

2016 AUDITED FINANCIAL STATEMENTS

College of Massage Therapists of British Columbia





Financial Statements

College of Massage Therapists of British Columbia

November 30, 2016

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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, 2016 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, 2016 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 27, 2017

Grant Thornton LLP

Chartered Professional Accountants

College of Massage Therapists of British Columbia

Statement of Financial Position

November 30	2016	2015
Assets		
Current		
Cash	\$ 611,420	\$ 490,015
Short-term investments	300,000	96,000
Accounts receivable	3,889	67,478
Prepaid expenses	22,004	15,777
	<u>937,313</u>	<u>669,270</u>
Intangible assets (Note 3)	163,437	233,482
Property and equipment (Note 4)	103,236	123,333
	<u>\$ 1,203,986</u>	<u>\$ 1,026,085</u>
Liabilities		
Current		
Accounts payable (Note 5)	\$ 92,081	\$ 70,818
Deferred revenue	869,265	850,147
	<u>961,346</u>	<u>920,965</u>
Deferred lease inducements	17,878	21,128
Deferred rent	4,785	3,702
	<u>984,009</u>	<u>945,795</u>
Net assets		
Unrestricted	219,977	80,290
Internally restricted (Note 6)	-	-
	<u>219,977</u>	<u>80,290</u>
	<u>\$ 1,203,986</u>	<u>\$ 1,026,085</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	2016	2015
Income		
Registration fees	\$ 1,891,664	\$ 1,579,627
Examination fees	466,134	407,644
Fines and assessment fees	62,302	61,816
Registration application fees	36,940	36,870
Levy fees	-	87,400
Other income	30,539	26,391
Interest	5,484	6,325
	<u>2,493,063</u>	<u>2,206,073</u>
Expenses		
Amortization of intangible assets	70,044	67,640
Amortization of property and equipment	27,311	32,594
Committees and meetings	53,835	66,259
Examinations	291,697	240,988
Interest and bank charges	62,425	61,296
Legal processes	558,092	552,115
Office	348,018	277,029
Other professional fees	261,939	154,593
Salaries and benefits	680,015	676,618
	<u>2,353,376</u>	<u>2,129,132</u>
Excess of income over expenses	\$ <u>139,687</u>	\$ <u>76,941</u>

College of Massage Therapists of British Columbia

Statement of Changes in Net Assets

Year ended November 30, 2016

	Unrestricted	Internally restricted (Note 6)	Total
Balance, December 1, 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	-
Balance, November 30, 2015	80,290	-	80,290
Original transfer	(390,000)	390,000	-
Excess (deficiency) of income over expenses	612,606	(472,919)	139,687
Additional transfer	(82,919)	82,919	-
Balance, November 30, 2016	\$ 219,977	\$ -	\$ 219,977

College of Massage Therapists of British Columbia

Statement of Cash Flows

Year ended November 30	2016	2015
Cash derived from (applied to)		
Operating		
Excess of income over expenses	\$ 139,687	\$ 76,941
Items not affecting cash		
Amortization of deferred lease inducement	(3,249)	(3,251)
Amortization of intangible assets	70,044	67,640
Amortization of property and equipment	27,311	32,594
Deferred rent	1,083	1,084
	<u>234,876</u>	<u>175,008</u>
Net change in non-cash working capital items		
Accounts receivable	63,589	(49,045)
Prepaid expenses	(6,227)	1,802
Accounts payable	21,263	(45,724)
Deferred revenue	19,118	259,734
	<u>332,619</u>	<u>341,775</u>
Investing		
Short-term investments	(204,000)	(96,000)
Acquisition of intangible assets	-	(151,311)
Acquisition of property and equipment	(7,214)	(4,366)
	<u>(211,214)</u>	<u>(251,677)</u>
Increase in cash	121,405	90,098
Cash, beginning of year	<u>490,015</u>	<u>399,917</u>
Cash, end of year	<u>\$ 611,420</u>	<u>\$ 490,015</u>

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2016

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 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

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2016

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% 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.

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2016

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Registration and customer relationship management system	\$ 225,279	\$ 151,872	\$ 73,407	\$ 104,868
Online learning management system	151,311	61,281	90,030	128,614
	<u>\$ 376,590</u>	<u>\$ 213,153</u>	<u>\$ 163,437</u>	<u>\$ 233,482</u>

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 90,741	\$ 67,547	\$ 23,194	\$ 29,006
Computer hardware and software	158,018	121,471	36,547	43,451
Leasehold improvements	73,806	30,311	43,495	50,876
	<u>\$ 322,565</u>	<u>\$ 219,329</u>	<u>\$ 103,236</u>	<u>\$ 123,333</u>

5. Accounts payable

Included in accounts payable is \$612 (2015 - \$604) 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 complaints and discipline

During the year ended November 30, 2016, the Board of Directors resolved to internally restrict net assets of \$390,000 (2015 - \$300,000) and \$82,919 (2015 - \$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.

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2016

7. Financial instruments

As at November 30, 2016, financial assets measured at amortized cost totalled \$915,308 (2015 - \$653,493).

As at November 30, 2016, financial liabilities measured at amortized cost totalled \$92,081 (2015 - \$70,818).

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:

2017	\$	36,658
2018		37,923
2019		37,923
2020		37,923
2021		37,923
2022 and thereafter		22,121
		<hr/>
	\$	210,471

9. Related party transactions

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

	<u>2016</u>	<u>2015</u>
Registration fees from directors and management	\$ 2,650	\$ 3,075
Honoraria to directors	57,390	59,717

10. Comparative amounts

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

College of Massage Therapists of British Columbia

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