



College of Pharmacists  
of British Columbia

**Board Resolution**  
**Sent via email June 27, 2019**

**MINUTES**

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The following resolution of the Board of the College of Pharmacists of British Columbia is valid and binding as per section 13(12) of the *Health Professions Act-Bylaws*, and has been signed by the following Board members:

Arden Barry, Chair & District 7 Board Member  
Christine Antler, Vice Chair & District 2 Board Member  
Mona Kwong, District 1 Board Member  
Tara Oxford, District 3 Board Member  
Steven Hopp, District 4 Board Member  
Frank Lucarelli, District 5 Board Member  
Anca Cvaci, District 6 Board Member  
Bal Dhillon, District 8 Board Member  
Tracey Hagkull, Government Appointee  
Anne Peterson, Government Appointee  
Katie Skelton, Government Appointee  
Justin Thind, Government Appointee

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Be it resolved that the Board:

Approve amending the motion regarding the audited financial statements adopted at the June 14, 2019 meeting, by striking out 2019/20 and inserting 2018/19, as circulated.

<b>Appendix</b>	
1	Signed Board Resolution
2	Board Resolution Briefing Notes



**Resolution of the Board of the College of Pharmacists of British Columbia made in accordance with section 13(12) of the *Health Professions Act* – Bylaws.**

Be it resolved that the Board:

Approve amending the motion regarding the audited financial statements adopted at the June 14, 2019 meeting, by striking out 2019/20 and inserting 2018/19, as circulated.

Arden Barry, Chair, District 7

June 27, 2019

Date

Christine Antler, Vice Chair, District 2

June 28, 2019

Date

Mona Kwong, District 1

June 27, 2019

Date

Tara Oxford, District 3

June 27, 2019

Date

Steven Hopp, District 4

June 27, 2019

Date



Frank Lucarelli, District 5

June 27, 2019

Date

Anca Cvaci, District 6

June 27, 2019

Date

Bal Dhillon, District 8

June 27, 2019

Date

Tracey Hagkull, Government Appointee

June 27, 2019

Date

Anne Peterson, Government Appointee

July 16, 2019

Date

Katie Skelton, Government Appointee

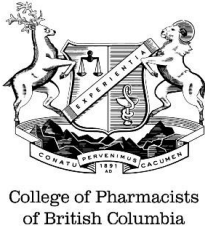
June 27, 2019

Date

Justin Thind, Government Appointee

June 27, 2019

Date



## BOARD DECISION June 27, 2019

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<b>Auditor's Report</b>
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### Recommended Board Resolution:

Be it resolved that the Board approves amending the motion regarding the audited financial statements adopted at the June 14, 2019 meeting, by striking out 2019/20 and inserting 2018/19, as circulated.

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### Background

While reviewing the June 14, 2019 Board meeting minutes, it was noted that there was an error on the fiscal year of the audited financial statements in the Board motion.

### Recommendation

The Board approves amending the motion regarding the audited financial statements adopted at the June 14, 2019 meeting, by striking out 2019/20 and inserting 2018/19.

<b>Appendix</b>	
1	Board Resolution Signature Page
2	June 14, 2019 Board Meeting Materials for Auditor's Report



**Resolution of the Board of the College of Pharmacists of British Columbia made in accordance with section 13(12) of the *Health Professions Act* – Bylaws.**

Be it resolved that the Board:

Approve amending the motion regarding the audited financial statements adopted at the June 14, 2019 meeting, by striking out 2019/20 and inserting 2018/19.

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Arden Barry, Chair, District 7

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Date

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Christine Antler, Vice Chair, District 2

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Date

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Mona Kwong, District 1

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Date

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Tara Oxford, District 3

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Date

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Steven Hopp, District 4

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Date

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Frank Lucarelli, District 5

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Date



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Anca Cvaci, District 6

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Date

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Bal Dhillon, District 8

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Date

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Tracey Hagkull, Government Appointee

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Date

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Anne Peterson, Government Appointee

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Date

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Katie Skelton, Government Appointee

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Date

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Justin Thind, Government Appointee

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Date



College of Pharmacists  
of British Columbia

## BOARD MEETING June 14, 2019

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### 4. Auditor's Report

### DECISION REQUIRED

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#### Recommended Board Motion:

*Approve the audited financial statements for fiscal year 2019/20* as presented.

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<b>Appendix</b>	
1	Audited Financial Statements for Fiscal Year 2019/20
2	Report to those Charged with Governance - Communication with Audit Results

College of Pharmacists of British Columbia  
Financial Statements  
Year ended February 28, 2019



College of Pharmacists of British Columbia  
Financial Statements  
Year ended February 28, 2019

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of the College of Pharmacists of British Columbia ( the "College"), which comprise the Statement of Financial Position as at February 28, 2019, 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 and other explanatory information.

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, 2019, and its results of operations and 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 this report. We are independent of the College of Pharmacists of British Columbia 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 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.

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

Those charged with governance are responsible for overseeing the College of Pharmacists of British Columbia'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 College of Pharmacists of British Columbia'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 of Pharmacists of British Columbia'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 College of Pharmacists of British Columbia 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.

Chartered Professional Accountants

Vancouver, British Columbia  
DATE

College of Pharmacists of British Columbia  
Statement of Financial Position

February 28 2019 2018

Assets

Current

Cash and cash equivalents	\$ 1,146,034	\$ 1,352,336
Short-term investments (Note 2)	1,261,710	620,105
Accounts receivable (Note 3)	68,771	83,832
Prepaid expenses and deposits	272,252	143,266

2,748,767 2,199,539

Interest in College Place Joint Venture (Note 4)	1,540,834	1,583,191
Long-term investments (Note 2)	4,514,125	5,030,142
Development costs (Note 5)	342,090	484,343
Tangible capital assets (Note 6)	575,748	624,274

\$ 9,721,564 \$ 9,921,489

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 7)	\$ 573,213	\$ 601,861
Current portion of capital lease obligations (Note 8)	9,120	26,548
Deferred revenue (Note 9)	5,138,250	4,407,800
Deferred contributions (Note 10)	70,474	170,711

5,791,057 5,206,920

Capital lease obligations	42,706	-
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5,833,763 5,206,920

Net Assets

Unrestricted net assets	1,305,869	1,073,164
Restricted Fund	2,000,000	-
Invested in tangible capital assets	523,922	597,726
College Place Joint Venture (CPJV) replacement reserve	58,010	43,679
Capital asset reserve	-	250,000
Legal reserve	-	500,000
Joint venture reserve	-	500,000
Automation reserve	-	500,000
Grants reserve	-	250,000
Operating reserve	-	1,000,000

3,887,801 4,714,569

\$ 9,721,564 \$ 9,921,489

On behalf of the Board:

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

College of Pharmacists of British Columbia  
Statement of Operations

For the year ended February 28	2019	2018
<b>Revenues</b>		
Pharmacy fees	\$ 3,294,034	\$ 2,563,578
Pharmacist fees	4,314,976	3,612,656
Technician fees	783,134	626,632
Other	182,444	771,072
College Place Joint Venture income (Note 4)	108,052	99,992
Grants (Note 10)	100,237	71,487
Investment income	134,694	134,901
<b>Total revenues</b>	<b>8,917,571</b>	<b>7,880,318</b>
<b>Expenses</b>		
Board and Registrar's office	492,628	490,844
Communications and engagement	100,727	80,968
Complaints and investigations	383,474	243,570
Finance and administration	1,692,070	1,698,832
Grant distribution	134,395	144,700
Policy and legislation	54,370	124,447
Practice reviews	148,421	134,030
Quality assurance	50,218	49,760
Registration and licensure	312,739	307,871
Salaries and benefits	6,035,724	5,304,214
Amortization	352,460	359,894
<b>Total expenses</b>	<b>9,757,226</b>	<b>8,939,130</b>
<b>Other expenses</b>		
Loss on disposition of tangible capital assets	1,444	-
<b>Deficiency of revenues over expenses</b>	<b>\$ (841,099)</b>	<b>\$ (1,058,812)</b>

College of Pharmacists of British Columbia  
Statement of Changes in Net Assets  
For the Year ended February 28, 2019

	Invested in Tangible Capital Assets	CPJV Replacement Reserve	Capital Asset Reserve	Legal Reserve	Joint Venture Reserve	Automation Reserve	Grants Reserve	Operating Reserve	Unrestricted	Restricted Fund	2019 Total	2018 Total
Balance, beginning of year	\$597,726	\$43,679	\$250,000	\$500,000	\$500,000	\$500,000	\$250,000	\$1,000,000	\$1,073,164	-	\$4,714,569	\$5,729,702
Deficiency of revenue over expenses	(209,565)	-	-	-	-	-	-	-	(631,534)	-	(841,099)	(1,058,812)
Investment in tangible capital assets	107,748	-	-	-	-	-	-	-	(107,748)	-	-	-
Share of CPJV replacement reserve	-	14,331	-	-	-	-	-	-	-	-	14,331	43,679
Repayment of capital lease principal	28,013	-	-	-	-	-	-	-	(28,013)	-	-	-
Transfers	-	-	(250,000)	(500,000)	(500,000)	(500,000)	(250,000)	(1,000,000)	1,000,000	2,000,000	-	-
Balance, end of year	\$523,922	\$58,010	-	-	-	-	-	-	\$1,305,869	\$2,000,000	\$3,887,801	\$4,714,569

The accompanying notes are an integral part of these financial statements.

College of Pharmacists of British Columbia  
Statement of Cash Flows

For the year ended February 28	2019	2018
Cash provided by (used in)		
Operating activities		
Deficiency of revenues over expenses	\$ (841,099)	\$ (1,058,812)
Items not affecting cash		
Amortization of tangible capital assets	208,121	265,735
Amortization of development costs	144,339	94,159
Share of College Place Joint Venture Income	(108,052)	(99,992)
Loss on disposition of tangible capital assets	1,444	-
	(595,247)	(798,910)
Changes in non-cash working capital		
Accounts receivable	15,061	(174,973)
Prepaid expenses and deposits	(128,986)	(32,228)
Accounts payable and accrued liabilities	(28,648)	201,931
Deferred revenue	730,450	902,495
Deferred contributions	(100,237)	(10,237)
	(107,607)	88,078
Financing activity		
Capital lease repayments	(28,013)	(29,787)
Investing activities		
Purchase of tangible capital assets	(107,748)	(25,859)
Increase in development costs	(2,086)	(189,670)
(Increase) decrease in investments	(125,588)	367,660
Advances from College Place Joint Venture	164,740	123,838
	(70,682)	275,969
Increase in cash and cash equivalents for the year	(206,302)	334,260
Cash and cash equivalents, beginning of year	1,352,336	1,018,076
Cash and cash equivalents, end of year	\$ 1,146,034	\$ 1,352,336

The accompanying notes are an integral part of these financial statements.

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College of Pharmacists of British Columbia  
Notes to the Financial Statements

February 28, 2019

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1. Summary of Significant Accounting Policies

a) 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 profession. The College is designated under the Health Professions Act. For income tax purposes, the College is treated as a not-for-profit organization and is thereby exempt from income tax.

b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

c) Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates included in these financial statements consist of the estimated useful life of tangible capital assets and development costs. Actual results could differ from management's best estimates as additional information becomes available in the future.

d) Revenue Recognition

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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.

License and registration fees received are deferred and recognized as revenue over the year.

Investment income includes interest revenue, realized gains and losses on sale of investments and unrealized gains and losses from changes in the fair market value of investments during the year.

e) Interest in College Place Joint Venture

The College Place Joint Venture (CPJV) is a jointly controlled enterprise in which the College holds 30% interest and another not-for-profit organization, the College of Dental Surgeons of British Columbia, hold a 70% interest. The College accounts for its joint venture using the equity method.



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College of Pharmacists of British Columbia  
Notes to the Financial Statements

February 28, 2019

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1. Significant Accounting Policies - Continued

f) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and redeemable guaranteed investment certificates ("GICs") of terms of less than 90 days at purchase.

g) Development Costs

Program and implementation costs for internally generated assets 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.

h) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. In the event that facts and circumstances indicate that the College's tangible capital assets no longer have any long-term service potential to the College, the excess of the asset's net carrying amount over any residual value is recognized as an expense in the statement of operations. Cost includes all amounts related to the acquisition and improvements of the capital assets including replacement of equipment. Tangible capital assets are amortized at the following annual rates:

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

i) 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.

j) Net Assets Held in Reserves

Net assets held in reserves are internally restricted to provide a funding source for future 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 net assets.

The operating reserve was established to assist in funding unanticipated operating expenditures and cashflow shortfalls.

The restricted reserve fund was established to assist in funding for specific purposes as outlined in the reserve policy.

February 28, 2019

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1. Summary of Significant Accounting Policies - Continued

j) Net assets Held in Reserves - Continued

The capital asset reserve was established to assist in funding any unanticipated leasehold improvements and furniture purchases.

The legal reserve was established to assist in funding any legal costs arising from an unexpected increase in the number of inquiry discipline cases.

The joint venture reserve was established to assist in funding any large capital expenditures required to maintain the upkeep of the building owned by the College Place Joint Venture.

The automation reserve was established to assist in funding unanticipated substantial maintenance, upgrading or replacement of IT equipment, software purchases, audiovisual equipment and telecommunications equipment.

The grants reserve was established to provide the opportunity to fund proposals for research project or training opportunities that support the College's Strategic Plan.

k) 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 cost or amortized cost, except for investments, which are measured at fair value.

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

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities.

Financial instruments measured at fair value include investments. Fair values are based on quoted market values. Purchases and sales of investments are recorded on the trade date.

Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income.

l) Employee Future Benefits

The College and its employees make contributions to the Municipal Pension Plan which is a multi-employer joint trusted plan. This plan is a defined benefit plan, providing pension or retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. As the assets and liabilities of the plan are not segregated by institution the plan is accounted for as a defined contribution plan and any College contributions to the plan are expensed as incurred.

College of Pharmacists of British Columbia  
Notes to the Financial Statements

February 28, 2019

2. Investments

Investments consist of guaranteed investment certificates ("GICs") with interest from 1.70% to 3.21% (2018- 1.7% to 2.55%) with maturity dates from April 2, 2019 to February 28, 2024. GICs that matured between year-end and the date of the financial statement approval were reinvested under similar terms.

3. Accounts Receivable

	2019	2018
Ministry of Health grant receivable	\$ -	\$ 50,000
Other receivables	68,771	33,832
	\$ 68,771	\$ 83,832

4. Interest in College Place Joint Venture

The College entered into an agreement dated March 3, 1989 to purchase 30% interest in a jointly controlled enterprise set up to acquire and develop a property. The College occupies space in the building and pays rent to CPJV. Included in Finance and Administrative expense is rent and operating costs paid to CPJV in amount of \$295,000 (2018: \$284,900) which is recorded net of the College's 30% portion.

The assets, liabilities, revenues and expenses of the joint venture at February 28, 2019 and for the year then ended are as follows:

	100% Joint Venture	30% College
Balance sheet		
Assets		
Current assets	\$ 506,081	\$ 151,824
Tangible capital assets and other assets	4,745,599	1,423,680
	\$ 5,251,680	\$ 1,575,504
Liabilities and equity		
Total liabilities	\$ 115,566	\$ 34,670
Total equity	5,136,114	1,540,834
	\$ 5,251,680	\$ 1,575,504
Statement of operations		
Revenues	\$ 1,181,320	\$ 354,396
Expenses	\$ 821,146	\$ 246,344
Excess of revenue over expenses	\$ 360,174	\$ 108,052

College of Pharmacists of British Columbia  
Notes to the Financial Statements

February 28, 2019

4. Interest in College Place Joint Venture - Continued

The College's lease expires on August 31, 2023 and rent payments until then are as follows:

Year	Amount
2020	272,333
2021	279,446
2022	286,559
2023	293,672
Thereafter	148,614
	<u>\$ 1,280,624</u>

5. Development Costs

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
SkilSure solution	\$ 41,302	41,302	\$ -	\$ 500
Pharmacy online renewal	62,184	49,748	12,436	24,874
Robbery prevention form	10,800	10,800	-	2,160
Mobile apps	35,000	21,000	14,000	21,000
Website	306,171	192,595	113,576	175,172
Online pre-registration	101,220	60,732	40,488	60,732
PODSA modernization	201,988	40,398	161,590	199,905
	<u>\$ 758,665</u>	<u>\$ 416,575</u>	<u>\$ 342,090</u>	<u>\$ 484,343</u>

6. Tangible Capital Assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Leasehold improvements	\$ 1,057,614	\$ 713,949	\$ 343,665	\$ 389,605
Furniture and fixtures	362,897	279,947	82,950	80,818
Office equipment	227,683	159,228	68,455	63,546
Computer	416,786	344,155	72,631	66,409
Software	360,167	352,120	8,047	23,896
	<u>\$ 2,425,147</u>	<u>\$ 1,849,399</u>	<u>\$ 575,748</u>	<u>\$ 624,274</u>

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College of Pharmacists of British Columbia  
Notes to the Financial Statements

February 28, 2019

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7. Accounts Payable and Accrued Liabilities

Accounts payables and accrued liabilities include GST payable amounting to \$28,837 (2018 - \$56,920) as at February 28, 2019.

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8. Capital Lease Obligation

The College is committed to pay an annual lease of \$14,281 for office equipment under a lease agreement. The lease will expire in October 2023.

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9. Deferred Revenue

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

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10. 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 expenses.

	2019	2018
Balance, beginning of year	\$ 170,711	\$ 180,948
Grants received	-	50,000
Less amounts amortized to revenue	(100,237)	(60,237)
Balance, end of the year	<u>\$ 70,474</u>	<u>\$ 170,711</u>

February 28, 2019

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#### 11. Municipal Pension Plan

The College and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan) (the "Plan"). The Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of the funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as of December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation will be as at December 31, 2018, with results available later in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the Plan.

The College of Pharmacists of British Columbia paid \$409,410 (2018 - \$343,955) for employer contributions to the plan in fiscal 2019. These contributions have been recorded as expenses on the Statement of Operations.

February 28, 2019

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## 12. Financial Instruments

The College's activities result in exposure to a variety of financial risks including risks related to credit, interest rate and liquidity risks. The risks that the College is exposed to this year are consistent with those identified in prior years.

### 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 College is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its investments. Investments are all invested in guaranteed investment certificates.

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is the risk that the counterparty to the transaction will not pay. The College is not exposed to any credit risk arising as the receivable is from the Government.

The College is also exposed to credit risk arising from the possibility that the financial institutions with which it maintains its cash balances and GIC's will default. However, The College believes that its exposure to credit risk in relation to cash is low, as all of its cash and GIC's are with reputable Canadian chartered financial institutions.

### Liquidity Risk

Liquidity risk is the risk that the College encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the College will not have sufficient funds to settle a transaction on the due date, will be forced to sell financial assets at value, which is less than what they are worth, or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and is mitigated by the College's investment in GICs as disclosed in Note 2.

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College of Pharmacists of British Columbia  
Notes to the Financial Statements

February 28, 2019

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13. Commitments

The College is committed to a contract for IT maintenance services for 5 years, at a rate of \$8,790 per month, ending February 28, 2023.

Year	Amount
2020	\$ 105,480
2021	105,480
2022	105,480
2023	<u>105,480</u>
	<u>\$ 421,920</u>





# COLLEGE OF PHARMACISTS OF BC

FINAL REPORT TO THE BOARD OF DIRECTORS  
For the year ended February 28, 2019

Dated June 12, 2019





Tel: 604 688 5421  
Fax: 604 688 5132  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2

June 12, 2019

Board of Directors  
College of Pharmacists of British Columbia  
#200-1765 W 8<sup>th</sup> Ave  
Vancouver, BC  
V6J 5C6

Dear Board of Directors:

We are pleased to present this report on the results of our audit of the financial statements of College of Pharmacists of British Columbia for the year ended February 28, 2019. The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Board of Directors and should be read in conjunction with the draft financial statements and our draft audit report which is included as Appendix A.

We would like to bring to your attention that our audit and therefore this report will not necessarily identify all matters that may be of interest to the Board of Directors in fulfilling its responsibilities.

This report has been prepared solely for the use of the Board of Directors and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We wish to express our sincere appreciation for the co-operation we received during the audit from College of Pharmacists of British Columbia's management and staff who have assisted us in carrying out our work. We look forward to connecting with you to discuss the contents of this report and any other matters that you consider appropriate.

Yours truly,

Bill Cox, FCPA, FCA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants

Paul Fripp, CPA, CA  
Partner  
BDO Canada LLP  
Chartered Professional Accountants

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## SUMMARY



### Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2019 financial statements, subject to completion of the following items:

- ▶ Receipt of signed management representation letter
- ▶ Receipt of outstanding legal confirmations
- ▶ Subsequent events review through to financial statement approval date
- ▶ Approval of financial statements by those charged with governance.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See Appendix A for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Directors dated April 3, 2019.



### Materiality

As communicated to you in our Planning Report to the Board of Directors, preliminary materiality was \$190,000. Final materiality is updated to \$197,000 from our preliminary assessment.



### Audit Findings

Our audit focused on the risks specific to your operations and key accounts. Our discussion points below focus on key areas of audit focus:

- ▶ Revenue Recognition
- ▶ Risk of Management Override
- ▶ Cash and Investments
- ▶ Staff Salaries



### Internal Control Matters

We are required to report to you in writing, any significant deficiencies in internal control that we have identified.

There were no control deficiencies were noted that, in our opinion, are of significant importance to discuss with those charged with governance.



### Independence

Our annual letter confirming our independence was previously provided to you. We know of no circumstances that would cause us to amend the previously provided letter. We confirm that we are still independent as of the date of this letter.



### Adjusted and Unadjusted Differences

There are no adjusted or unadjusted differences or disclosure omissions identified through the course of our audit engagement.



### Management Representations

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including them in the audit working papers, memoranda of discussions with management and written representations received from management.

A summary of the written representations we have requested from management is set out in the representation letter included in Appendix B to the report.



### Significant Audit Estimates

Management is responsible for determining College of Pharmacists of British Columbia's significant accounting policies. The choice between accounting policy alternatives can have a significant effect on the financial position and results of the organization. The application of those policies often involves significant estimates and judgments by management. Based on the audit work that we have performed, it is our opinion that the accounting policies and estimates in the financial statements are reasonable and the disclosures relating to accounting estimates are in accordance with Canadian accounting standards for not-for-profit organizations.



### Fraud Discussion

Through our planning process, and current and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the entity, other than items previously reported or discussed.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the College since our discussions held at planning, we request that you provide us with this information.

Please refer to the Auditor's Responsibilities for Detecting Fraud in the Planning Report to the Board of Directors.

## AUDIT FINDINGS

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the College's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. In order to have a frank and open discussion, these matters can also be discussed verbally with you. A summary of the key discussion points are as follows:

### KEY AUDIT AREAS

As described in our Planning Report to the Board of Directors, the following key audit areas were identified based on our knowledge of the College of Pharmacists of British Columbia's operations, our past experience, and knowledge gained from management and the Board of Directors.

#### Revenue Recognition

Key Audit Area	Approach	Results
<p>There is a risk that revenue may be incorrectly deferred into future periods in order to reduce surplus, or recognized in the current year in order to reduce deficit.</p>	<p>Assess revenue recognition policies for consistency with professional standards, an analytical review and corroboration with other sources, and inquiries into new revenue and/or expense streams and performance of testing thereof.</p> <p>Substantively test membership billings and payments to agree membership records to accounting records as well as reviewed journal entries and corroborate with other sources.</p>	<p>All audit testing in this area was executed as planned with no issues to be reported.</p>

Management Override of Controls

Key Audit Area	Approach	Results
<p>Management is in a unique position to perpetrate fraud because of management’s ability to directly or indirectly manipulate accounting records, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>This risk is required to be addressed for all audits pursuant to Canadian audit standards.</p>	<p>Tested the appropriateness of journal entries recorded in the general ledger, review key estimates and other adjustments made in the preparation of the financial statements.</p>	<p>All audit testing in this area was executed as planned with no issues to be reported.</p>

Cash and Investments

Key Audit Area	Approach	Results
<p>Due to its nature, cash and investments are almost always considered to be a risk area in any audit.</p>	<p>Reviewed the year-end reconciliations and obtained third party confirmations.</p> <p>Considered the risk of impairment over investments.</p> <p>Review of reports on return and investment strategies.</p>	<p>All audit testing in this area was executed as planned with no issues to be reported.</p>



Staff Salaries

Key Audit Area	Approach	Results
<p>A significant type of expenditures that covers many employees and departments. As a not-for-profit organization, this figure is often of particular interest to financial statement users (taxpayers).</p>	<p>Performed systems testing and tests of controls.</p> <p>Performed substantive analytical procedures around staff salaries and benefits.</p> <p>Reviewed the consistency and appropriateness of the allocations to segments.</p>	<p>All audit testing in this area was executed as planned with no issues to be reported.</p>

## INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the College's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were determined to be relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

As the purpose of the audit is for us to express an opinion on the College's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

## OTHER REQUIRED COMMUNICATIONS

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the table below summarizes these additional required communications.

Required Communication	Audit Planning Presentation	Audit Results Presentation	Auditor Comments
1. Our responsibilities under Canadian Auditing Standards (CAS)	✓		Included in our engagement letter dated November 6, 2017
2. Our audit strategy and audit scope	✓		Included in our Planning Report dated April 3, 2019
3. Fraud risk factors	✓		Included in our Planning Report dated April 3, 2019
4. Going concern matters		✓	None
5. Significant estimates or judgments		✓	See Page 5
6. Audit adjustments		✓	None noted
7. Unadjusted differences		✓	None noted
8. Omitted disclosures		✓	None noted
9. Disagreements with management		✓	There were no disagreements with management
10. Consultations with other accountants or experts		✓	No external experts were consulted during this engagement
11. Major issues discussed with management in regards to retention		✓	None
12. Significant difficulties encountered during the audit		✓	No significant difficulties were encountered during our audit

Required Communication	Audit Planning Presentation	Audit Results Presentation	Auditor Comments
13. Significant deficiencies in internal control		✓	No significant deficiencies were noted
14. Material written communication between BDO and management		✓	No material written communications were noted
15. Any relationships which may affect our independence	✓	✓	No independence issues to communicate
16. Any illegal acts identified during the audit		✓	No illegal activities identified through the audit process
17. Any fraud or possible fraudulent acts identified during the audit	✓	✓	No fraud identified through the audit process
18. Significant transactions with related parties not consistent with ordinary business operations		✓	None noted
19. Non-compliance with laws or regulations identified during the audit		✓	No legal or regulatory non-compliance matters were noted as part of our audit
20. Limitations of scope over our audit, if any		✓	None
21. Written representations made by management		✓	See Appendix B
22. Any modifications to our opinion, if required		✓	Please see our draft independent auditor's report included in Appendix A

## APPENDIX A: INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of The College of Pharmacists of British Columbia, which comprise the Statement of Financial Position as at February 28, 2019, 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 and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The College of Pharmacists of British as at February 28, 2019, 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 this report. We are independent of The College of Pharmacists of British Columbia 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 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.

In preparing the financial statements, management is responsible for assessing The College of Pharmacists of British Columbia'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 of Pharmacists of British Columbia or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The College of Pharmacist of British Columbia'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 College of Pharmacists of British Columbia'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 of Pharmacists of British Columbia'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 College of Pharmacist of British Columbia 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.

Chartered Professional Accountants  
Vancouver, British Columbia

[Board approval date]

## APPENDIX B: REPRESENTATION LETTER

[Board approval date]

BDO Canada LLP  
600-925 West Georgia Street  
Vancouver, BC  
V6C 3L2

This representation letter is provided in connection with your audit of the financial statements of College of Pharmacists of British Columbia for the year ended February 28, 2019, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 6, 2017, for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.
- All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- There are no uncorrected misstatements that would be material, individually or in the aggregate, to the financial statements as a whole.

### Information Provided

- We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

### Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

### Existence, Completeness and Valuation of Specific Financial Statement Balances

- All financial instruments have been appropriately recognized and measured in accordance with Canadian accounting standards for not-for-profit organizations.
- Significant assumptions used in arriving at the fair value of financial instruments are reasonable and appropriate in the circumstances.
- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.



General Representations

- The nature of all material uncertainties have been appropriately measure and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.

Yours truly,

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Signature

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Position

## APPENDIX C: MANAGEMENT LETTER

June 12, 2019

Mrs. Mary O'Callaghan  
College of Pharmacists of British Columbia  
1765 W 8th Ave #200,  
Vancouver, BC V6J 5C6

Dear Mrs. O'Callaghan:

Re: Auditor's Management Letter

As your external auditors we are engaged to provide an audit opinion on your year-end financial statements. An external audit requires testing of transactions and balances and review of those internal control systems upon which we may place reliance. A positive opinion on the financial statements does not necessarily mean that your internal control systems are all operating effectively. This is because we review only those internal control systems where we feel that failure in those systems could result in a material error on the financial statements. With those systems that we do review, our focus is on the assertions necessary to meet our financial statement audit objectives.

Our review of systems, transactions and balances as well as discussions with staff at various levels throughout the College gives us a unique insight into your operations. While conducting this work we make note of items that come to our attention where we feel that improvement could be made or alternatives could be considered. We are fortunate in that we work with a great number of clients and observe a wide variety of processes. We see firsthand any procedures that are emerging as best practices.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

As matters come to our attention we make note of these for subsequent follow-up. For minor matters, we discuss directly with the staff involved. More important matters are brought forward in this letter (known as a management letter).

It is always worth noting that we almost always come up with points for all clients. The existence of points does not mean that there are significant problems with your systems or staff. They are just recommendations to make good systems better.

## Prior Year Recommendations

### 1. Disaster recovery plan

We noted that the College does not have a disaster recovery plan. We recommended that the College should:

- (1) Establish a priority processing plan based on the impact of the delay expected for equipment replacement.
- (2) Investigate alternate facilities to provide sufficient processing time for critical applications.
- (3) Perform periodic test operations at the alternate facility and document the contingency operating procedures.
- (4) Provide for notification of equipment changes at the alternate facility and for updating the plan periodically.

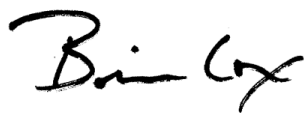
2019 update:

Management has continued its discussions on this topic with the College's IT Managed Services Provider.

We received excellent cooperation from everyone at the College during the audit. We would like to thank you and all staff for their assistance during the audit process.

Please do not hesitate to contact us should you wish to further discuss any of the matters discussed in this letter.

Yours truly,



Bill Cox, FCPA, FCA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants



Paul Fripp, CPA, CA  
Partner  
BDO Canada LLP  
Chartered Professional Accountants