pan-Canadian Pharmaceutical Alliance Corporation
Financial Statements
For the Year Ended March 31, 2025

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Independent Auditor's Report

To the board of pan-Canadian Pharmaceutical Alliance Corporation

Opinion

We have audited the financial statements of pan-Canadian Pharmaceutical Alliance Corporation (the "Entity"), which comprise the statement of financial position as at March 31, 2025, 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 Entity as at March 31, 2025, and its financial performance 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 our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity'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 Entity’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 Entity’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 Entity 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.

BDO Canada LLP

Chartered Professional Accountants

Whistler, British Columbia
August 22, 2025

pan-Canadian Pharmaceutical Alliance Corporation
Statement of Financial Position

March 31	2025	2024
Assets		
Current		
Cash (Note 2)	**$ 6,939,028**	$ 5,173,968
Term deposits (Note 3)	**3,218,916**	3,219,356
Accounts receivable	**-**	6,478
Prepaid expenses	**26,381**	15,405
	10,184,325	8,415,207
Term deposits (Note 3)	**7,735,154**	7,211,197
	$17,919,479	$ 15,626,404
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	**$ 330,741**	$ 402,680
Deferred contributions (Note 4)	**17,588,738**	15,223,724
	17,919,479	15,626,404
Net Assets	**-**	-
	$17,919,479	$ 15,626,404

On behalf of the Board:

DocuSigned by:
Robert Shaffer
18A70A0912124CF... Director

Signed by:
Pam Barnes
1F4A3D0D70C34A0... Director

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

pan-Canadian Pharmaceutical Alliance Corporation
Statement of Operations and Changes in Net Assets

For the year ended March 31	2025	2024
Revenue		
VCU funding (Note 4)	**$ 6,758,775**	$ 3,586,614
Expenses		
Information technology and data	**280,700**	188,896
Other operating expenses	**231,092**	159,437
Professional fees	**402,618**	221,713
Training and development	**223,588**	27,652
Travel	**164,577**	66,444
Wages and benefits	**5,456,200**	2,922,472
	6,758,775	3,586,614
Excess of revenues over expenses	**-**	-
Net Assets, beginning of the period	**-**	-
Net Assets, end of period	**$ -**	$ -

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

pan-Canadian Pharmaceutical Alliance Corporation
Statement of Cash Flows

For the year ended March 31	2025	2024
Cash flows from operating activities		
Excess of revenues over expenses	$ -	$ -
Changes in non-cash working capital:		
Accounts receivable	6,478	(6,478)
Prepaid expenses	(10,975)	(5,381)
Accounts payable and accrued liabilities	(71,941)	302,073
Deferred contributions	(6,230,070)	(3,275,215)
	(6,306,508)	(2,985,001)
Cash flows from investing activity		
Purchase of investment	(523,517)	(10,305,553)
Cash flows from financing activity		
Receipt of deferred contributions	8,595,085	-
Net increase (decrease) in cash	1,765,060	(13,290,554)
Cash, beginning of the year	5,173,968	18,464,522
Cash, end of the year	$ 6,939,028	$ 5,173,968

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

1. Significant Accounting Policies

Nature and Purpose of Organization

The pan-Canadian Pharmaceutical Alliance Corporation (the "Corporation") is a non-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The Corporation is exempt from income tax under Section 149 of the Income Tax Act.

The purposes of the Corporation is:

(a) to provide value to the provincial, territorial and federal health care systems of Canada and to improve patient care by conducting negotiations for pharmaceuticals and related products and services to:

  (i) increase access to clinically and cost effective drug treatment options;

  (ii) improve consistency of drug funding decisions;

  (iii) achieve consistent and lower drug costs; and

  (iv) reduce duplication of effort and improve use of resources; and

(b) to do all such other lawful things as may be incidental and ancillary to carrying out the foregoing purposes.

The Corporation was incorporated on October 19, 2022 and remains in the early stage of operations. The Corporation is expected to continue to grow and reach the full scale of its operations throughout the 2025/2026 fiscal year.

The Corporation's members are comprised of the provincial, territorial and federal governments of Canada.

Basis of Accounting

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

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions.

Externally restricted contributions are deferred recognized as revenue in the period in which the related expenses are incurred or restrictions have been met. 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.

Restricted investment income is deferred and recognized as revenue in the year in which the related expenses are incurred.

1. Significant Accounting Policies (continued)

Financial Instruments

The Corporation's financial instruments consist of cash, term deposits, and accounts payable and accrued liabilities. Financial assets are tested for impairment when changes in circumstances indicate an asset could be impaired. The Corporation initially measures its financial instruments at fair value and subsequently at amortized cost using the effective interest rate method, less any provision for impairment.

Use of Estimates

The preparation of financial statements using ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring management to exercise judgement on the determination of estimates includes the completeness of accounts payable and accrued liabilities. Actual results could differ from management's best estimates made in the preparation of these financial statements and may have an impact on future periods.

Employee Future Benefits

The Corporation and its employees make contributions to the Colleges of Applied Arts and Technology Pension Plan (the Plan) which is a multiemployer pension plan. The Plan is a defined benefit plan where employees accrue benefits under the Plan based on the employer and employee contributions made to the Plan over the years of service. As the assets and liabilities of the Plan are not segregated by organization, the Plan is accounted for as a defined contribution plan with any contributions made to the Plan by the Corporation being expensed as incurred.

2. Cash

The Corporation's bank accounts are held at one Canadian chartered bank, earning interest at the current prevailing rate. All of the cash held by the Corporation is restricted in use as stipulated by the contributions provided by funders (Note 4).

3. Term Deposits

Term deposits consist of guaranteed investment certificates (GICs) with maturity dates ranging from September 2025 to September 2027, earning interest ranging from 3.0% to 5.5%. All term deposits held by the Corporation are restricted in use as stipulated by the contributions provided by funders (Note 4).

4. Deferred Contributions

The funding summarized below represents contributions from the Government of Canada, in lieu of financial contributions from provincial and territorial members, and is externally restricted to fund the Corporation's annual operating budget and to support initiatives of the Corporation. These contributions are to be utilized by March 31, 2027, with the use of any unspent funds to be determined by the Conference of the Provincial and Territorial Deputy Ministers of Health.

Changes in the deferred contributions balance are as follows:

	2025	2024
Balance, begining of year	**$15,223,724**	$ 18,498,939
Contributions received in the year and deferred	**8,595,085**	-
Restricted investment income	**528,704**	311,399
Recognized as revenue	**(6,758,775)**	(3,586,614)
Balance, end of year	**$17,588,738**	$ 15,223,724

5. Employee Future Benefits

The Corporation and its employees contribute to the Colleges of Applied Arts and Technology Pension Plan (the Plan). The Plan is a multi-employer jointly sponsored pension plan covering employees of the 24 Colleges of Applied Arts and Technology in Ontario, and other participating employers with employees working across Canada. Members and employers, through their representatives on the Board of Trustees, together share the responsibility for the operation of the Plan. Pension benefits provided are based on a formula.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The purpose of this valuation is to determine: The funded status of the Plan as at January 1, 2025 on a going concern, hypothetical wind-up, and solvency basis; and the required funding contributions from 2025, in accordance with the Pension Benefits Act (Ontario). The most recent valuation for the Plan as of January 1, 2025 indicated a $6.1 billion funding surplus for basic pension benefits on a going concern basis.

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 cost to individual employers participating in the plan.

During the year, the Corporation paid $339,191 (2024 - $156,703) of employer contributions to the Plan.

6. Financial Instruments

The Corporation's activities result in exposure to a variety of financial risks including risks related to credit, liquidity, and interest rate risk. These risk exposures remain unchanged from the prior year.

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 Corporation is exposed to credit risk arising from the possibility that that the financial institutions with which it maintains its cash balances and GICs will default. However, the Corporation believes that its exposure to credit risk in relation to these financial instruments is low, as all of its cash and GICs are deposited with reputable Canadian chartered financial institutions.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Corporation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a 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. The Corporation manages its liquidity by matching expenditures to approved funding and by carrying sufficient cash and investment reserves to meet its current obligations.

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 Corporation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its investments (Note 3). Investments are all invested in fixed interest rate guaranteed investment certificates.

It is management's opinion that the Corporation is not exposed to significant currency risk arising from financial instruments.

7. Economic Dependence

The Corporation's operations are funded entirely by restricted contributions provided by the Government of Canada (Note 4). As a result, the Corporation is economically dependent on the Government of Canada to carry out its mandate. In addition to the contributions provided by the Government of Canada, as described in Note 4, the Corporation has secured funding from the Government of Canada to support operations through until March 31, 2030.

8. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.