The Pharmacy Association of Saskatchewan

Financial Statements

September 30, 2023

Management's Responsibility

To the Members of The Pharmacy Association of Saskatchewan:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

December 19, 2023

Chief Executive Officer

To the Members of The Pharmacy Association of Saskatchewan:

Opinion

We have audited the financial statements of The Pharmacy Association of Saskatchewan (the "Association"), which comprise the statement of financial position as at September 30, 2023, and 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 the Association as at September 30, 2023, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 opinion.

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 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.

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

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

Auditor's 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 auditor's 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 judgment 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 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association 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 control that we identify during our audit.

Regina, Saskatchewan

MNP LLP

December 19, 2023

Chartered Professional Accountants

MNP

The Pharmacy Association of Saskatchewan
Statement of Financial Position
As at September 30, 2023

	2023	*2022*
Assets		
Current		
Cash	**1,698,424**	1,258,888
Restricted cash *(Note 6)*	**400,000**	168,066
Accounts receivable	**43,172**	44,253
Marketable securities *(Note 3)*	**534,647**	512,267
Prepaid expenses	**10,557**	8,056
	2,686,800	1,991,530
Capital assets *(Note 4)*	**2,801**	5,158
Intangible assets *(Note 5)*	**-**	8,004
Long-term Investments *(Note 3)*	**23,549**	28,742
	2,713,150	2,033,434
Liabilities		
Current		
Accounts payable	**41,508**	69,636
Goods and services tax payable	**7,108**	7,585
Unearned membership fees	**352,735**	348,325
Deferred grant revenue	**8,714**	-
Deferred revenue - Safe Medication Disposal Fund *(Note 6)*	**400,000**	168,066
	810,065	593,612
Long-term debt *(Note 7)*	**-**	60,000
	810,065	653,612
Net Assets		
Invested in capital and intangible assets	**2,801**	13,162
Unrestricted net assets	**1,900,284**	1,366,660
	1,903,085	1,379,822
	2,713,150	2,033,434

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

The Pharmacy Association of Saskatchewan
Statement of Operations
For the year ended September 30, 2023

	2023	*2022*
Revenue		
Prescription deductions	**749,840**	731,900
Membership fees	**474,625**	484,148
Conference	**107,148**	77,884
Insurance sponsorships	**94,844**	92,819
Other	**27,693**	40,590
	1,454,150	1,427,341
Operating expenses *(Schedule 1)*	**937,097**	779,941
	517,053	647,400
Board and Committee costs		
Board of directors	**33,479**	80,770
Chair	**3,600**	2,302
Conference committee	**-**	1,103
Economics committee	**750**	2,036
	37,829	86,211
Excess of revenue over expenses before other items	**479,224**	561,189
Other items		
Interest income	**22,320**	25,339
Government assistance	**20,000**	(20,000)
Unrealized gain (loss) on investments	**1,719**	(53,816)
Safe Medication Disposal Initiative revenue	**368,066**	31,934
Safe Medication Disposal Initiative expenses	**(368,066)**	(31,934)
	44,039	(48,477)
Excess of revenue over expenses	**523,263**	512,712

The accompanying notes are an integral part of these financial statements

The Pharmacy Association of Saskatchewan
Statement of Changes in Net Assets
For the year ended September 30, 2023

	Invested in capital and intangible assets	***Unrestricted net assets***	***2023***	*2022*
Net assets, beginning of year	**13,162**	**1,366,660**	**1,379,822**	867,110
Excess of revenue over expenses	**-**	**523,263**	**523,263**	512,712
Amortization	**(11,257)**	**11,257**	**-**	-
Purchase of capital asset	**896**	**(896)**	**-**	-
Net assets, end of year	**2,801**	**1,900,284**	**1,903,085**	1,379,822

The accompanying notes are an integral part of these financial statements

The Pharmacy Association of Saskatchewan
Statement of Cash Flows
For the year ended September 30, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**523,263**	512,712
Amortization	**11,257**	18,840
(Gain) loss resulting from change in fair value of financial instruments	**(1,719)**	53,816
Government assistance - forgiveness of debt	**(20,000)**	20,000
	512,801	605,368
Changes in working capital accounts		
Accounts receivable	**1,081**	27,219
GST payable	**(471)**	3,635
Prepaid expenses	**(2,501)**	(3,500)
Accounts payable and accruals	**(28,134)**	(35,622)
Deferred grant revenue	**240,648**	168,066
Unearned revenue	**4,410**	(8,074)
	727,834	757,092
Financing		
Repayment of long-term debt	**(40,000)**	-
Investing		
Purchase of capital assets	**(896)**	(442)
Net purchase of investments	**(15,468)**	(18,610)
	(16,364)	(19,052)
Increase in cash resources	**671,470**	738,040
Cash resources, beginning of year	**1,426,954**	688,914
Cash resources, end of year	**2,098,424**	1,426,954
Cash resources are composed of:		
Cash	**1,698,424**	1,258,888
Restricted cash total	**400,000**	168,066
	2,098,424	1,426,954

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The Pharmacy Association of Saskatchewan (the "Association"), formerly the Representative Board of Saskatchewan Pharmacists, was incorporated under The Non-Profit Corporations Act, 1995 on June 26, 2001. The Association is a non-profit, provincially based association, governed by a volunteer Board of Directors and acts as an advocate for Saskatchewan Pharmacies and Pharmacists. Under present legislation, no income taxes are payable on the income of such corporations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Years
Computer equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

Intangible asset

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at a rate intended to amortize the cost of intangible asset over its estimated useful life.

	Method	***Rate***
Membership database		5 years

When an intangible asset no longer contributes to the Organization’s ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible asset is less than its net carrying amount, its carrying amount is written down to fair value.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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. Government assistance is recognized as revenue when the Association becomes entitled to receive it.

Membership fees are recognized on a straight-line basis over the term of the membership, which runs from July 1 - June 30. Prescription deductions, insurance sponsorships and investment income are recognized as revenue when earned. Restricted government grants, mailing subscriptions, newsletters, seminars and conference revenues are recognized when the related expenditures are incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. Marketable securities/portfolio investments and long-term investments have been designated to be subsequently measured at their fair value. Fair value is determined by values quoted in an active market. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group or there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

3. Marketable Securities

	2023	*2022*
Current		
Cash	**953**	1,625
Cash equivalent	**49,835**	24,254
Bond funds	**290,113**	280,359
Preferred share funds	**15,457**	11,049
Equity funds	**135,849**	140,417
Other funds	**27,332**	54,563
Preferred shares, yielding 4.75%, matures September 2024	**15,108**	-
	534,647	512,267
Long term		
Preferred shares, yielding 4.75%, matures September 2024	**-**	13,578
Canadian bank autocallable notes, maturing February 2029 - October 2029	**23,549**	15,164
	23,549	28,742
	558,196	541,009

4. Capital assets

	Cost	***Accumulated amortization***	***2023 Net book value***	*2022 Net book value*
Computer equipment	**65,290**	**63,726**	**1,564**	2,652
Furniture and fixtures	**39,459**	**38,222**	**1,237**	2,506
Leasehold improvements	**36,929**	**36,929**	**-**	-
	141,678	**138,877**	**2,801**	5,158

5. Intangible assets

	2023	*2022*
Intangible assets having definite lives		
Membership database	**-**	8,004

Amortization of $8,004 (2022 – $5,842), related to intangible assets with definite lives, is included in current year excess of revenue over expenses.

6. Safe Medication Disposal Fund/Restricted Cash

In May 2022, the Association entered into an agreement with the Ministry of Health to coordinate a campaign of action within the Province of Saskatchewan's Pillars for Life suicide prevention plan by providing pharmacies with the support to safely dispose of expired medications to reduce the risk of overdose.

The program runs from May 1, 2022 until March 31, 2024. The Association is responsible for the payment of all expenses incurred in providing the services. All funds received under the program are restricted for the purpose of carrying out the directives within the agreement. Any unspent funds will be repayable to the Ministry as at March 31, 2024. Total funding expected to be received over the lifetime of the contact is $800,000.

	2023	*2022*
Deferred revenue, beginning of year	**168,066**	-
Funding received during the year	**200,000**	200,000
Program expenses incurred during the year	**(368,066)**	(31,934)
Funding received, related to fiscal 2024	**400,000**	-
Deferred revenue - Safe Medication Disposal Fund	**400,000**	168,066

7. Long-term debt

The Association secured a $60,000 interest-free loan from Scotia Bank through the Canada Emergency Business Account (CEBA) program to support the Organization during the COVID-19 pandemic. Repayment of the balance of the loan on or before December 31, 2023 results in loan forgiveness of 33% or $20,000 of the loan. $40,000 was paid during the fiscal year, resulting in loan forgiveness of $20,000 included in other income.

8. Commitments

The Association, through the normal course of operations, has entered into a number of long term commitments including the rental of its office space, a printer, and phones. The total minimum lease payments for the next five years are as follows:

2024	48,583
2025	48,583
2026	48,583
2027	48,415
2028	10,171
	204,335

The Association has also entered into a commitment with Continuing Professional Development for Pharmacy Professionals (CPDPP) to fund the updating and online hosting of education modules pertaining to the Partnership to Assist in Cessation of Tobacco. The Association agreed to pay CPDPP $4,500 to help fund the updating and delivery design of the online modules, which became payable when the modules were ready to be live on the online platform in February 2019. The Association has also agreed to pay CPDPP a fee of $3 per participant registration to help fund the costs associated with the online hosting, registration and reporting requirements. This commitment was signed and effective as of July 2018 and is to remain in effect until modified or terminated by one of the parties by mutual consent.

9. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments.

Credit concentration

Accounts receivable from one organization represents 69% (2022 - one organization representing 87%) of total accounts receivable as at September 30, 2023. The Organization believes that there is minimal risk associated with the collection of these amounts. The Organization performs regular credit assessments and provides allowances for potentially uncollectible accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit and lease office equipment from various creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Association's future net cash flows for the possibility of a negative cash flow. The Association manages the liquidity risk resulting from its trade payables and accruals and leases by monitoring its cash and short term investments.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

The Pharmacy Association of Saskatchewan
Schedule 1 - Schedule of Operating expenses
For the year ended September 30, 2023
(Unaudited)

	2023	*2022*
Operating expenses		
Advertising	**21,333**	32,857
Amortization	**11,257**	18,840
Annual conference	**94,597**	44,283
Bank charges and interest	**6,621**	6,725
Building occupancy	**42,261**	44,477
CEO	**6,007**	11,731
Communication service expenses	**8,137**	6,127
Contracted services	**131,065**	110,326
Credit card charges	**31,631**	22,904
Director of pro practice	**2,766**	5,200
Member assistance program	**29,904**	20,053
Member relations	**9,157**	10,190
Office	**55,835**	46,432
Professional fees	**54,392**	34,263
Salaries and benefits	**430,317**	364,438
Subscriptions	**1,817**	1,095
	937,097	779,941