

**MASSAGE THERAPIST ASSOCIATION
OF SASKATCHEWAN INCORPORATED**

SASKATOON, SASKATCHEWAN

Financial Statements

As at October 31, 2015

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, 2015 and the statements of revenues and expenditures, 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

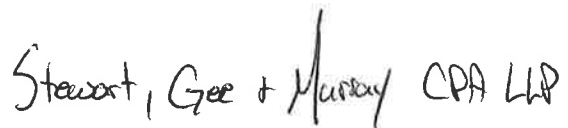
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 Massage Therapist Association of Saskatchewan Incorporated as at October 31, 2015 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.



Saskatoon, Saskatchewan
March 7, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED



Statement of Financial Position

As at October 31, 2015

(With comparative figures for October 31, 2014)

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 200,788	\$ 189,917
Short term investments (Note 5)	307,464	267,181
Accounts receivable	13,811	9,808
GST receivable	8,443	2,077
Prepaid expenses	14,794	16,334
	<u>545,300</u>	<u>485,317</u>
PROPERTY AND EQUIPMENT (Note 6)	<u>7,762</u>	<u>10,103</u>
	<u>\$ 553,062</u>	<u>\$ 495,420</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 41,936	\$ 26,950
Employee deductions payable	3,662	1,462
Deferred revenue (Note 7)	263,425	237,960
	<u>309,023</u>	<u>266,372</u>
NET ASSETS		
Invested in property and equipment	8,046	10,103
Unrestricted net assets	235,993	218,945
	<u>244,039</u>	<u>229,048</u>
	<u>\$ 553,062</u>	<u>\$ 495,420</u>
LEASE COMMITMENTS (Note 8)		

ON BEHALF OF THE BOARD

 Director
 Director

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Revenues and Expenditures

For the Year Ended October 31, 2015

(With comparative figures for the year ended October 31, 2014)

	2015	2014
REVENUE		
Membership	\$ 304,039	\$ 262,212
Continuing education	55,635	35,611
Membership advertising	31,546	25,737
Examinations	16,088	18,599
Investment income	5,219	26,359
Other revenue	4,838	3,866
Rental	2,585	2,766
Gain on sale of property and equipment	216	-
	<u>420,166</u>	<u>375,150</u>
EXPENSES		
Advertising and promotion	44,673	29,353
Amortization	3,107	3,158
Bad debts	126	14
Education, conference, meetings and travel	90,919	81,045
Insurance	1,755	1,649
Interest and bank charges	8,893	6,992
Memberships and subscriptions	41,915	30,025
Office and general	21,090	22,852
Professional fees	10,500	13,287
Rent and occupancy	30,591	29,170
Salaries, wages and benefits	114,573	117,782
Sub-contracts	33,625	15,098
Telephone	3,408	4,174
	<u>405,175</u>	<u>354,599</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 14,991	\$ 20,551

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Changes in Net Assets

For the Year Ended October 31, 2015

(With comparative figures for the year ended October 31, 2014)

	Unrestricted Net Assets	Invested in Property and Equipment	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 218,945	\$ 10,103	\$ 229,048	\$ 208,497
Excess of revenue over expenses	14,991	-	14,991	20,551
Purchase of property and equipment	(1,050)	1,050	-	-
Amortization	3,107	(3,107)	-	-
NET ASSETS - END OF YEAR	\$ 235,993	\$ 8,046	\$ 244,039	\$ 229,048

MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Cash Flows

Year Ended October 31, 2015

(With comparative figures for the year ended October 31, 2014)

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 14,991	\$ 20,551
Items not affecting cash:		
Amortization of property and equipment	3,107	3,158
Gain on sale of property and equipment	(216)	-
	<u>17,882</u>	<u>23,709</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(4,003)	(3,604)
(Increase) decrease in GST receivable	(6,366)	187
Decrease (increase) prepaid expenses	1,540	(4,278)
Increase in accounts payable and accrued liabilities	14,986	2,826
Increase (decrease) in employee deductions payable	2,200	(2,892)
Increase in deferred revenue	25,465	70,629
	<u>33,822</u>	<u>62,868</u>
	<u>51,704</u>	<u>86,577</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,050)	(1,467)
Proceeds on disposal of property and equipment	500	-
Change in short term investments - net	(40,283)	(11,360)
	<u>(40,833)</u>	<u>(12,827)</u>
INCREASE IN CASH FLOW	10,871	73,750
CASH - BEGINNING OF YEAR	<u>189,917</u>	<u>116,167</u>
CASH - END OF YEAR	<u>\$ 200,788</u>	<u>\$ 189,917</u>

MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2015

1. PURPOSE OF THE ASSOCIATION

Message 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 11, 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Financial instruments policy

Cash and investments are classified as held-for-trading and stated at fair value. Accounts receivable is classified as loans and receivables, which is measured at amortized cost. Accounts payable and accrued liabilities, employee deduction payable and deferred income are classified as other financial liabilities, which are measured at amortized cost.

The fair values of other financial assets and liabilities, being cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, employee deductions payable and deferred income approximate their carrying values due to the relatively short-term nature of these financial instruments.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	10 years	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 at October 31, 2015 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.

Unrestricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

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.

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

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. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association does not have any significant exposure to individual member.

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2015

4. FINANCIAL INSTRUMENTS (continued)

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.

5. SHORT TERM INVESTMENT

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 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.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Office equipment	\$ 35,164	\$ 30,124	\$ 5,040	\$ 6,120
Leasehold improvements	9,110	7,349	1,761	2,625
Computer equipment	26,466	25,505	961	1,358
	\$ 70,740	\$ 62,978	\$ 7,762	\$ 10,103

7. DEFERRED REVENUE

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

	2015	2014
Membership fees	\$ 230,543	\$ 206,766
Membership advertising	17,310	16,575
Continuing education	15,572	14,619
	\$ 263,425	\$ 237,960

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2015

8. LEASE 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, 2015, are as follows:

	Premises	Equipment	Total
2016	\$ 26,540	\$ 5,015	\$ 31,555
2017	15,482	5,015	20,497
2018	-	5,015	5,015
	<u>\$ 42,022</u>	<u>\$ 15,045</u>	<u>\$ 57,067</u>

9. RELATED PARTY TRANSACTIONS

The financial statements include stipend payments of \$12,380 (2014: \$13,041) and honorarium of \$3,100 (2014: \$2,100) 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 \$8,614 (2014: \$8,300) that will be paid to the directors in the following year.

10. 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.