

**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Financial Statements**

**Year Ended June 30, 2012**

*(Unaudited)*

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## REVIEW ENGAGEMENT REPORT

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To the Members of Manitoba Veterinary Medical Association

We have reviewed the statement of financial position of Manitoba Veterinary Medical Association as at June 30, 2012 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba  
September 26, 2012

Chartered Accountants Inc.

**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Statement of Financial Position**

**June 30, 2012**

*(Unaudited)*

	2012	2011
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash <i>(Note 3)</i>	\$ 622,105	\$ 611,101
Accounts receivable	11,888	9,855
Inventory	5,157	4,038
Interest receivable	-	6,771
Goods and services tax recoverable	2,723	107
Prepays and deposits	13,659	5,958
	<b>655,532</b>	<b>637,830</b>
FIXED ASSETS <i>(Note 4)</i>	11,742	14,709
DEFERRED LEASEHOLD IMPROVEMENT COSTS <i>(Note 5)</i>	10,442	-
	<b>\$ 677,716</b>	<b>\$ 652,539</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 14,539	\$ 16,649
Deferred income - membership dues	156,257	149,730
	<b>170,796</b>	<b>166,379</b>
DEFERRED CONTRIBUTIONS - MAAS <i>(Note 7)</i>	6,587	10,978
	<b>177,383</b>	<b>177,357</b>
<b>NET ASSETS</b>		
Unrestricted fund	350,195	325,492
Invested in fixed assets	5,156	3,731
Internally restricted legal fund <i>(Note 13)</i>	144,982	145,959
	<b>500,333</b>	<b>475,182</b>
	<b>\$ 677,716</b>	<b>\$ 652,539</b>

**APPROVED BY THE COUNCIL**

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# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Statement of Revenues and Expenditures

Year Ended June 30, 2012

(Unaudited)

	2012	2011
<b>REVENUES</b>		
Commission - CVMA insurance program	\$ 4,687	\$ -
Amortization - deferred contributions	4,391	151,544
Association membership dues	300,621	286,714
Association membership dues - legal	21,907	15,860
Bank interest	10,864	12,238
Clinic inspections	9,750	9,655
Commissions - CVMA (Note 8)	1,938	1,846
Consulting fees	1,520	1,050
Continuing education - corporate sponsors	19,690	18,000
Continuing education - other	47,321	30,056
Directory advertising	3,121	929
Dispensing bags and prescription forms	3,785	5,050
Exam revenue	2,800	2,400
Fees - specialty clinics	2,140	1,435
Newsletter ads and subscriptions	14,824	11,721
Other	1,771	3,423
Special event	-	7,448
Trade show - corporate sponsors	8,567	6,210
	459,697	565,579
<b>EXPENSES (Schedule 1)</b>	434,546	562,706
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 25,151	\$ 2,873

**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended June 30, 2012**

*(Unaudited)*

	Unrestricted Fund	Invested in Fixed Assets	Internally Restricted Legal Fund <i>(Note 12)</i>	2012	2011
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 325,492	\$ 3,731	\$ 145,959	\$ <b>475,182</b>	\$ 472,309
Excess (deficiency) of revenues over expenses	36,823	-	(11,672)	<b>25,151</b>	2,873
Equipment additions - onsite	(2,842)	2,842	-	-	-
Amortization - onsite fixed assets and leaseholds	1,417	(1,417)	-	-	-
Amortization - offsite fixed assets	4,391	(4,391)	-	-	-
Amortization - deferred MAAS contributions	(4,391)	4,391	-	-	-
Due from (to) unrestricted fund <i>(Note 12)</i>	(10,695)	-	10,695	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 350,195	\$ 5,156	\$ 144,982	\$ <b>500,333</b>	\$ 475,182

**MANITOBA VETERINARY MEDICAL ASSOCIATION****Statement of Cash Flows****Year Ended June 30, 2012***(Unaudited)*

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 25,151	\$ 2,873
Items not affecting cash:		
Amortization of fixed assets	1,417	2,149
Amortization - offsite fixed assets	4,391	151,544
Amortization - deferred contributions	(4,391)	(151,544)
	<b>26,568</b>	<b>5,022</b>
Changes in non-cash working capital:		
Accounts receivable	(2,033)	(4,921)
Interest receivable	6,771	(213)
Inventory	(1,119)	1,710
Accounts payable and accrued liabilities	(2,109)	3,772
Deferred income	6,527	7,445
Prepays and deposits	(7,701)	292
GST payable (receivable)	(2,616)	769
	<b>(2,280)</b>	<b>8,854</b>
Cash flow from operating activities	<b>24,288</b>	<b>13,876</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,842)	-
Deferred leasehold improvement costs	(10,442)	-
Cash flow used by investing activities	<b>(13,284)</b>	<b>-</b>
<b>INCREASE IN CASH FLOW</b>	<b>11,004</b>	<b>13,876</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>611,101</b>	<b>597,225</b>
<b>CASH - END OF YEAR</b>	<b>\$ 622,105</b>	<b>\$ 611,101</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 1,189	\$ 1,250
Interest received	\$ 10,864	\$ 12,238

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2012

(Unaudited)

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### 1. DESCRIPTION OF ASSOCIATION

The mission of the Manitoba Veterinary Medical Association (M.V.M.A.) is to establish the requirements for licensure of veterinarians and the standards for professional conduct and competency; to be a forum for the discussion of pertinent issues and be the authorized voice for the profession in Manitoba; to preserve the health and viability of the profession; to encourage professional excellence through continuing education and support; and to promote the importance of the role of veterinarians in animal welfare to better serve the needs and interests of the people of Manitoba.

The Association is a non-share, not-for-profit corporation established in the Manitoba jurisdiction and exempt from tax under paragraph 149(1)(1) of the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

#### Fund Accounting

The Association uses the deferral method of accounting for contributions whereby restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred or in which the related event occurs. Deferred contributions pertaining to the purchase of fixed assets are amortized using the same methods and rates as the fixed assets acquired. The Association maintains three funds as follows:

#### Unrestricted Net Assets

The unrestricted net assets are comprised of the net unrestricted revenues and expenses.

#### Invested in Fixed Assets

The invested in fixed assets are comprised of the net revenues and expenses specifically relating to investments in fixed assets.

#### Internally restricted - legal fund

The internally restricted - legal fund is comprised of the net revenues and expenses specifically relating to the financing of legal expenses.

#### Contributed services

No amount has been reflected in the statements for contributed services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have contributed significant amounts of their time in the Association's activities.

#### Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis and consists of finished goods.

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# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2012

(Unaudited)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Property, plant and equipment

Property, plant and equipment are stated at recorded at cost. Property, plant and equipment with finite lives are amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value. Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known. The company provides for amortization on fixed assets so as to write off the cost of the assets over their estimated useful lives as follows:

Laboratory equipment - offsite	4 years	straight-line method
Computer equipment	33%	declining balance method
Computer equipment	45%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10 years	straight-line method
Signage - "Dog Party"	20%	declining balance method

The Association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year are not amortized until they are placed into use.

#### Revenue Recognition

The Association recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided to members; association dues, invoiced to members on a calendar year basis, are reported as income for the period to which they pertain,
- there is clear evidence that an arrangement exists,
- amounts are fixed or can be determined, and
- the ability to collect is reasonably assured.

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# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2012

(Unaudited)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Future changes in significant accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective for the organization.

The Accounting Standards Board will be implementing Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective January 1, 2012. The organization will be assessing the impact of the new standards on its financial statements over the next year.

Under the new framework, the Centre will be required to have the opening statement of financial position reviewed under this new framework; the opening statement of financial position will be at July 1, 2011 with required comparatives shown for the years ended June 30, 2011 and June 30, 2012. The financial statements will be required to be reviewed under the new standards and framework.

### 3. CASH

Cash is comprised of bank balances in both chequing and savings accounts. Bank balances generate interest at rates of 1.85% and 1.95%.

Cash includes a restricted fund of \$144,982 (\$145,959 in 2011) for purposes of legal expenses that may be incurred by the association for disciplinary and unusual cases.

The association holds substantially all of its cash balance with one financial institution. The cash balance is in excess of the Canadian Deposit Insurance Corporation amount of \$100,000 increasing a cash concentration risk with a risk of loss.

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2012

(Unaudited)

### 4. FIXED ASSETS

	Cost	Accumulated amortization	2012 Net book value
Laboratory equipment - offsite	\$ 795,992	\$ 789,405	\$ 6,587
Computer equipment	27,149	25,547	1,602
Furniture and fixtures	49,726	46,388	3,338
Leasehold improvements	55,860	55,860	-
Signage - "Dog Party"	3,053	2,838	215
	<b>\$ 931,780</b>	<b>\$ 920,038</b>	<b>\$ 11,742</b>

	Cost	Accumulated amortization	2011 Net book value
Laboratory equipment - offsite	\$ 795,992	\$ 785,014	\$ 10,978
Computer equipment	24,939	24,939	-
Furniture and fixtures	49,094	45,632	3,462
Leasehold improvements	55,860	55,860	-
Signage - "Dog Party"	3,053	2,784	269
	<b>\$ 928,938</b>	<b>\$ 914,229</b>	<b>\$ 14,709</b>

### 5. DEFERRED LEASEHOLD IMPROVEMENT COSTS

A new office lease was signed prior to the current fiscal year end and expenses have been incurred regarding the set up of the new lease and new office space. These amounts paid will become part of leasehold improvements effective July 1, 2012.

### 6. OTHER MATTERS

Offsite fixed assets, acquired under the MVMA/MAAS agreement, are being leased by the Association to the Veterinary Services Branch of the Government of Manitoba, as represented by the Minister of Agriculture, Food and Rural Initiatives. According to the lease agreement, the fixed assets will be leased without charge. This arrangement is conditional upon the understanding that Association members will have indirect access to use of the fixed assets. The fixed assets lessee is responsible for insuring and maintaining the fixed assets and staffing its use.

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2012

(Unaudited)

### 7. DEFERRED CONTRIBUTIONS - MAAS

Deferred contributions include the unamortized portions of restricted contributions. The funding was recorded as a deferred contribution and is being amortized at the same rate as the related laboratory equipment, accumulated amortization is \$789,405 (2011 - \$785,014) and original cost including current year contributions is \$795,992 (2011 - \$795,992).

	2012	2011
Balance, beginning of year	\$ 10,978	\$ 162,522
Less: amortization recorded during the year	(4,391)	(151,544)
Balance, end of the year	\$ 6,587	\$ 10,978

### 8. CVMA Membership Dues

The MVMA provides collection services to the Canadian Veterinary Medical Association. Professional dues collected for and remitted to the CVMA totaled \$95,550 (2011 - \$98,982). These "custodial" transactions are excluded from presentation on the "Statement of Operations". The Association receives a 2% (2011 - 2%) collection fee for this service from its national association, \$1,938 (2011 - \$1,846).

### 9. FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, interest receivable, inventory, goods and service tax recoverable and accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest, currency or commodity risks arising from the financial instruments noted. Unless otherwise stated, the fair values of these financial instruments approximate their carrying values.

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2012

(Unaudited)

### 10. LEASE COMMITMENTS

The association has entered into a new office space lease from Midwest Veterinary Purchasing Cooperative Ltd. over a 10-year term commencing July 1, 2012 and terminates July 31, 2022. Rent, during the first five years, is fixed at \$34,792 per annum and at \$37,000 for the last 5 years. In addition, common area costs, property taxes and administration fees are due per annum.

The estimated cash commitment (GST excluded) over the new lease term is as follows:

2013	\$ 34,792
2014	34,792
2015	34,792
2016	34,792
2017	34,792
	<u>\$ 173,960</u>

The association has a long term lease with respect to its postage machine. Future minimum lease payments as at year end are as follows:

2013	\$ 2,500
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The association has a long term lease with respect to its printer. Future minimum lease payments as at year end are as follows:

2013	\$ 3,279
2014	3,279
2015	3,279
	<u>\$ 9,837</u>

### 11. CAPITAL MANAGEMENT

Capital is comprised of the association's net assets. As at June 30, 2012, the association's net assets are \$504,071. The Association's objectives when managing capital are to continue as a going concern and to protect its ability to meet its on-going liabilities. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines based on risk management policies.

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2012

(Unaudited)

### 12. DUE FROM (TO) UNRESTRICTED FUND

The transfers from the unrestricted fund to the legal fund is comprised of the following transactions:

	2012	2011
Funds received from Dr. Bailey	\$ 3,762	\$ -
Funds transfered	(2,785)	11,850
Interest and bank charges	(11)	-
Interest income	3,580	2,308
Legal fee expenses	(33,311)	(9,740)
Membership fee income	18,070	15,775
	<b>\$ (10,695)</b>	<b>\$ 20,193</b>

### 13. INTERNALLY RESTRICTED - LEGAL FUND

In 1997, the Manitoba Government indicated that it wished to transfer responsibilities of the Veterinary Medical Board to the Manitoba Veterinary Medical Association. The Board oversaw the annual registration of veterinarians, the inspection of clinics, conducted investigations into complaints against veterinarians and conducted discipline hearings. The Government introduced legislation that transferred the Board's functions to the MVMA. The result was the creation of the Peer Review Committee and an unrestricted contribution of \$90,000 from the Government to the MVMA. The contributions to the fund were \$19,047 (2011 - \$27,625) which was comprised of membership fees \$18,070 (2011 - \$15,775), \$3,762 from Dr. Bailey and amounts allocated to (from) the unrestricted fund \$2,785 (2011 - \$11,850). The contributions were segregated in an account separate from the operating bank account.

A motion was passed, that the fund will be grown to a maximum of \$250,000 through member dues (transactions are detailed in Note 12).

**MANITOBA VETERINARY MEDICAL ASSOCIATION****Expenses***(Schedule 1)***Year Ended June 30, 2012***(Unaudited)*

	2012	2011
Accounting fees	\$ 4,571	\$ 4,408
Advertising and promotion	3,556	3,638
Clinic inspections	5,129	7,002
Continuing education	47,734	47,831
Cost of sales - dispensing bags, prescription form	2,417	3,193
Council and committee	8,149	8,130
Credit card discounts	10,270	8,414
Depreciation - equipment	1,417	2,149
Depreciation - offsite equipment	4,391	151,544
Equipment maintenance	2,435	1,690
Equipment rentals	5,244	5,865
Insurance	3,485	4,914
Interest and bank charges	1,189	1,250
Internet fees	962	857
Janitorial fees	1,200	1,100
Legal fees	43,880	23,496
Meetings - mandatory and AGM	14,048	15,405
Miscellaneous	2,356	4,739
Newsletter	9,938	11,543
Office and software	4,183	8,258
Postage	6,569	4,271
Practice management seminars	-	144
Printing and stationery	1,391	939
Rent and expense sharing	36,315	32,137
Salaries and wages	198,875	187,993
Scholarships	3,150	3,150
Security and building maintenance	669	657
Special events	-	6,710
Telephone	4,755	4,495
Utilities	3,531	3,106
Website design and support	1,085	1,055
Western College of Veterinary Medicine support	1,652	2,623
	<b>\$ 434,546</b>	<b>\$ 562,706</b>