

**MASSAGE THERAPIST ASSOCIATION
OF SASKATCHEWAN
INCORPORATED
FINANCIAL STATEMENTS
OCTOBER 31, 2012**

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Stewart, Gee & Associates

CERTIFIED MANAGEMENT ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of:

Massage Therapist Association Of Saskatchewan Incorporated

We have audited the accompanying financial statements of **Massage Therapist Association Of Saskatchewan Incorporated**, which comprise the statement of financial position as at **October 31, 2012** 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.

Managements' 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 to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

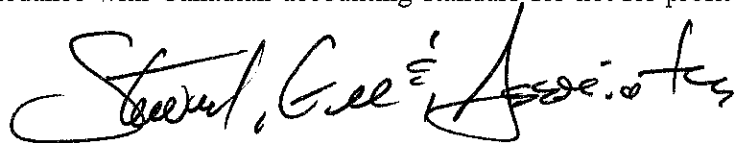
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 judgement, 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 evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of 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 **Massage Therapist Association Of Saskatchewan Incorporated** as at **December 31, 2012** and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CERTIFIED MANAGEMENT ACCOUNTANTS

February 6, 2013

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2012
(with comparative figures for 2011)

ASSETS

	<u>2012</u>	<u>2011</u>	<u>November 1, 2010</u>
CURRENT			
Cash	\$ 145,739	\$ 82,261	\$ 97,406
Short term investments (Note 4)	209,287	228,908	230,349
Accounts receivable	5,982	3,068	13,226
GST receivable	5,184	523	-
Prepaid expenses	<u>10,688</u>	<u>9,448</u>	<u>10,737</u>
	<u>376,880</u>	<u>324,208</u>	<u>351,718</u>
CAPITAL ASSETS (Note 5)	<u>13,365</u>	<u>20,004</u>	<u>13,838</u>
	<u>\$ 390,245</u>	<u>\$ 344,212</u>	<u>\$ 365,556</u>

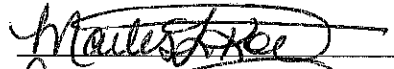

LIABILITIES

CURRENT			
Accounts payable and accrued liabilities	\$ 11,387	\$ 12,920	\$ 9,263
Source deductions payable	2,774	-	1,650
GST payable	-	-	9,608
Prepaid fees from members	<u>191,860</u>	<u>125,843</u>	<u>124,236</u>
	<u>206,021</u>	<u>138,763</u>	<u>144,757</u>

NET ASSETS

NET ASSETS INVESTED IN CAPITAL ASSETS	13,365	20,004	13,838
UNRESTRICTED NET ASSETS	<u>170,859</u>	<u>185,445</u>	<u>206,961</u>
	<u>184,224</u>	<u>205,449</u>	<u>220,799</u>
	<u>\$ 390,245</u>	<u>\$ 344,212</u>	<u>\$ 365,556</u>

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2012
(with comparative figures for the year ended October 31, 2011)

Net assets	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Total 2012</u>	<u>Total 2011</u>
Balance, beginning of year	\$ 185,445	\$ 20,004	\$ 205,449	\$ 220,799
Excess of revenue over expenses	(13,082)	(8,143)	(21,225)	(15,350)
Investment in capital assets	<u>(1,504)</u>	<u>1,504</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>170,859</u></u>	<u><u>13,365</u></u>	<u><u>184,224</u></u>	<u><u>205,449</u></u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2012
(with comparative figures for the year ended October 31, 2011)

	<u>2012</u>	<u>2011</u>
REVENUE		
Continuing education	\$ 50,757	\$ 51,536
Examinations	16,162	14,840
Rental	3,447	2,747
Membership	248,207	246,214
Membership advertising	18,254	17,231
Investment income	10,379	2,416
Other revenue	<u>5,727</u>	<u>7,369</u>
	<u>352,933</u>	<u>342,353</u>
OPERATING EXPENSES		
Advertising and promotion	43,016	39,488
Bad debt	924	583
Amortization	8,143	8,779
Insurance	1,760	1,463
Interest and bank charges	6,061	5,059
Memberships and subscriptions	28,863	35,813
Office and general	23,551	20,430
Professional fees	5,250	5,670
Rent and occupancy	21,781	24,733
Salaries, wages and benefits	97,947	92,701
Sub-contracts	14,324	18,095
Education, conference, meetings and travel	119,080	100,749
Telephone	<u>3,458</u>	<u>4,140</u>
	<u>374,158</u>	<u>357,703</u>
LOSS FROM OPERATIONS	<u>\$ (21,225)</u>	<u>\$ (15,350)</u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2012
(with comparative figures for the year ended October 31, 2011)

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
Net loss	\$ (21,225)	\$ (15,350)
Item not requiring an outlay of cash:		
Amortization	<u>8,143</u>	<u>8,779</u>
	<u>(13,082)</u>	<u>(6,571)</u>
 CHANGES IN NON-CASH WORKING CAPITAL:		
(Increase) decrease in accounts receivable	(2,914)	10,158
Increase in GST receivable	(4,661)	(523)
(Increase) decrease in prepaid expenses	(1,240)	1,289
(Decrease) increase in accounts payable and accrued liabilities	(1,533)	3,657
Increase (decrease) in source deductions payable	2,774	(1,650)
Decrease in GST payable	-	(9,608)
Increase in prepaid fees from members	<u>66,017</u>	<u>1,607</u>
	<u>58,443</u>	<u>4,930</u>
	<u>45,361</u>	<u>(1,641)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to capital assets	<u>(1,504)</u>	<u>(14,945)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,857	(16,586)
 NET CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>311,169</u>	<u>327,755</u>
 NET CASH, AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 355,026</u>	<u>\$ 311,169</u>
 Cash consists of the following:		
Cash	\$ 145,739	\$ 82,261
Short term investments	<u>209,287</u>	<u>228,908</u>
	<u>\$ 355,026</u>	<u>\$ 311,169</u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012

1. NATURE OF OPERATIONS

The Massage Therapist Association of Saskatchewan Inc. was incorporated in 1966 under The Non-Profit Corporations 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 (RMT).

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR PRIVATE ENTERPRISES

a) During the year the Company adopts Canadian accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards.

The accounting policies in Note 3 have been applied to preparing the financial statements for the year ended October 31, 2012, the comparative information for the year ended October 31, 2011 and the opening Canadian accounting standards for not-for-profit organizations balance sheet at November 1, 2010 (the Company's date of transition to Canadian accounting standards for not-for-profit organizations).

The transition to Canadian accounting standards for not-for-profit organizations has not affected the balance sheet income statement or cash flow statement previously reported under Canadian generally accepted accounting principles

b) Exemptions relating to initial application

The Company has not elected to use any of the exemptions allowed for in the year of transition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated net recoverable value could change by a material amount.

Management periodically reviews the carrying value of the property, plant and equipment to ensure the carrying value can be recovered from future cash flows. Management also periodically reviews the useful lives of the property, plant and equipment to determine, in their judgement, and adequate charge against income for amortization expense.

(b) Financial Instruments

The Company 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 director's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash or cash equivalent

(d) Marketable Securities

Marketable securities are valued at the lower of cost and market value.

(e) 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.

(f) Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Office equipment	- 20% declining balance
Leaseholds	- 10 year straight line
Computer equipment	- 50 - 100 % declining balance

(g) Income Taxes

As a non-profit corporation the Association is not subject to income tax.

(h) Revenue Recognition

The Association recognizes revenue when goods or services are provided or, for membership revenue, at the beginning of the membership period for which that revenue pertains. Unrealized gains and losses on held for trading assets are recognized as revenue or losses in the statement of operations.

4. SHORT TERM INVESTMENTS

Short term instruments 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 and money market funds, 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.

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2012

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Amortization</u>	<u>2012</u> <u>Net Book</u> <u>Value</u>	<u>2011</u> <u>Net Book</u> <u>Value</u>
Office equipment	\$ 34,681	\$ 25,834	\$ 8,847	\$ 9,366
Computer equipment	24,622	23,594	1,028	6,372
Leaseholds	<u>7,756</u>	<u>4,266</u>	<u>3,490</u>	<u>4,266</u>
	<u>\$ 67,059</u>	<u>\$ 53,694</u>	<u>\$ 13,365</u>	<u>\$ 20,004</u>