College of Pharmacists of Manitoba
Non-Consolidated Financial Statements
December 31, 2022

Contents

200 - 900 Lorimer Boulevard
Winnipeg, Manitoba R3P 2V4
Tel: (204) 284-7060
Fax: (204) 284-7105
www.bookeandpartners.ca

Independent Auditors' Report

To the Members of
College of Pharmacists of Manitoba

Opinion
We have audited the non-consolidated financial statements of College of Pharmacists of Manitoba (the "College"), which comprise the non-consolidated statement of financial position as at December 31, 2022, and the non-consolidated statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the College as at December 31, 2022, and the non-consolidated results of its operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion
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 Non-Consolidated Financial Statements* section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 opinion.

Other Information
Management is responsible for the other information which comprises the annual report. Our opinion on the non-consolidated 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 non-consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the College'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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Independent Auditors' Report - continued

Auditors' Responsibilities for the Audit of the Non-Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 non-consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated 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 control.

- Obtain an understanding of internal control 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 College's internal control.

- 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 College'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 non-consolidated 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 auditors' report. However, future events or conditions may cause the College to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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 control that we identify during our audit.

Booke & Partners

Winnipeg, Canada
March 23, 2023

Chartered Professional Accountants

College of Pharmacists of Manitoba
Non-Consolidated Statement of Revenues and Expenses

Year ended December 31	**2022 Budget (Unaudited)**	**2022 Actual**	2021 Actual
Revenues			
Pharmacist fees	$ 1,663,684	**$ 1,759,092**	$ 1,707,249
Pharmacy fees	913,437	**1,079,499**	1,048,798
Pharmacy technician fees	31,449	**34,719**	36,611
Other income	32,984	**58,054**	35,522
Fines and cost recovery	-	**163,143**	6,116
Investment income, net	55,000	**98,069**	99,588
Manitoba Prescribing Practices Program (M3P)	95,200	**85,473**	75,865
	2,791,754	**3,278,049**	3,009,749
Expenses			
Payroll, taxes and employee benefits	1,758,359	**1,810,344**	1,596,910
Regulatory operations	504,685	**418,007**	285,995
Complaints and discipline proceedings	451,350	**432,214**	270,727
Meetings, conferences and travel	150,339	**173,173**	106,336
Computer, IT, equipment and telephone	133,411	**117,354**	85,310
Building operations	322,127	**78,048**	64,777
NAPRA levy	66,856	**64,042**	64,042
Awards and contributions	17,742	**2,327**	32,851
Manitoba Prescribing Practices Program (M3P)	95,200	**85,473**	75,865
	3,500,069	**3,180,982**	2,582,813
Excess (deficiency) of revenues over expenses before other items	(708,315)	**97,067**	426,936
Other items			
Unrealized (loss) gain on marketable securities	-	**(567,384)**	170,739
Amortization (Note 4)	(45,398)	**(35,186)**	(35,822)
Loss from DIA Management Group Ltd. (Note 6)	-	**(2,121)**	(473)
	(45,398)	**(604,691)**	134,444
(Deficiency) excess of revenues over expenses	$ (753,713)	**$ (507,624)**	$ 561,380

See accompanying notes to the non-consolidated financial statements.

College of Pharmacists of Manitoba
Non-Consolidated Statement of Changes in Net Assets
Year ended December 31

	Invested in capital assets	Unrestricted	Internally restricted (Note 7)	Total 2022	Total 2021
Balance, beginning of year	$ 113,094	$ 3,139,060	$ 900,000	**$ 4,152,154**	$ 3,590,774
(Deficiency) excess of revenues over expenses	(35,186)	(472,438)	-	**(507,624)**	561,380
Purchase of capital assets	18,561	(18,561)	-	**-**	-
Balance, end of year	$ 96,469	$ 2,648,061	$ 900,000	**$ 3,644,530**	$ 4,152,154

See accompanying notes to the non-consolidated financial statements.

College of Pharmacists of Manitoba
Non-Consolidated Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash	**$ 422,226**	$ 2,391,427
Marketable securities (Note 3)	**4,342,462**	3,296,903
Accounts receivable	**72,228**	57,407
Prepaid expenses	**52,017**	7,115
	4,888,933	5,752,852
Capital assets (Note 4)	**96,469**	113,094
Due from DIA Management Group Ltd. (Note 5)	**439,263**	216,431
Investment in DIA Management Group Ltd. (Note 6)	**926,620**	928,741
	$ 6,351,285	$ 7,011,118
Liabilities		
Current		
Accounts payable and accruals	**$ 103,687**	$ 185,913
Government remittances payable	**20,288**	113,054
Deferred fee revenue	**2,582,780**	2,559,997
	2,706,755	2,858,964
Net Assets		
Invested in capital assets (Note 4)	**96,469**	113,094
Unrestricted	**2,648,061**	3,139,060
Internally restricted (Note 7)	**900,000**	900,000
	3,644,530	4,152,154
	$ 6,351,285	$ 7,011,118

Commitments (Note 8)

Contingent liability (Note 9)

Approved by Council

Jane Lamont ______________ Councillor

______________ Councillor

See accompanying notes to the non-consolidated financial statements.

College of Pharmacists of Manitoba
Non-Consolidated Statement of Cash Flows

Year ended December 31	**2022**	2021
Cash derived from (applied to):		
Operating		
(Deficiency) excess of revenues over expenses	**$ (507,624)**	$ 561,380
Adjustments for		
Amortization	**35,186**	35,822
Unrealized loss (gain) on marketable securities	**567,384**	(170,739)
	94,946	426,463
Change in non-cash operating working capital items		
Accounts receivable	**(14,821)**	16,105
Prepaid expenses	**(44,902)**	(2,039)
Accounts payable and accruals	**(82,228)**	20,677
Government remittances payable	**(92,766)**	(5,754)
Deferred fee revenue	**22,783**	49,042
	(116,988)	504,494
Financing		
Advances to DIA Management Group Ltd. (Note 6)	**(222,832)**	-
Investing		
Purchase of capital assets	**(18,561)**	(11,058)
Investment in DIA Management Group Ltd.	**2,121**	473
Purchase of marketable securities	**(3,536,599)**	(214,338)
Proceeds on sale of marketable securities	**1,923,658**	846,598
	(1,629,381)	621,675
Net (decrease) increase in cash	**(1,969,201)**	1,126,169
Cash		
Beginning of year	**2,391,427**	1,265,258
End of year	**$ 422,226**	$ 2,391,427

See accompanying notes to the non-consolidated financial statements.

1. Nature of operations

The College of Pharmacists of Manitoba (the College) was established in 1878. Under the Pharmaceutical Act (the Act), in the Province of Manitoba, it is the body corporate that is responsible to regulate the pharmacy profession. It administers the Act and is responsible for licensing pharmacists and pharmacies, establishing practice standards and Code of Ethics, complaint investigation and discipline, monitoring continuing education of pharmacists and setting qualifications for pharmacy technicians. The College works to ensure pharmacy professionals provide safe and ethical practice and upholds the public interest with respect to the practice of pharmacy. As a not-for-profit organization, the College is exempt from income tax on its earnings under Section 149(1) of the Income Tax Act.

2. Summary of significant accounting policies

These non-consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

(a) Fund accounting

The College maintains the following separate funds:

The **Unrestricted Fund** is used to record the operating revenues and expenses of the College.

The **Invested in Capital Assets Fund** is used to record the revenues and expenses related to capital assets held by the College.

The **Internally Restricted Fund** is used to reflect funds set aside to cover unanticipated expenses related to, for example, unforeseen legal, renovation and information technology costs.

(b) Investments

Investments are comprised of fixed income and equity securities. Fixed income and equity securities are initially recognized and subsequently measured at fair value. Purchases and sales of investments are recognized, and derecognized, using settlement date accounting. Changes in fair value are included in the statement of operations. Cumulative changes are recognized in the statement of operations when gains and losses are realized through disposition.

(c) Capital assets

Capital assets are recorded at cost. The College provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Office equipment	5 - 10 years
Renovations and leasehold improvements	5 - 10 years
Computer hardware	3 - 4 years
Computer software	3 - 5 years

2. Summary of significant accounting policies - continued

(d) Investment in DIA Management Group Ltd.

The College purchased 100% of the outstanding shares of DIA Management Group Ltd. (DIA) on June 30, 2008 for the sole purpose of acquiring the ownership of the land and building located at 200 Taché Avenue in the City of Winnipeg. The investment is recorded using the equity method where income or losses of DIA are recorded in the Statement of Revenues and Expenses with a corresponding adjustment to the cost of the investment.

(e) Revenue recognition

Revenue from pharmacist fees, pharmacy fees, and pharmacy technician fees are typically collected in advance of the subsequent year to which they relate and as such revenue from these fees are recorded as deferred revenue until such time as the related period occurs.

Other income, fines and cost recovery, investment income and Manitoba Prescribing Practices Program (M3P) revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(f) Allocated expenses

The College administers the Manitoba Prescribing Practices Program (M3P) under a purchase service agreement on behalf of the Manitoba government. The College allocates certain of its general support expenses to the Manitoba Prescribing Practices Program (M3P) by identifying the appropriate basis of allocating each component of expense, and applies that basis consistently each year in accordance with applicable contribution agreements. Wages and benefits of a designated employee are allocated to M3P at a rate of 60%, and other operating expenses are allocated using predetermined amounts.

(g) Foreign currency transactions

The College has investments denoted in a foreign currency. The College translates all of its foreign currency transactions using the temporal method. Cash and investments are translated at the exchange rate in effect at year end. Investment income is translated at average year rates. Exchange gains and losses are included in investment income.

(h) Contributed materials and services

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the College’s operations and would otherwise have been purchased.

The College cannot reasonably estimate the number of volunteer hours per year to assist the College in carrying out its governance activities.

2. Summary of significant accounting policies - continued

(i) **Accounting estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(j) **Financial instruments**

The College recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument.

Financial instruments are initially recorded at fair value with subsequent reporting at amortized cost, with the exception of equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of revenues and expenses.

Unless otherwise noted, it is management's opinion that the College is not exposed to significant credit or liquidity risk arising from its financial instruments.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College is exposed to currency risk through its holdings of foreign securities within the marketable securities portfolio.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the College manages exposure through its normal operating and financing activities. The College is exposed to interest rate risk primarily through its marketable securities.

Price risk refers to the adverse consequences of changes in market prices in the College's cash flows, financial position and revenue. This risk arises from equity securities which have similar characteristics or obey similar variations relating to economic or political conditions. The College is exposed to market rate risk as it holds significant investments in equity securities which are traded in an active market.

3. Marketable securities

	2022 Cost	**2022 Market**	2021 Cost	2021 Market
Common shares	**$ 1,073,343**	**$ 1,001,043**	$ 577,846	$ 720,199
Fixed income	**2,073,832**	**2,030,155**	1,271,314	1,302,056
Mutual funds	**478,949**	**478,949**	49,407	49,407
Preferred shares	**544,399**	**454,970**	800,670	889,635
Foreign securities	**419,034**	**377,345**	277,377	335,606
	$ 4,589,557	**$ 4,342,462**	$ 2,976,614	$ 3,296,903

The marketable securities are on account with RBC Dominion Securities. Interest rates on fixed income ranges from 1.00% to 5.30% (2021 - 1.38% to 5.00%) and the related securities mature between March 3, 2023 and June 1, 2030.

4. Capital assets

	Cost	**Accumulated amortization**	**2022 Net Book Value**	2021 Net Book Value
Office equipment	**$ 147,611**	**$ 123,692**	**$ 23,919**	$ 35,649
Renovations and leasehold improvements	**312,471**	**285,654**	**26,817**	31,960
Computer hardware	**82,067**	**63,601**	**18,466**	7,977
Computer software	**117,721**	**90,454**	**27,267**	37,508
	$ 659,870	**$ 563,401**	**$ 96,469**	$ 113,094

Amortization expenses:

	2022 Budget (Unaudited)	**2022 Actual**	2021 Actual
Office equipment	$ 9,690	**$ 11,730**	$ 14,409
Renovations and leasehold improvements	19,863	**5,144**	5,436
Computer hardware	4,998	**8,071**	5,881
Computer software	10,847	**10,241**	10,096
	$ 45,398	**$ 35,186**	$ 35,822

5. Due from DIA Management Group Ltd.

The amounts due from DIA Management Group Ltd. arose from cash advances. The advances bear no interest, are unsecured and have no repayment terms.

During the year, the College paid $12 (2021 - $12) in rent to DIA Management Group Ltd. This transaction is in the normal course of operations and is measured at the exchange amount agreed to by both parties.

6. Investment in DIA Management Group Ltd.

DIA Management Group Ltd. (DIA) is a wholly-owned subsidiary of the College. DIA was incorporated under the Corporations Act of Manitoba on March 26, 1991. Its only business activity is the ownership of the College of Pharmacists of Manitoba building, 200 Taché Avenue, Winnipeg, Manitoba. DIA has not been consolidated in these financial statements. The College accounts for its investment in DIA using the equity method where the share of income or loss is recorded as part of the cost of the investment.

Financial summaries of this non-consolidated entity as at December 31, 2022 and December 31, 2021 and for the years then ended are as follows:

	2022	2021
Financial position		
Total assets	**$ 502,692**	$ 281,981
Total liabilities	**(441,263)**	(218,431)
Shareholder's equity	**$ 61,429**	$ 63,550
Results of operations		
Total revenue	**$ 12**	$ 12
Total expenses	**(2,133)**	(485)
Net loss	**$ (2,121)**	$ (473)

7. Internally restricted

The College has internally restricted net assets totalling $900,000 for legal services, building and property sustainability and information technology/data management sustainability.

8. Commitments

The College entered into an operating lease for mailing equipment in 2018 and a service agreement for data management in 2022. In addition, the College signed a one year consulting services agreement in 2022 which will commence in 2023. The College's minimum payments in 2023 are $87,786.

9. Contingent liability

As at December 31, 2022, there is a claim pending against the College. The liability and exposure to the College is unknown at the date of the audit report. Legal counsel is defending the claim on behalf of the College. The College maintains insurance to cover damages if incurred as a result of the proceeding. It is the opinion of management that this matter will not materially affect the financial position of the College.