

**British Columbia Veterinary
Medical Association
Financial Statements
For the year ended June 30, 2007**

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Financial Statements
For the year ended June 30, 2007**

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Auditors' Report

To the Members of the British Columbia Veterinary Medical Association

We have audited the Statement of Financial Position of the British Columbia Veterinary Medical Association as at June 30, 2007 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, British Columbia
August 3, 2007

**British Columbia Veterinary Medical Association
Statement of Financial Position**

June 30	2007	2006
Assets		
Current		
Cash (Note 2)	\$ 150,909	\$ 110,373
Short-term investments (Note 2)	3,720	281,105
Accounts receivable	51,610	27,172
Special levies receivable	407,507	-
Prepaid expenses	26,921	68,282
	640,667	486,932
Property and equipment (Note 3)	674,264	706,407
	\$ 1,314,931	\$ 1,193,339

Liabilities and Net Assets

Liabilities

Current

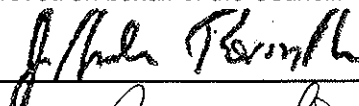
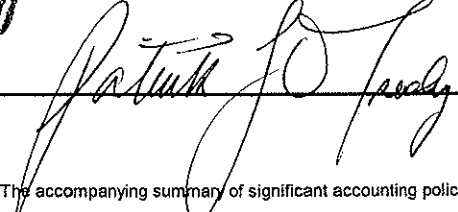
Accounts payable and accruals	\$ 128,931	\$ 180,951
Grants payable	-	25,000
Deferred conference revenues	-	85,931
Deferred membership dues	464,620	449,311
Current portion of mortgage payable (Note 4)	6,129	5,747
	599,680	746,940
Mortgage payable (Note 4)	256,730	263,091
	856,410	1,010,031

Net assets (Note 6)

Invested in property and equipment	411,405	437,569
Internally restricted - Emergency Legal Reserve Fund	-	249,038
Unrestricted	47,116	(503,299)
	458,521	183,308
	\$ 1,314,931	\$ 1,193,339

Contingent Liabilities (Note 9)

Approved on behalf of the Council:

 _____	President
 _____	Secretary/Treasurer

**British Columbia Veterinary Medical Association
Statement of Operations**

For the year ended June 30	Budget 2007	2007	2006
	(Note 7)		
Revenue			
Member dues	\$ 1,362,291	\$ 1,334,295	\$ 1,357,501
Special levies	348,793	794,587	-
Conference	84,000	358,637	79,233
Magazine/Website advertising	97,000	141,035	130,240
Examinations	22,750	33,550	20,750
Registration	24,500	34,556	27,899
Inspections	20,000	42,000	21,650
Interest	2,000	20,448	16,089
Merchandise sale (net)	5,000	629	5,694
Other	2,000	27,930	39,259
	1,948,334	2,787,667	1,698,315
Less: Dues collected on behalf of Canadian Veterinary Medical Association	(256,760)	(248,395)	(245,305)
	1,691,574	2,539,272	1,453,010
Expenses			
Amortization	-	44,483	47,936
Bad debts (recovery)	-	(47,499)	80,511
Conference	81,000	350,323	82,194
Donations and grants	28,000	8,628	32,549
Economic Survey	-	2,726	-
Insurance	105,000	103,276	44,819
Interest on long-term debt	19,300	17,683	13,985
Legal- case	500,000	584,411	432,115
- general	140,000	61,825	78,881
- investigations	20,000	418	7,698
Magazine	76,000	84,670	79,567
Meetings	241,000	205,326	184,984
Office	108,000	132,953	125,483
Professional services	136,000	139,350	118,588
Property taxes	14,700	14,130	14,343
Public relations	25,000	26,165	28,989
Salaries and benefits	500,000	506,826	428,191
Staff development	6,000	4,815	3,509
Telephone and utilities	14,500	22,300	17,928
Wilson Banwell program	2,000	1,250	313
	2,016,500	2,264,059	1,822,583
Deficiency of revenues over expenses before other item	(324,926)	275,213	(369,573)
Other item			
Write-off of property and equipment	-	-	(17,818)
Excess (deficiency) of revenues over expenses for the year	\$ (324,926)	\$ 275,213	\$ (387,391)

British Columbia Veterinary Medical Association
Statement of Changes in Net Assets

For the year ended June 30	Invested in Property and Equipment	Internally Restricted- Emergency Legal Reserve	Unrestricted	2007	2006
Balance, beginning of year	\$ 437,569	\$ 249,038	\$ (503,299)	\$ 183,308	\$ 570,699
Excess (deficiency) of revenue over expenses for the year	(44,483)	-	319,696	275,213	(387,391)
Interfund transfers	18,319	(249,038)	230,719	-	-
Balance, end of year	\$ 411,405	\$ -	\$ 47,116	\$ 458,521	\$ 183,308

British Columbia Veterinary Medical Association
Statement of Cash Flows

For the year ended June 30	2007	2006
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 275,213	\$ (387,391)
Items not involving cash		
Amortization	44,483	47,936
Write-off of property and equipment	-	(17,818)
	<u>319,696</u>	<u>(357,273)</u>
Changes in non-cash working capital balances		
Accounts receivable	(24,438)	19,953
Special levies receivable	(407,507)	-
Prepaid expenses	41,361	(48,128)
Accounts payable and accruals	(52,020)	64,172
Grants payable	(25,000)	-
Deferred conference revenues	(85,931)	85,931
Deferred membership dues	15,309	(47,271)
	<u>(218,530)</u>	<u>(282,616)</u>
Investing activities		
Purchase of property and equipment	(12,340)	2,587
Decrease in investments	277,385	220
	<u>265,045</u>	<u>2,807</u>
Financing activity		
Repayment of mortgage	(5,979)	(5,682)
Increase (decrease) in cash during the year	40,536	(285,491)
Cash, beginning of year	110,373	395,864
Cash, end of year	\$ 150,909	\$ 110,373

British Columbia Veterinary Medical Association Summary of Significant Accounting Policies

June 30, 2007

Purpose of Association

The Association is a self-governing professional regulatory body. Its statutory mandate is to serve the public interest by regulating and upholding the standard of the practice of veterinary medicine in B.C.

It does so by setting and enforcing standards of ethical and competent behaviour on the part of its members. It promotes a high standard of practice through member programs such as continuing education and professional development.

The "Veterinarians Act" of the Province of British Columbia and the Association By-laws and Code of Ethics are the means by which the members of the Association are licensed and regulated.

The Association is a tax-exempt body under Section 149 of the Income Tax Act.

Property and Equipment Property and equipment are recorded at cost. Amortization is calculated using the following annual rates:

Building	- 5% diminishing balance basis
Furniture and fixtures	- 20% diminishing balance basis
Computer and office equipment	- 20% diminishing balance basis

In the year of acquisition, the charge is reduced to 1/2 the annual rate.

Revenue

The Association follows the deferral method of accounting for membership dues. Membership dues are deferred and recognized over the membership year of December 1 to November 30, which differs from the Association's fiscal year of July 1 to June 30.

Special levies are recognized as revenue when approved by Council.

Conference revenues are recognized in the period in which the conference occurs.

Advertising revenues are recognized upon publication and other revenues are recognized when earned.

Donated Services

The Association and its members benefit greatly from donated services in the form of volunteer time for various committees. The value of donated services is not recognized in these financial statements.

Discipline Matters

The Association records legal fees related to disciplinary actions as they are incurred. Recoveries of fines and costs are recognized as revenue when all matters relating to their realization have been resolved.

British Columbia Veterinary Medical Association
Summary of Significant Accounting Policies

June 30, 2007

- Grants Payable** Grants payable are accrued when approved by Council provided that the recipient has met any eligibility requirements and that the amount can be reasonably estimated.
- Financial Instruments** The Association's financial instruments consist of cash, short-term investments, accounts receivable, special levies receivable, accounts payable and accruals, grants payable and mortgage payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.
- Use of Estimates** The financial statements of the Association have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

British Columbia Veterinary Medical Association
Notes to Financial Statements

June 30, 2007

1. Continued Operations and Subsequent Event

The Association incurred a significant deficit in the prior year and required special levies from members in order to avoid incurring a significant deficit in the current year. Expenses have been much higher than forecast due to legal expenses for the complaints and discipline hearings under the Veterinarians Act. There continue to be unresolved legal contingencies (Note 9).

Subsequent to the year end, the Canadian Veterinary Medical Association advanced an interest-free \$240,000 loan to assist with cash flow. The loan is repayable \$60,000 annually.

The Association has had difficulty in renewing its insurance. The Province of British Columbia has provided an indemnity that expires in December 2007.

Continued operations of the Association are dependent upon further support from members and/or the Province.

2. Cash and Short-term Investments

The Association's bank accounts are held at a credit union and bear interest at market rates.

Short-term investments in the current year consist of equity shares of a credit union. In the prior year short-term investments consisted of equity shares of a credit union along with credit union term deposits.

3. Property and Equipment

	<u>2007</u>			<u>2006</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 781,807	\$ 160,940	\$ 620,867	\$ 653,543
Furniture and fixtures	14,705	3,655	11,050	11,237
Computer hardware	71,719	59,878	11,841	14,801
Computer software	19,881	11,856	8,025	10,031
Office equipment	29,988	7,507	22,481	16,795
	<u>\$ 918,100</u>	<u>\$ 243,836</u>	<u>\$ 674,264</u>	<u>\$ 706,407</u>

4. Mortgage Payable

The Association financed a portion of the building purchase with a mortgage from the North Shore Credit Union. The mortgage bears interest at a rate related to the Credit Union's prime rate and is currently 6.45% per annum, compounded semi-annually. It is collateralized by a first charge on the building and assignment of insurance and rentals. Monthly blended payments of principal and interest totaling \$1,910 are required until maturity in February 2011.

British Columbia Veterinary Medical Association
Notes to Financial Statements

June 30, 2007

4. Mortgage Payable - continued

Future minimum principal payments required are:

2008	\$	6,129
2009		6,536
2010		6,970
2011		7,433
2012		<u>235,791</u>
	\$	<u>262,859</u>

5. Commitments

The Association leases equipment under an operating lease arrangement. The minimum lease payments until lease expiry are as follows:

2008	\$	14,400
2009		14,400
2010		14,400
2011		14,400
2012		<u>6,000</u>
	\$	<u>63,600</u>

6. Net Assets

The Association segregates its net assets into various funds.

The amount invested in property and equipment represents the Association's cumulative net investment in property and equipment. Amounts are not available for use unless the property and equipment are sold.

The Emergency Legal Reserve Fund is an internally-restricted fund that can be accessed only with Council approval. It is designated to provide for extraordinary legal costs and unforeseen contingencies. Monies are transferred into the fund from unrestricted funds. Interest is also allocated to the fund based on the fund's balance. All monies were transferred to the unrestricted fund during the year.

Unrestricted net assets represents the net assets available for general use.

British Columbia Veterinary Medical Association
Notes to Financial Statements

June 30, 2007

7. Budget Figures

The 2007 budget figures have been prepared by management and have not been audited or reviewed by the Association's auditor.

8. Employee Future Benefits

The Association has an RRSP contribution plan. All individuals who have been employed by the Association for a term longer than 6 months are entitled to a contribution by the Association to their RRSP in the amount of 4% of their annual earnings. The Association contributed \$16,279 (2006- \$12,817) to employees' RRSPs during the year.

Depending on their position, an employee is entitled to 2 to 4 weeks of annual paid vacation leave. These paid vacation days are accrued monthly as soon as commencement of employment and are available for use in the following fiscal year. However, employees are permitted to borrow vacation days to use in the current fiscal year. Unused vacation days are not permitted to be carried forward. The Association has accrued \$14,802 (2006 - \$22,275) for unused vacation and these amounts are included in accounts payable and accrued liabilities.

9. Contingent Liabilities

The Association is presently involved with a number of claims or potential claims brought on by a small group of litigants, the outcomes of which are not determinable at this time. No legal costs have been incurred or are anticipated for these claims and no amounts have been accrued in respect of possible future costs resulting from these claims.

Amounts ultimately payable, if any, will be recorded in the period in which a determination can be made as to the status of the claim.