



Financial Statements

College of Pharmacists of British Columbia

February 28, 2015

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Independent Auditor's Report

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To the Board of Directors of
College of Pharmacists of British Columbia

We have audited the accompanying financial statements of the College of Pharmacists of British Columbia (the "College"), which comprise the statement of financial position as at February 28, 2015 and the statement of changes in net assets, statement of revenue and expenditures, and statement of 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 control relevant to the College'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 College's internal control. 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 in our audit 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 the College of Pharmacists of British Columbia as at February 28, 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.

Vancouver, Canada
June 18, 2015

Grant Thornton LLP

Chartered Accountants

College of Pharmacists of British Columbia

Statement of Financial Position

February 28

2015

2014

Assets

Current

Cash and cash equivalents	\$ 1,313,722	\$ 1,448,426
Investments (Note 3)	9,697,454	10,181,286
Receivables (Note 4)	292,485	228,926
Prepays and deposits	<u>165,427</u>	<u>77,975</u>

11,469,088 11,936,613

Investment in College Place joint venture (Note 5)	1,596,161	1,645,785
Development costs (Note 6)	98,996	75,460
Property and equipment (Note 7)	<u>737,323</u>	<u>506,433</u>

\$ 13,901,568 **\$ 14,164,291**

Liabilities

Current

Payables and accruals (Note 8)	\$ 1,280,914	\$ 860,659
Current portion of capital lease obligations (Note 9)	20,266	16,838
Deferred revenue (Note 10)	2,921,009	2,991,724
Deferred contributions (Note 11)	<u>366,685</u>	<u>616,685</u>

4,588,874 4,485,906

Capital lease obligations (Note 9)	<u>80,850</u>	<u>101,116</u>
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4,669,724 4,587,022

Net assets

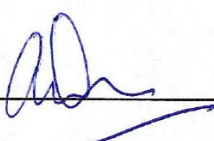
Invested in property and equipment	636,207	388,479
Restricted building fund	140,589	287,067
Other risks reserve	500,000	500,000
Joint venture reserve	200,000	200,000
Unrestricted net assets	<u>7,755,048</u>	<u>8,201,723</u>

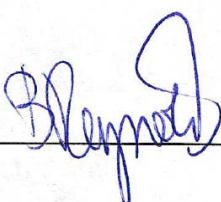
9,231,844 9,577,269

\$ 13,901,568 **\$ 14,164,291**

Contingencies (Note 13)

On behalf of the Board:

 _____ Director

 _____ Director

College of Pharmacists of British Columbia

Statement of Changes in Net Assets

Year ended February 28, 2015

	Invested in Property and Equipment	Restricted Building Fund	Other Risks Reserve	Joint Venture Reserve	Unrestricted	2015 Total	2014 Total
Balance, beginning of year	\$ 388,479	\$ 287,067	\$ 500,000	\$ 200,000	\$ 8,201,723	\$ 9,577,269	\$ 8,543,791
(Deficiency) excess of revenue over expenditures	(181,005)	-	-	-	(164,420)	(345,425)	1,033,478
Investment in property and equipment	428,733	(146,478)	-	-	(282,255)	-	-
Balance, end of year	\$ 636,207	\$ 140,589	\$ 500,000	\$ 200,000	\$ 7,755,048	\$ 9,231,844	\$ 9,577,269

See accompanying notes to the financial statements.

College of Pharmacists of British Columbia

Statement of Revenue and Expenditures

Year ended February 28

2015

2014

Revenue		
Pharmacy fees	\$ 1,806,563	\$ 1,640,283
Pharmacists fees	3,543,174	4,082,630
Technician fees	361,008	298,286
Other	1,544,017	1,233,773
Grants	383,500	726,432
Investment income	235,467	232,564
College Place joint venture income	199,393	196,589
Total revenue	<u>8,073,122</u>	<u>8,410,557</u>
Expenditures		
Board and registrar's office	556,047	507,788
Finance and administration	1,285,839	1,054,539
Grant distribution	763,710	1,161,367
Hospital pharmacy and practice	98,071	93,020
Inspections	208,206	21,570
Legislation, discipline and investigations	574,556	465,534
Public accountability and engagement	330,106	120,142
Quality assurance	166,770	68,440
Registration and licensing	291,707	293,821
Salaries and benefits	3,904,788	3,338,780
Total expenditures	<u>8,179,800</u>	<u>7,125,001</u>
(Deficiency) excess of revenue over expenditures	(106,678)	1,285,556
Amortization	<u>238,747</u>	<u>252,078</u>
(Deficiency) excess of revenue over expenditures	<u>\$ (345,425)</u>	<u>\$ 1,033,478</u>

College of Pharmacists of British Columbia

Statement of Cash Flows

Year ended February 28

2015

2014

Cash derived from (used in)

Operating

(Deficiency) excess of revenue over expenditures	\$ (345,425)	\$ 1,033,478
Amortization of property and equipment	181,005	199,899
Amortization of development costs	57,742	52,179
Share of net income of College Place joint venture	(199,393)	(196,589)

(306,071) 1,088,967

Change in non-cash working capital items

Receivables	(63,559)	(136,758)
Prepays and deposits	(87,452)	(21,085)
Payables and accruals	420,255	24,177
Deferred revenue	(70,715)	28,858
Deferred contributions	(250,000)	(503,932)

(357,542) 480,227

Financing

Capital lease repayments	(16,838)	912
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Investing

Purchase of property and equipment	(411,895)	(230,329)
Increase in development costs	(81,278)	(21,301)
Decrease (increase) in investments	483,832	(1,350,423)
Investment in College Place joint venture	249,017	200,816

239,676 (1,401,237)

Net decrease in cash and cash equivalents (134,704) (920,098)

Cash and cash equivalents, beginning of year 1,448,426 2,368,524

Cash and cash equivalents, end of year **\$ 1,313,722** **\$ 1,448,426**

College of Pharmacists of British Columbia

Notes to the Financial Statements

February 28, 2015

1. Nature of operations

The College of Pharmacists of British Columbia (the “College”) is a regulatory body for pharmacists, pharmacy technicians and pharmacies of British Columbia to set and enforce professional standards for the professions. The College is designated under the Health Professions Act. For income tax purposes, the College is treated as a not-for-profit organization.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following are significant accounting policies applied by the College:

Use of estimates

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 contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The College 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 revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Licence and registration fees are recognized as revenue in the year to which the fee relates.

Investment in joint venture

The College accounts for its joint venture using the equity method.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and short-term deposits with original maturities of three months or less.

Development costs

Program and implementation costs for the Pharmacy Technician Bridging program, SkilSure Solution enterprise software, Pharmacy Online Renewal software, Robbery Prevention Form program and the College’s website, have been deferred and are amortized on a straight-line basis over five years. Should the conditions for deferral cease to exist, the costs will be charged as a period expense.

College of Pharmacists of British Columbia

Notes to the Financial Statements

February 28, 2015

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment of the College are recorded at cost and amortized over their estimated useful lives using the following rates:

Leasehold improvements	Straight-line method over 10 years
Furniture and fixtures	Straight-line over 10 years
Office equipment	Straight-line over 5 to 10 years
Computer	Straight-line over 3 years
Software	Straight-line over 2 years

Capital leases

Leases which transfer substantially all the benefits and inherent risk related to the ownership of the property leased to the College are capitalized by recording as assets and liabilities the present value of the payments required under the leases.

Restricted building fund

A portion of dues assessed to pharmacists is restricted for office space renovation and upgrades.

Net assets held in reserves

Net assets held in reserves are internally restricted to provide a funding source for future capital financial obligations where the timing of the obligations cannot be precisely predicted, and to provide funding to address financial risks for which the timing and probability of a given event is uncertain. All reserves are approved by the College Board and are disclosed on the statement of financial position as equity.

The other risks reserve was established to assist in funding any unexpected expenses arising from College operations or obligations.

The Joint Venture reserve was established to assist in funding any large capital expenditures required to maintain the upkeep of the building jointly owned by the College of Pharmacists of British Columbia and the College of Dental Surgeons of British Columbia.

Financial instruments

The College initially measures its financial assets and financial liabilities at fair value. The College subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of revenue and expenditures.

Financial assets measured at amortized cost include cash and cash equivalents and receivables.

Financial liabilities measured at amortized cost include payables and accruals and capital lease obligations.

College of Pharmacists of British Columbia

Notes to the Financial Statements

February 28, 2015

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial instruments measured at fair value include investments. Fair values are based on quoted market values where available from active markets; otherwise, fair values are estimated using a variety of valuation techniques and models. Purchase and sales of investments are recorded on the trade date.

3. Investments

Investments consist of guaranteed investment certificates ("GICs") and mutual funds with interest rates from 1.10% to 3.85% (2014 - 1.10% to 3.85%).

4. Receivables	<u>2015</u>	<u>2014</u>
PharmaNet receivables	\$ 228,523	\$ 183,892
Other receivables	<u>63,962</u>	<u>45,034</u>
	<u>\$ 292,485</u>	<u>\$ 228,926</u>

5. Joint venture

The College entered into an agreement dated March 3, 1989 to purchase 30% interest in a joint venture set up to acquire and develop a property. The College occupies space in the building and pays rent to the joint venture.

The assets, liabilities, revenues and expenses of the joint venture at February 28, 2015 and for the year then ended are as follows:

	<u>100%</u> <u>Joint Venture</u>	<u>30%</u> <u>College</u>
Balance sheet		
Assets		
Current assets	\$ 501,441	\$ 150,432
Property and equipment and other assets	<u>5,211,916</u>	<u>1,563,575</u>
	<u>\$ 5,713,357</u>	<u>\$ 1,714,007</u>
Liabilities and equity		
Total liabilities	\$ 113,458	\$ 117,846
Total equity	<u>5,599,899</u>	<u>1,596,161</u>
	<u>\$ 5,713,357</u>	<u>\$ 1,714,007</u>
Statement of operations		
Revenues	\$ 1,381,845	\$ 414,554
Expenses	<u>752,626</u>	<u>215,161</u>
Excess of revenue over expenditures	<u>\$ 629,219</u>	<u>\$ 199,393</u>

College of Pharmacists of British Columbia

Notes to the Financial Statements

February 28, 2015

5. Joint venture (continued)

The College's lease expires on August 31, 2018 and annual base rent payments are as follows:

2016	\$	238,558
2017		243,300
2018		248,042
2019		125,207
		<u>125,207</u>
	\$	<u>855,107</u>

6. Development costs

			<u>2015</u>	<u>2014</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
SkilSure Solution Pharmacy Technician Bridging program	\$ 41,302	\$ 16,021	\$ 25,281	\$ 31,042
Pharmacy Online Renewal	234,432	234,432	-	44,418
Robbery Prevention Form	53,465	-	53,465	-
Website	10,800	2,160	8,640	-
	14,513	2,903	11,610	-
	<u>\$ 354,512</u>	<u>\$ 255,516</u>	<u>\$ 98,996</u>	<u>\$ 75,460</u>

7. Property and equipment

			<u>2015</u>	<u>2014</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 786,986	\$ 506,617	\$ 280,369	\$ 196,891
Furniture and fixtures	319,228	214,925	104,303	101,440
Office equipment	288,845	63,631	225,214	137,735
Computer	412,051	344,897	67,154	47,887
Software	224,364	164,081	60,283	22,480
	<u>\$ 2,031,474</u>	<u>\$ 1,294,151</u>	<u>\$ 737,323</u>	<u>\$ 506,433</u>

At February 28, 2015, assets under capital lease with a cost of \$127,727 (2014 - \$127,727) and accumulated amortization of \$38,318 (2014 - \$12,773) are included in office equipment.

College of Pharmacists of British Columbia

Notes to the Financial Statements

February 28, 2015

8. Payables and accruals

Payables and accruals include GST payable amounting to \$29,986 as at February 28, 2015 (2014 - \$45,422).

9. Capital lease obligations

The College is committed to pay annual leases for office equipment under lease agreements. The leases will expire in fiscal 2019. Minimum annual lease commitments are as follows:

2016	\$	38,361
2017		38,361
2018		38,361
2019		<u>31,512</u>
		146,595
Less interest		<u>(45,479)</u>
		101,116
Less current portion		<u>20,266</u>
	\$	<u>80,850</u>

10. Deferred revenue

Deferred revenue represents the subsequent year's pharmacy licences and registration fees received prior to the year end.

11. Deferred contributions

Deferred contributions represent the unamortized amount of grants received for future operating activities and programs. The amortization of deferred contributions is recorded as revenue in the statement of revenue and expenditures.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 616,685	\$ 1,120,617
Amounts received	-	72,500
Less amounts amortized to revenue	<u>(250,000)</u>	<u>(576,432)</u>
Balance, end of year	<u>\$ 366,685</u>	<u>\$ 616,685</u>

College of Pharmacists of British Columbia

Notes to the Financial Statements

February 28, 2015

12. Financial instruments

The carrying amounts of financial assets measured at amortized cost are \$1,606,207 as at February 28, 2015 (2014 - \$1,677,352).

The carrying amounts of financial assets measured at fair value are \$9,697,454 as at February 28, 2015 (2014 - \$10,181,286).

The carrying amounts of financial liabilities measured at amortized cost are \$1,382,030 as at February 28, 2015 (2014 - \$978,613).

Market risk

Market risk is the potential for financial loss to the College from changes in the values of its financial instruments due to changes in interest rates, equity prices, currency exchange and other price risks. The investments of the College are not subject to significant market risk as substantially all of it are in GICs and denominated in Canadian dollars.

Credit risk

The College is exposed to the risk that a counterparty defaults or becomes insolvent. The only financial instrument that potentially subjects the College to concentrations of credit risk is its receivables.

The maximum exposure to credit risk in terms of receivables is \$292,485 as of February 28, 2015 (2014 - \$228,926). Management believes that the College does not have a significant credit risk on their receivables.

Liquidity risk

Liquidity risk is the risk that the College cannot meet a demand for cash or fund its obligations as they come due. Maximum exposure to liquidity risk is \$1,382,030 as at February 28, 2015 (2014 - \$978,613). Except for the obligation under capital lease balance of \$101,116, which will be paid until 2019 (Note 9), the College's liabilities are due to be paid in full before February 28, 2016.

13. Contingencies

There are claims pending in which the College is involved arising in the ordinary course of business. It is considered that the potential claims against the College resulting from such litigation would not materially affect the financial statements of the College. Any difference between the liability accrued by the College related to the claims and the amounts ultimately settled will be recorded in the period in which the claim is resolved.
