

PHARMACISTS MANITOBA INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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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, 2015, 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 control 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, 2015, 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 17, 2016

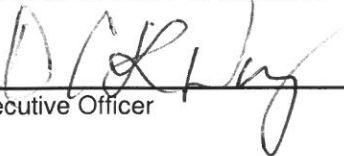


Certified Management Accountants Inc.


**PHARMACISTS MANITOBA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

<i>December 31,</i>	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 375,190	\$ 346,213
Trust fund, note 3	5,460	5,960
Accounts receivable	2,395	5,037
Prepaid expenses	15,373	104,340
	398,418	461,550
INVESTMENTS, note 4	219,514	224,560
PROPERTY AND EQUIPMENT, NOTE 5	33,582	16,205
	\$ 651,514	\$ 702,315
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 6	\$ 49,016	\$ 24,269
Deferred revenue, note 7	211,359	296,819
Deferred contributions - Public relations committee, note 8	26,164	17,496
Trust fund, note 3	5,460	5,960
	291,999	344,544
NET ASSETS		
Net investment in property and equipment, note 9	34,869	17,492
Internally restricted funds, note 9	1,949	6,314
Unrestricted surplus, note 9	322,697	333,965
	359,515	357,771
	\$ 651,514	\$ 702,315

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, 2015**

	Net Investment in Property and Equipment	Internally Restricted Funds	Unrestricted Surplus	Total 2015	Total 2014
Beginning balance	\$ 17,492	\$ 6,314	\$ 333,965	\$ 357,771	\$ 218,914
Revenue in excess of expenditures	-	-	1,744	1,744	138,857
Purchase of property and equipment	23,747	-	(23,747)	-	-
Amortization of property and equipment	(6,370)	-	6,370	-	-
Trademarking expenses for Medication Review Toolkit	-	(4,365)	4,365	-	-
Ending balance	\$ 34,869	\$ 1,949	\$ 322,697	\$ 359,515	\$ 357,771

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, 2015**

	2015 Budget (Unaudited)	2015 Actual	2014
REVENUE, PAGE 12	\$ 697,695	\$ 829,817	\$ 1,025,478
EXPENDITURES			
Accounting and legal	12,500	22,520	14,970
Amortization of property and equipment	3,000	6,370	2,248
Bank charges	2,000	1,147	1,149
Communication journal	15,300	20,811	19,176
Computer	12,000	2,796	3,519
Conferences and meetings	18,000	30,277	19,413
Continuing education	3,000	13,283	26,528
Credit card charges	14,450	19,117	17,915
Donations	1,000	1,842	1,030
Finance and human resources committee	3,500	615	1,283
Government relations	5,000	1,966	1,036
Honoraria	19,000	17,615	15,670
Insurance	3,000	3,703	3,006
Interest and penalties	-	1,585	-
Investment management fees	3,000	3,361	3,237
Members' benefit program	36,450	22,612	-
Memberships and dues	3,250	3,224	4,377
Members' malpractice insurance	79,610	99,158	190,265
Office	12,000	12,950	11,402
Postage and delivery	5,000	5,614	4,608
Printing	8,500	10,505	6,816
Provincial conference expense	100,000	118,251	102,739
Public relations committee, note 8	40,000	126,380	42,021
Rent and occupancy, note 10	25,000	23,419	22,353
Salaries, wages, and benefits	255,630	244,844	243,636
Smoking cessation project	-	-	113,659
Telephone	7,000	6,441	6,489
Vehicle	2,500	6,176	3,093
Website	4,000	1,491	4,983
	693,690	828,073	886,621
REVENUE IN EXCESS OF EXPENDITURES	\$ 4,005	\$ 1,744	\$ 138,857

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, 2015**

	2015	2014
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Revenue in excess of expenditures	\$ 1,744	\$ 138,857
Amortization of property and equipment	6,370	2,248
Realized gain on disposal of investments	(2,309)	(4,807)
Unrealized loss on investments	10,750	-
Changes in non-cash working capital items	39,064	(9,775)
CASH PROVIDED BY OPERATIONS	55,619	126,523
INVESTING		
Purchase of property and equipment	(23,747)	(13,321)
Long term investment net (additions) disposals	(3,395)	(8,486)
CASH USED IN INVESTING	(27,142)	(21,807)
CASH PROVIDED BY (USED IN) OPERATIONS AND INVESTING	28,477	104,716
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	352,173	247,457
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 380,650	\$ 352,173
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	375,190	346,213
Trust fund	\$ 5,460	\$ 5,960
	\$ 380,650	\$ 352,173

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

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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. Unless otherwise stated, the book value of the Organization's financial assets and liabilities approximate their fair value.

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 customers. 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, 2015**

(c) Revenue Recognition

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.

(d) Investments

The Organization recognizes its investments at fair value. Unrealized gains or losses are recognized in the statement of operations.

(e) 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

(f) 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.

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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:

	2015	2014
Receipts	\$ -	\$ -
Expenditures		
Scholarship	(500)	(500)
Bank charges	-	(79)
	\$ (500)	\$ (579)
Expenditures in excess of receipts	(500)	(579)
Trust fund, beginning of year	5,960	6,539
Trust fund, end of year	\$ 5,460	\$ 5,960

4. 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, 2015 is 54% (2014 - 57%). 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 \$10,750 were recorded in 2015 (2014 - Nil).

Investment	2015	2014
Cash	\$ 29,601	\$ 13,372
Asset Class		
Fixed Income	118,148	127,384
Equity	71,765	83,804
Total	\$ 219,514	\$ 224,560

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

5. PROPERTY AND EQUIPMENT

	2015			2014		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 27,779	\$ 22,645	\$ 5,134	\$ 25,120	\$ 21,245	\$ 3,875
Computer software	29,090	4,364	24,726	9,150	-	9,150
Furniture and fixtures	27,543	23,821	3,722	26,394	23,214	3,180
Leasehold improvements	1,200	1,200	-	1,200	1,200	-
Total	\$ 85,612	\$ 52,030	\$ 33,582	\$ 61,864	\$ 45,659	\$ 16,205

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Accrued professional fees	\$ 10,220	\$ 8,496
Goods and services tax	(3,835)	(2,272)
Provincial sales tax	26,854	-
Trade	15,777	18,045
Total	\$ 49,016	\$ 24,269

7. DEFERRED REVENUE

	2015	2014
Deferred conference income	\$ 13,250	\$ 12,500
Deferred membership revenue	197,809	284,019
Kaleigh Gregorash memorial	300	300
Total	\$ 211,359	\$ 296,819

**PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

8. 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 2015, deferred contributions from 2014 of \$17,496 were recognized into income and the committee reported both designated funds of \$10,000 and contributions totalling \$15,000. In addition, in 2015, the Public Relations Committee launched the 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 2015 amounted to \$100,000.

Total public relations income was offset against expenses incurred in the amount of \$126,380, resulting in a surplus of \$16,116. This surplus has been deferred to 2016, thus reducing revenue recognized in 2015 respecting the Public Relations Committee from \$132,496 to \$116,380 as reported on the schedule of revenue (see page 13)

	2015	2014
Revenue		
Voluntary contributions deferred from prior year	\$ 6,126	\$ 14,280
Surplus deferred from prior year	11,370	5,336
Corporate contributions designated for current year	15,000	22,500
Voluntary contributions designated for current year	-	1,275
Public Affairs campaign - corporate contributions	100,000	-
	132,496	43,391
Expenditures		
Miscellaneous	654	569
Office expense	215	740
Print media promotion	7,845	14,435
Public relations coordinator salary	-	1,000
Radio promotion	6,024	11,751
TV promotion	3,956	2,401
Health media network	-	500
Video productions	-	3,726
National Drug drop-off day	-	1,300
Billboard promotion	-	5,600
Public Affairs campaign - office expense	686	-
Public Affairs campaign - coordinator fee	107,000	-
	126,380	42,021
Committee expenditures in excess of revenue	6,116	1,370
Funds designated to committee in current year	10,000	10,000
Surplus deferred to following year	16,116	11,370
Voluntary contributions designated for following year	10,048	6,126
Total deferred contributions	\$ 26,164	\$ 17,496

PHARMACISTS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. 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.

10. LEASE COMMITMENTS

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.

11. SMOKING CESSATION PROJECT

In 2013, the Organization entered into an agreement with the Government of Manitoba for the launch of the Smoking Cessation project. The purpose of the project was to raise awareness as to the pharmacists' role as provider of smoking cessation services. The Organization's involvement in the project included planning, implementation and monitoring of the overall project. The Project was completed in December 2014 and therefore contributions received were fully recognized as income in that year as shown within the schedule of revenues (page 13).

12. 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, 2015**

	2015 Budget (Unaudited)	2015	2014
Communication journal	\$ 30,000	\$ 32,918	\$ 30,155
Continuing education	7,000	25,876	36,828
Friends of pharmacy	2,000	745	108
Investment income	11,000	10,737	13,617
Membership fees	476,695	519,144	624,132
Miscellaneous	-	1,502	30
Public relations committee, note 8	30,000	116,380	32,022
Provincial conference	141,000	133,265	140,664
Smoking cessations project, note 11	-	-	147,922
Unrealized gain (loss) on investments	-	(10,750)	-
	\$ 697,695	\$ 829,817	\$ 1,025,478