

PHARMACISTS MANITOBA INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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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, 2020, 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, 2020, 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 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 11, 2021



Chartered Professional Accountants Inc.

**PHARMACISTS MANITOBA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

<i>December 31,</i>	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 278,164	\$ 261,114
Trust fund, note 4	2,970	3,460
Accounts receivable	3,445	2,400
Prepaid expenses	30,406	22,682
	314,985	289,656
INVESTMENTS, note 5	297,240	284,408
PROPERTY AND EQUIPMENT, note 6	10,507	11,029
	\$ 622,732	\$ 585,093
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 7	\$ 34,754	\$ 31,798
Deferred revenue, note 8	175,848	194,980
Deferred contributions - Public relations committee, note 9	4,635	6,320
Trust fund, note 4	2,970	3,460
	218,207	236,558
FEDERAL GOVERNMENT LOAN, note 10	30,000	-
	248,207	236,558
NET ASSETS		
Net investment in property and equipment, note 11	10,507	11,029
Unrestricted surplus, note 11	364,018	337,506
	374,525	348,535
	\$ 622,732	\$ 585,093

Approved on behalf of the Board:



Executive Officer

March 11, 2021

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, 2020**

	Net Investment in Property and Equipment	Internally Restricted Funds	Unrestricted Surplus	Total 2020	Total 2019
Beginning balance	\$ 11,029	\$ -	\$ 337,506	\$ 348,535	\$ 376,684
Excess (deficiency) of revenue over expenditures	-	-	25,990	25,990	(28,149)
Purchase of property and equipment	5,900	-	(5,900)	-	-
Amortization of property and equipment	(6,422)	-	6,422	-	-
Ending balance	\$ 10,507	\$ -	\$ 364,018	\$ 374,525	\$ 348,535

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, 2020**

	2020 Budget (Unaudited)	2020 Actual	2019
REVENUE, PAGE 14	\$ 540,950	\$ 588,635	\$ 622,043
EXPENDITURES			
Accounting and legal	13,000	12,981	12,957
Amortization of property and equipment	3,000	6,422	10,373
Bank charges	100	103	144
Communication journal	11,000	9,366	11,871
Computer	7,000	9,767	9,155
Conferences and meetings	1,500	1,677	17,380
Continuing education	6,000	-	3,124
Credit card charges	15,500	16,529	17,749
Donations	1,000	-	1,040
Government relations	70,000	88,486	90,376
Honoraria	10,000	11,500	19,400
Insurance	3,500	3,161	3,425
Management and administrative fees	5,250	5,303	4,971
Lease, note 13	30,500	30,002	35,382
Members' benefit program	16,000	15,494	17,256
Memberships and dues	1,700	2,467	3,103
Office	5,000	4,952	7,109
Postage and delivery	2,000	2,874	2,578
Printing	4,000	3,042	5,247
Provincial conference expense	50,250	54,255	81,502
Public relations committee, note 9	-	-	6,896
Salaries, wages, and benefits	288,500	280,370	281,955
Smoking cessation project, note 14	11,100	-	-
Telephone	2,500	2,735	3,124
Vehicle	500	341	3,415
Website	2,600	818	660
	561,500	562,645	650,192
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (20,550)	\$ 25,990	\$ (28,149)

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, 2020**

	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Deficiency of revenue over expenditures	\$ 25,990	\$ (28,149)
Amortization of property and equipment	6,422	10,373
Gain on disposal of assets	-	(1,684)
Realized gain on disposal of investments	(29,656)	(856)
Unrealized loss (gain) on investments	18,062	(24,285)
Forgivable portion of Federal government loan	(10,000)	-
Changes in non-cash working capital items	(27,120)	(29,539)
CASH USED IN OPERATIONS	(16,302)	(74,140)
INVESTING		
Proceeds on disposal of assets	-	1,684
Purchase of property and equipment	(5,900)	-
Investment additions, net of management fees	(1,238)	(9,152)
CASH USED IN INVESTING	(7,138)	(7,468)
FINANCING		
Proceeds from Federal government loan	40,000	-
CASH PROVIDED BY (USED IN) OPERATIONS, INVESTING AND FINANCING	16,560	(81,608)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	264,574	346,182
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 281,134	\$ 264,574
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	278,164	261,114
Trust fund	\$ 2,970	\$ 3,460
	\$ 281,134	\$ 264,574

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

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020**

(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 reports Canada Emergency Wage Subsidies receivable from the federal government. Credit risk is therefore limited.

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, 2020**

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:

	2020	2019
Receipts		
Other	\$ 10	\$ -
Expenditures		
Scholarship	(500)	(500)
Expenditures in excess of receipts	(490)	(500)
Trust fund, beginning of year	3,460	3,960
Trust fund, end of year	\$ 2,970	\$ 3,460

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 fair market value as at December 31, 2020 is 53% (2019 - 55%). Investment income earned is considered unrestricted income, to be used for the general benefit of the Organization's members.

Investment	2020	2019
Cash	\$ 233	\$ 1,432
Asset Class		
Fixed Income	158,971	157,515
Equity	138,036	125,461
Total fair market value	\$ 297,240	\$ 284,408

Investment activity for the year is as follows:

	2020	2019
Beginning balance	\$ 284,408	\$ 250,115
Transfers in	-	8,363
Investment Income	6,807	6,009
Realized gain	29,656	856
Unrealized (loss) gain	(18,062)	24,285
Management fee	(5,569)	(5,220)
Ending balance	\$ 297,240	\$ 284,408

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. PROPERTY AND EQUIPMENT

	2020			2019		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 29,437	\$ 29,109	\$ 328	\$ 29,437	\$ 28,385	\$ 1,052
Computer software	43,390	36,010	7,380	37,490	31,696	5,794
Furniture and fixtures	31,243	28,444	2,799	31,243	27,060	4,183
Leasehold improvements	1,200	1,200	-	1,200	1,200	-
Total	\$ 105,270	\$ 94,763	\$ 10,507	\$ 99,370	\$ 88,341	\$ 11,029

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Audit fees payable	\$ 12,402	\$ 12,450
Goods and services tax	(2,645)	(2,054)
Trade	24,997	21,402
Total	\$ 34,754	\$ 31,798

8. DEFERRED REVENUE

	2020	2019
Deferred conference income	\$ -	\$ 13,300
Deferred membership revenue	175,548	181,380
Kaleigh Gregorash memorial	300	300
Total	\$ 175,848	\$ 194,980

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 2020, deferred contributions and deferred surpluses from 2019 totalling \$6,320 were recognized into income. This income was diverted to Government Relations for the 30 day supply restriction implemented to manage the drug supply chain. All Public Relations efforts were curtailed in 2020 in order to support the organization during Covid-19 pandemic.

There are no surplus being deferred to the following year.

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

	2020	2019
Revenue		
Voluntary contributions deferred from prior year	\$ 4,597	\$ 5,620
Surplus deferred from prior year	1,723	1,049
	6,320	6,669
Expenditures		
Abacus Data Survey - CPhA	-	4,000
Image and reputation collateral	-	2,290
Print media promotion	-	605
Revenue diverted to Government Relations during COVID-19	6,320	-
	6,320	6,896
(Deficiency) surplus	-	(226)
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
Voluntary contributions collected in the current year and designated for following year	4,635	4,597
Total deferred contributions	\$ 4,635	\$ 6,320

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. FEDERAL GOVERNMENT LOAN

During the year, the Organization received Canada Emergency Business Account (CEBA) loan proceeds of \$40,000 through the government of Canada's COVID-19 Economic Response Plan. The loan is non-interest bearing to December 31, 2022.

The CEBA loan allows for the forgiveness of up to \$10k of the loan amount if \$30k is fully repaid by December 31, 2022. The forgivable amount has therefore been recognized into income in the 2020 fiscal year.

If the \$30k balance of the loan is not repaid by December 31, 2022, the \$10k will be added to the outstanding loan balance, and the full loan will be converted to an interest-bearing term loan

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 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.

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.

The expected minimum lease payments over the remainder of the lease are as follows:

2021	\$	13,671
2022	\$	13,671
2023	\$	13,671

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

14. SMOKING CESSATION PROJECT

In 2020, the Organizaiton incurred \$19k of start up legal and consulting costs relating to the Smoking Cessation Social Impact Bond (SIB) project. Due to the impact of the Covid-19 pandemic, the project was postponed to July 2021. The start up costs incurred are therefore reported as part of the 2020 reported amount of prepaid expenses.

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

15. SUBSEQUENT EVENT: COVID-19

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, 2020**

	2020 Budget (Unaudited)	2020	2019
Communication journal	\$ 12,000	\$ 13,668	\$ 20,020
Continuing education	10,000	144	4,500
Event sponsorship income	3,000	3,000	6,500
Friends of pharmacy	1,000	885	-
Gain on disposal of assets	-	-	1,684
Government relations	10,000	10,000	25,000
Government subsidies	-	59,154	-
Interest income	-	950	4,864
Investment income	-	6,807	6,009
Membership fees	395,000	392,704	429,743
Miscellaneous	39,000	1,499	161
Public relations committee, note 9	5,000	6,320	4,946
Provincial conference	65,950	81,910	93,475
Realized gain on investments	-	29,656	856
Unrealized (loss) gain on investments	-	(18,062)	24,285
	\$ 540,950	\$ 588,635	\$ 622,043