

Financial Statements

The Canadian Council for Accreditation of
Pharmacy Programs

March 31, 2020

Draft - June 12, 2020, 10:01 AM

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9

Draft - June 12, 2020, 10:01 AM

Independent Auditor's Report

Grant Thornton LLP

Suite 400
295 The West Mall
Toronto, ON
M9C 4Z4

T +1 416 599 7255
F +1 416 599 7268
www.GrantThornton.ca

To the Board of Directors of
The Canadian Council for Accreditation of Pharmacy Programs

Opinion

We have audited the financial statements of The Canadian Council for Accreditation of Pharmacy Programs, which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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 organization as at March 31, 2020, and its results of 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 organization 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.

Other matter

The financial statements of The Canadian Council for Accreditation of Pharmacy Programs for the year ended March 31, 2019, were audited by Millard, DesLauriers & Shoemaker LLP Chartered Professional Accountants who expressed an unqualified opinion on those financial statements on June 18, 2019. The partners and staff of Millard, DesLauriers and Shoemaker LLP Chartered Professional Accountants joined Grant Thornton LLP subsequent to September 30, 2019.

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 organization'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 Council'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 Council'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 Council 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.

Toronto, Canada

Chartered Professional Accountants
Licensed Public Accountants

The Canadian Council for Accreditation of Pharmacy Programs
Statement of Operations and Changes in Net Assets

Year ended March 31	2020	2019
Revenue		
Accreditation fees	\$ 331,605	\$ 316,385
Membership fees	50,000	49,035
Investment income	6,508	12,553
Grant	5,000	5,000
	<u>393,113</u>	<u>382,973</u>
Expenses		
Administration fees	36,243	33,558
Insurance	8,898	8,993
Interest and bank charges	621	607
Meetings and travel	65,007	50,664
Office	16,871	15,431
Professional fees	5,318	7,145
Rent	13,200	13,200
Site visits	102,193	38,127
Special projects	-	7,760
Travel - Executive Director	10,967	13,528
Wages and employee benefits	130,436	124,843
	<u>389,754</u>	<u>313,856</u>
Excess of revenue over expenses	3,359	69,117
Unrestricted net assets, beginning of year	<u>799,830</u>	<u>730,713</u>
Unrestricted net assets, end of year	<u>\$ 803,189</u>	<u>\$ 799,830</u>

The Canadian Council for Accreditation of Pharmacy Programs

Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash	\$ 71,405	\$ 167,409
Accounts receivable	5,911	7,691
HST receivable	2,063	9,288
Prepaid expenses	6,596	12,644
Short-term investments (Note 3)	<u>283,359</u>	<u>336,481</u>
	369,334	533,513
Investments (Note 3)	<u>442,820</u>	<u>281,410</u>
	\$ 812,154	\$ 814,923
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 5,000	\$ 4,500
Deferred revenue	<u>3,965</u>	<u>10,593</u>
	8,965	15,093
Equity		
Unrestricted net assets	<u>803,189</u>	<u>799,830</u>
	\$ 812,154	\$ 814,923

Approved on behalf of the Board:

_____ Director

The Canadian Council for Accreditation of Pharmacy Programs

Statement of Cash Flows

Year ended March 31	2020	2019
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	\$ 3,359	\$ 69,117
Change in non-cash working capital items		
Accounts receivable	1,780	(2,033)
HST receivable	7,225	(3,193)
Prepaid expenses	6,048	(6,637)
Accounts payable and accrued liabilities	500	-
Deferred revenue	(6,628)	7,976
	<u>12,284</u>	<u>65,230</u>
Investing		
Purchase of investments	<u>(108,288)</u>	<u>(110,520)</u>
Decrease in cash	(96,004)	(45,290)
Cash		
Beginning of year	<u>167,409</u>	<u>212,699</u>
End of year	<u>\$ 71,405</u>	<u>\$ 167,409</u>

The Canadian Council for Accreditation of Pharmacy Programs

Notes to the Financial Statements

March 31, 2020

1. Nature of operations

The Canadian Council for Accreditation of Pharmacy Programs (the "Council") is a non-profit organization incorporated in 1993 under The Canada Corporations Act. The Council assesses the quality of pharmacy programs in Canadian universities and Canadian technical pharmacy programs and promotes continued improvement of educational programs.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash

Cash consists of bank deposits held with financial institutions. There are no restrictions on cash held by the Council.

Investments

Investments consist of Guaranteed Investment Certificates ("GIC's") held with the Bank of Montreal. GIC's maturing within the next twelve months have been classified as short-term.

Capital expenditures

Items of a capital nature are expensed in the year of acquisition. This policy is considered appropriate for not-for-profit organizations where the acquisition of capital items is incorporated within the annual budgeting process and annual revenues are less than \$500,000. Capital expenditures for the year amounted to \$NIL (2019 - \$NIL).

Revenue recognition

The Council 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.

Investment income is recognized at the time when interest has been earned.

Use of 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, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant estimates made by management include the allowance for doubtful accounts.

The Canadian Council for Accreditation of Pharmacy Programs

Notes to the Financial Statements

March 31, 2020

2. Significant accounting policies (continued)

Financial instruments

The Council considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Council accounts for the following as financial instruments:

- cash
- investments
- accounts receivable
- HST receivable
- accounts payable and accrued liabilities
- deferred revenue

A financial asset or liability is recognized when the Council becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Council subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value; investments in equity instruments that are not quoted in an active market, which are measured at cost less any reduction for impairment; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the Council has elected to measure at fair value. Changes in fair value are recognized in net income.

3. Investments

	<u>2020</u>	<u>2019</u>
Guaranteed income certificates maturing within one year	\$ 283,359	\$ 336,481
Guaranteed income certificates maturing after one year	<u>442,820</u>	<u>281,410</u>
	<u>\$ 726,179</u>	<u>\$ 617,891</u>

The effective interest rates on the investments during the year varied from 0.70% to 1.85% (2019 - 1.04% to 2.50%). The average interest rate for the year was 0.97% (2019 - 2.23%). Interest accrued on the investments at year end amounted to \$5,911 (2019 - \$7,691).

The Canadian Council for Accreditation of Pharmacy Programs

Notes to the Financial Statements

March 31, 2020

4. Capital disclosures

The Council considers its capital to be the balance maintained in its Unrestricted Net Assets. The balance on March 31, 2020 is \$803,189 (2019 - \$799,830). The primary objective of the Council is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Council with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Council is not subject to any externally imposed requirements of its capital.

5. Lease commitments

The Council leases its premises subject to a lease expiring June 30, 2021. Future minimum annual payments under the lease are as follows:

2021	\$ 13,200
2022	<u>3,300</u>
	<u>\$ 16,500</u>

6. Financial instruments

The significant financial risks to which the Council is exposed to are credit risk, liquidity risk and market risk. Market risk consists of currency risk, interest rate risk, and other price risk. There has been no change in the risk exposure of the Council from the prior period.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss or the other party by failing to discharge an obligation. The Council is subject to credit risk through amounts receivable. Accounts receivable are subject to normal industry credit risks.

The Council performs regular credit assessments of its members and provides allowances for potentially uncollectible amounts receivable, when considered appropriate.

(b) Liquidity risk

Liquidity risk is the risk that the Council will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Council's exposure to liquidity risk is dependent on providing assessments to its members, collection of accounts receivable, and raising of funds to meet commitments and sustain operations. Cash flow from operations provides sufficient resources to meet the Council's cash requirements.

The Canadian Council for Accreditation of Pharmacy Programs

Notes to the Financial Statements

March 31, 2020

6. Financial instruments (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

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 rate. The Council is not subject to foreign exchange risk as none of its financial instruments are denominated in foreign currencies.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council is not exposed to interest rate risk arising from fluctuations in interest rates as its term deposits are at a fixed rate and would not be affected unless reinvested.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Council is not subject to other price risk.
