

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Financial Statements

Year Ended June 30, 2017

(Unaudited)

REVIEW ENGAGEMENT REPORT

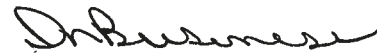
To the Members of The Manitoba Veterinary Medical Association

We have reviewed the statement of financial position of The Manitoba Veterinary Medical Association as at June 30, 2017 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 28, 2017



Chartered Professional Accountants Inc.



THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Financial Position

June 30, 2017

(Unaudited)

	2017	2016
ASSETS		
CURRENT		
Cash <i>(Note 3)</i>	\$ 434,410	\$ 383,763
Accounts receivable	5,009	3,245
Inventory	-	2,474
Goods and services tax recoverable	85	588
Prepaid expenses	20,424	11,358
	459,928	401,428
FIXED ASSETS <i>(Note 4)</i>	11,796	22,335
LONG TERM INVESTMENTS <i>(Note 5)</i>	354,813	355,762
	\$ 826,537	\$ 779,525
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,280	\$ 12,369
Accounts payable - MVTA	4,267	3,218
Deferred income - memberships	215,871	174,093
TOTAL LIABILITIES	229,418	189,680
NET ASSETS		
Unrestricted fund	330,679	338,578
Invested in fixed assets	11,796	22,335
Internally restricted legal fund	254,644	228,932
	597,119	589,845
TOTAL LIABILITIES AND NET ASSETS	\$ 826,537	\$ 779,525

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Revenues and Expenditures

Year Ended June 30, 2017

(Unaudited)

	2017	2016
REVENUES		
Advertising revenues	\$ 9,169	\$ 7,877
Allowance - CVMA insurance program	8,197	7,620
Association membership dues	370,028	340,139
Association membership dues - legal	27,180	20,800
CenCan revenue (75%)	7,254	2,485
Central Canadian Veterinary Conference	158,534	167,956
Clinic inspections	16,950	14,560
Commissions - CVMA (Note 7)	4,557	4,431
Consulting fees	2,455	2,480
Continuing education	3,748	7,116
Directory advertising	1,161	1,068
Dispensing bags and prescription forms	2,865	4,505
Exam revenue	4,916	3,214
Fees - specialty clinics	1,543	2,167
Other	1,859	3,165
Special event	-	770
The Post	8,260	7,782
	628,676	598,135
EXPENSES (Schedule 1)	621,615	584,651
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	7,061	13,484
OTHER INCOME (EXPENSES)		
Dividend income	13,477	8,700
Interest income - savings and legal fund	1,162	1,675
Unrealized gain (loss) on long term investments	(14,426)	2,803
	213	13,178
EXCESS OF REVENUES OVER EXPENSES	\$ 7,274	\$ 26,662

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2017

(Unaudited)

	Unrestricted Fund	Invested in Fixed Assets	Internally Restricted Legal Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 338,578	\$ 22,335	\$ 228,932	\$ 589,845	\$ 563,184
Excess of revenues over expenses	7,274	-	-	7,274	26,661
Amortization	10,539	(10,539)	-	-	-
Board approved transfers	(27,180)	-	27,180	-	-
Legal expenses incurred	2,036	-	(2,036)	-	-
Interest earned on internally restricted fund	(568)	-	568	-	-
NET ASSETS - END OF YEAR	\$ 330,679	\$ 11,796	\$ 254,644	\$ 597,119	\$ 589,845

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Cash Flow

Year Ended June 30, 2017

(Unaudited)

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 7,274	\$ 26,662
Items not affecting cash:		
Amortization of fixed assets	10,539	11,016
Unrealized gain (loss) on investments	14,426	(2,803)
	32,239	34,875
Changes in non-cash working capital:		
Accounts receivable	(1,764)	(515)
Inventory	2,474	2,369
Accounts payable and accrued liabilities	(3,089)	5,385
Deferred income - memberships	41,778	6,098
Prepaid expenses	(9,066)	(2,260)
Goods and services tax recoverable	503	2,944
MVTA payable	1,049	1,339
	31,885	15,360
Cash flow from operating activities	64,124	50,235
INVESTING ACTIVITIES		
Purchase of fixed assets	-	(2,678)
Long term investments	(13,477)	(8,700)
Cash flow used by investing activities	(13,477)	(11,378)
INCREASE IN CASH FLOW	50,647	38,857
CASH - BEGINNING OF YEAR	383,763	344,907
CASH - END OF YEAR	\$ 434,410	\$ 383,764

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2017

(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 (ASNFPO) 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.

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THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited)

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

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.

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 or deemed 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
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. Fixed assets are amortized at one-half the normal rate in the year of acquisition.

Revenue recognition

The Manitoba Veterinary Medical 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.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited)

3. CASH

Cash is comprised of bank balances in both chequing and savings accounts. Both bank balances generate interest at rates of 0.10% (0.35% in 2016).

Cash includes an internally restricted fund of \$254,644 (\$228,932 in 2016) 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	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	3,460	346
	\$ 98,805	\$ 87,009	\$ 11,796

	Cost	Accumulated amortization	2016 Net book value
Computer equipment	\$ 31,104	\$ 28,664	\$ 2,440
Furniture and fixtures	29,802	17,160	12,642
Leasehold improvements	34,093	27,275	6,818
Signage	3,806	3,371	435
	\$ 98,805	\$ 76,470	\$ 22,335

5. LONG TERM INVESTMENTS

Long term investments consist of mutual funds with a cost of \$367,053 (\$384,078 in 2016) and a market value of \$354,813 (\$355,762 in 2016).

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited)

6. 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.

	2017	2016
Opening balance	\$ 10,000	\$ 6,176
Current year allocation	9,022	3,824
	\$ 19,022	\$ 10,000

7. 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 \$119,624 (\$108,192 - 2016). These "custodial" transactions are excluded from presentation on the "Statement of Operations". The Association receives approximately 4% (2016 - 4%) collection fee for this service from its national association, \$4,557 (\$4,431 - 2016).

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.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited)

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, 2017 and terminates July 31, 2027. Additional annual lease payments are required over the next ten year term to cover leasehold improvements to the maximum of \$94,500. The 2018 payment amount of \$41,113 for office lease is made up of an estimate of 6 months at the old space size of 2,209 sq ft plus 6 months at the new space amount of 2,700 sq ft. This is assuming that the renovations for the additional space will be completed by January 2018.

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, 2017, are as follows:

	Office Lease	Leasehold Improvements	Office Equipment	Total
2018	\$ 41,113	\$ 9,450	\$ 2,825	\$ 53,388
2019	45,225	9,450	2,825	57,500
2020	45,225	9,450	2,825	57,500
2021	45,225	9,450	-	54,675
2022	45,225	9,450	-	54,675
Thereafter	246,375	47,250	-	293,625
	\$ 468,388	\$ 94,500	\$ 8,475	\$ 571,363

10. TRANSFERS FROM (TO) UNRESTRICTED FUND

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

	2017	2016
Funds transferred	\$ 27,180	\$ 25,000
Interest Income	568	806
Legal fee expenses	(2,036)	(4,200)
Net increase in Legal Fund	\$ 25,712	\$ 21,606

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited)

11. 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 \$25,712 (2016 - \$21,606) which was comprised of amounts allocated to (from) the unrestricted fund \$27,180 (2016 - \$25,000) and interest income \$568 (2016 - \$806) less amounts needed to cover disciplinary legal matters of \$2,036 (2016 - \$4,200). The contributions were segregated in an account separate from the operating bank account. Please note that the funds were transferred after the year end date due to an administrative error. Further to this, there was a short payment in the transfer of \$490 which was to be transferred to the legal fund from general, in September 2017. The full amount of transfer is reflected in the net asset schedule.

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).

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Expenses

(Schedule 1)

Year Ended June 30, 2017

(Unaudited)

	2017	2016
Accounting fees	\$ 5,395	\$ 5,284
Advertising and promotion	7,166	1,818
Amortization	10,539	11,016
Central Canadian Veterinary Conference expenses	133,093	131,789
Clinic Inspections	13,821	14,054
Consulting fees	34,436	15,648
Continuing education expenses	6,491	6,180
Cost of sales - dispensing bags, prescription form	2,474	3,943
Council expenses	11,747	12,510
Credit card charges	14,384	12,701
Equipment rentals	5,560	5,579
Food and general expenses	2,892	2,861
Governance and voting	2,660	-
Insurance	4,386	3,637
Interest and bank charges	1,509	1,642
Internet and website costs	3,728	4,062
Legal fees	10,724	15,520
MVMA Meetings	24,608	19,495
MVMA strategic planning	10,060	3,040
Management fees	3,308	3,109
Newsletter	6,735	6,117
Office expenses	5,695	6,735
Other human resource expenses	6,776	5,901
Postage and courier	984	2,256
Rent and expense sharing	34,792	34,792
Repairs and maintenance	3,067	3,649
Salaries and wages	243,212	236,344
Scholarships and exams	3,150	3,150
Special event	-	770
Staff training	1,525	2,291
Telephone	3,676	4,248
Office expansion	1,128	-
Western College of Veterinary Medicine support	1,894	1,779
Western President's Meeting	-	2,731
	\$ 621,615	\$ 584,651