

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Financial Statements

Year Ended June 30, 2023

(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, 2023 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

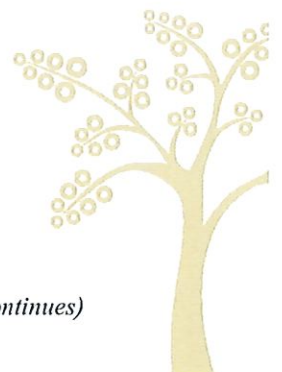
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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.

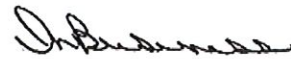


Independent Practitioner's Review Engagement Report to the Members of The Manitoba Veterinary Medical Association *(continued)*

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, 2023, 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
December 11, 2023



Chartered Professional Accountants Inc.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Financial Position

June 30, 2023

(Unaudited)

	2023	2022
ASSETS		
CURRENT		
Cash <i>(Note 4)</i>	\$ 1,321,922	\$ 815,670
Accounts receivable <i>(Note 5)</i>	24,458	21,762
Prepaid expenses	17,725	17,180
Current portion of loans and notes receivable <i>(Note 6)</i>	7,000	-
	1,371,105	854,612
FIXED ASSETS <i>(Note 7)</i>	91,704	68,534
LOANS AND NOTES RECEIVABLE <i>(Note 6)</i>	28,000	35,000
LONG TERM INVESTMENTS <i>(Note 8)</i>	382,456	370,317
	\$ 1,873,265	\$ 1,328,463
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 29,614	\$ 16,852
Deferred income <i>(Note 9)</i>	605,354	299,193
Goods and services tax payable	26,275	1,388
Current portion of long term debt <i>(Note 10)</i>	9,450	9,450
Funds held in trust <i>(Notes 11, 12)</i>	215,476	64,662
	886,169	391,545
LONG TERM DEBT <i>(Note 10)</i>	29,135	38,585
	915,304	430,130
NET ASSETS		
Unrestricted funds	491,699	643,647
Investment in fixed assets	91,704	68,534
Internally restricted legal fund (Schedule 2) <i>(Note 14)</i>	374,558	186,152
	957,961	898,333
	\$ 1,873,265	\$ 1,328,463

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Revenues and Expenditures

Year Ended June 30, 2023

(Unaudited)

	2023	2022
REVENUES		
Association membership dues	\$ 538,103	\$ 500,296
Clinic inspections	28,175	32,775
Advertising revenues	17,428	21,312
Allowance - CVMA insurance program	12,194	11,631
Events	12,095	-
Other	8,855	9,031
Association membership dues - legal <i>(Note 14)</i>	6,153	13,960
Association membership dues - marketing <i>(Note 15)</i>	6,153	14,355
Exam revenue	5,615	5,275
Commissions <i>(Notes 11, 12)</i>	5,005	5,617
MVTA Rent income	3,000	2,750
Fees - specialty clinics	2,240	1,180
Continuing education	20	1,440
	645,036	619,622
EXPENSES <i>(Schedule 1)</i>	609,700	538,855
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	35,336	80,767
OTHER INCOME		
Interest income	12,153	904
Mutual fund distribution income	12,139	1,465
	24,292	2,369
EXCESS OF REVENUES OVER EXPENSES	\$ 59,628	\$ 83,136

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2023

(Unaudited)

	Unrestricted Funds	Investment in Fixed Assets	Internally Restricted Legal Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 643,647	\$ 68,534	\$ 186,152	\$ 898,333	\$ 815,197
Excess of revenues over expenses	74,308	(19,022)	4,342	59,628	83,136
Asset additions	(42,192)	42,192	-	-	-
Council approved transfers (Schedule 2)	(184,064)	-	184,064	-	-
NET ASSETS - END OF YEAR	\$ 491,699	\$ 91,704	\$ 374,558	\$ 957,961	\$ 898,333

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Statement of Cash Flow

Year Ended June 30, 2023

(Unaudited)

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 59,628	\$ 83,136
Item not affecting cash:		
Amortization of fixed assets	19,022	15,772
	78,650	98,908
Changes in non-cash working capital:		
Accounts receivable	(2,695)	362
Goods and services tax payable (receivable)	12,761	3,105
Prepaid expenses	(545)	528
Loans and notes receivable	7,000	-
Accounts payable and accrued liabilities	24,887	4,692
Loans and notes receivable	(7,000)	-
Deferred income	306,161	29,212
Funds held in trust	150,814	64,327
	491,383	102,226
Cash flow from operating activities	570,033	201,134
INVESTING ACTIVITIES		
Purchase of fixed assets	(42,192)	(1,712)
Increase in marketable securities	(12,139)	(1,465)
Cash flow used by investing activities	(54,331)	(3,177)
FINANCING ACTIVITY		
Repayment of long term debt	(9,450)	(9,450)
INCREASE IN CASH FLOW	506,252	188,507
CASH - BEGINNING OF YEAR	815,670	627,163
CASH - END OF YEAR	\$ 1,321,922	\$ 815,670

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

(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 1,100 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.

(continues)

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

(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 cost. 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 software & equipment	20% 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, 2023

(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 payable, 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, 2023.

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. The savings account generates interest at a rate of 3.53% (1.31% in 2022) for balances \$25,000 and over.

Cash includes an internally restricted fund of \$374,558 (\$186,152 in 2022) 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, 2023

(Unaudited)

5. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable - Members	\$ 9,369	\$ 4,636
Accounts receivable - CVMA	15,089	17,126
	\$ 24,458	\$ 21,762

6. LOANS AND NOTES 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. FIXED ASSETS

	Cost	Accumulated amortization	2023 Net book value
Computer equipment	\$ 42,761	\$ 40,641	\$ 2,120
Computer software	40,800	4,080	36,720
Furniture and fixtures	50,149	40,175	9,974
Leasehold improvements	106,997	64,198	42,799
Signage	3,806	3,715	91
	\$ 244,513	\$ 152,809	\$ 91,704

	Cost	Accumulated amortization	2022 Net book value
Computer equipment	\$ 41,369	\$ 38,915	\$ 2,454
Furniture and fixtures	50,149	37,681	12,468
Leasehold improvements	106,997	53,499	53,498
Signage	3,806	3,692	114
	\$ 202,321	\$ 133,787	\$ 68,534

As of June 30, 2023 the association expects to incur up to an additional \$22,000 in capital costs to finish the implementation of the Alinity Data Management Systems in the next fiscal year. These additional costs would be capitalized to computer software, and amortized over their expected useful life.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

(Unaudited)

8. LONG TERM INVESTMENTS

Long term investments consist of an investment savings mutual fund with a cost of \$382,456 (\$370,317 in 2022) and a market value of \$382,457 (\$370,317 in 2022).

9. DEFERRED INCOME

	2023	2022
Deferred membership fees	\$ 601,674	\$ 293,938
Deferred advertising	3,680	5,255
	\$ 605,354	\$ 299,193

10. LONG TERM DEBT

	2023	2022
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.	\$ 38,585	\$ 48,035
Amounts payable within one year	(9,450)	(9,450)
	\$ 29,135	\$ 38,585

Principal repayment terms are approximately:

2024	\$ 9,450
2025	9,450
2026	9,450
2027	785
	<u>29,135</u>
	\$ 29,135

11. FUNDS HELD IN TRUST

The MVMA administers the registration process for veterinary technologists so that they are able to obtain registration with the MVMA and the Manitoba Veterinary Technologists Association (MVTA) through a sole registration process. The MVMA collects fees on behalf of each member for MVTA and holds it in trust. The MVMA will remit fees held in trust on at least a quarterly basis with information containing the name of each person that money was collected from, and the amount of money collected on behalf of the MVTA. The Association receives approximately 3% (2022 - 3%) collection fee for this service from its national association.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

(Unaudited)

12. CVMA MEMBERSHIPS DUES

The MVMA provides collection services to the Canadian Veterinary Medical Association (CVMA). Professional dues collected for and remitted to the CVMA totaled \$72,376 (\$137,388 - 2022). These "custodial" transactions are excluded from presentation on the "Statement of Revenues and Expenditures". The Association receives approximately 4% (2022 - 4%) collection fee for this service from its national association, \$5,005 (\$5,617 - 2022).

13. LEASE COMMITMENTS

The Association is in an office space lease with Western Drug Distribution Centre (WDDC), previously under Midwest Veterinary Purchasing Cooperative Ltd. who was purchased by WDDC, 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, 2023, are as follows:

	Office Lease	Office Equipment	Total
2024	\$ 49,275	\$ 2,733	\$ 52,008
2025	49,275	2,733	52,008
2026	49,275	-	49,275
2027	49,275	-	49,275
2028	4,106	-	4,106
	\$ 201,206	\$ 5,466	\$ 206,672

14. 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 April 2023 a motion was passed by MVMA Council to waive the \$25 per member annual fee, and instead transfer a lump-sum of \$13,500 annually from the general fund to the legal fund. Further, the policy aims to grow the fund to \$400,000.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

(Unaudited)

15. **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.

	2023	2022
Opening balance	\$ (5)	\$ (14,086)
Funds collected	6,153	14,355
Marketing expenses	(5,643)	(274)
Deficiency of Marketing Fund	\$ 505	\$ (5)

16. **COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation. These reclassifications have no impact on net income or assets reported in previous periods.

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Expenses
(Schedule 1)

Year Ended June 30, 2023

(Unaudited)

	2023	2022
Accounting fees	\$ 7,396	\$ 6,479
Advertising and promotion	8,143	1,274
Amortization	19,022	15,772
Bad debts	613	-
Clinic inspections	16,443	27,835
Continuing education	500	1,035
Council and committee expenses	21,398	8,845
Credit card processing fees	20,250	17,975
Equipment rentals	3,331	2,798
Events	24,009	-
Exams	431	275
Governance and voting	1,000	1,000
Human resources - general	-	203
Insurance	6,997	7,669
Interest and bank charges	1,344	1,625
Legal fees	64,590	62,235
MVMA meetings	17,160	13,049
Member Benefits	4,502	4,382
Newsletter	1,106	578
Office	15,533	11,694
Payroll service fees	1,000	944
Postage and courier	2,775	1,001
Rent and expense sharing	44,609	49,553
Repairs and maintenance	2,477	3,259
Salaries and wages	310,545	272,327
Staff training	355	395
Strategic planning	-	12,503
Student support	4,360	7,020
Technology	8,370	5,605
Telephone	1,441	1,525
	\$ 609,700	\$ 538,855

THE MANITOBA VETERINARY MEDICAL ASSOCIATION

Transfers to (from) Internally Restricted Legal Fund

(Schedule 2)

Year Ended June 30, 2023

(Unaudited)

	2023	2022
Funds Transferred from Unrestricted Funds to Internally Restricted Legal Fund		
Member contributions	\$ 13,500	\$ 13,960
Additional contributions approved by MVMA Council	170,564	-
Interest income	-	48
	184,064	14,008
Funds Transferred to Unrestricted Funds from Internally Restricted Legal Fund		
Disciplinary legal fees	-	(61,972)
Net increase (decrease) in Internally Restricted Legal Fund	\$ 184,064	\$ (47,964)