



2018 AUDITED FINANCIAL STATEMENTS



Financial Statements

College of Massage Therapists of
British Columbia

December 31, 2018

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Independent Auditor's Report

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To the Board of Directors of

College of Massage Therapists of British Columbia

Opinion

We have audited the financial statements of the College of Massage Therapists of British Columbia (the "College"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College of Massage Therapists of British Columbia as at December 31, 2018, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Vancouver, Canada
April 12, 2019

Chartered Professional Accountants

College of Massage Therapists of British Columbia

Statement of Financial Position

| December 31 | 2018 | 2017 |
|---------------------------------|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash | \$ 2,529,464 | \$ 2,098,830 |
| Short-term investments | 1,505,796 | 916,335 |
| Accounts receivable | 693 | 86 |
| Prepaid expenses | 162,937 | 59,850 |
| | <u>4,198,890</u> | <u>3,075,101</u> |
| Intangible assets (Note 3) | 166,873 | 254,729 |
| Property and equipment (Note 4) | 106,529 | 107,200 |
| | <u>\$ 4,472,292</u> | <u>\$ 3,437,030</u> |
| Liabilities | | |
| Current | | |
| Accounts payable (Note 5) | \$ 114,126 | \$ 276,835 |
| Deferred revenue | 2,612,350 | 2,344,600 |
| | <u>2,726,476</u> | <u>2,621,435</u> |
| Deferred lease inducements | 11,377 | 14,627 |
| Deferred rent | 3,792 | 4,875 |
| | <u>2,741,645</u> | <u>2,640,937</u> |
| Net assets | | |
| Unrestricted | 730,647 | 296,093 |
| Internally restricted (Note 6) | 1,000,000 | 500,000 |
| | <u>1,730,647</u> | <u>796,093</u> |
| | <u>\$ 4,472,292</u> | <u>\$ 3,437,030</u> |

Commitments (Note 8)

On behalf of the Board


 _____ Director


 _____ Director

College of Massage Therapists of British Columbia

Statement of Operations

| | For the year ended December 31 2018 | For the 13 months ended December 31 2017 |
|------------------------------------|--|---|
| <hr/> | | |
| Income | | |
| Registration fees | \$ 2,464,079 | \$ 2,286,965 |
| Examination fees | 548,125 | 586,690 |
| CMTBC courses | 518,040 | 37,050 |
| Registration application fees | 57,625 | 46,205 |
| Other income | 25,280 | 52,150 |
| Interest | 24,680 | 13,827 |
| Fines and assessment fees | 20,895 | 156,512 |
| | 3,658,724 | 3,179,399 |
| | | |
| Expenses | | |
| Office and administration | 1,402,295 | 1,454,987 |
| Examinations | 468,329 | 370,245 |
| Quality assurance | 298,229 | 112,253 |
| Complaints and inquiry | 191,311 | 192,591 |
| Registration and entry to practice | 168,868 | 225,410 |
| Governance | 72,702 | 56,168 |
| Title protection | 51,691 | 23,179 |
| Communication and publications | 45,090 | 60,666 |
| Discipline | 25,655 | 107,784 |
| | 2,724,170 | 2,603,283 |
| | | |
| Excess of income over expenses | \$ 934,554 | \$ 576,116 |

College of Massage Therapists of British Columbia
Statement of Changes in Net Assets
Year ended December 31, 2018

| | <u>Unrestricted</u> | <u>Internally restricted (statutory processes)</u> | <u>Internally restricted (financial reserve) (Note 6)</u> | <u>Total</u> |
|--|--------------------------|--|---|----------------------------|
| Balance, November 30, 2016 | \$ 219,977 | \$ - | \$ - | \$ 219,977 |
| Original transfer | (1,122,000) | 622,000 | 500,000 | - |
| Excess (deficiency) of income over expenses | 899,670 | (323,554) | - | 576,116 |
| Additional transfer | <u>298,446</u> | <u>(298,446)</u> | <u>-</u> | <u>-</u> |
| Balance, December 31, 2017 | 296,093 | - | 500,000 | 796,093 |
| Excess of income over expenses | 934,554 | - | - | 934,554 |
| Transfer | <u>(500,000)</u> | <u>-</u> | <u>500,000</u> | <u>-</u> |
| Balance, December 31, 2018 | <u>\$ 730,647</u> | <u>\$ -</u> | <u>\$ 1,000,000</u> | <u>\$ 1,730,647</u> |

College of Massage Therapists of British Columbia

Statement of Cash Flows

| | For the year ended December 31 2018 | For the 13 months ended December 31 2017 |
|--|---|---|
| Cash derived from (applied to) | | |
| Operating | | |
| Excess of income over expenses | \$ 934,554 | \$ 576,116 |
| Items not affecting cash | | |
| Amortization of deferred lease inducement | (3,250) | (3,251) |
| Amortization of intangible assets | 111,484 | 141,808 |
| Amortization of property and equipment | 34,827 | 60,732 |
| Deferred rent | (1,083) | 90 |
| | <u>1,076,532</u> | <u>775,495</u> |
| Net change in non-cash working capital items | | |
| Accounts receivable | (607) | 3,803 |
| Prepaid expenses | (103,087) | (37,846) |
| Accounts payable | (162,709) | 184,754 |
| Deferred revenue | 267,750 | 1,475,335 |
| | <u>1,077,879</u> | <u>2,401,541</u> |
| Investing | | |
| Short-term investments | (589,461) | (616,335) |
| Acquisition of intangible assets | (23,628) | (233,100) |
| Acquisition of property and equipment | (34,156) | (64,696) |
| | <u>(647,245)</u> | <u>(914,131)</u> |
| Increase in cash | 430,634 | 1,487,410 |
| Cash, beginning of year | <u>2,098,830</u> | <u>611,420</u> |
| Cash, end of year | <u>\$ 2,529,464</u> | <u>\$ 2,098,830</u> |

College of Massage Therapists of British Columbia

Notes to the Financial Statements

For the year ended December 31, 2018

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.

2. Summary of 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 CMTBC courses is recognized at the time of enrollment.

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.

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:

| | |
|-----------------------------------|-------------------|
| Online learning management system | 30% Straight-line |
| Helsby Drake registration system | 30% Straight-line |

College of Massage Therapists of British Columbia

Notes to the Financial Statements

For the year ended December 31, 2018

2. Summary of 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% Straight-line |
| 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.

College of Massage Therapists of British Columbia

Notes to the Financial Statements

For the year ended December 31, 2018

| 3. Intangible assets | | | 2018 | 2017 |
|-----------------------------------|-------------------|-----------------------------|---------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Online learning management system | 147,930 | 147,930 | - | 33,284 |
| Helsby Drake registration system | 256,727 | 89,854 | 166,873 | 221,445 |
| | \$ 404,657 | \$ 237,784 | \$ 166,873 | \$ 254,729 |

| 4. Property and equipment | | | 2018 | 2017 |
|----------------------------------|-------------------|-----------------------------|---------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Furniture and equipment | \$ 62,613 | \$ 36,744 | \$ 25,869 | \$ 21,655 |
| Computer hardware and software | 45,696 | 23,402 | 22,294 | 30,928 |
| Leasehold improvements | 115,982 | 57,616 | 58,366 | 54,617 |
| | \$ 224,291 | \$ 117,762 | \$ 106,529 | \$ 107,200 |

5. Accounts payable

Included in accounts payable is \$832 (2017 - \$749) owing in respect of government remittances for sales taxes, payroll taxes and workers' safety insurance premiums.

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 financial reserve

The Board of Directors resolved to internally restrict net assets of \$1,000,000 (2017 - \$500,000) to be set aside for a financial reserve. The purpose of the reserve is to ensure the stability of the College's operations and to respond to varying economic conditions and changes that may affect the College's financial position.

College of Massage Therapists of British Columbia

Notes to the Financial Statements

For the year ended December 31, 2018

7. Financial instruments

As at December 31, 2018, financial assets measured at amortized cost totalled \$4,035,953 (2017 - \$3,015,251).

As at December 31, 2018, financial liabilities measured at amortized cost totalled \$114,126 (2017 - \$276,835).

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.

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:

| | | |
|------|----|---------|
| 2019 | \$ | 48,977 |
| 2020 | | 48,703 |
| 2021 | | 45,697 |
| 2022 | | 26,783 |
| 2023 | | 4,409 |
| | | <hr/> |
| | \$ | 174,569 |

9. Related party transactions

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

| | For the year ended December 31 2018 | For the 13 months ended December 31 2017 |
|---|--|---|
| Registration fees from directors and management | \$ 5,500 | \$ 4,725 |
| Honoraria to directors | 43,840 | 39,213 |

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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