

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Financial Statements

Year Ended June 30, 2021

(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, 2021 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.


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Independent Practitioner's Review Engagement Report to the Members of The Manitoba Veterinary Medical Association *(continued)*

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, 2021, 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.

Winnipeg, Manitoba
October 8, 2021



Chartered Professional Accountants Inc.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Financial Position

June 30, 2021

(Unaudited)

	2021	2020
ASSETS		
CURRENT		
Cash (Note 4)	\$ 627,163	\$ 566,412
Accounts receivable	22,122	41,908
Goods and services tax recoverable	401	156
Prepaid expenses	17,708	16,228
	667,394	624,704
FIXED ASSETS (Note 5)	82,594	98,070
LOANS AND NOTES RECEIVABLE (Note 6)	35,000	35,000
LONG TERM INVESTMENTS (Note 7)	368,852	367,576
	\$ 1,153,840	\$ 1,125,350
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,177	\$ 9,454
Deferred income	269,981	258,602
Current portion of long term debt (Note 8)	9,450	9,450
	290,608	277,506
LONG TERM DEBT (Note 8)	48,035	57,486
	338,643	334,992
NET ASSETS		
Unrestricted funds	498,487	352,586
Investment in fixed assets	82,594	98,070
Internally restricted legal fund (Schedule 2) (Note 11)	234,116	339,702
	815,197	790,358
	\$ 1,153,840	\$ 1,125,350

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Revenues and Expenditures

Year Ended June 30, 2021

(Unaudited)

	2021	2020
REVENUES		
Advertising revenues	\$ 2,692	\$ 4,193
Allowance - CVMA insurance program	10,377	10,722
Association membership dues	482,251	464,756
Association membership dues - legal	2,888	11,815
Association membership dues - marketing	14,080	13,600
Central Canadian Veterinary Conference	-	196,534
Clinic inspections	18,455	16,850
Commissions - CVMA (Note 9)	5,455	5,257
Consulting fees	235	2,059
Continuing education	3,555	9,226
Directory advertising	1,079	1,000
Exam revenue	6,850	6,375
Fees - specialty clinics	665	577
MVTA Rent income	3,000	3,250
Other	1,545	3,205
The Post	52,937	23,552
	606,064	772,971
EXPENSES (Schedule 1)	588,663	646,800
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	17,401	126,171
OTHER INCOME		
Covid temporary wage subsidy income	6,028	-
Mutual fund distribution income	1,276	5,338
Interest income	134	116
	7,438	5,454
EXCESS OF REVENUES OVER EXPENSES	\$ 24,839	\$ 131,625

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2021

(Unaudited)

	Unrestricted Funds	Investment in Fixed Assets	Internally Restricted Legal Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 352,586	\$ 98,070	\$ 339,702	\$ 790,358	\$ 658,733
Excess of revenues over expenses	41,786	(16,947)	-	24,839	131,625
Asset additions	(1,471)	1,471	-	-	-
Council approved transfers (Schedule 2)	(2,888)	-	2,888	-	-
Interest income (Schedule 2)	(69)	-	69	-	-
Disciplinary legal fees (Schedule 2)	108,543	-	(108,543)	-	-
NET ASSETS - END OF YEAR	\$ 498,487	\$ 82,594	\$ 234,116	\$ 815,197	\$ 790,358

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Cash Flow

Year Ended June 30, 2021

(Unaudited)

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 24,839	\$ 131,625
Item not affecting cash:		
Amortization of fixed assets	16,947	17,865
	41,786	149,490
Changes in non-cash working capital:		
Accounts receivable	19,786	(16,301)
Goods and services tax payable	(245)	388
Prepaid expenses	(1,480)	12,451
Accounts payable and accrued liabilities	1,722	(5,244)
Deferred income	11,379	14,050
	31,162	5,344
Cash flow from operating activities	72,948	154,834
INVESTING ACTIVITIES		
Purchase of fixed assets	(1,471)	(3,200)
Increase in marketable securities	(1,276)	(5,338)
Cash flow used by investing activities	(2,747)	(8,538)
FINANCING ACTIVITY		
Repayment of long term debt	(9,450)	(9,450)
INCREASE IN CASH FLOW	60,751	136,846
CASH - BEGINNING OF YEAR	566,412	429,566
CASH - END OF YEAR	\$ 627,163	\$ 566,412

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2021

(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, 2021

(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 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, 2021

(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, 2021.

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% (0.0245% in 2020) for balances \$25,000 and over.

Cash includes an internally restricted fund of \$234,116 (\$339,702 in 2020) 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, 2021

(Unaudited)

5. FIXED ASSETS

	Cost	Accumulated amortization	2021 Net book value
Computer equipment	\$ 39,657	\$ 36,988	\$ 2,669
Furniture and fixtures	50,149	34,564	15,585
Leasehold improvements	106,997	42,799	64,198
Signage	3,806	3,664	142
	\$ 200,609	\$ 118,015	\$ 82,594

	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

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 \$368,853 (\$367,576 in 2020) and a market value of \$368,853 (\$367,576 in 2020).

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2021

(Unaudited)

8. LONG TERM DEBT

	2021	2020
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.	\$ 57,485	\$ 66,936
Amounts payable within one year	(9,450)	(9,450)
	<u>\$ 48,035</u>	<u>\$ 57,486</u>

Principal repayment terms are approximately:

2022	\$ 9,450
2023	9,450
2024	9,450
2025	9,450
2026	9,450
Thereafter	<u>785</u>
	<u>\$ 48,035</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 \$133,980 (\$131,428 - 2020). These "custodial" transactions are excluded from presentation on the "Statement of Revenues and Expenditures". The Association receives approximately 4% (2020 - 4%) collection fee for this service from its national association, \$5,455 (\$5,257 - 2020).

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2021

(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, 2021, are as follows:

	Office Lease	Office Equipment	Total
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
2026	49,275	-	49,275
Thereafter	53,381	-	53,381
	\$ 291,656	\$ 10,932	\$ 302,588

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.

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 Schedule 2).

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.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2021

(Unaudited)

12. 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.

	2021	2020
Opening balance	\$ (25,573)	\$ (15,481)
Funds collected	14,080	13,600
Marketing expenses	(2,593)	(23,692)
Deficiency of Marketing Fund	\$ (14,086)	\$ (25,573)

13. 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 and Strategic Planning events were cancelled for the current year, potentially cancelled for future years and have impacted the association's revenue.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Expenses

(Schedule 1)

Year Ended June 30, 2021

(Unaudited)

	2021	2020
Accounting fees	\$ 7,100	\$ 6,305
Advertising and promotion	2,593	23,692
Amortization	16,947	17,865
Central Canadian Veterinary Conference expenses	17,921	134,207
Clinic inspections	11,535	10,056
Continuing education	5,273	10,552
Council and committee expenses	4,829	7,686
Credit card charges	15,510	17,209
Equipment rentals	3,127	5,145
Exams	150	3,238
Governance and voting	1,370	1,410
Human resources - general	21,310	1,919
Insurance	5,505	5,325
Interest and bank charges	1,057	1,103
Legal fees	130,819	41,256
MVMA meetings	9,430	19,352
New furniture and fixtures	-	562
Newsletter	554	636
Office	13,121	15,321
Payroll service fees	962	965
Postage and courier	2,926	1,894
Rent and expense sharing	45,225	45,225
Repairs and maintenance	3,702	3,342
Salaries and wages	254,058	250,404
Scholarships	3,150	3,150
Staff training	-	471
Strategic planning	-	7,219
Technology	5,343	3,739
Telephone	2,607	3,940
WCVM support	2,539	2,700
Western President's meeting	-	912
	\$ 588,663	\$ 646,800

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Transfers to (from) Internally Restricted Legal Fund

(Schedule 2)

Year Ended June 30, 2021

(Unaudited)

	2021	2020
Funds Transferred from Unrestricted Funds to Internally Restricted Legal Fund		
Member contributions	\$ 2,888	\$ 11,815
Additional contributions approved by MVMA Council	-	38,185
Interest income	69	59
	2,957	50,059
Funds Transferred to Unrestricted Funds from Internally Restricted Legal Fund		
Disciplinary legal fees	(108,543)	-
Net increase (decrease) in Internally Restricted Legal Fund	\$ (105,586)	\$ 50,059