

**MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
SASKATOON, SASKATCHEWAN**

**Financial Statements
As at October 31, 2021**

MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

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Year Ended October 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Massage Therapist Association of Saskatchewan Incorporated

Opinion

We have audited the financial statements of Massage Therapist Association of Saskatchewan Incorporated (the Association), which comprise the statement of financial position as at October 31, 2021, and the statements of revenues and expenditures, 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 Association as at October 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Association in accordance with 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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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:

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Independent Auditor's Report to the Members of Massage Therapist Association of Saskatchewan Incorporated
(continued)

- 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 Association'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 Association'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 Association 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.

Saskatoon, Saskatchewan
March 25, 2022

Stewart, Gee, Murray & Sen CPA LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Financial Position

As at October 31, 2021

(With comparative figures for October 31, 2020)

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 224,098	\$ 120,866
Investments (Note 5)	268,661	216,074
Accounts receivable	791	13,963
GST receivable	12,106	8,152
Employee deductions receivable	-	1,792
Prepaid expenses	5,365	12,014
	<u>511,021</u>	<u>372,861</u>
PROPERTY AND EQUIPMENT (Note 6)	<u>5,494</u>	<u>8,760</u>
	<u>\$ 516,515</u>	<u>\$ 381,621</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 38,088	\$ 45,784
Employee deductions payable	6,655	1,540
Deferred revenue (Note 7)	336,811	202,016
	<u>381,554</u>	<u>249,340</u>
NET ASSETS		
Invested in capital assets (Note 8)	5,778	9,043
Legislation fund (Note 9)	67,007	68,807
Unrestricted fund	62,176	54,431
	<u>134,961</u>	<u>132,281</u>
	<u>\$ 516,515</u>	<u>\$ 381,621</u>

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

Camille Lepore Director
Amanda Gava Director

MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED**Statement of Revenues and Expenditures****For the Year Ended October 31, 2021****(With comparative figures for the year ended October 31, 2020)**

	2021	2020
REVENUES		
Membership	\$ 284,630	\$ 300,747
Investment (loss) income	38,224	(8,070)
Membership advertising	35,044	31,011
Research (Note 9)	9,375	5,000
Other revenue	8,558	3,715
Examinations	4,894	10,165
Rental	1,295	1,110
Continuing education (refunded)	(7,577)	27,719
	<u>374,443</u>	<u>371,397</u>
EXPENSES		
Advertising and promotion	45,485	42,472
Amortization	3,265	3,689
Bad debts	1,700	340
Conference, meetings and travel	21,940	22,622
Education and exam	16,161	40,158
Insurance	2,253	2,112
Legislation (Note 9)	1,800	21,193
Memberships and subscriptions	15,198	22,085
Office and general	38,021	30,750
Professional fees	13,481	12,298
Rent and occupancy	34,448	34,274
Research (Note 9)	9,450	5,000
Salaries	168,561	149,795
	<u>371,763</u>	<u>386,788</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 2,680</u>	<u>\$ (15,391)</u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Changes in Net Assets

For the Year Ended October 31, 2021

(With comparative figures for the year ended October 31, 2020)

	General Fund	Invested in Capital Assets	Legislation Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 54,431	\$ 9,043	\$ 68,807	\$ 132,281	\$ 147,672
Excess (deficiency) of Revenues over Expenses	4,480	-	(1,800)	2,680	(15,391)
Amortization	3,265	(3,265)	-	-	-
NET ASSETS - END OF YEAR	\$ 62,176	\$ 5,778	\$ 67,007	\$ 134,961	\$ 132,281

MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Cash Flows

Year Ended October 31, 2021

(With comparative figures for the year ended October 31, 2020)

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 2,680	\$ (15,391)
Items not affecting cash:		
Amortization	3,265	3,689
(Gain) loss on disposal of investments	(3,429)	(9,436)
Unrealized gain on investments	(34,613)	18,448
	<u>(32,097)</u>	<u>(2,690)</u>
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	13,172	(6,841)
Increase in GST receivable	(3,954)	(4,388)
Decrease (increase) in employee deductions receivable	1,792	(1,792)
Decrease (increase) in prepaid expenses	6,649	(5,397)
(Decrease) increase in accounts payable and accrued liabilities	(7,695)	7,593
Increase in employee deductions payable	5,115	301
Increase (decrease) in deferred income	134,795	(92,023)
	<u>149,874</u>	<u>(102,547)</u>
	<u>117,777</u>	<u>(105,237)</u>
INVESTING ACTIVITIES		
Purchase of equipment	-	(1,570)
Purchase of investment	(334,183)	(270,943)
Proceeds from sale of investments	319,638	286,000
	<u>(14,545)</u>	<u>13,487</u>
INCREASE (DECREASE) IN CASH FLOW	103,232	(91,750)
CASH - BEGINNING OF YEAR	<u>120,866</u>	<u>212,616</u>
CASH - END OF YEAR	\$ 224,098	\$ 120,866

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

Year Ended October 31, 2021

1. PURPOSE OF THE ASSOCIATION

Massage Therapist Association of Saskatchewan Incorporated (the "Association") is incorporated under the Non-Profit Corporation Act of Saskatchewan. The Association is the self-governing body administering the public practice of massage therapy in Saskatchewan by individuals using the title of Registered Massage Therapist.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

These financial statements were authorized for issue by the Board of Directors on March 25, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

Massage Therapist Association of Saskatchewan Incorporated follows the restricted fund method of accounting for contributions.

The Unrestricted Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and resources that have been restricted for the purpose of future research.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Massage Therapist Association of Saskatchewan Incorporated's capital assets and building expansion campaign.

The Legislation Fund reports only restricted resources that are to be used for purpose of the legislation process for the Association.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

Year Ended October 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. Cash and investments are classified as held-for-trading and stated at fair value.

Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenue.

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. Unless otherwise noted, it is the board of directors' opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Cash equivalents

Cash and cash equivalents consist of cash and investments with an original maturity of three months or less.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Office equipment	20%	declining balance method
Leasehold improvements	lease term	straight-line method
Computer equipment	50% to 100%	declining balance method

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Property and equipment is recorded at cost less accumulated amortization. If circumstances indicate that its carrying value may not be recoverable, recoverability is tested by comparing the sum of the estimated undiscounted future cash flows from operations and expected residual value with the carrying value. If the sum is less than the carrying value of a particular asset, an impairment loss is recognized. As of the year end, there were no known circumstances that would indicate that the carrying value of the equipment may not be recoverable.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Annual membership fees are recognized as revenue when invoiced except for those memberships fees pertaining to the following fiscal year, which are recorded as deferred revenue.

Exam and workshop fees are recognized as revenue when the exam and workshop are held.

Revenue that has been restricted will be recognized when the corresponding expenses have occurred with the excess contributions deferred until required.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

Year Ended October 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

The Association is a not for profit entity under the Income Tax Act (Canada) and as such, is exempt from the payment of income taxes under section 149(1)(1) of the Income Tax Act (Canada).

Donated Services

The work of the Association benefits from the voluntary service of many members. As these services are not normally purchased and because of the difficulty of valuation, donated services are not recognized in these financial statements.

4. FINANCIAL INSTRUMENTS

The Association, through its financial assets and liabilities has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from an individual member. In order to reduce its credit risk, the Association conducts regular reviews of outstanding accounts receivable. The Association does not have any significant exposure to individual member.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to foreign currency exchange risk on short term investments held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

The investments comprise interest earning income securities. The value of securities is subject to interest rate risk as the value will generally rise if the prevailing interest rates fall and fall if the prevailing interest rates rise. The Association manages exposure by using a diversified portfolio.

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

Year Ended October 31, 2021

5. INVESTMENTS

Short term investments have been classified as held for trading and have been recorded at fair value. Investments consist of money market funds held at a chartered bank, guaranteed investment certificates, equity investment, and mutual funds held at Edward Jones, an investment firm. Interest on money market funds is paid monthly at a tiered interest rate, based upon balance on deposit, which corresponds to rates available for similar investments to money market funds.

Included in the short term investment is \$123,292 (2020 - \$104,824) that has been internally restricted for use by the research fund and \$67,007 (2020 - \$68,807) that has been internally restricted for the use by the legislation fund as shown below:

	<u>2021</u>		<u>2020</u>
Short term investments - restricted research fund	\$ 123,292	\$	104,824
Short term investments - restricted legislation fund	67,007		68,807
Short term investments - unrestricted	<u>78,362</u>		<u>42,443</u>
	\$ 268,661	\$	<u>216,074</u>

6. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2021 Net book value</u>	<u>2020 Net book value</u>
Office equipment	\$ 40,601	\$ 37,187	\$ 3,414	\$ 4,267
Leasehold improvements	5,998	4,913	1,085	2,502
Computer equipment	33,502	32,507	995	1,991
	<u>\$ 80,101</u>	<u>\$ 74,607</u>	<u>\$ 5,494</u>	<u>\$ 8,760</u>

7. DEFERRED REVENUE

Deferred revenue consists of amounts received before year end for the next year activities. Balances were as follows:

	<u>2021</u>		<u>2020</u>
Membership fees	\$ 195,021	\$	89,266
Research fund (internally restricted)	123,292		104,824
Membership advertising	15,203		7,050
Continuing education	<u>3,295</u>		<u>876</u>
	\$ 336,811	\$	<u>202,016</u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

Year Ended October 31, 2021

8. CAPITAL MANAGEMENT

The Association defines its capital as its unrestricted net assets and invested in equipment.

The Association's objective of managing the unrestricted net assets is to balance the need for stability of operations as a going concern with a desire to maximize services and benefits provided to members.

9. RESTRICTED FUND

Research Fund

Included within the unrestricted fund is an amount that has been internally restricted with the purpose of spending the funds on research. Contributions received during the year are recorded as deferred revenue. The amount of income that is recorded on the statement of operations as research revenue, in the current period is matched to the expenditures that have been incurred.

Legislation fund

During the year ended October 31, 2019 the Board of Directors resolved to internally restrict net assets of \$90,000 of unrestricted net assets to be used for legislation. The funds are spent on professional fees and other fees related solely to legislation purposes as authorized by the Board of Directors and the balance of the internally restricted fund is \$67,007 (2020 - \$68,807)

10. COMMITMENTS

The Association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. The Association also has a long term lease for equipment. Future minimum lease payments as at October 31, 2021, are as follows:

	<u>Premises</u>	<u>Equipment</u>	<u>Total</u>
2022	\$ 17,957	\$ 5,165	\$ 23,122
2023	-	3,874	3,874
	<u>\$ 17,957</u>	<u>\$ 9,039</u>	<u>\$ 26,996</u>

11. RELATED PARTY TRANSACTIONS

The financial statements include stipend payments of \$8,840 (2020 - \$14,480) and honorarium of \$1,200 (2020 - \$200) to the directors of the Association. These services were provided in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities is stipend payable of \$5,010 (2020 - \$4,444) that will be paid to the directors in the following year.