

**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Financial Statements**

**Year Ended June 30, 2016**

*(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, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, 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 accounting standards for not-for-profit organizations.

Winnipeg, Manitoba  
September 26, 2016

A handwritten signature in black ink, appearing to read 'D. B. ...', is positioned above the company name.

Chartered Professional Accountants Inc.



**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Statement of Financial Position**

**June 30, 2016**

*(Unaudited)*

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash <i>(Note 3)</i>	\$ 383,763	\$ 344,907
Accounts receivable	3,245	2,730
Inventory	2,474	4,843
Goods and services tax recoverable	588	3,532
Prepays and deposits	11,358	9,098
	<b>401,428</b>	<b>365,110</b>
<b>FIXED ASSETS</b> <i>(Note 4)</i>	<b>22,335</b>	<b>30,673</b>
<b>LONG TERM INVESTMENTS</b> <i>(Note 5)</i>	<b>355,762</b>	<b>344,259</b>
	<b>\$ 779,525</b>	<b>\$ 740,042</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 12,370	\$ 6,985
Accounts payable - MAHTA (re: CenCan reserve) <i>(Note 6)</i>	3,218	1,879
Deferred income - memberships	174,093	167,995
	<b>189,681</b>	<b>176,859</b>
<b>NET ASSETS</b>		
Unrestricted fund	338,577	325,184
Invested in fixed assets	22,335	30,673
Internally restricted fund	228,932	207,326
	<b>589,844</b>	<b>563,183</b>
	<b>\$ 779,525</b>	<b>\$ 740,042</b>

**APPROVED BY THE COUNCIL**

\_\_\_\_\_  
\_\_\_\_\_

See Accompanying Notes



**MANITOBA VETERINARY MEDICAL ASSOCIATION****Statement of Revenues and Expenditures****Year Ended June 30, 2016***(Unaudited)*

	2016	2015
<b>REVENUES</b>		
Advertising revenues	\$ 15,658	\$ 17,286
Allowance - CVMA insurance program	7,620	13,887
Association membership dues	340,139	333,808
Association membership dues - legal	20,800	20,510
CenCan reserve <i>(Note 6)</i>	2,485	7,515
Central Canadian Veterinary Conference	167,956	127,720
Clinic inspections	14,560	13,550
Commissions - CVMA <i>(Note 8)</i>	4,431	4,347
Consulting fees	2,480	2,995
Continuing education	7,116	14,897
Directory advertising	1,068	4,423
Dispensing bags and prescription forms	4,505	4,225
Exam revenue	3,214	2,750
Fees - specialty clinics	2,167	956
Other	3,165	1,200
Special event	770	-
	598,134	570,069
<b>EXPENSES <i>(Schedule 1)</i></b>	<b>584,651</b>	<b>574,092</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>13,483</b>	<b>(4,023)</b>
<b>OTHER INCOME</b>		
Dividend income	8,700	8,863
Interest income - savings and legal fund	1,675	3,191
Unrealized gain on long term investments	2,803	1,299
	13,178	13,353
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 26,661</b>	<b>\$ 9,330</b>

**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended June 30, 2016**

*(Unaudited)*

	Unrestricted Fund	Invested in Fixed Assets	Internally Restricted Fund	2016	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 325,184	\$ 30,673	\$ 207,326	\$ <b>563,183</b>	\$ 553,853
Excess of revenues over expenses	26,661	-	-	<b>26,661</b>	9,330
Amortization	11,016	(11,016)	-	-	-
Fixed asset additions	(2,678)	2,678	-	-	-
Board approved transfers	(25,000)	-	25,000	-	-
Legal expenses incurred	4,200	-	(4,200)	-	-
Interest earned on internally restricted fund	(806)	-	806	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 338,577	\$ 22,335	\$ 228,932	\$ <b>589,844</b>	\$ 563,183

**MANITOBA VETERINARY MEDICAL ASSOCIATION****Statement of Cash Flow****Year Ended June 30, 2016***(Unaudited)*

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 26,661	\$ 9,330
Items not affecting cash:		
Amortization of fixed assets	11,016	11,530
Write-down of marketable securities	(2,803)	(1,299)
	<b>34,874</b>	<b>19,561</b>
Changes in non-cash working capital:		
Accounts receivable	(515)	4,543
Inventory	2,369	(1,480)
Accounts payable and accrued liabilities	5,385	747
Deferred income	6,098	3,916
Prepays and deposits	(2,260)	3,901
Goods and services tax payable	2,944	1,563
Accounts payable - MAHTA	1,339	1,879
Deferred income - continuing education	-	(8,975)
	<b>15,360</b>	<b>6,094</b>
Cash flow from operating activities	<b>50,234</b>	<b>25,655</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,678)	-
Long term investments	(8,700)	(8,863)
Cash flow used by investing activities	<b>(11,378)</b>	<b>(8,863)</b>
<b>INCREASE IN CASH FLOW</b>	<b>38,856</b>	<b>16,792</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>344,907</b>	<b>328,115</b>
<b>CASH - END OF YEAR</b>	<b>\$ 383,763</b>	<b>\$ 344,907</b>

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2016

(Unaudited)

---

### 1. DESCRIPTION OF ASSOCIATION

The mission of the Manitoba Veterinary Medical Association (MVMA) 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 financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. The financial statements include the following 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 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 to finance legal expenses related to peer review, Practice Inspections, Practice Standards (PIPS), and safeguarding the profession.

#### 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.

(continues)

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2016

(Unaudited)

---

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

#### Long Term Investments

Long term investments for which there are quoted prices in an active market, are carried at fair value. Unrealized gains or losses are reported as part of net income.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations 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. Fixed assets with finite lives are amortized over their estimated useful lives. This requires an 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 Association 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	45% to 55%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10 years	straight-line method
Signage	20%	declining balance method

Fixed assets 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.



# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2016

(Unaudited)

### 3. CASH

Cash is comprised of bank balances in both chequing and savings accounts. Both bank balances generate interest at rates of 0.35% (0.40% in 2015).

Cash includes an internally restricted fund of \$228,932 (\$207,326 in 2015) for purposes of legal expenses that may be incurred by the Association for peer review, PIPS, and safeguarding the profession.

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.

### 4. FIXED ASSETS

	Cost	Accumulated amortization	2016 Net book value
Computer equipment	\$ 31,104	\$ 28,665	\$ 2,439
Furniture and fixtures	29,802	17,160	12,642
Leasehold improvements	34,093	27,275	6,818
Signage	3,806	3,371	435
	<b>\$ 98,805</b>	<b>\$ 76,471</b>	<b>\$ 22,334</b>

	Cost	Accumulated amortization	2015 Net book value
Computer equipment	\$ 28,426	\$ 27,736	\$ 690
Furniture and fixtures	29,802	13,999	15,803
Laboratory equipment - offsite	795,992	795,992	-
Leasehold improvements	34,093	20,456	13,636
Signage	3,806	3,262	544
	<b>\$ 892,119</b>	<b>\$ 861,445</b>	<b>\$ 30,673</b>

### 5. LONG TERM INVESTMENTS

Long term investments consist of mutual funds with a cost of \$348,078 (\$344,847 in 2015) and a market value of \$355,762 (\$344,259 in 2015).

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2016

(Unaudited)

### 6. CENCAN RESERVE

Manitoba Veterinary Medical Association (MVMA) and Manitoba Animal Health Technologists Association (MAHTA) agreed to set aside funds from the net profits of the CenCan annual conference as a 'cushion or buffer' fund to offset revenue swings and to contribute to high profile speakers. In 2015, \$7,515 was put in reserve and in 2016 another \$2,485 for a total of \$10,000. Annually, MVMA pays 25% of net profit to MAHTA. In order to keep the reserve amount, they withhold 25% of the annual reserve and record it as a payable to MAHTA. Please note that for accounting purposes, all revenue is recognized annually and no reserve is shown on the statements. Only the 25% of the reserve added each year and payable to MAHTA is recognized.

### 7. DEFERRED CONTRIBUTIONS - MAAS

Deferred contributions include the unamortized portions of restricted contributions. The funding was recorded as a deferred contribution and was amortized at the same rate as the related laboratory equipment. Upon completion in 2015, the Association no longer had title to the related equipment and the obligations and related assets were removed from the books.

	2016	2015
Balance, beginning of year	\$ -	\$ 795,992
Less: amortization recorded during the year	-	(795,992)
Balance, end of the year	\$ -	\$ -

### 8. CVMA Membership Dues

The MVMA provides collection services to the Canadian Veterinary Medical Association (CVMA). Professional dues collected for and remitted to the CVMA totaled \$110,784 (\$104,973 - 2015). These "custodial" transactions are excluded from presentation on the "Statement of Operations". The Association receives a 4% (2015 - 4%) collection fee for this service from its national association, \$4,431 (\$4,347 - 2015).

### 9. FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, long term investments 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, 2016

(Unaudited)

### 10. LEASE COMMITMENTS

The Association is in an office space lease from Midwest Veterinary Purchasing Cooperative Ltd. over a 10-year term commenced July 1, 2012 and terminates July 31, 2022. Rent, during the next two 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 Association leases a copier/printer on a 5 year term commenced November 2015 and terminates October 2020. Payments are quarterly at a rate of \$706. In addition, there is a maintenance fee based on number of prints and is fixed over the term of the lease.

### 11. TRANSFERS FROM (TO) UNRESTRICTED FUND

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

	2016	2015
Funds transferred	\$ 25,000	\$ 25,000
Interest income	806	1,516
Legal fee expenses	(4,200)	(4,209)
	<b>\$ 21,606</b>	<b>\$ 22,307</b>

### 12. 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. There was an unrestricted contribution of \$90,000 from the Government to the MVMA. These funds and related interest were moved into an internally restricted "legal fund" in 2010. In the current fiscal year, the contributions to the fund were \$22,307 (2014 - \$13,444) which was comprised of amounts allocated to (from) the unrestricted fund \$25,000 (2014 - \$25,000) and interest income \$806 (2014 - \$1,516) less amounts needed to cover disciplinary legal matters of \$4,200 (2014 - \$1,516). The contributions were segregated in an account separate from the operating bank account.

An MVMA Council resolution was passed in 2010, that stated the fund will be grown to a maximum of \$250,000 through member dues (transactions are detailed in Note 11).

**MANITOBA VETERINARY MEDICAL ASSOCIATION****Expenses***(Schedule 1)***Year Ended June 30, 2016***(Unaudited)*

	2016	2015
Accounting fees	\$ 5,284	\$ 5,226
Advertising and promotion	1,818	1,750
Amortization	11,016	11,530
Central Canadian Veterinary Conference expenses	131,789	102,201
Clinic inspections	14,054	9,240
Consulting fees	15,648	-
Continuing education expenses	6,180	13,324
Cost of sales - dispensing bags, prescription form	3,943	3,625
Council and committee	12,510	11,476
Credit card charges	12,701	11,814
Equipment rentals	5,579	7,541
Food and general expenses	2,861	1,741
Insurance	3,637	2,438
Interest and bank charges	1,642	996
Internet and website costs	4,062	2,839
Legal fees	15,520	29,156
MVMA strategic planning	3,040	35,000
Meetings - mandatory and AGM	19,495	26,505
Membership services	3,109	1,848
Newsletter	6,117	9,755
Office expenses	6,735	6,980
Other human resource expenses	5,901	3,161
Peer review committee expense	-	1,938
Postage and courier	2,256	8,481
Rent and expense sharing	34,792	34,792
Repairs and maintenance	3,649	3,133
Salaries and wages	236,344	215,476
Scholarships	3,150	3,150
Special event	770	-
Staff training	2,291	2,759
Telephone	4,248	4,152
Western College of Veterinary Medicine support	1,779	2,065
Western presidents meeting	2,731	-
	<b>\$ 584,651</b>	<b>\$ 574,092</b>