

MANITOBA VETERINARY MEDICAL ASSOCIATION

Financial Statements

Year Ended June 30, 2015

(Unaudited)

REVIEW ENGAGEMENT REPORT

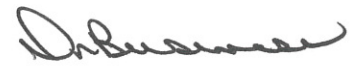
To the Members of Manitoba Veterinary Medical Association

We have reviewed the statement of financial position of Manitoba Veterinary Medical Association as at June 30, 2015 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 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
August 17, 2015



Chartered Accountants Inc.



MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Financial Position

June 30, 2015

(Unaudited)

	2015	2014
ASSETS		
CURRENT		
Cash <i>(Note 3)</i>	\$ 344,907	\$ 328,115
Accounts receivable	2,730	7,273
Inventory	4,843	3,363
Goods and services tax recoverable	3,532	5,095
Prepays and deposits	9,098	12,999
	365,110	356,845
FIXED ASSETS <i>(Note 4)</i>	30,673	42,203
LONG TERM INVESTMENTS <i>(Note 5)</i>	344,259	334,097
	\$ 740,042	\$ 733,145
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,985	\$ 6,238
Accounts payable - MAHTA (re: CenCan reserve)	1,879	-
Deferred income - memberships	167,995	164,079
Deferred income - continuing education	-	8,975
	176,859	179,292
NET ASSETS		
Unrestricted fund	325,184	326,631
Invested in fixed assets	30,673	42,203
Internally restricted fund	207,326	185,019
	563,183	553,853
	\$ 740,042	\$ 733,145

APPROVED BY THE COUNCIL

See Accompanying Notes

MANITOBA VETERINARY MEDICAL ASSOCIATION**Statement of Revenues and Expenditures****Year Ended June 30, 2015***(Unaudited)*

	2015	2014
REVENUES		
Advertising revenues	\$ 17,286	\$ 14,246
Allowance - CVMA insurance program	13,887	5,883
Amortization - deferred contributions	-	2,196
Association membership dues	333,808	320,779
Association membership dues - legal	20,510	18,090
CenCan reserve	7,515	-
Central Canadian Veterinary Conference	127,720	129,430
Clinic inspections	13,550	7,100
Commissions - CVMA <i>(Note 7)</i>	4,347	4,085
Consulting fees	2,995	840
Continuing Education	14,897	7,464
Directory advertising	4,423	1,290
Dispensing bags and prescription forms	4,225	3,870
Exam revenue	2,750	2,525
Fees - specialty clinics	956	1,745
Other	1,200	979
	570,069	520,522
EXPENSES <i>(Schedule 1)</i>	574,092	507,727
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(4,023)	12,795
OTHER INCOME (EXPENSES)		
Dividend income	8,863	8,383
Interest income - savings and legal fund	3,191	4,055
Unrealized gain on long term investments	1,299	6,788
	13,353	19,226
EXCESS OF REVENUES OVER EXPENSES	\$ 9,330	\$ 32,021

MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2015

(Unaudited)

	Unrestricted Fund	Invested in Fixed Assets	Internally Restricted Fund	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 326,631	\$ 42,203	\$ 185,019	\$ 553,853	\$ 521,832
Excess of revenues over expenses	9,330	-	-	9,330	32,021
Amortization - onsite fixed assets and leaseholds	11,530	(11,530)	-	-	-
Board approved transfer	(25,000)	-	25,000	-	-
Legal expenses incurred	2,693	-	(2,693)	-	-
NET ASSETS - END OF YEAR	\$ 325,184	\$ 30,673	\$ 207,326	\$ 563,183	\$ 553,853

MANITOBA VETERINARY MEDICAL ASSOCIATION**Statement of Cash Flows****Year Ended June 30, 2015***(Unaudited)*

	2015	2014
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 9,330	\$ 32,021
Items not affecting cash:		
Amortization of fixed assets	11,530	12,611
Amortization - offsite equipment	-	2,196
Amortization - deferred contributions	-	(2,196)
Unrealized (gain) loss on long term investments	(1,299)	(6,788)
	19,561	37,844
Changes in non-cash working capital:		
Accounts receivable	4,543	(1,174)
Inventory	(1,480)	(1,374)
Accounts payable and accrued liabilities	747	(3,325)
Deferred income - membership dues	3,916	4,370
Prepays and deposits	3,901	(1,513)
Goods and services tax recoverable	1,563	(2,278)
Accounts payable - MAHTA	1,879	-
Deferred income - continuing education	(8,975)	8,975
	6,094	3,681
Cash flows from operating activities	25,655	41,525
INVESTING ACTIVITIES		
Purchase of fixed assets	-	(1,278)
Long term investments	(8,863)	(8,383)
Cash flows used by investing activities	(8,863)	(9,661)
INCREASE IN CASH FLOW	16,792	31,864
CASH - BEGINNING OF YEAR	328,115	296,251
CASH - END OF YEAR	\$ 344,907	\$ 328,115

MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2015

(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

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 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.

(continues)

MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2015

(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 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, 2015

(Unaudited)

3. CASH

Cash is comprised of bank balances in both chequing and savings accounts. Both bank balances generate interest at rates of 0.40% (00.95% in 2014).

Cash includes an internally restricted fund of \$207,326 (\$185,019 in 2014) 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.

4. FIXED ASSETS

	Cost	Accumulated amortization	2015 Net book value
Computer equipment	\$ 28,426	\$ 27,737	\$ 689
Furniture and fixtures	29,802	13,999	15,803
Laboratory equipment - offsite	795,992	795,992	-
Leasehold improvements	34,093	20,456	13,637
Signage	3,806	3,262	544
	\$ 892,119	\$ 861,446	\$ 30,673

	Cost	Accumulated amortization	2014 Net book value
Computer equipment	\$ 28,426	\$ 27,112	\$ 1,314
Furniture and fixtures	29,802	10,048	19,754
Laboratory equipment - offsite	795,992	795,992	-
Leasehold improvements	34,093	13,637	20,455
Signage	3,806	3,126	680
	\$ 892,119	\$ 849,915	\$ 42,203

5. LONG TERM INVESTMENTS

Long term investments consist of mutual funds with a cost of \$344,847 (\$334,663 in 2014) and a market value of \$344,259 (\$334,097 in 2014).

MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2015

(Unaudited)

6. 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 \$795,992 (2014 - \$795,992) and original cost including current year contributions is \$795,992 (2014 - \$795,992).

	2015	2014
Balance, beginning of year	\$ -	\$ 2,196
Less: amortization recorded during the year	-	(2,196)
Balance, end of the year	\$ -	\$ -

7. CVMA Membership Dues

The MVMA provides collection services to the Canadian Veterinary Medical Association. Professional dues collected for and remitted to the CVMA totaled \$104,973 (\$106,090 - 2014). These "custodial" transactions are excluded from presentation on the "Statement of Operations". The Association receives a 4% (2014 - 4%) collection fee for this service from its national association, \$4,347 (2014 - \$4,085).

8. 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.

9. 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 three 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.

10. 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 the 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, 2015

(Unaudited)

11. DUE FROM (TO) UNRESTRICTED FUND

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

	2015	2014
Funds transferred	\$ 25,000	\$ 25,000
Interest income	1,516	1,807
Legal fee expenses	(4,209)	(13,363)
	\$ 22,307	\$ 13,444

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. 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 \$22,307 (2014 - \$13,444) which was comprised of amounts allocated to (from) the unrestricted fund \$25,000 (2014 - \$25,000) and interest income \$1,516 (2014 - \$1,807) less amounts needed to cover disciplinary legal matters of \$4,209 (2014 - \$13,363). 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 11).

MANITOBA VETERINARY MEDICAL ASSOCIATION

Expenses

(Schedule 1)

Year Ended June 30, 2015

(Unaudited)

	2015	2014
Accounting fees	\$ 5,226	\$ 6,968
Advertising and promotion	1,750	2,519
Amortization	11,530	12,611
Amortization - offsite equipment	-	2,196
Central Canadian Veterinary Conference expenses	102,201	100,876
Clinic inspections	9,240	4,212
Continuing education expenses	13,324	6,503
Cost of sales - dispensing bags, prescription form	3,625	3,377
Council and committee	11,476	12,623
Credit card charges	11,814	9,089
Equipment rentals	7,541	6,325
Food and general supplies	1,741	-
Insurance	2,438	3,561
Interest and bank charges	996	1,505
Internet and website costs	2,839	1,532
Legal fees	29,156	23,886
MVMA strategic planning	35,000	-
Management fees	1,848	-
Meetings - mandatory and AGM	26,505	19,204
Miscellaneous	1,439	1,435
Newsletter	9,755	11,054
Office and software	5,541	10,724
Other HR expenses	3,161	4,329
Peer review committee expense	1,938	416
Postage and courier	8,481	6,911
Rent and expense sharing	34,792	34,792
Repair and maintenance	3,133	3,590
Salaries and wages	215,476	206,987
Scholarships	3,150	3,150
Staff training	2,759	1,619
Telephone	4,152	3,640
Western College of Veterinary Medicine support	2,065	2,093
	\$ 574,092	\$ 507,727