

PHARMACISTS MANITOBA INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016

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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, 2016, 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, 2016, 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 14, 2017

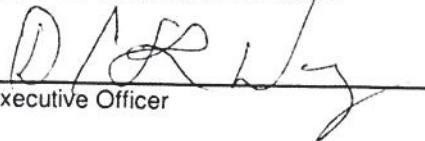



Certified Management Accountants Inc.

**PHARMACISTS MANITOBA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

<i>December 31,</i>	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 362,417	\$ 375,190
Trust fund, note 3	4,960	5,460
Accounts receivable	5,817	2,395
Prepaid expenses	17,554	15,373
	390,748	398,418
INVESTMENTS, note 5	241,046	219,514
PROPERTY AND EQUIPMENT, NOTE 6	26,690	33,582
	\$ 658,484	\$ 651,514
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 7	\$ 27,560	\$ 49,016
Deferred revenue, note 8	212,428	211,359
Deferred contributions - Public relations committee, note 9	10,320	26,164
Trust fund, note 3	4,960	5,460
Loan payable, note 10	4,028	-
	259,296	291,999
NET ASSETS		
Net investment in property and equipment, note 11	27,976	34,869
Internally restricted funds, note 11	1,949	1,949
Unrestricted surplus, note 11	369,263	322,697
	399,188	359,515
	\$ 658,484	\$ 651,514

Approved on behalf of the Board:


Executive Officer


Executive Officer

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, 2016**

	Net Investment in Property and Equipment	Internally Restricted Funds	Unrestricted Surplus	Total 2016	Total 2015
Beginning balance	\$ 34,869	\$ 1,949	\$ 322,697	\$ 359,515	\$ 357,771
Revenue in excess of expenditures	-	-	39,673	39,673	1,744
Purchase of property and equipment	1,228	-	(1,228)	-	-
Amortization of property and equipment	(8,121)	-	8,121	-	-
Ending balance	\$ 27,976	\$ 1,949	\$ 369,263	\$ 399,188	\$ 359,515

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, 2016**

	2016 Budget (Unaudited)	2016 Actual	2015
REVENUE, PAGE 12	\$ 649,594	\$ 672,366	\$ 730,659
EXPENDITURES			
Accounting and legal	12,500	18,054	22,520
Amortization of property and equipment	3,000	8,121	6,370
Bank charges	1,200	1,000	1,147
Communication journal	20,000	16,774	20,811
Computer	4,500	6,703	2,796
Conferences and meetings	24,000	23,754	30,277
Continuing education	3,000	5,025	13,283
Credit card charges	18,000	17,747	19,117
Donations	1,000	1,870	1,842
Finance and human resources committee	3,500	2,290	615
Government relations	5,000	230	1,966
Honoraria	19,000	14,875	17,615
Insurance	3,000	3,130	3,703
Interest and penalties	-	-	1,585
Investment management fees	3,000	3,349	3,361
Members' benefit program	20,000	20,937	22,612
Memberships and dues	3,250	5,075	3,224
Office	12,000	8,401	12,950
Postage and delivery	4,000	2,394	5,614
Printing	7,500	4,861	10,505
Provincial conference expense	110,550	100,644	118,251
Public relations committee, note 9	60,094	60,994	126,380
Rent and occupancy, note 13	26,000	25,878	23,419
Salaries, wages, and benefits	271,000	268,036	244,844
Telephone	6,500	6,658	6,441
Vehicle	5,000	4,358	6,176
Website	3,000	1,535	1,491
	649,594	632,693	728,915
REVENUE IN EXCESS OF EXPENDITURES	\$ -	\$ 39,673	\$ 1,744

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

**PHARMACISTS MANITOBA INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Revenue in excess of expenditures	\$ 39,673	\$ 1,744
Amortization of property and equipment	8,121	6,370
Realized gain on disposal of investments	(11,681)	(2,309)
Unrealized loss on investments	8,990	10,750
Changes in non-cash working capital items	(42,335)	39,064
CASH PROVIDED BY OPERATIONS	2,768	55,619
INVESTING		
Purchase of property and equipment	(1,228)	(23,747)
Long term investment net (additions) disposals	(18,841)	(3,395)
CASH USED IN INVESTING	(20,069)	(27,142)
Proceeds from long-term debt	22,853	-
Payments on long-term debt using administration fees	(18,825)	-
CASH PROVIDED BY FINANCING	4,028	-
CASH PROVIDED BY (USED IN) OPERATIONS, INVESTING AND FINANCING	(13,273)	28,477
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	380,650	352,173
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 367,377	\$ 380,650
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	362,417	375,190
Trust fund	\$ 4,960	\$ 5,460
	\$ 367,377	\$ 380,650

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

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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, 2016**

(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. TRUST FUND

The Organization 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:

	2016	2015
Receipts	\$ -	\$ -
Expenditures		
Scholarship	(500)	(500)
Expenditures in excess of receipts	(500)	(500)
Trust fund, beginning of year	5,460	5,960
Trust fund, end of year	\$ 4,960	\$ 5,460

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

4. 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.

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, 2016 is 59% (2015 - 54%). 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 losses of \$9,787 were recorded in 2016 (2015 - \$10,750).

Investment	2016	2015
Cash	\$ -	\$ 29,601
Asset Class		
Fixed Income	141,175	118,148
Equity	99,871	71,765
Total	\$ 241,046	\$ 219,514

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

6. PROPERTY AND EQUIPMENT

	2016			2015		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 28,675	\$ 28,606	\$ 69	\$ 27,779	\$ 22,645	\$ 5,134
Computer software	29,090	5,818	23,272	29,090	4,364	24,726
Furniture and fixtures	27,874	24,525	3,349	27,543	23,821	3,722
Leasehold improvements	1,200	1,200	-	1,200	1,200	-
Total	\$ 86,839	\$ 60,149	\$ 26,690	\$ 85,612	\$ 52,030	\$ 33,582

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Accrued professional fees	\$ 7,750	\$ 10,220
Goods and services tax	(942)	(3,835)
Provincial sales tax	9,792	26,854
Trade	10,960	15,777
Total	\$ 27,560	\$ 49,016

8. DEFERRED REVENUE

	2016	2015
Deferred conference income	\$ 20,486	\$ 13,250
Deferred membership revenue	191,642	197,809
Kaleigh Gregorash memorial	300	300
Total	\$ 212,428	\$ 211,359

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 2016, deferred contributions from 2015 of \$26,164 were recognized into income and the committee reported designated funds of \$10,000.

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. Total contributions received for the campaign in 2016 amounted to \$25,000.

Total public relations income was offset against expenses incurred of \$60,994, resulting in a surplus of \$170. This surplus has been deferred to 2017, thus reducing revenue recognized in 2016 respecting the Public Relations Committee from \$51,164 to \$50,994 as reported on the schedule of revenue (see page 12).

	2016	2015
Revenue		
Voluntary contributions deferred from prior year	\$ 10,048	\$ 6,126
Surplus deferred from prior year	16,116	11,370
Corporate contributions designated for current year	-	15,000
Public Affairs campaign - corporate contributions	25,000	100,000
	51,164	132,496
Expenditures		
Advertising	670	-
Office expense	6,666	869
Print media promotion	3,658	7,845
Radio promotion	-	6,024
TV promotion	-	3,956
Public Affairs campaign - office expense	-	686
Public Affairs campaign - coordinator fee	50,000	107,000
	60,994	126,380
Committee expenditures in excess of revenue	(9,830)	6,116
Funds designated to committee in current year	10,000	10,000
Surplus deferred to following year	170	16,116
Voluntary contributions collected current year and designated for following year	6,650	10,048
Corporate contributions collected current year and designated for following year	3,500	-
Total deferred contributions	\$ 10,320	\$ 26,164

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 is to be over a 24-month period, without interest, funded through the member CPBA administration fees.

The CPBA administration fee revenue (\$18,285), which is included in the Organization's 2016 surplus (revenue in excess of expenditures), has been advanced as 2016 repayment of the CPBA 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 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 administration fee revenue which was used to repay the CPBA loan as described in note 10 above.

13. LEASE COMMITMENTS

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 is \$9,371, increasing to \$9,585 for the period of March 2017 to February 2020. Additional rent on common area costs, parking, storage rental and certain utilities approximates \$950 per month and is payable on a monthly basis.

14. 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, 2016**

	2016 Budget (Unaudited)	2016	2015
Communication journal	\$ 30,000	\$ 28,451	\$ 32,918
Continuing education	15,000	9,064	25,876
Friends of pharmacy	1,000	870	745
Investment income	6,000	11,356	8,428
Membership fees	418,000	422,741	419,986
Miscellaneous	-	795	1,502
Public relations committee, note 9	50,094	50,994	116,380
Provincial conference	129,500	126,579	133,265
Realized gain (loss) on investments	-	11,681	2,309
Unrealized (loss) gain on investments	-	(8,990)	(10,750)
Member administration fees, note 10 & 12	-	18,825	-
	\$ 649,594	\$ 672,366	\$ 730,659