

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

## FINANCIAL STATEMENTS

DECEMBER 31, 2024

## **Independent Auditor's Report**

To the Directors of Canadian Massage Therapy Council for Accreditation

### **Opinion**

We have audited the financial statements of Canadian Massage Therapy Council for Accreditation (the "Council"), which comprise the statement of financial position as at December 31, 2024, 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 Council as at December 31, 2024, 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.

### **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 Council 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 the 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 ability of the Council 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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Council.

### **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 the financial statements.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Council.
- 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 ability of the Council 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 Council 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario  
June 19, 2025

Chartered Professional Accountants  
Licensed Public Accountants

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

## Statement of Financial Position

December 31	2024 \$	2023 \$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 3)	504,385	458,895
Accounts receivable	164,943	110,788
Prepaid expenses	3,117	3,507
HST recoverable	9,169	28
	<b>681,614</b>	<b>573,218</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	115,655	20,463
Deferred revenue	1,097	-
	<b>116,752</b>	<b>20,463</b>
<b>NET ASSETS</b>		
Internally restricted for operational reserve (note 8)	250,000	250,000
Internally restricted for special projects (note 9)	100,000	100,000
Unrestricted	214,862	202,755
	<b>564,862</b>	<b>552,755</b>
	<b>681,614</b>	<b>573,218</b>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director 

Director 

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

## Statement of Operations

Year ended December 31	2024 \$	2023 \$
<b>Revenues</b>		
Annual fees from provincial regulators (note 5)	467,645	441,206
Annual fees from schools and programs	151,519	136,053
Preliminary accreditation fees	29,627	9,200
Site visit fees	72,285	105,376
Interest income	29,821	16,314
	<b>750,897</b>	<b>708,149</b>
<b>Expenses</b>		
Management and administrative fees (note 6)	474,375	417,500
Surveyor training	72,677	-
Board and committee meetings	40,120	26,215
Site visit (note 7)	39,090	61,706
Marketing	30,000	15,000
Office and general	21,286	25,267
Preliminary accreditation	20,704	4,800
Professional fees	20,511	16,630
Bad debts	12,622	13,857
Insurance	7,405	6,625
	<b>738,790</b>	<b>587,600</b>
Excess of revenues over expenses for year	<b>12,107</b>	<b>120,549</b>

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

## Statement of Changes in Net Assets

Year ended December 31

	<b>Internally restricted for operational reserve \$</b>	<b>Internally restricted for special projects \$</b>	<b>Unrestricted \$</b>	<b>2024 Total \$</b>
Balance, beginning of year	250,000	100,000	202,755	<b>552,755</b>
Excess of revenues over expenses	-	-	12,107	<b>12,107</b>
Balance, end of year	<b>250,000</b>	<b>100,000</b>	<b>214,862</b>	<b>564,862</b>

	<b>Internally restricted for operational reserve \$</b>	<b>Internally restricted for special projects \$</b>	<b>Unrestricted \$</b>	<b>2023 Total \$</b>
Balance, beginning of year	-	-	432,206	432,206
Excess of revenues over expenses	-	-	120,549	120,549
Internal restrictions (notes 8 and 9)	250,000	100,000	(350,000)	-
Balance, end of year	<b>250,000</b>	<b>100,000</b>	<b>202,755</b>	<b>552,755</b>

The accompanying notes are an integral part of these financial statements

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

## Statement of Cash Flows

Year ended December 31	2024 \$	2023 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	12,107	120,549
Change in non-cash working capital items		
Increase in accounts receivable	(54,155)	(50,322)
Decrease (increase) in prepaid expenses	390	(390)
Decrease (increase) in HST recoverable	(9,141)	8,852
Increase (decrease) in accounts payable and accrued liabilities	95,192	(53,817)
Increase (decrease) in deferred revenue	1,097	(7,900)
Net change in cash and cash equivalents	45,490	16,972
Cash and cash equivalents, beginning of year	458,895	441,923
Cash and cash equivalents, end of year	504,385	458,895

The accompanying notes are an integral part of these financial statements

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

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## Notes to Financial Statements

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December 31, 2024

### **Nature and description of the organization**

Canadian Massage Therapy Council for Accreditation (the "Council") was incorporated under the Canada Not-for-profit Corporations Act on July 22, 2014. The Council is the professional accreditation agency of the massage therapy profession in Canada whose purpose is to provide a mechanism for quality assurance and continuing quality improvement of entry-level massage therapy education programs across Canada.

The Council is a not-for-profit organization, as described in Section 149(1)(l) of the Income Tax Act, and therefore is not subject to income taxes.

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **(a) Revenue recognition**

##### **Annual fees**

Annual fees are recognized as revenue in the fiscal year to which they relate. The annual year of the Council coincides with that of the fiscal year of the Council, being January 1 to December 31. Annual fees received in advance of the fiscal year to which they relate are recorded as deferred revenue.

##### **Preliminary accreditation fees**

Preliminary accreditation fees are recognized as revenue as significant components of the preliminary accreditation process are completed. Preliminary accreditation fees received in advance of significant components of the preliminary accreditation process having been completed are recorded as deferred revenue.

##### **Site visit fees**

Site visit fees are recognized as revenue upon completion of site visit assessments. Site visit fees received in advance of the completion of a particular site visit assessment are recorded as deferred revenue.

##### **Interest income**

Interest income, comprised of interest from cash and cash equivalents, is recognized on an accrual basis.

#### **(b) Cash and cash equivalents**

Cash and cash equivalents consist of cash and guaranteed investment certificates that are cashable or have a contractual maturity date of 90 days or less from date of acquisition, and are not subject to significant risk of changes in value.



# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

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## Notes to Financial Statements (continued)

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December 31, 2024

### 1. Significant accounting policies (continued)

#### (c) Related party transactions

A party is considered related to the Council if such party or the Council has the ability to, directly or indirectly, control or exercise significant influence over the other's financial and operating decisions, or if the Council and such party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with related parties are initially measured at cost, determined using undiscounted cash flows.

#### (d) Financial instruments

##### Measurement of financial assets and liabilities

The Council initially measures its financial assets and financial liabilities, with the exception of financial instruments originated or exchanged in a related party transaction, at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The Council subsequently measures all of its financial assets and financial liabilities, with the exception of related party financial assets, at amortized cost.

Related party financial assets are subsequently measured at cost less impairment.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

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## Notes to Financial Statements (continued)

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December 31, 2024

### 1. Significant accounting policies (continued)

#### (d) Financial instruments (continued)

##### Impairment

At the end of each year, the Council assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Council, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Council determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the Council identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

#### (e) Contributed services

The work of the Council is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Council and because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

## Notes to Financial Statements (continued)

December 31, 2024

### 1. Significant accounting policies (continued)

#### (f) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from the estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

### 2. Financial instrument risk management

The Council is exposed to various risks through its financial instruments. The following analysis provides a measure of the Council's risk exposure and concentrations.

The financial instruments of the Council and the nature of the risks to which those instruments may be subject, are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash and cash equivalents	X			X	
Accounts receivable	X				
Accounts payable and accrued liabilities		X			

#### Credit risk

The Council is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Council could incur a financial loss.

The maximum exposure of the Council to credit risk is as follows:

	2024	2023
	\$	\$
Cash and cash equivalents	504,385	458,895
Accounts receivable	164,943	110,788
	<u>669,328</u>	<u>569,683</u>

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

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## Notes to Financial Statements (continued)

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December 31, 2024

### 2. Financial instrument risk management (continued)

#### **Credit risk (continued)**

The Council reduces its exposure to the credit risk of cash and cash equivalents by maintaining balances with a Canadian financial institution.

Accounts receivable is presented net of an allowance for doubtful accounts in the amount of nil (2023 - \$13,857).

#### **Liquidity risk**

Liquidity risk is the risk that the Council will not be able to meet a demand for cash or fund its obligations as they come due.

The liquidity of the Council is monitored by management to ensure sufficient cash is available to meet liabilities as they become due.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

#### **Currency risk**

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in foreign exchange rates.

The Council is not exposed to currency risk.

#### **Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in market interest rates.

#### **Other price risk**

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Council is not exposed to other price risk.

#### **Changes in risk**

There have been no significant changes in the risk profile of the financial instruments of the Council from that of the prior year.

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

## Notes to Financial Statements (continued)

December 31, 2024

### 3. Cash and cash equivalents

	2024	2023
	\$	\$
Cash	145,234	98,798
Cashable GICs	204,931	360,097
Non-redeemable GIC	154,220	-
	<u>504,385</u>	<u>458,895</u>

The cashable term deposits have effective interest rates ranging from 2.50% to 4.10% (2023 - 4.45%), and maturity dates ranging from May 2025 to September 2025 (2023 - May 2024).

The non-redeemable GIC has an effective interest rate of 3.4% and matured February 2025.

### 4. Credit facility

The Council has available a revolving demand facility up to a maximum of \$25,000. The facility bears interest at prime rate plus 1.70% and is secured by a first priority general security agreement.

There are no financial covenants attached to the facility.

The facility was not drawn upon as at December 31, 2024 or December 31, 2023.

### 5. Annual fees from provincial regulators

	2024	2023
	\$	\$
College of Massage Therapists of Ontario ("CMTO")	307,545	293,286
College of Complementary Health Professionals of BC ("CCHPBC")	132,420	121,740
College of Massage Therapists of New Brunswick ("CMTNB")	18,080	16,600
College of Massage Therapists of Newfoundland and Labrador ("CMTNL")	9,600	9,580
	<u>467,645</u>	<u>441,206</u>

The ability of the Council to carry out its mandate is dependent on the financial support of provincial regulators, in particular that of CMTO. Annual fees from CMTO account for 41% (2023 - 41%) of the total revenues of the Council.

Effective January 1, 2025, CMTO entered into a funding agreement with the Council to provide annual fees until December 31, 2025.

Effective January 1, 2025, CCHPBC and CMTNB entered into funding agreements with the Council to provide annual fees until December 31, 2026.

# CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

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## Notes to Financial Statements (continued)

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December 31, 2024

### 6. **Related party transactions/ commitment**

During the year, the Council paid management and administrative fees in the amount of \$474,375 (2023 - \$417,500) to a company controlled by the Executive Director of the Council.

Pursuant to a services agreement, effective January 20, 2022, the Council is committed to purchase the management and administrative services until December 31, 2026. The annual commitment under such agreement is subject to the approval of the Board of Directors each year. The annual commitment for 2025 is \$626,036.

Included in accounts payable and accrued liabilities at December 31, 2024 is an amount of \$89,341 (2023 - nil) in respect of management and administrative fees.

These related party transactions were carried out in the normal course of operations.

### 7. **Site visit**

Site visit expenses are presented net of travel reimbursements recovered during the year in the amount of \$83,561 (2023 - \$68,803).

### 8. **Net assets internally restricted for operational reserve**

The Board of Directors of the Council has internally restricted net assets to support operations.

In the prior year, subject to the direction of the Board of Directors, a transfer of \$250,000 was approved from unrestricted net assets to net assets internally restricted for operational reserve.

The internal restriction is subject to the direction of the Board of Directors.

### 9. **Net assets internally restricted for special projects**

The Board of Directors of the Council has internally restricted net assets to support special projects.

In the prior year, subject to the direction of the Board of Directors, a transfer of \$100,000 was approved from unrestricted net assets to net assets internally restricted for special projects.

The internal restriction is subject to the direction of the Board of Directors.

# HILBORN

LISTENERS. THINKERS. DOERS.