

**THE MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Financial Statements**

**Year Ended June 30, 2018**

*(Unaudited)*

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Members of The Manitoba Veterinary Medical Association

We have reviewed the accompanying financial statements of The Manitoba Veterinary Medical Association that comprise the statement of financial position as at June 30, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of The Manitoba Veterinary Medical Association as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Statement of Financial Position

June 30, 2018

(Unaudited)

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 453,239	\$ 434,410
Accounts receivable	3,304	5,009
Goods and services tax recoverable	743	85
Prepaid expenses	22,571	20,424
	<b>479,857</b>	<b>459,928</b>
FIXED ASSETS (Note 4)	<b>116,793</b>	<b>11,798</b>
LONG TERM INVESTMENTS (Note 5)	<b>344,504</b>	<b>354,813</b>
	<b>\$ 941,154</b>	<b>\$ 826,539</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 12,005	\$ 9,282
Accounts payable - MVTA	4,267	4,267
Deferred income - memberships	226,891	215,871
Current portion of long term debt (Note 6)	9,450	-
	<b>252,613</b>	<b>229,420</b>
LONG TERM DEBT (Note 6)	<b>76,386</b>	<b>-</b>
	<b>328,999</b>	<b>229,420</b>
<b>NET ASSETS</b>		
Unrestricted fund	<b>230,771</b>	<b>330,677</b>
Invested in fixed assets	<b>116,793</b>	<b>11,798</b>
Internally restricted legal fund (Note 12)	<b>264,591</b>	<b>254,644</b>
	<b>612,155</b>	<b>597,119</b>
	<b>\$ 941,154</b>	<b>\$ 826,539</b>

# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Statement of Revenues and Expenditures

Year Ended June 30, 2018

(Unaudited)

	2018	2017
<b>REVENUES</b>		
Advertising revenues	\$ 8,919	\$ 9,169
Allowance - CVMA insurance program	8,554	8,197
Association membership dues	426,700	370,028
Association membership dues - legal	13,960	27,180
CenCan Reserve	-	7,254
Central Canadian Veterinary Conference	151,513	158,534
Clinic inspections	12,070	16,950
Commission - CVMA	5,129	4,557
Consulting fees	3,414	2,455
Continuing education	22,214	3,748
Directory advertising	1,394	1,161
Dispensing bags and prescription forms	20	2,865
Exam revenue	4,950	4,916
Fees - specialty clinics	1,855	1,543
Other	4,332	1,859
The Post	11,115	8,260
	<b>676,139</b>	628,676
<b>EXPENSES (Schedule 1)</b>	<b>650,672</b>	621,615
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>25,467</b>	7,061
<b>OTHER INCOME (EXPENSES)</b>		
Dividend income	3,815	13,477
Loss on disposal of fixed assets	(320)	-
Loss on disposal of investments - realized	(14,124)	-
Interest income - savings and legal fund	198	1,162
Gain (loss) on long term investments - unrealized	-	(14,426)
	<b>(10,431)</b>	213
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 15,036</b>	\$ 7,274

**THE MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended June 30, 2018**

*(Unaudited)*

	Unrestricted Fund	Invested in Fixed Assets	Internally Restricted Legal Fund	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 330,677	\$ 11,798	\$ 254,644	\$ <b>597,119</b>	\$ 589,845
Excess of revenues over expenses	15,036	-	-	<b>15,036</b>	7,274
Asset additions	(134,228)	134,228	-	-	-
Amortization	26,872	(26,872)	-	-	-
Asset disposals	2,040	(2,040)	-	-	-
Loss on disposal of assets	321	(321)	-	-	-
Board approved transfers	(9,832)	-	9,832	-	-
Legal expenses incurred	-	-	-	-	-
Interest earned on internally restricted fund	(115)	-	115	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 230,771	\$ 116,793	\$ 264,591	\$ <b>612,155</b>	\$ 597,119

# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Statement of Cash Flow

Year Ended June 30, 2018

(Unaudited)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 15,036	\$ 7,274
Items not affecting cash:		
Amortization of fixed assets	26,872	10,539
Loss on disposal of fixed assets	320	-
Realized loss on disposal of investments	14,124	-
Unrealized loss on investments	-	14,426
	<b>56,352</b>	<b>32,239</b>
Changes in non-cash working capital:		
Accounts receivable	1,705	(1,764)
Inventory	-	2,474
Accounts payable and accrued liabilities	2,724	(3,089)
Deferred income - memberships	11,020	41,778
Prepaid expenses	(2,147)	(9,066)
Goods and services tax payable (recoverable)	(658)	503
MVTA payable	-	1,049
	<b>12,644</b>	<b>31,885</b>
Cash flow from operating activities	<b>68,996</b>	<b>64,124</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(134,228)	-
Proceeds on disposal of fixed assets	2,040	-
Long term investments	(3,815)	(13,477)
Cash flow used by investing activities	<b>(136,003)</b>	<b>(13,477)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	94,500	-
Repayment of long term debt	(8,664)	-
Cash flow from financing activities	<b>85,836</b>	<b>-</b>
<b>INCREASE IN CASH FLOW</b>	<b>18,829</b>	<b>50,647</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>434,410</b>	<b>383,763</b>
<b>CASH - END OF YEAR</b>	<b>\$ 453,239</b>	<b>\$ 434,410</b>

# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2018

(Unaudited)

### 1. PURPOSE OF THE ASSOCIATION

The Manitoba Veterinary Medical Association (MVMA) is the regulatory and professional organization for the veterinary profession in Manitoba. The mission of MVMA is to provide regulatory governance and to empower our members to champion the art and science of veterinary medicine. Legislated by the Province of Manitoba's Veterinary Medical Act, the MVMA is supported by its over 750 veterinarian and veterinary technologist members. Members come to MVMA to obtain and renew their licenses/registrations. The MVMA also regulates the practice of veterinary medicine in Manitoba and ensure that Manitobans have access to qualified veterinary care. Finally, the organization advocates for animal health, grows public awareness of veterinary medicine and keeps members informed and connected to national and international veterinary communities."

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 were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

#### Fund accounting

The Manitoba Veterinary Medical Association follows 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.

#### 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.

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# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2018

(Unaudited)

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

#### 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 less accumulated amortization. The estimated useful lives, residual values and amortization methods are reviewed if events or changes in circumstances indicate the carrying amount may not be recoverable. Fixed assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	45% to 55%	declining balance method
Equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method
Signage	20%	declining balance method

Fixed assets acquired during the year are not amortized until they are placed into use. Fixed assets are amortized at one-half the normal rate in the year of acquisition.

#### Revenue recognition

The Manitoba Veterinary Medical Association follows the deferral method of accounting for contributions.

- 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.

### 3. CASH

Cash is comprised of bank balances in both chequing and savings accounts. Both bank balances generate interest at rates of 0.02% (0.10% in 2017) for balances \$25,00 and over.

Cash includes an internally restricted fund of \$264,592 (\$254,644 in 2017) 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.

**THE MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Notes to Financial Statements**

**Year Ended June 30, 2018**

*(Unaudited)*

4. FIXED ASSETS

	Cost	Accumulated amortization	2018 Net book value
Computer equipment	\$ 32,738	\$ 30,822	\$ 1,916
Furniture and fixtures	46,479	19,391	27,088
Leasehold improvements	143,482	55,971	87,511
Signage	3,806	3,528	278
	<b>\$ 226,505</b>	<b>\$ 109,712</b>	<b>\$ 116,793</b>

	Cost	Accumulated amortization	2017 Net book value
Computer equipment	\$ 31,104	\$ 29,768	\$ 1,336
Furniture and fixtures	29,802	19,688	10,114
Leasehold improvements	34,093	34,093	-
Signage	3,806	3,458	348
	<b>\$ 98,805</b>	<b>\$ 87,007</b>	<b>\$ 11,798</b>

5. LONG TERM INVESTMENTS

Long term investments consist of mutual funds with a cost of \$356,744 (\$367,053 in 2017) and a market value of \$356,744 (\$354,813 in 2017).

# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2018

(Unaudited)

### 6. LONG TERM DEBT

	2018	2017
Western Drug Distribution Center loan bearing no interest repayable in monthly payments of \$788. The loan matures on August 2, 2027.	\$ 85,836	\$ -
Amounts payable within one year	(9,450)	-
	<u>\$ 76,386</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2019	\$ 9,450
2020	9,450
2021	9,450
2022	9,450
2023	9,450
Thereafter	<u>29,136</u>
	<u>\$ 76,386</u>

### 7. CENCAN - RELATED PARTY TRANSACTION

Manitoba Veterinary Medical Association (MVMA) and Manitoba Veterinary Technologists Association (MVTA) agreed to internally track a 'rainy day' fund from the net profits of the CenCan annual conference as a 'cushion or buffer' amount to offset revenue swings and to contribute to high profile speakers. Annually, MVMA pays 25% of conference's net profit to MVTA and the MVTA portion of the reserve is taken from their profit share. In order to internally track this amount, the MVMA records it as a payable to MVTA. The amount withheld may be slightly more or less than 25% as costs associated to MVTA activities at the conference may be added/deducted to/from the MVTA reserve share. In the current year no additional reserve was set aside. This reserve will be used for the 2019 CenCan Conference speaker.

	2018	2017
Opening balance	\$ 19,022	\$ 10,000
Current year allocation	-	9,022
	<u>\$ 19,022</u>	<u>\$ 19,022</u>

### 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 \$127,328 (\$119,624 - 2017). These "custodial" transactions are excluded from presentation on the "Statement of Operations". The Association receives approximately 4% (2017 - 4%) collection fee for this service from its national association, \$5,129 (\$4,557 - 2017).

# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2018

(Unaudited)

### 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.

### 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, 2017 and terminates July 31, 2027.

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.

Future minimum lease payments as at June 30, 2018, are as follows:

	Office Lease	Office Equipment	Total
2019	\$ 45,225	\$ 2,825	\$ 48,050
2020	45,225	2,825	48,050
2021	45,225	-	45,225
2022	45,225	-	45,225
2023	45,225	-	45,225
Thereafter	197,100	-	197,100
	<b>\$ 423,225</b>	<b>\$ 5,650</b>	<b>\$ 428,875</b>

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

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

	2018	2017
Funds transferred	\$ 9,832	\$ 27,180
Interest income	115	568
Legal fee expenses	-	(2,036)
Net increase in Legal Fund	<b>\$ 9,947</b>	<b>\$ 25,712</b>

# THE MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2018

(Unaudited)

### 12. INTERNALLY RESTRICTED - LEGAL FUND

In 1997, the Province of Manitoba 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 Province of Manitoba introduced legislation that transferred the Board's functions to the MVMA. There was an unrestricted contribution of \$90,000 from the Manitoba 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 \$9,947 (2017 - \$25,712) which was comprised of amounts allocated to (from) the unrestricted fund \$9,832 (2017 - \$27,180) and interest income \$115 (2017 - \$568) less amounts needed to cover disciplinary legal matters of nil (2017 - \$2,036). The contributions were segregated in an account separate from the operating bank account.

An MVMA Council resolution was passed in 2017, that stated the fund will be grown to a maximum of \$350,000 through member dues (transactions are detailed in Note 10). In 2018, the amount collected from members was reduced from \$50 to \$25 annually so as to grow the fund at a slower rate.

### 13. MARKETING ALLOCATION

An MVMA Council budgeting item was discussed in 2018 to implement a marketing fund to be collected via a \$25 per member annual fee. No separate bank account will be set up and the amounts are part of unrestricted general revenues and expenses.

	2018	2017
Funds collected	\$ 12,490	\$ -
Funds used	(7,942)	-
Balance of Marketing Fund	\$ 4,548	\$ -

**THE MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Expenses**

*(Schedule 1)*

**Year Ended June 30, 2018**

*(Unaudited)*

	2018	2017
Accounting fees	\$ 6,285	\$ 5,395
Advertising and promotion	10,724	7,166
Amortization	26,872	10,539
Central Canadian Veterinary Conference expenses	127,827	133,093
Clinic inspections	9,333	13,821
Commissions	8,370	6,776
Consulting fees	-	34,436
Continuing education	20,759	6,491
Cost of sales - dispensing bags, prescription form	-	2,474
Council expenses	10,665	11,747
Credit card charges	16,543	14,384
Equipment rentals	4,839	5,560
Governance and voting	-	2,660
Insurance	5,395	4,386
Interest and bank charges	1,897	1,509
Legal fees	32,420	10,724
MVMA Strategic planning	13,116	10,060
MVMA meetings	29,168	24,608
Management fees	1,958	3,308
Newsletter	772	6,735
Office expenses	8,689	8,587
Postage and courier	2,294	984
Renos 2017 - new fixtures & furniture	991	1,128
Rent and expense sharing	35,973	34,792
Repairs and maintenance	3,183	3,067
Salaries and wages	253,909	243,212
Scholarships and exams	3,150	3,150
Staff training	1,741	1,525
Technology	6,570	3,728
Telephone	4,817	3,676
WCVM support	2,412	1,894
	<b>\$ 650,672</b>	<b>\$ 621,615</b>