

**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Financial Statements**

**Year Ended June 30, 2011**

*(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, 2011 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 12, 2011

A handwritten signature in black ink that reads 'OnBusiness' in a cursive, flowing script.

Chartered Accountants Inc.

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**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Statement of Financial Position**

**June 30, 2011**

*(Unaudited)*

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash <i>(Note 3)</i>	\$ 611,101	\$ 597,225
Accounts receivable	9,855	4,934
Inventory	4,038	5,748
Interest receivable	6,771	6,558
Goods and services tax recoverable	107	876
Prepays and deposits	5,958	6,250
	<b>637,830</b>	<b>621,591</b>
<b>FIXED ASSETS <i>(Note 4)</i></b>	<b>14,709</b>	<b>168,401</b>
	<b>\$ 652,539</b>	<b>\$ 789,992</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 16,649	\$ 12,876
Deferred income - membership dues	149,730	142,285
	<b>166,379</b>	<b>155,161</b>
<b>DEFERRED CONTRIBUTIONS - MAAS <i>(Note 6)</i></b>	<b>10,978</b>	<b>162,522</b>
	<b>177,357</b>	<b>317,683</b>
<b>NET ASSETS</b>		
Unrestricted fund	325,492	340,664
Invested in fixed assets	3,731	5,879
Internally restricted legal fund <i>(Note 12)</i>	145,959	125,766
	<b>475,182</b>	<b>472,309</b>
	<b>\$ 652,539</b>	<b>\$ 789,992</b>

**APPROVED BY THE COUNCIL**

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See Accompanying Notes



**MANITOBA VETERINARY MEDICAL ASSOCIATION****Statement of Revenues and Expenditures****Year Ended June 30, 2011***(Unaudited)*

	2011	2010
<b>REVENUES</b>		
Allowance - CVMA insurance program	\$ 264	\$ 873
Amortization - deferred contributions	151,544	196,802
Association membership dues	286,714	264,759
Association membership dues - legal	15,860	-
Bank interest	12,238	12,106
Clinic inspections	9,655	15,808
Commissions - CVMA <i>(Note 7)</i>	1,846	3,465
Consulting fees	1,050	1,126
Continuing education - corporate sponsors	18,000	9,000
Continuing education - other	30,056	22,303
Directory advertising	929	1,407
Dispensing bags and prescription forms	5,050	5,075
Exam revenue	2,400	2,300
Fees - specialty clinics	1,435	1,862
Newsletter ads and subscriptions	11,721	19,787
Other	3,159	1,286
Special event	7,448	-
Trade show - corporate sponsors	6,210	8,933
	565,579	566,892
<b>EXPENSES <i>(Schedule 1)</i></b>	<b>562,706</b>	<b>608,556</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 2,873</b>	<b>\$ (41,664)</b>

**MANITOBA VETERINARY MEDICAL ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended June 30, 2011**

*(Unaudited)*

	Unrestricted Fund	Invested in Fixed Assets	Internally Restricted Legal Fund <i>Note 12</i>	2011	2010
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 340,664	\$ 5,879	\$ 125,766	\$ 472,309	\$ 513,973
Excess of revenues over expenses	2,873	-	-	2,873	(41,664)
Depreciation - onsite fixed assets and leaseholds	2,148	(2,148)	-	-	-
Depreciation - offsite fixed assets	151,544	(151,544)	-	-	-
Amortization - deferred MAAS contributions	(151,544)	151,544	-	-	-
Interfund transfer <i>(Note 11)</i>	(20,193)	-	20,193	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 325,492	\$ 3,731	\$ 145,959	\$ 475,182	\$ 472,309

**MANITOBA VETERINARY MEDICAL ASSOCIATION****Statement of Cash Flows****Year Ended June 30, 2011***(Unaudited)*

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 2,873	\$ (41,664)
Items not affecting cash:		
Amortization of fixed assets	2,149	3,799
Depreciation - offsite fixed assets	151,544	196,803
Amortization - deferred contributions	(151,544)	(196,803)
	<b>5,022</b>	<b>(37,865)</b>
Changes in non-cash working capital:		
Accounts receivable	(4,921)	5,262
Interest receivable	(213)	779
Inventory	1,710	190
Accounts payable and accrued liabilities	3,772	11,257
Deferred income	7,445	13,977
Prepays and deposits	292	(897)
GST payable (receivable)	769	1,853
Government funding repayable	-	(18,333)
	<b>8,854</b>	<b>14,088</b>
Cash flow from (used by) operating activities	<b>13,876</b>	<b>(23,777)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(2,432)
Purchase of offsite fixed assets - MAAS	-	(17,565)
Cash flow used by investing activities	-	(19,997)
<b>FINANCING ACTIVITY</b>		
Deferred contributions - MAAS	-	17,565
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>13,876</b>	<b>(26,209)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>597,225</b>	<b>623,434</b>
<b>CASH - END OF YEAR</b>	<b>\$ 611,101</b>	<b>\$ 597,225</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 1,250	\$ 609
Interest received	\$ 12,238	\$ 12,105

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2011

(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.

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# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2011

(Unaudited)

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

#### 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 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 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, 2011**

*(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, and
- 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	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>

	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
	<b>\$ 928,938</b>	<b>\$ 760,537</b>	<b>\$ 168,401</b>

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2011

(Unaudited)

### 5. 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.

### 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 \$785,014 (2010 - \$633,470) and original cost including current year contributions is \$795,992 (2010 - \$795,992).

	2011	2010
Balance, beginning of year	\$ 162,522	\$ 341,760
Add: deferred contributions received during the year	-	17,565
Less: amortization recorded during the year	(151,544)	(196,803)
Balance, end of the year	\$ 10,978	\$ 162,522

### 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 \$98,982 (2010 - \$87,616). These "custodial" transactions are excluded from presentation on the "Statement of Operations". The Association receives a 2% (2010 - 2%) collection fee for this service from its national association, \$1,846 (2010 - \$3,465).

### 8. 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, 2011

(Unaudited)

### 9. 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:

2012	\$ 34,003
2013	2,834
	<u>\$ 36,837</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:

2012	\$ 3,333
2013	2,500
	<u>\$ 5,833</u>

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

2012	\$ 3,279
2013	3,279
2014	3,279
2015	3,279
	<u>\$ 13,116</u>

### 10. CAPITAL MANAGEMENT

Capital is comprised of the Association's net assets and any debt that it may issue. As at June 30, 2011, the Association's net assets are \$475,182 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.

# MANITOBA VETERINARY MEDICAL ASSOCIATION

## Notes to Financial Statements

Year Ended June 30, 2011

(Unaudited)

### 11. INTERFUND TRANSFER

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

	2011	2010
Interest income	\$ 2,308	\$ -
Membership fees	15,775	-
Allocated from unrestricted funds	11,850	125,766
Legal fee expenses	(9,740)	-
	<b>\$ 20,193</b>	<b>\$ 125,766</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. 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 \$27,625 (2010 - \$125,766) which was comprised of membership fees \$15,775 (2010 - \$nil) and amounts allocated from the unrestricted fund \$11,850 (2010 - \$125,766). The contributions were segregated in an account separate from the operating bank account.

A motion was passed in the prior year by the board of directors to internally restrict the balance of \$125,766 towards the establishment of a legal fund. The purpose of the fund is to finance the cost of legal expenses related to peer review, practice inspection practice standards 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, 2011**

*(Unaudited)*

	2011	2010
Accounting fees	\$ 4,408	\$ 11,771
Advertising and promotion	3,638	7,004
Clinic inspections	7,002	11,363
Continuing education	47,831	29,883
Cost of sales - dispensing bags, prescription form	3,193	4,664
Council and committee	8,130	9,259
Credit card discounts	8,414	6,756
Depreciation - equipment	2,149	3,799
Depreciation - offsite equipment	151,544	196,802
Equipment maintenance	1,690	-
Equipment rentals	5,865	3,358
Insurance	4,914	4,765
Interest and bank charges	1,250	611
Internet fees	857	905
Janitorial fees	1,100	1,200
Legal fees	23,496	31,447
Meetings - mandatory and AGM	15,405	11,265
Miscellaneous	4,739	4,521
Newsletter	11,543	11,342
Office and software	8,258	10,036
Peer review committee expense	-	3,929
Postage	4,271	4,761
Practice management seminars	144	442
Printing and stationery	939	876
Rent and expense sharing	32,137	33,064
Salaries and wages	187,993	188,690
Scholarships	3,150	3,150
Security and building maintenance	657	521
Special events	6,710	-
Telephone	4,495	6,642
Utilities	3,106	3,045
Website design and support	1,055	390
Western College of Veterinary Medicine support	2,623	1,872
Western presidents meeting	-	423
	<b>\$ 562,706</b>	<b>\$ 608,556</b>