



AUDITED FINANCIAL STATEMENTS 2013



COLLEGE OF MASSAGE  
THERAPISTS OF  
BRITISH COLUMBIA

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# Independent Auditor's Report

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To the Members of  
College of Massage Therapists of British Columbia

We have audited the accompanying financial statements of the College of Massage Therapists of British Columbia, which comprise the statement of financial position as at November 30, 2013, the statements of operations, changes in net assets and cash flows 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.

## Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the College of Massage Therapists of British Columbia as at November, 30, 2013, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

#### Comparative information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that the College of Massage Therapists of British Columbia adopted Canadian accounting standards for not-for-profit organizations on December 1, 2012 with a transition date of December 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at November 30, 2012 and December 1, 2011, the statements of operations, changes in net assets and cash flows for the year ended November 30, 2012, and related disclosures. We were not engaged to report on the comparative information, and as such, it is unaudited.

Vancouver, Canada  
February 18, 2014

*Grant Thornton LLP*

Chartered Accountants

## College of Massage Therapists of British Columbia

### Statement of Financial Position

	November 30, 2013	November 30, 2012 (Unaudited)	December 1, 2011 (Unaudited)
<b>Assets</b>			
Current			
Cash	\$ 447,798	\$ 603,613	\$ 130,325
Term deposits	-	-	848,475
Accounts receivable	1,000	-	8,219
Prepaid expenses	<u>15,719</u>	<u>15,522</u>	<u>11,577</u>
	<b>464,517</b>	619,135	998,596
Intangible assets (Note 4)	214,015	-	-
Property and equipment (Note 5)	<u>173,746</u>	<u>127,243</u>	<u>20,474</u>
	<b><u>\$ 852,278</u></b>	<b><u>\$ 746,378</u></b>	<b><u>\$ 1,019,070</u></b>
<b>Liabilities</b>			
Current			
Accounts payable (Note 6)	\$ 110,781	\$ 94,990	\$ 82,837
Deferred revenue	<u>431,810</u>	<u>152,944</u>	<u>217,303</u>
	<b>542,591</b>	247,934	300,140
Deferred lease inducements	27,629	30,880	-
Deferred rent	<u>1,535</u>	<u>451</u>	<u>-</u>
	<b>571,755</b>	279,265	300,140
<b>Net assets</b>	<u><b>280,523</b></u>	<u>467,113</u>	<u>718,930</u>
	<b><u>\$ 852,278</u></b>	<b><u>\$ 746,378</u></b>	<b><u>\$ 1,019,070</u></b>

Commitments (Note 8)

On behalf of the board

\_\_\_\_\_ Director \_\_\_\_\_ Director

# College of Massage Therapists of British Columbia

## Statement of Operations and Changes in Net Assets

Year ended November 30	2013	2012
		(Unaudited)
<b>Income</b>		
Registration fees	\$ 1,119,119	\$ 1,026,679
Examination fees	205,687	164,150
Fines and assessment fees	42,785	31,868
Registration application fees	23,925	24,410
Other income	38,088	19,317
Interest	8,068	10,686
	<u>1,437,672</u>	<u>1,277,110</u>
<b>Expenses</b>		
Amortization of intangible assets	11,264	-
Amortization of property and equipment	34,761	15,569
Board and committees	121,070	195,387
Examinations	213,569	194,444
Interest and bank charges	30,568	16,464
Miscellaneous	623	25
Office	151,440	215,536
Professional fees	373,229	409,532
Rent	69,462	45,457
Salaries and benefits	618,276	436,513
	<u>1,624,262</u>	<u>1,528,927</u>
Deficiency of income over expenses	<u>\$ (186,590)</u>	<u>\$ (251,817)</u>
<hr/>		
Net assets, beginning of year	\$ 467,113	\$ 718,930
Deficiency of income over expenses	<u>(186,590)</u>	<u>(251,817)</u>
Net assets, end of year	<u>\$ 280,523</u>	<u>\$ 467,113</u>

# College of Massage Therapists of British Columbia

## Statement of Cash Flows

Year ended November 30	2013	2012
		(Unaudited)
Cash derived from (applied to)		
<b>Operating</b>		
Deficiency of income over expenses	\$ (186,590)	\$ (251,817)
Items not affecting cash		
Amortization of deferred lease inducement	(3,251)	(1,625)
Amortization of intangible assets	11,264	-
Amortization of property and equipment	34,761	15,569
Deferred rent	1,084	451
	<u>(142,732)</u>	<u>(237,422)</u>
Net change in non-cash operating working capital		
Accounts receivable	(1,000)	8,219
Prepaid expenses	(197)	(3,945)
Accounts payable	15,791	12,153
Deferred revenue	278,866	(64,359)
	<u>150,728</u>	<u>(285,354)</u>
<b>Investing</b>		
Acquisition of intangible assets	(225,279)	-
Acquisition of property and equipment	(81,264)	(122,338)
Proceeds on disposal of term deposits	-	848,475
	<u>(306,543)</u>	<u>726,137</u>
<b>Financing</b>		
Receipt of deferred lease inducement	-	32,505
(Decrease) increase in cash	(155,815)	473,288
Cash, beginning of year	603,613	130,325
Cash, end of year	<u>\$ 447,798</u>	<u>\$ 603,613</u>

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# College of Massage Therapists of British Columbia

## Notes to the Financial Statements

November 30, 2013

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### 1. Nature of organization

The College of Massage Therapists of British Columbia (the "College") is the regulatory authority for the massage therapy profession in British Columbia. The College is designated under the Health Professions Act of British Columbia and is a non-taxable entity as defined by the Income Tax Act. It is the duty of the College to serve and protect the public and to exercise its powers and discharge its responsibilities under all enactments in the public interest.

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### 2. Significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Revenue recognition

Income from registration fees is recognized over the term of the membership. Deferred revenue represents registration fees that have not yet been earned and registration fees received for membership years that have not yet commenced.

Income from examination fees is recognized when the respective examination occurs.

Income from registration application fees is recognized at the time of registration.

Income from fines and assessment fees is recognized when the respective fine or assessment is received.

Interest and other income is recognized when earned.

#### Intangible assets

Intangible assets are recorded at cost. For intangible assets with finite useful lives, amortization is provided over their estimated useful lives at the following annual rates:

Registration and customer relationship management system	30% Declining balance
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#### Property and equipment

Property and equipment is recorded at cost. Amortization is provided over their estimated useful lives at the following annual rates:

Furniture and equipment	20% Declining balance
Computer hardware and software	30% Declining balance
Leasehold improvements	Term of the lease

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# College of Massage Therapists of British Columbia

## Notes to the Financial Statements

November 30, 2013

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### 2. Significant accounting policies (continued)

#### Impairment of long-lived assets

The College reviews for impairment of long-lived assets whenever events or changes in circumstance indicate that they no longer have any long-term service potential to the College, or no longer contribute to the College's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its estimated residual value.

#### Deferred lease inducements

Deferred lease inducements consist of lease incentive funds received from the landlord. Amortization is provided over the term of the lease, as a reduction of rent expense.

#### Deferred rent

The College has an office lease which provides for escalations of the minimum lease payments during the term of the lease. The College records rent expense using the straight-line method, thereby prorating the total minimum lease payments over the term of the lease. The deferred rent liability represents the accumulated difference between the minimum lease payments and the rent expense using the straight-line method.

#### Financial instruments

Financial instruments are initially measured at fair value and subsequently measured at amortized cost.

#### Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Significant areas requiring management estimates are the estimated useful lives and service potential of long-lived assets. Actual results could differ from those estimates.

#### Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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# College of Massage Therapists of British Columbia

## Notes to the Financial Statements

November 30, 2013

### 3. First-time adoption of accounting standards for not-for-profit organizations

These are the College's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The date of transition to these standards is December 1, 2011.

These financial statements have been prepared using policies specified by those standards that are in effect at the end of the reporting period ended November 30, 2013. The significant accounting policies that have been applied in the presentation of these financial statements are summarized in Note 2. These significant accounting policies have been applied throughout all periods presented in these financial statements.

The College has also applied CPA Canada Handbook Section 1501 *First-Time Adoption by Not-For-Profit Organizations* in preparing these financial statements. The College has applied all of the mandatory exceptions and has not applied any of the optional exemptions.

The College's transition from the previous Canadian generally accepted accounting principles to Canadian accounting standards for not-for-profit organizations had no impact to the College's statements of financial position as at November 30, 2012 and December 1, 2011, or the statements of operations, changes in net assets or cash flows for the year ended November 30, 2012.

4. Intangible assets			November 30,	November 30,	December 1,
	Cost	Accumulated Amortization	2013	2012	2011
			Net Book Value	Net Book Value	Net Book Value
Registration and customer relationship management system	\$ 225,279	\$ 11,264	\$ 214,015	\$ -	\$ -

5. Property and equipment			November 30,	November 30,	December 1,
	Cost	Accumulated Amortization	2013	2012	2011
			Net Book Value	Net Book Value	Net Book Value
Furniture and equipment	\$ 89,324	\$ 45,551	\$ 43,773	\$ 40,846	\$ 13,576
Computer hardware and software	144,789	64,968	79,821	30,344	6,898
Leasehold improvements	59,002	8,850	50,152	56,053	-
	\$ 293,115	\$ 119,369	\$ 173,746	\$ 127,243	\$ 20,474

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# College of Massage Therapists of British Columbia

## Notes to the Financial Statements

November 30, 2013

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### 6. Accounts payable

Included in accounts payable is \$590 (November 30, 2012: \$12,966; December 1, 2011: \$4,076) owing in respect of government remittances for sales taxes, payroll taxes and workers' safety insurance premiums.

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### 7. Financial instruments

The College has various financial instruments including cash, term deposits, accounts receivable and accounts payable. The carrying values approximate their fair values due to the immediate or short-term maturity of these items.

As at November 30, 2013, financial assets measured at amortized cost totalled \$448,798 (November 30, 2012: \$603,613; December 1, 2011: \$987,019).

As at November 30, 2013, financial liabilities measured at amortized cost totalled \$110,781 (November 30, 2012: \$94,990; December 1, 2011: \$82,837).

#### *Liquidity risk*

Liquidity risk is the risk that the College cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk is managed by forecasting cash flows.

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### 8. Commitments

The College rents its office space under an operating lease. The College's future minimum lease payments under the lease agreement are as follows:

2014	\$	35,756
2015		35,756
2016		35,756
2017		36,658
2018		37,923
2019 and thereafter		<u>135,889</u>
	\$	<u>317,738</u>

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### 9. Related party transactions

The financial statements include the following related party transactions, which are measured at the exchange amount:

	<u>2013</u>	<u>2012</u> (Unaudited)
Registration fees from directors and management	\$ 2,972	\$ 2,617
Honoraria to directors	58,984	49,338

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COLLEGE OF MASSAGE  
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