228
(Deficiency) surplus	(226)	1,049
Internally restricted funds to Public Relations Committee in current year allocated to the Image and Reputation Collateral	1,949	-
Surplus after internally restricted funds to Public Relations Committee	1,723	1,049
Voluntary contributions collected in the current year and designated for following year	4,597	5,620
Total deferred contributions	\$ 6,320	\$ 6,669

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

10. 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.

In 2019, a reallocation from Unrestricted Funds to Net Investment in Property and Equipment of \$1,287 is made to make the net book value of Property and Equipment equal its corresponding net asset.

11. MALPRACTICE INSURANCE AND ADMINISTRATION FEES

The Organization collects malpractice insurance premiums from its members, and remits the premiums to Marsh Canada Limited, the insurance provider. The collection (revenue) and the disbursement (expense) of malpractice insurance fees are offset (netted) on the financial statements.

12. LEASE COMMITMENT

In 2018, the Organization entered into a new lease agreement for the lease of a new office space. This new lease expires July 31, 2023 with an annual base rent of \$13,671.

The expected minimum lease payments over the next five years are as follows:

2020	\$	13,671
2021	\$	13,671
2022	\$	13,671
2023	\$	7,975

The Organization is responsible for other monthly expenditures including common area costs, parking, storage rental and certain utilities.

13. COMPARATIVE FIGURES

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

**PHARMACISTS MANITOBA INC.
SCHEDULE OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 Budget (Unaudited)	2019	2018
Communication journal	\$ 22,000	\$ 20,020	\$ 21,401
Continuing education	4,500	4,500	611
Event sponsorship income	3,000	6,500	2,000
Friends of pharmacy	1,000	-	-
Gain on disposal of assets	-	1,684	-
Government relations	25,000	25,000	30,000
Interest income	-	4,864	1,866
Investment income	5,000	6,009	2,095
Membership fees	405,000	429,743	452,426
Miscellaneous	500	161	3,981
Public relations committee, note 9	6,670	4,946	8,228
Provincial conference	101,000	93,475	112,697
Realized gain (loss) on investments	-	856	(75)
Unrealized gain (loss) on investments	-	24,285	(8,867)
	\$ 573,670	\$ 622,043	\$ 626,363