

**TEXAS PHARMACY ASSOCIATION
Professional Recovery Network
Pharmacy Peer Assistance Program**

**Audited Statement of Revenues and
Expenses – Cash Basis**

Program Year Ended August 31, 2009

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PATRICIA SCHMIDT, CPA

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Board of Directors
Texas Pharmacy Association

I have audited the accompanying statement of revenues and expenses – cash basis of the Professional Recovery Network Pharmacy Peer Assistance Program of the Texas Pharmacy Association (a nonprofit organization) for the program year ended August 31, 2009. This financial statement is the responsibility of Texas Pharmacy Association's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note B, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenses of the Professional Recovery Network Pharmacy Peer Assistance Program of the Texas Pharmacy Association for the program year ended August 31, 2009, on the basis of accounting described in Note B.

Patricia Schmidt, CPA

Patricia Schmidt, CPA
Certified Public Accountant

January 25, 2010

Texas Pharmacy Association
Professional Recovery Network – Pharmacy Peer Assistance Program
Statement of Revenues and Expenses – Cash Basis
For the Program Year Ended August 31

	2009
	Unrestricted
Revenues	
Texas State Board of Pharmacy	\$ 125,747
Fees	36,038
Total revenues	161,785
Expenses	
Conference and seminars	1,885
Evaluations and referrals	8,686
Legal and professional	9,269
Meetings	4,897
Printing	808
Salaries	67,111
Supplies	1,988
Payroll taxes	5,265
Telephone	2,934
Training programs	1,038
Travel	1,564
Other	560
Overhead	40,175
Total expenses	146,180
Increase in Unrestricted Net Assets	\$ 15,605

The accompanying notes are an integral part of the financial statement.

Texas Pharmacy Association
Professional Recovery Network – Pharmacy Peer Assistance Program
Notes to Financial Statement

Note A – Nature of Activities and Summary Of Significant Accounting Policies

Nature of Activities

The Texas Pharmacy Association (the Association) is a not-for-profit corporation organized under the laws of the State of Texas in 1879. The Association's purpose is to promote the role of the pharmacist and the practice of pharmacy in the State of Texas. The Association is exempt from taxation under Section 501(c) (6) of the Internal Revenue Code.

The Association maintains a Professional Recovery Network through which it administers peer assistance programs. The Association has entered into a Contract for Services with the Texas State Board of Pharmacy (TSBP) to provide a Pharmacy Peer Assistance Program (the Pharmacy Program) to address the problems of Texas pharmacists and pharmacy students who suffer from drug or alcohol abuse, or physical or mental impairment. Under the terms of the contract, funds are provided to the Association by TSBP to provide specific services including identification, intervention, evaluation, referral, and monitoring of the pharmacists and pharmacy students who require the Pharmacy Program services.

Basis of Presentation

The accompanying financial statement includes only the activities of the Pharmacy Program for the contract period beginning September 1, 2008 and ended August 31, 2009. The financial statement is not intended to be a complete presentation of the Association's activities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, information regarding activities is reported according to three classes of net assets, depending upon the absence or existence and nature of any donor restrictions. Those three classes of net assets are: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Pharmacy Program has no restricted net assets as of August 31, 2009.

Revenues

The TSBP contract is a cost reimbursement arrangement up to the maximum amount provided under the contract. Contract revenues are recognized when they are received.

Fees represent amounts assessed to the Pharmacy Program participants for services provided and to annual meeting attendees. Fees are recognized when they are received.

Use of Estimates

The process of preparing financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Texas Pharmacy Association

Professional Recovery Network – Pharmacy Peer Assistance Program

Notes to Financial Statement

Note B – Cash Basis of Accounting

The statement of revenues and expenses is prepared in accordance with the cash basis of accounting. Under that basis of accounting, the Pharmacy Program records revenues when they are received, rather than when earned, and records expenses when they are paid, rather than when incurred.

Note C – Allocated Expenses and Transactions with Texas Pharmacy Association

Overhead of \$40,175 included in the accompanying financial statement represents costs allocated by the Association to the Pharmacy Program for occupancy, equipment usage and other administrative costs related to the Pharmacy Program operations. The accompanying financial statement also includes salaries and payroll taxes totaling \$72,376 related to Association personnel who administer the Pharmacy Program.

Note D – TSBP Funding

The Pharmacy Program's continued operations are dependent upon funding from the TSBP. The TSBP has entered into a contract for services with the Pharmacy Program through August 31, 2011 which provides for funding of up to \$124,190 for each of the program years ending August 31, 2010 and 2011. Additionally, the contract provides for a renewal option of two years for the period September 1, 2011 through August 31, 2013. Availability of funding for the contract is contingent upon continued appropriations by the Texas Legislature.

**TEXAS PHARMACY ASSOCIATION
Professional Recovery Network
Pharmacy Peer Assistance Program**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

Program Year Ended August 31, 2009



PATRICIA SCHMIDT, CPA

CERTIFIED PUBLIC ACCOUNTANT

Independent Accountant's Report On Applying Agreed-Upon Procedures

To: Texas Pharmacy Association and
Texas State Board of Pharmacy

I have performed the procedures enumerated below, which were agreed to by the Texas Pharmacy Association and the Texas State Board of Pharmacy (the specified parties), solely to assist you with respect to evaluating the outcome and output performance measures reported by the Texas Pharmacy Association Professional Recovery Network Pharmacy Peer Assistance Program (the TPA Program) for the year ended August 31, 2009. TPA Program management is responsible for the TPA Program outcome and output performance measures reported. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are as follows:

Outcome Measure 1 - Recidivism Rate for Peer Assistance Programs

I applied agreed-upon procedures to the TPA Program recidivism rate of 0% relapsed for the year ended August 31, 2009 (FY2009) reported to the Texas State Board of Pharmacy (TSBP). The measure was determined by calculating the number of participants who entered the TPA Program in FY2005 and achieved one-year sobriety during FY2006 and relapsed anytime between the date of achieving one-year sobriety and the end of FY2009, expressed as a percentage of the number of participants who achieved one-year sobriety during FY2006. The reported measure consisted of 0 relapses of 7 participants achieving sobriety. (0 of 7 = 0% relapsed)

Procedures Performed

I performed the following procedures:

1. Obtained from the TPA Program director a listing of the individuals who entered the TPA Program in FY2005 and achieved one-year sobriety during FY2006.

Outcome Measure 1 - Recidivism Rate for Peer Assistance Programs - Continued

2. Compared the listing of TPA Program participants against a listing of TSBP participants (provided to the TPA Program by the TSBP) and determined whether TSBP participants were properly excluded from the TPA Program measure.
3. Obtained the participant file for each individual on the list and searched the file for a signed participant TPA Program contract dated during FY2005, indicating entry into the TPA Program in FY2005.
4. Verified that each TPA Program participant achieved one-year sobriety during FY2006 by comparing against the list of individuals achieving one-year sobriety per the independent accountant's agreed-upon procedures engagement performed for FY2006.
5. Compared the list of TPA Program participants against lists of individuals who either relapsed as evidenced by a positive drug screen or other participant file data and/or who entered disciplinary orders of the TSBP subsequent to completing one-year sobriety in FY2006 through the end of FY2009. For any participant who entered a disciplinary order subsequent to completing one-year sobriety through the end of FY2009, I reviewed the disciplinary order to determine whether the order was a related disciplinary order evidencing a relapse after the one-year sobriety date.
6. Compared my findings against the TPA Program FY2009 recidivism rate of 0% relapsed shown above.

Findings

I found no exceptions as a result of the procedures.

Outcome Measure 2 - One-year Completion Rate for Peer Assistance Program

I applied agreed-upon procedures to the TPA Program's one-year completion rate of 89% for FY2009 reported to the TSBP. The FY2009 rate was determined by calculating the number of individuals who entered the TPA Program during FY2008 and achieved one-year sobriety during FY2009, expressed as a percentage of total participants entering the TPA Program during FY2008 who were eligible to achieve one-year sobriety during FY2009.

Outcome Measure 2 - One-year Completion Rate for Peer Assistance Program - Continued

The reported measure consisted of 8 participants achieving one-year sobriety during FY2009 out of 9 total participants entering the TPA Program. (8 of 9 = 89%)

Procedures Performed

I performed the following procedures:

1. Obtained from the TPA Program director a listing of the individuals who entered the TPA Program in FY2008 and were eligible for completion of one-year sobriety in FY2009.
2. Compared the listing of TPA Program one-year completion participants against a listing of TSBP participants (provided to the TPA Program by the TSBP) to determine whether TSBP participants were properly excluded from the TPA Program measure.
3. Obtained the participant's file, noting TPA Program contract date and eligibility for completion of one-year sobriety.
4. Reviewed the Athena database printout of participant drug screen results and the participant file for evidence that the participant either a) successfully completed one year in the TPA Program, or b) relapsed during the one year period following the TPA Program contract date.
5. Compared my findings against the TPA Program FY2009 one-year completion rate of 89% shown above.

Findings

I found the following exception in the performance of my procedures. One participant, a student who successfully completed one-year sobriety during FY2009, was excluded from the measure. If restated for this omission the measure would be 90% for the TPA Program for FY2009. This restated measure consists of 9 successfully completing one-year sobriety of 10 total individuals entering the TPA Program. (9 out of 10 = 90%)

Output Measure 1 - Number of Licensed Individuals Participating in a Peer Assistance Program

I applied agreed-upon procedures to the TPA Program measure of 44 licensed individuals participating in the TPA Program for FY2009 reported to the TSBP. This measure consists of 44 pharmacists licensed by the TSBP who participated in the TPA Program for FY2009.

Procedures Performed

I performed the following procedures:

1. Obtained from the TPA Program director a listing of licensed individuals participating in the TPA Program for FY2009.
2. Examined participant file documentation for a signed TPA Program contract in effect during FY2009.
3. Verified each participant's license status by examining the license status printout obtained by the TPA Program from the TSBP website database as follows: a) For participants entering the TPA Program during FY2009, I examined the printout obtained by the TPA Program as of the fiscal quarter that the individual entered the TPA Program. b) For participants carried forward from the prior year, I examined the license status printout obtained by the TPA Program for FY2009.
4. Compared the listing of TPA Program participants against a listing of TSBP participants (provided to the TPA Program by the TSBP) to determine whether TSBP participants were properly excluded from the TPA Program measure.
5. Compared my findings against the TPA Program FY2009 measure of 44 licensed individuals participating in the TPA Program as shown above.

Findings

I found the following exception in the performance of my procedures. One pharmacist reported was not a participant in the TPA Program during FY2009. If restated for this exception, the measure would be 43 licensed individuals participating in the TPA Program for FY2009.

Output Measure 2 - Number of Students Participating in a Peer Assistance Program

I applied agreed-upon procedures to the TPA Program measure of 2 students participating in the TPA Program for FY2009. This measure represents the number of pharmacy students who participated in the TPA Program for FY2009.

Procedures Performed

I performed the following procedures:

1. Obtained from the TPA Program director a listing of FY2009 TPA Program student participants.
2. Examined student participant file documentation for a signed TPA Program contract in effect during FY2009.
3. Verified the participant's student status by examining the license status printout obtained by the TPA Program from the TSBP web page for FY2009.
4. Determined whether the student was properly excluded from Output Measure 1, the number of licensed individuals participating in the TPA Program, by comparing the student name against the list of licensed participants.
5. Compared the listing of TPA Program student participants against a listing of TSBP student participants (provided to the TPA Program by the TSBP) to determine whether TSBP student participants were properly excluded from the TPA Program measure.
6. Compared my findings against the TPA Program FY2009 measure.

Findings

I found no exceptions as a result of the procedures.

This report describes the TPA Program's interpretation of the methodology for determining the outcome and output performance measures, based upon criteria provided by the Texas State Board of Pharmacy, and my procedures are based thereon.

I was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the TPA Program's outcome and output performance measures. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of Texas Pharmacy Association and the Texas State Board of Pharmacy and is not intended to be and should not be used by anyone other than those specified parties.

Patricia Schmidt, CPA

Patricia Schmidt, CPA
Certified Public Accountant

January 22, 2010