

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Financial Statements

Year Ended June 30, 2020

(Unaudited)

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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, 2020 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, 2020, 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, 2020

(Unaudited)

	2020	2019
ASSETS		
CURRENT		
Cash (Note 4)	\$ 566,412	\$ 429,566
Accounts receivable	41,908	25,607
Goods and services tax recoverable	156	544
Prepaid expenses	16,228	28,679
	624,704	484,396
FIXED ASSETS (Note 5)	98,070	112,735
LOANS AND NOTES RECEIVABLE (Note 6)	35,000	35,000
LONG TERM INVESTMENTS (Note 7)	367,576	362,238
	\$ 1,125,350	\$ 994,369
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,454	\$ 14,698
Deferred income	258,602	244,552
Current portion of long term debt (Note 8)	9,450	9,450
	277,506	268,700
LONG TERM DEBT (Note 8)	57,486	66,936
	334,992	335,636
NET ASSETS		
Unrestricted funds	352,586	256,355
Investment in fixed assets	98,070	112,735
Internally restricted legal fund (Note 12)	339,702	289,643
	790,358	658,733
	\$ 1,125,350	\$ 994,369

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Revenues and Expenditures

Year Ended June 30, 2020

(Unaudited)

	2020	2019
REVENUES		
Advertising revenues	\$ 4,193	\$ 3,484
Allowance - CVMA insurance program	10,722	9,879
Association membership dues	464,756	439,859
Association membership dues - legal	11,815	13,810
Association membership dues - marketing	13,600	13,235
Central Canadian Veterinary Conference	196,534	139,640
Clinic inspections	16,850	18,780
Commissions - CVMA <i>(Note 9)</i>	5,257	5,183
Consulting fees	2,059	2,287
Continuing education	9,226	6,605
Directory advertising	1,000	1,413
Exam revenue	6,375	4,825
Fees - specialty clinics	577	1,930
Other	6,455	4,515
The Post	23,552	9,844
	772,971	675,289
EXPENSES <i>(Schedule 1)</i>	646,800	657,247
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	126,171	18,042
OTHER INCOME		
Mutual fund distribution income	5,338	5,495
Interest income	116	102
	5,454	5,597
EXCESS OF REVENUES OVER EXPENSES	\$ 131,625	\$ 23,639

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2020

(Unaudited)

	Unrestricted Funds	Investment in Fixed Assets	Internally Restricted Legal Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 256,355	\$ 112,735	\$ 289,643	\$ 658,733	\$ 635,094
Excess of revenues over expenses	149,431	(17,865)	59	131,625	23,639
Asset additions	(3,200)	3,200	-	-	-
Board approved transfers	(50,000)	-	50,000	-	-
	-	-	-	-	-
NET ASSETS - END OF YEAR	\$ 352,586	\$ 98,070	\$ 339,702	\$ 790,358	\$ 658,733

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Cash Flow

Year Ended June 30, 2020

(Unaudited)

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 131,625	\$ 23,639
Item not affecting cash:		
Amortization of fixed assets	17,865	18,284
	149,490	41,923
Changes in non-cash working capital:		
Accounts receivable	(16,301)	(22,303)
Goods and services tax payable	388	199
Prepaid expenses	12,451	(6,108)
Loans and notes receivable	-	(35,000)
Accounts payable and accrued liabilities	(5,244)	2,693
Accounts payable - MVTA	-	(4,267)
Deferred income	14,050	17,661
	5,344	(47,125)
Cash flow from (used by) operating activities	154,834	(5,202)
INVESTING ACTIVITIES		
Purchase of fixed assets	(3,200)	(3,526)
Purchase of marketable securities	(5,338)	(5,495)
Cash flow used by investing activities	(8,538)	(9,021)
FINANCING ACTIVITY		
Repayment of long term debt	(9,450)	(9,450)
INCREASE (DECREASE) IN CASH FLOW	136,846	(23,673)
CASH - BEGINNING OF YEAR	429,566	453,239
CASH - END OF YEAR	\$ 566,412	\$ 429,566

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2020

(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 800 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 ensures 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 organization incorporated provincially under the Corporations Act of Manitoba. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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.

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THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 excess (deficiency) of revenue over expenses.

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. Fixed assets are amortized over their estimated useful lives 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	declining balance method
Signage	20%	declining balance method

Fixed assets acquired during the year but not placed into use 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 organization 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
- the ability to collect is reasonably assured.

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THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

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

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments measured at fair value consists of long term investments.

Financial instruments measured at amortized cost consists of accounts receivable, goods and services tax recoverable, loan receivable, accounts payable and accrued liabilities and long term debt.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of June 30, 2020.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to other price risk.

4. CASH

Cash is comprised of bank balances in both chequing and savings accounts. Both bank balances generate interest at rates of 0.0245% (0.02% in 2019) for balances \$25,000 and over.

Cash includes an internally restricted fund of \$339,702 (\$289,643 in 2019) 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, 2020

(Unaudited)

5. FIXED ASSETS

	Cost	Accumulated amortization	2020 Net book value
Computer equipment	\$ 38,186	\$ 34,673	\$ 3,513
Furniture and fixtures	50,149	30,668	19,481
Leasehold improvements	106,997	32,099	74,898
Signage	3,806	3,628	178
	\$ 199,138	\$ 101,068	\$ 98,070

	Cost	Accumulated amortization	2019 Net book value
Computer equipment	\$ 34,986	\$ 32,422	\$ 2,564
Furniture and fixtures	50,149	25,798	24,351
Leasehold improvements	106,997	21,400	85,597
Signage	3,806	3,583	223
	\$ 195,938	\$ 83,203	\$ 112,735

6. LOAN RECEIVABLE

Loan receivable consists of an agreement with the Canadian Animal Blood Bank Inc. (CABB). The loan approved by the Board of Directors of MVMA, is non-interest bearing, unsecured and repayable with annual payments of \$7,000 commencing in 2024 and concluding in 2028.

7. LONG TERM INVESTMENTS

Long term investments consist of an investment savings mutual fund with a cost of \$367,576 (\$362,238 in 2019) and a market value of \$367,576 (\$362,238 in 2019).

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

8. LONG TERM DEBT

	2020	2019
Western Drug Distribution Center loan bearing interest at 0% per annum, repayable in monthly blended payments of \$788. The loan matures on August 2, 2027.	\$ 66,936	\$ 76,386
Amounts payable within one year	<u>(9,450)</u>	(9,450)
	<u>\$ 57,486</u>	\$ 66,936

Principal repayment terms are approximately:

2021	\$ 9,450
2022	9,450
2023	9,450
2024	9,450
2025	<u>9,450</u>
	<u>\$ 47,250</u>

9. CVMA MEMBERSHIPS DUES

The MVMA provides collection services to the Canadian Veterinary Medical Association (CVMA). Professional dues collected for and remitted to the CVMA totalled \$131,428 (\$126,202 - 2019). These "custodial" transactions are excluded from presentation on the "Statement of Revenues and Expenditures". The Association receives approximately 4% (2019 - 4%) collection fee for this service from its national association, \$5,257 (\$5,183 - 2019).

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

10. LEASE COMMITMENTS

The Association is in an office space lease with Midwest Veterinary Purchasing Cooperative Ltd. over a 10-year term which commenced July 1, 2017 and terminates July 31, 2027.

The Association leases a copier/printer on a 5 year term which commenced August 2020 and terminates August 2025. Payments are quarterly at a rate of \$683. 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, 2020, are as follows:

	Office Lease	Office Equipment	Total
2021	\$ 45,225	\$ 2,733	\$ 47,958
2022	45,225	2,733	47,958
2023	45,225	2,733	47,958
2024	49,275	2,733	52,008
2025	49,275	2,733	52,008
Thereafter	102,656	-	102,656
	\$ 336,881	\$ 13,665	\$ 350,546

11. TRANSFERS TO LEGAL FUND

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

	2020	2019
Funds transferred in	\$ 50,000	\$ 25,000
Interest income	59	52
Net increase in Legal Fund	\$ 50,059	\$ 25,052

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2020

(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.

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 11). In 2018, the amount collected from members was reduced from \$50 to \$25 annually so as to grow the fund at a slower rate.

In the current fiscal year, the contributions to the fund were \$50,059 (2019 - \$25,052) which was comprised of amounts allocated from the unrestricted fund \$50,000 (2019 - \$25,000) and interest income \$59 (2019 - \$52). The contributions were segregated in an account separate from the operating bank account.

In 2020, the MVMA Council decided to suspend the member legal fee (\$5 for veterinary technologists and \$25 for veterinarians). This decision was in consideration of the potential impact of the Novel Covid-19 pandemic on members and veterinary clinics as well as council's decision to make a larger than usual contribution to the legal fund in June 2020.

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.

	2020	2019
Opening balance	\$ (15,481)	\$ 4,547
Funds collected	13,600	13,235
Marketing expenses	(23,692)	(33,263)
Deficiency of Marketing Fund	\$ (25,573)	\$ (15,481)

14. COVID IMPACTS

The Novel Covid-19 pandemic has already and will continue to have economic and industry implications beyond the control of the association. The association has put into place certain plans to keep the workplace, staff, members and clients safe. Events such as the annual CenCan Conference, Strategic Planning event etc. are potentially cancelled for the upcoming year and will impact the association's revenue. Revenue from membership dues will remain the same as registration fees have been frozen for the coming year.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Expenses

(Schedule 1)

Year Ended June 30, 2020

(Unaudited)

	2020	2019
Accounting fees	\$ 6,305	\$ 12,637
Advertising and promotion	23,692	33,263
Amortization	17,865	18,284
Central Canadian Veterinary Conference expenses	134,207	126,544
Clinic inspections	10,056	9,499
Continuing education	10,552	16,074
Council and committee expenses	7,686	8,923
Credit card charges	17,209	15,350
Equipment rentals	5,145	5,109
Exams	3,238	3,069
Governance and voting	1,410	2,610
Human resources - general	1,919	8,091
Insurance	5,325	5,328
Interest and bank charges	1,103	1,420
Legal fees	41,256	56,842
MVMA meetings	19,352	23,966
Management fees	5,125	2,632
New furniture and fixtures	562	3,448
Newsletter	636	106
Office	10,196	9,535
Payroll service fees	965	937
Postage and courier	1,894	3,472
Rent and expense sharing	45,225	45,225
Repairs and maintenance	3,342	7,366
Salaries and wages	250,404	218,871
Scholarships	3,150	3,150
Staff training	471	1,634
Strategic planning	7,219	2,966
Technology	3,739	4,945
Telephone	3,940	4,024
WCVM support	2,700	1,927
Western President's meeting	912	-
	\$ 646,800	\$ 657,247