

MANITOBA VETERINARY MEDICAL ASSOCIATION

Financial Statements

Year Ended June 30, 2010

(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Members of Manitoba Veterinary Medical Association

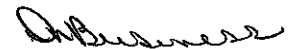
We have reviewed the statement of financial position of Manitoba Veterinary Medical Association as at June 30, 2010 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards 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

August 19, 2010



Chartered Accountants Inc.

MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Financial Position

June 30, 2010

(Unaudited)

	2010	2009 <i>Note 12</i>
ASSETS		
CURRENT		
Cash <i>(Note 3)</i>	\$ 597,225	\$ 623,434
Accounts receivable	4,934	10,196
Inventory	5,748	5,938
Interest receivable	6,558	7,337
Goods and services tax recoverable	876	2,749
Prepays and deposits	6,250	5,353
	621,591	655,007
FIXED ASSETS <i>(Note 4)</i>	168,401	349,005
	\$ 789,992	\$ 1,004,012
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,876	\$ 1,638
Deferred income - membership dues	142,285	128,308
Government funding repayable <i>(Notes 5, 6)</i>	-	18,333
	155,161	148,279
DEFERRED CONTRIBUTIONS - MAAS <i>(Note 7)</i>	162,522	341,760
	317,683	490,039
NET ASSETS		
Unrestricted fund	340,664	506,727
Invested in fixed assets	5,879	7,246
Internally restricted legal fund <i>(Note 13)</i>	125,766	-
	472,309	513,973
	\$ 789,992	\$ 1,004,012

APPROVED BY THE COUNCIL

See Accompanying Notes

MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Revenues and Expenditures

Year Ended June 30, 2010

(Unaudited)

	2010	2009 <i>Note 12</i>
REVENUES		
Allowance - CVMA insurance program	\$ 873	\$ 3,119
Amortization - deferred contributions	196,802	84,760
Association membership dues	264,759	251,776
Bank interest	12,106	16,053
Clinic inspections	15,808	9,265
Commissions - CVMA <i>(Note 8)</i>	3,465	1,693
Consulting fees	1,126	870
Continuing education - corporate sponsors	9,000	13,429
Continuing education - other	22,303	31,058
Directory advertising	1,407	1,356
Dispensing bags and prescription forms	5,075	3,954
Exam Revenue	2,300	-
Fees - specialty clinics	1,862	1,230
Newsletter ads and subscriptions	19,787	23,483
Other	1,286	822
Trade show - corporate sponsors	8,933	6,340
	566,892	449,208
EXPENSES <i>(Schedule 1)</i>	608,556	400,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (41,664)	\$ 48,334

MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2010

(Unaudited)

	Unrestricted Fund	Invested in Fixed Assets	Internally Restricted Legal Fund <i>Note 13</i>	2010	2009 <i>Note 12</i>
NET ASSETS - BEGINNING OF YEAR	\$ 506,727	\$ 7,246	\$ -	\$ 513,973	\$ 465,659
Deficiency of revenues over expenses	(41,664)	-	-	(41,664)	48,334
Fixed asset additions - offsite	(17,565)	17,565	-	-	-
MAAS contributions applied	17,565	(17,565)	-	-	-
Depreciation - onsite fixed assets and leaseholds	1,367	(1,367)	-	-	-
Depreciation - offsite fixed assets	196,802	(196,802)	-	-	-
Amortization - deferred MAAS contributions	(196,802)	196,802	-	-	-
Interfund transfer	(125,766)	-	125,766	-	-
NET ASSETS - END OF YEAR	\$ 340,664	\$ 5,879	\$ 125,766	\$ 472,309	\$ 513,993

MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Cash Flows

Year Ended June 30, 2010

(Unaudited)

	2010	2009 <i>Note 12</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (41,664)	\$ 48,334
Items not affecting cash:		
Amortization of fixed assets	3,799	4,358
Depreciation - offsite fixed assets	196,803	84,760
Amortization - deferred contributions	(196,803)	(84,760)
	(37,865)	52,692
Changes in non-cash working capital:		
Accounts receivable	5,262	7,798
Interest receivable	779	3,789
Inventory	190	(2,749)
Accounts payable and accrued liabilities	11,237	(2,419)
Deferred income	13,977	5,203
Prepays and deposits	(897)	(278)
GST payable (receivable)	1,873	(48)
Government funding repayable	(18,333)	(5,428)
	14,088	5,868
Cash flow from (used by) operating activities	(23,777)	58,560
INVESTING ACTIVITIES		
Purchase of fixed assets	(2,432)	-
Purchase of offsite fixed assets - MAAS	(17,565)	(5,428)
Cash flow used by investing activities	(19,997)	(5,428)
FINANCING ACTIVITY		
Deferred contributions - MAAS	17,565	5,428
INCREASE (DECREASE) IN CASH FLOW	(26,209)	58,560
CASH - BEGINNING OF YEAR	623,434	564,874
CASH - END OF YEAR	\$ 597,225	\$ 623,434
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 609	\$ 546

MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2010

(Unaudited)

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

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

Invested in Fixed Assets

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

Internally restricted - legal fund

The net assets are comprised of the net revenues and expenses specifically relating to the financing of legal expenses.

Changes in accounting policies

The Association has made a change in accounting estimates as it was determined that the laboratory fixed assets - offsite should be amortized using a 4 year straight line method for future years, where as the Association had previously been using a 20% declining balance amortization method. The result is a faster amortization of the asset.

Effective the years commencing on July 1, 2009, the Association implemented the new Canadian Institute of Chartered Accountants (CICA) accounting Section 1535, "Capital Disclosures". For non publicly accountable entities, Section 1535 specifies the disclosure must be made regarding whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. The Association has included the required disclosure in note 11 to the financial statements.

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MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2010

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Long-lived assets

Long-lived assets consist of fixed assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings during the year in which the asset becomes impaired.

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.

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.

Fixed assets

Fixed assets are stated at cost less accumulated amortization. Fixed assets are amortized over their estimated useful lives at the following rates and methods:

Laboratory equipment - offsite	4 years	straight-line method
Computer equipment	33%	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 fixed assets to eliminate obsolete items. Government grants are treated as a reduction of fixed assets cost.

Fixed assets acquired during the year but not placed into use are not amortized until they are placed into use.

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MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2010

(Unaudited)

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

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
- the ability to collect is reasonably assured.

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%. The Association is currently not exposed to credit risk as their bank balances are maintained in credit unions which have unlimited Canadian Deposit Insurance Corporation coverage.

4. FIXED ASSETS

	Cost	Accumulated amortization	2010 Net book value
Laboratory equipment - offsite	\$ 795,992	\$ 633,470	\$ 162,522
Computer equipment	24,939	23,723	1,216
Furniture and fixtures	49,094	44,767	4,327
Leasehold improvements	55,860	55,860	-
Signage - "Dog Party"	3,053	2,717	336
	\$ 928,938	\$ 760,537	\$ 168,401

	Cost	Accumulated amortization	2009 Net book value
Laboratory equipment - offsite	\$ 778,427	\$ 436,668	\$ 341,759
Computer equipment	22,507	21,090	1,417
Furniture and fixtures	49,094	43,685	5,409
Leasehold improvements	55,860	55,860	-
Signage - "Dog Party"	3,053	2,633	420
	\$ 908,941	\$ 559,936	\$ 349,005

MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2010

(Unaudited)

5. CONTRIBUTION AGREEMENT - MVMA/MAAS

On November 29, 2004 the Association entered into an agreement with the Manitoba Association of Agricultural Societies Inc. ("MAAS") to purchase laboratory equipment. The agreement, which expired March 31, 2006, provided for a funding allocation to the Association of \$821,800. The Association has been allowed to make additional equipment expenditures subsequent to the expiry date of this agreement.

The Association has received the maximum funding allocation which has been disbursed as follows:

	2010	2009
Laboratory equipment	\$ 795,992	\$ 778,427
Soft costs	7,015	7,015
Prepaid service contract	8,025	8,025
One-time administrative fee	10,000	10,000
Administrative fee	768	-
	821,800	803,467
Unexpended funds repayable	-	18,333
	\$ 821,800	\$ 821,800

Project funds, expended on offsite lab equipment, are recorded on the balance sheet as "Deferred Contributions- MAAS". Deferred contributions are decreased by an amount equal to the amortization taken on the fixed assets acquired.

As of June 30, 2010, the Association's cash position includes an amount of \$nil (2009 - \$18,333) which is committed to the repayment of MAAS government funding or to the future purchase of offsite lab equipment.

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, 2010

(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 \$633,470 (2009 - \$436,668) and original cost including current year contributions is \$795,992 (2009 - \$778,427).

	2010	2009
Balance, beginning of year	\$ 341,760	\$ 421,092
Add: deferred contributions recorded during the year	17,565	5,428
Less: amortization recorded during the year	(196,803)	(84,760)
Balance, end of the year	\$ 162,522	\$ 341,760

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 \$87,616 (2008 - \$85,101). These "custodial" transactions are excluded from presentation on the "Statement of Operations". The Association receives a 4% (2009 - 2%) collection fee for this service from its national association, \$3,465 (2009 - \$1,693).

9. FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, interest receivable, inventory, goods and service tax recoverable and accounts payable and accrued liabilities and government funding repayable. 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, 2010

(Unaudited)

10. PROPERTY LEASE COMMITMENTS

The Association leases office space from J. Newman Holdings Ltd. over a 10-year term which commenced August 1, 2002 and terminates July 31, 2012. Rent during the last five years of the lease is fixed at \$24,050 per annum. In addition, common area costs, property taxes and administration fees are due, presently estimated at \$9,953 per annum.

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

2011	\$ 34,003
2012	34,003
2013	<u>2,834</u>
	<u>\$ 70,840</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:

2011	\$ 3,333
2012	3,333
2013	<u>2,500</u>
	<u>\$ 9,166</u>

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

2011	\$ 3,279
2012	3,279
2013	3,279
2014	3,279
2015	<u>3,279</u>
	<u>\$ 16,395</u>

11. CAPITAL MANAGEMENT

Capital is comprised of the Association's net assets and any debt that it may issue. As at June 30, 2010, the Association's net assets are \$472,309 and it had no outstanding debt. 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.

12. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered accountants. Certain comparative figures have been reclassified to conform to current years presentation.

MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2010

(Unaudited)

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. As at the end of the fiscal year, the contribution plus interest resulted in a balance of \$125,765 which was segregated in an account separate from the operating bank account.

A motion has been passed in the current year by the board of directors to internally restrict the balance of \$125,765 towards the establishment of a legal fund. The purpose of the fund is to finance the cost of legal expenses related to peer review, PIPS and safeguarding the profession.

It was determined that the fund will be grown to a maximum of \$250,000 through member dues.

MANITOBA VETERINARY MEDICAL ASSOCIATION**Expenses
(Schedule 1)****Year Ended June 30, 2010***(Unaudited)*

	2010	2009 <i>Note 12</i>
Accounting fees	\$ 11,771	\$ 6,869
Advertising and promotion	7,004	4,206
Amortization of leasehold improvements	-	1,226
Clinic inspections	11,363	8,862
Continuing education	29,883	33,852
Cost of sales - dispensing bags, prescription form	4,664	2,398
Council and committee	9,259	6,967
Credit card discounts	6,756	6,071
Depreciation - equipment	3,799	3,132
Depreciation - offsite equipment	196,802	84,760
Equipment maintenance	-	2,116
Equipment rentals	3,358	1,377
Insurance	4,765	1,790
Interest and bank charges	611	548
Internet fees	905	875
Janitorial fees	1,200	1,200
Legal fees	31,447	8,672
Meetings - mandatory and AGM	11,265	11,364
Miscellaneous	4,521	3,378
Newsletter	11,342	13,004
Office and software	10,036	6,326
Peer review committee expense	3,929	99
Postage	4,761	5,341
Practice management seminars	442	1,076
Printing and stationery	876	907
Scholarships	3,150	3,346
Rent and expense sharing	33,064	33,578
Salaries and wages	188,690	123,473
Security and building maintenance	521	462
Telephone	6,642	5,873
Utilities	3,045	3,201
Website design and support	390	7,465
Western College of Veterinary Medicine support	1,872	1,524
Western presidents meeting	423	5,536
	\$ 608,556	\$ 400,874