



## Audited Financial Statements 2015

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, 2015 and 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, 2015 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.

Vancouver, Canada  
February 22, 2016

*Grant Thornton LLP*

Chartered Professional Accountants

# College of Massage Therapists of British Columbia

## Statement of Financial Position

November 30	2015	2014
<b>Assets</b>		
Current		
Cash	\$ 490,015	\$ 399,917
Short-term investments	96,000	-
Accounts receivable	67,478	18,433
Prepaid expenses	15,777	17,579
	<u>669,270</u>	<u>435,929</u>
Intangible assets (Note 3)	233,482	149,811
Property and equipment (Note 4)	123,333	151,561
	<u>\$ 1,026,085</u>	<u>\$ 737,301</u>
<b>Liabilities</b>		
Current		
Accounts payable (Note 5)	\$ 70,818	\$ 116,542
Deferred revenue	850,147	590,413
	<u>920,965</u>	<u>706,955</u>
Deferred lease inducements	21,128	24,379
Deferred rent	3,702	2,618
	<u>945,795</u>	<u>733,952</u>
<b>Net assets</b>		
Unrestricted	80,290	3,349
Internally restricted (Note 6)	-	-
	<u>80,290</u>	<u>3,349</u>
	<u>\$ 1,026,085</u>	<u>\$ 737,301</u>

Commitments (Note 8)

On behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# College of Massage Therapists of British Columbia

## Statement of Operations

Year ended November 30	2015	2014
<b>Income</b>		
Registration fees	\$ 1,579,627	\$ 1,304,372
Examination fees	407,644	353,487
Fines and assessment fees	61,816	69,248
Registration application fees	36,870	34,700
Levy fees	87,400	-
Other income	26,391	12,064
Interest	6,325	5,523
	<u>2,206,073</u>	<u>1,779,394</u>
<b>Expenses</b>		
Amortization of intangible assets	67,640	64,204
Amortization of property and equipment	32,594	40,054
Committees and meetings	149,954	113,354
Examinations	240,988	279,477
Interest and bank charges	61,296	45,837
Legal fees	390,404	385,210
Office	277,029	292,022
Other professional fees	232,609	171,716
Salaries and benefits	676,618	664,694
	<u>2,129,132</u>	<u>2,056,568</u>
Excess (deficiency) of income over expenses	<u>\$ 76,941</u>	<u>\$ (277,174)</u>

## College of Massage Therapists of British Columbia

### Statement of Changes in Net Assets

Year ended November 30, 2015

	Unrestricted	Internally restricted (Note 6)	Total
Balance, December 1, 2013	\$ 280,523	\$ -	\$ 280,523
Original transfer	(175,000)	175,000	-
Excess (deficiency) of income over expenses	107,270	(384,444)	(277,174)
Additional transfer	(209,444)	209,444	-
Balance, November 30, 2014	3,349	-	3,349
Original transfer	(300,000)	300,000	-
Excess (deficiency) of income over expenses	553,655	(476,714)	76,941
Additional transfer	(176,714)	176,714	-
<b>Balance, November 30, 2015</b>	<b>\$ 80,290</b>	<b>\$ -</b>	<b>\$ 80,290</b>

# College of Massage Therapists of British Columbia

## Statement of Cash Flows

Year ended November 30	2015	2014
Cash derived from (applied to)		
<b>Operating</b>		
Excess (deficiency) of income over expenses	\$ 76,941	\$ (277,174)
Items not affecting cash		
Amortization of deferred lease inducement	(3,251)	(3,250)
Amortization of intangible assets	67,640	64,204
Amortization of property and equipment	32,594	40,054
Deferred rent	1,084	1,083
	<u>175,008</u>	<u>(175,083)</u>
Net change in non-cash working capital items		
Accounts receivable	(49,045)	(17,433)
Prepaid expenses	1,802	(1,860)
Accounts payable	(45,724)	5,761
Deferred revenue	259,734	158,603
	<u>341,775</u>	<u>(30,012)</u>
<b>Investing</b>		
Short-term investments	(96,000)	-
Acquisition of intangible assets	(151,311)	-
Acquisition of property and equipment	(4,366)	(17,869)
	<u>(251,677)</u>	<u>(17,869)</u>
Increase (decrease) in cash	90,098	(47,881)
Cash, beginning of year	<u>399,917</u>	<u>447,798</u>
Cash, end of year	<u>\$ 490,015</u>	<u>\$ 399,917</u>

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# College of Massage Therapists of British Columbia

## Notes to the Financial Statements

November 30, 2015

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

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

Income from levy fees is recognized at the time of invoicing and when collection is reasonably assured.

Other income and interest is recognized when earned.

#### Short-term investments

Funds held by the College are invested, in accordance with the College's investment policy, in short-term instruments, which include guaranteed investment certificates.

#### 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
Online learning management system	30% Declining balance

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# College of Massage Therapists of British Columbia

## Notes to the Financial Statements

November 30, 2015

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### 2. Significant accounting policies (continued)

#### 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

#### 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.

The company's financial instruments consist of cash, short-term investments, accounts receivable and accounts payable.

#### 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.

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## College of Massage Therapists of British Columbia

### Notes to the Financial Statements

November 30, 2015

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<b>3. Intangible assets</b>			<b>2015</b>	2014
	Cost	Accumulated Amortization	<b>Net Book Value</b>	Net Book Value
Registration and customer relationship management system	\$ 225,279	\$ 120,411	\$ 104,868	\$ 149,811
Online learning management system	151,311	22,697	<b>128,614</b>	-
	<b>\$ 376,590</b>	<b>\$ 143,108</b>	<b>\$ 233,482</b>	<b>\$ 149,811</b>

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<b>4. Property and equipment</b>			<b>2015</b>	2014
	Cost	Accumulated Amortization	<b>Net Book Value</b>	Net Book Value
Furniture and equipment	\$ 90,741	\$ 61,735	\$ 29,006	\$ 36,276
Computer hardware and software	150,804	107,353	<b>43,451</b>	58,456
Leasehold improvements	73,806	22,930	<b>50,876</b>	56,829
	<b>\$ 315,351</b>	<b>\$ 192,018</b>	<b>\$ 123,333</b>	<b>\$ 151,561</b>

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#### **5. Accounts payable**

Included in accounts payable is \$604 (2014 - \$723) owing in respect of government remittances for sales taxes, payroll taxes and workers' safety insurance premiums.

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#### **6. Internally restricted net assets**

Internally restricted net assets are not available for other purposes without the approval of the Board of Directors.

##### *Restricted fund for complaints and discipline*

During the year ended November 30, 2015, the Board of Directors resolved to internally restrict net assets of \$300,000 and \$176,714 to be used for inquiry and disciplinary actions regarding complaints. The funds were spent on legal fees and other professional fees related to complaints.

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# College of Massage Therapists of British Columbia

## Notes to the Financial Statements

November 30, 2015

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### 7. Financial instruments

As at November 30, 2015, financial assets measured at amortized cost totalled \$653,493 (2014 - \$418,350).

As at November 30, 2015, financial liabilities measured at amortized cost totalled \$70,818 (2014 - \$116,542).

#### *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:

2016	\$	35,756
2017		36,658
2018		37,923
2019		37,923
2020		37,923
2021 and thereafter		60,044
		<hr/>
	\$	246,227

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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>2015</u>	<u>2014</u>
Registration fees from directors and management	\$ 3,075	\$ 4,750
Honoraria to directors	59,717	51,238

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### 10. Comparative amounts

Certain prior period balances have been reclassified to conform to the financial statements presentation in the current period.

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# College of Massage Therapists of British Columbia

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