

College of Pharmacists of Manitoba
Non-Consolidated Financial Statements
December 31, 2023

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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, 2023, 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, 2023, 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.



Winnipeg, Canada
March 21, 2024

Chartered Professional Accountants

College of Pharmacists of Manitoba
Non-Consolidated Statement of Revenues and Expenses
Year ended December 31

	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Revenues			
Pharmacist fees	\$ 1,681,073	\$ 1,772,352	\$ 1,759,092
Pharmacy fees	987,402	1,111,918	1,079,499
Pharmacy technician fees	34,449	36,457	34,719
Other income	33,484	40,802	58,054
Fines and cost recovery	-	3,299	163,143
Investment income, net	55,000	255,277	98,069
Manitoba Prescribing Practices Program (M3P)	<u>95,200</u>	<u>93,196</u>	<u>85,473</u>
	<u>2,886,608</u>	<u>3,313,301</u>	<u>3,278,049</u>
Expenses			
Payroll, taxes and employee benefits	1,919,447	1,851,517	1,810,344
Regulatory operations	650,203	455,094	418,007
Complaints and discipline proceedings	452,217	536,976	432,214
Meetings, conferences and travel	175,287	135,771	173,173
Computer, IT, equipment and telephone	267,893	125,005	117,354
Building operations	123,659	71,901	78,048
NAPRA levy	66,856	67,244	64,042
Awards and contributions	22,087	9,775	2,327
Manitoba Prescribing Practices Program (M3P)	<u>95,200</u>	<u>93,196</u>	<u>85,473</u>
	<u>3,772,849</u>	<u>3,346,479</u>	<u>3,180,982</u>
(Deficiency) excess of revenues over expenses before other items	<u>(886,241)</u>	<u>(33,178)</u>	<u>97,067</u>
Other items			
Unrealized gain (loss) on marketable securities	-	41,060	(567,384)
Amortization (Note 4)	(46,306)	(47,200)	(35,186)
Loss from DIA Management Group Ltd. (Note 6)	<u>-</u>	<u>(1,635)</u>	<u>(2,121)</u>
	<u>(46,306)</u>	<u>(7,775)</u>	<u>(604,691)</u>
Deficiency of revenues over expenses	<u>\$ (932,547)</u>	<u>\$ (40,953)</u>	<u>\$ (507,624)</u>

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 2023	Total 2022
Balance, beginning of year	\$ 96,469	\$ 2,648,061	\$ 900,000	\$ 3,644,530	\$ 4,152,154
(Deficiency) excess of revenues over expenses	(47,200)	6,247	-	(40,953)	(507,624)
Purchase of capital assets	<u>125,787</u>	<u>(125,787)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 175,056</u>	<u>\$ 2,528,521</u>	<u>\$ 900,000</u>	<u>\$ 3,603,577</u>	<u>\$ 3,644,530</u>

See accompanying notes to the non-consolidated financial statements.

College of Pharmacists of Manitoba
Non-Consolidated Statement of Financial Position
December 31

2023

2022

Assets

Current

Cash	\$ 888,960	\$ 422,226
Marketable securities (Note 3)	3,988,820	4,342,462
Accounts receivable	48,712	72,228
Prepaid expenses	7,942	52,017

4,934,434 4,888,933

Capital assets (Note 4)

175,056 96,469

Due from DIA Management Group Ltd. (Note 5)

521,671 439,263

Investment in DIA Management Group Ltd. (Note 6)

924,985 926,620

\$ 6,556,146 **\$ 6,351,285**

Liabilities

Current

Accounts payable and accruals	\$ 117,775	\$ 103,687
Government remittances payable	4,251	20,288
Deferred fee revenue	2,830,543	2,582,780

2,952,569 2,706,755

Net Assets

Invested in capital assets (Note 4)

175,056 96,469

Unrestricted

2,528,521 2,648,061

Internally restricted (Note 7)


900,000 900,000

3,603,577 3,644,530

\$ 6,556,146 **\$ 6,351,285**

Commitments (Note 8)

Approved by Council

 _____ 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

	2023	2022
Cash derived from (applied to):		
Operating		
Deficiency of revenues over expenses	\$ (40,953)	\$ (507,624)
Adjustments for		
Amortization	47,200	35,186
Unrealized (gain) loss on marketable securities	<u>(41,060)</u>	<u>567,384</u>
	(34,813)	94,946
Change in non-cash operating working capital items		
Accounts receivable	23,516	(14,821)
Prepaid expenses	44,075	(44,902)
Accounts payable and accruals	14,088	(82,228)
Government remittances payable	(16,037)	(92,766)
Deferred fee revenue	<u>247,763</u>	<u>22,783</u>
	278,592	(116,988)
Financing		
Advances to DIA Management Group Ltd.	<u>(82,408)</u>	<u>(222,832)</u>
Investing		
Purchase of capital assets	(125,787)	(18,561)
Investment in DIA Management Group Ltd.	1,635	2,121
Purchase of marketable securities	(2,374,224)	(3,536,599)
Proceeds on sale of marketable securities	<u>2,768,926</u>	<u>1,923,658</u>
	270,550	(1,629,381)
Net increase (decrease) in cash	466,734	(1,969,201)
Cash		
Beginning of year	<u>422,226</u>	<u>2,391,427</u>
End of year	<u>\$ 888,960</u>	<u>\$ 422,226</u>

See accompanying notes to the non-consolidated financial statements.

College of Pharmacists of Manitoba
Notes to the Non-Consolidated Financial Statements
December 31, 2023

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

College of Pharmacists of Manitoba
Notes to the Non-Consolidated Financial Statements
December 31, 2023

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.

College of Pharmacists of Manitoba
Notes to the Non-Consolidated Financial Statements
December 31, 2023

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.

Management believes these risks are manageable and do not represent a threat to the College's ability to continue as a going concern.

College of Pharmacists of Manitoba
Notes to the Non-Consolidated Financial Statements
December 31, 2023

3. Marketable securities

	<u>2023</u> <u>Cost</u>	<u>2023</u> <u>Market</u>	<u>2022</u> <u>Cost</u>	<u>2022</u> <u>Market</u>
Common shares	\$ 850,135	\$ 946,262	\$ 826,248	\$ 1,001,043
Fixed income	1,856,440	1,822,525	2,073,832	2,030,155
Mutual funds	646,204	646,204	478,949	478,949
Preferred shares	441,249	368,920	544,399	454,970
Foreign securities	194,792	204,909	419,034	377,345
	<u>\$ 3,988,820</u>	<u>\$ 3,988,820</u>	<u>\$ 4,342,462</u>	<u>\$ 4,342,462</u>

The marketable securities are on account with RBC Dominion Securities. Interest rates on fixed income ranges from 1.58% to 5.45% (2022 - 1.00% to 5.30%) and the related securities mature between January 22, 2024 and June 1, 2030.

4. Capital assets

	<u>Cost</u>	<u>Accumulated</u> <u>amortization</u>	<u>2023</u> <u>Net Book</u> <u>Value</u>	<u>2022</u> <u>Net Book</u> <u>Value</u>
Office equipment	\$ 151,391	\$ 133,437	\$ 17,954	\$ 23,919
Renovations and leasehold improvements	312,471	290,798	21,673	26,817
Computer hardware	99,074	75,177	23,897	18,466
Computer software	222,721	111,189	111,532	27,267
	<u>\$ 785,657</u>	<u>\$ 610,601</u>	<u>\$ 175,056</u>	<u>\$ 96,469</u>

Amortization expenses:

	2023 Budget (Unaudited)	<u>2023</u> <u>Actual</u>	2022 Actual
Office equipment	\$ 9,884	\$ 9,745	\$ 11,730
Renovations and leasehold improvements	30,700	5,144	5,144
Computer hardware	5,098	11,576	8,071
Computer software	624	20,735	10,241
	<u>\$ 46,306</u>	<u>\$ 47,200</u>	<u>\$ 35,186</u>

College of Pharmacists of Manitoba
Notes to the Non-Consolidated Financial Statements
December 31, 2023

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 (2022 - \$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, 2023 and December 31, 2022 and for the years then ended are as follows:

	<u>2023</u>	<u>2022</u>
Financial position		
Total assets	\$ 583,465	\$ 502,692
Total liabilities	<u>(523,671)</u>	<u>(441,263)</u>
Shareholder's equity	<u>\$ 59,794</u>	<u>\$ 61,429</u>
Results of operations		
Total revenue	\$ 12	\$ 12
Total expenses	<u>(1,647)</u>	<u>(2,133)</u>
Net loss	<u>\$ (1,635)</u>	<u>\$ (2,121)</u>

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 and a service agreement for data management in 2023. In addition, the College signed a one year consulting services agreement in 2023. The College's minimum payments in 2024 are \$160,193.
