

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

The accompanying financial statements were prepared by the Council for Accreditation of Canadian Massage Therapy Council for the year ended December 31, 2016, and the financial statements were audited by the Council for Accreditation of Canadian Massage Therapy Council for the year ended December 31, 2016, and a copy of the financial statements is available on the Council's website.

The Council for Accreditation of Canadian Massage Therapy Council is a not-for-profit organization and the financial statements are prepared on a cash basis. The Council's financial statements are prepared in accordance with the accounting policies set out in the financial statements and the Council's financial statements are prepared in accordance with the accounting policies set out in the financial statements.

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

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Council for Accreditation of Canadian Massage Therapy Council as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for the year then ended.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February 8, 2017



Independent Auditor's Report

To the Board of Directors of
Canadian Massage Therapy Council for Accreditation

We have audited the accompanying financial statements of Canadian Massage Therapy Council for Accreditation, which comprise the statement of financial position as at December 31, 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 organization'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 organization'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 Canadian Massage Therapy Council for Accreditation as at December 31, 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.



Toronto, Ontario
February 8, 2017

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

Statement of Financial Position

December 31	2016	2015
	\$	\$
ASSETS		
Current assets		
Cash	65,010	95,458
Accounts receivable	11,602	-
Prepaid expenses	2,084	-
	<u>78,696</u>	<u>95,458</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 3)	7,586	44,034
Deferred contributions (note 4)	-	51,424
	<u>7,586</u>	<u>95,458</u>
NET ASSETS	<u>71,110</u>	<u>-</u>
	<u>78,696</u>	<u>95,458</u>

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	2016	2015
	\$	(note 8) \$
Revenues		
Membership fees (note 5)	398,527	-
Contributions (note 4)	51,424	160,826
	<u>449,951</u>	<u>160,826</u>
Expenses		
Management and administrative fees (note 6)	219,155	115,935
Surveyor training	99,474	-
Board and Committees meetings	21,056	36,006
Rent (note 6)	19,200	-
Professional fees	9,087	6,431
Office and general	7,184	1,227
Insurance	2,084	-
Representation	1,601	1,227
	<u>378,841</u>	<u>160,826</u>
Excess of revenues over expenses for year	<u>71,110</u>	-

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Year ended December 31	2016	2015
	\$	\$
Net assets, beginning of year	-	-
Excess of revenues over expenses for year	<u>71,110</u>	-
Net assets, end of year	<u>71,110</u>	-

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

Statement of Cash Flows

Year ended December 31	2016 \$	2015 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	71,110	-
Adjustments to determine net cash provided by (used in) operating activities		
Contributions recognized as revenue	(51,424)	(160,826)
Change in non-cash working capital items		
Increase in accounts receivable	(11,602)	-
Increase in prepaid expenses	(2,084)	-
Increase (decrease) in accounts payable and accrued liabilities	(36,448)	41,534
	(30,448)	(119,292)
Cash flows from financing activities		
Contributions received	-	5,000
Net change in cash	(30,448)	(114,292)
Cash, beginning of year	95,458	209,750
Cash, end of year	65,010	95,458

The accompanying notes are an integral part of these financial statements.

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

Notes to Financial Statements

December 31, 2016

Nature and description of the organization

Canadian Massage Therapy Council for Accreditation ("CMTCA") was incorporated under the Canadian Not-for-profit Corporations Act on July 22, 2014. CMTCA 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.

CMTCA 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 by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

Contributions

CMTCA follows the deferral method of accounting for contributions.

Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Membership fees

Membership fees are recognized as revenue proportionately over the fiscal year to which they relate. The membership year of CMTCA coincides with that of the fiscal year of CMTCA, being January 1 to December 31. Membership fees received in advance of the membership year are recorded as deferred membership fees.

(b) Financial instruments

Measurement of financial assets and liabilities

CMTCA initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

CMTCA subsequently measures all its financial assets and financial liabilities at amortized cost.

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 accounts receivable.

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

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

Notes to Financial Statements (continued)

December 31, 2016

1. Significant accounting policies (continued)

Impairment

At the end of each reporting period, CMTCA 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 CMTCA, 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, CMTCA determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When CMTCA 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 charged to income in the period 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 period the reversal occurs.

(c) Related party transactions

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

Transactions with related parties in the normal course of business are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

(d) Contributed services

The work of CMTCA is dependent on the voluntary service of many individuals. Since these services are not normally purchased by CMTCA 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, 2016

1. Significant accounting policies (continued)

(e) 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 period. Actual results may differ from the estimates, the impact of which would be recorded in future periods.

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

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

The financial instruments of the organization and the nature of the risks to which it may be subject are as follows:

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

Credit risk

CMTCA 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 CMTCA could incur a financial loss. CMTCA does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposure of CMTCA to credit risk is as follows:

	2016 \$	2015 \$
Cash	65,010	95,458
Accounts receivable	11,602	-
	<u>76,612</u>	<u>95,458</u>

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

Notes to Financial Statements (continued)

December 31, 2016

2. Financial instrument risk management (continued)

CMTCA reduces its exposure to the credit risk of cash by maintaining balances with a Canadian financial institution.

Substantially all accounts receivable have been collected subsequent to year end.

Liquidity risk

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

CMTCA meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

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.

CMTCA 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.

CMTCA is exposed to interest rate risk on its cash which includes amounts on deposit with a financial institution that earns no interest.

CMTCA does not use derivative financial instruments to manage its exposure to interest rate risk.

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.

CMTCA is not exposed to other price risk.

Changes in risk

There have been no significant changes in CMTCA's risk exposures from the prior year.

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

Notes to Financial Statements (continued)

December 31, 2016

3. Accounts payable and accrued liabilities

	2016 \$	2015 \$
Accounts payable accrued liabilities	7,586	5,922
Due to related party (note 6)	-	38,112
	<u>7,586</u>	<u>44,034</u>

4. Deferred contributions

	2016 \$	2015 \$
Balance, beginning of year	51,424	207,250
Contributions received	-	5,000
Contributions recognized as revenue	(51,424)	(160,826)
	<u>-</u>	<u>51,424</u>

5. Membership fees

Beginning January 1, 2016, CMTCA began collecting annual membership fees from Provincial regulatory bodies.

	2016 \$	2015 \$
College of Massage Therapists of British Columbia	8,929	-
College of Massage Therapists of New Brunswick	13,706	-
College of Massage Therapists of Newfoundland and Labrador	5,918	-
College of Massage Therapists of Ontario	288,508	-
Massage Therapist Association of Saskatchewan	18,172	-
Massage Therapist Association of Alberta	22,902	-
Massage Therapists' Association of Nova Scotia	18,898	-
Massage Therapy Association of Manitoba	19,954	-
Prince Edward Island Massage Therapy Association	1,540	-
	<u>398,527</u>	<u>-</u>

6. Related party transactions

During the year, CMTCA was charged management and administrative fees in the amount of \$219,155 (2015 - \$115,935) and rent expense of \$19,200 (2015 - \$nil) by a company controlled by the Executive Director of CMTCA.

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

CANADIAN MASSAGE THERAPY COUNCIL FOR ACCREDITATION

Notes to Financial Statements (continued)

December 31, 2016

7. **Commitment**

Pursuant to a professional services agreement, effective July 13, 2015, CMTCA is committed to purchase management and administrative services, from a company controlled by the Executive Director of CMTCA, until July 1, 2018. Future annual commitments under this agreement are as follows:

	<u>\$</u>
2017	271,200
2018	<u>135,148</u>
	<u>406,348</u>

The professional services agreement may be terminated with six months written notice to the other party.

8. **Comparative amounts**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Notes to Financial Statements (continued)

February 27, 2018

Commitments

Future of a professional practice agreement effective July 1, 2018. CMATCA is committed to provide the agreement and subject to the terms and conditions contained in the CMATCA agreement. CMATCA will not be liable for the agreement in order to provide the agreement as of July 1, 2018.

Signature

Name
Date

Title
Date

Signature

The professional services agreement may be terminated with 30 days written notice to the other party.

HILBORN

LISTENERS. THINKERS. DOERS.