

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

Financial Statements

As at October 31, 2017

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, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Saskatoon, Saskatchewan
March 6, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Financial Position

As at October 31, 2017

(With comparative figures for October 31, 2016)

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 169,531	\$ 11,394
Investments (Note 5)	328,651	424,859
Accounts receivable	9,055	290
GST receivable	1,213	16,241
Prepaid expenses	6,621	5,696
	<u>515,071</u>	<u>458,480</u>
PROPERTY AND EQUIPMENT (Note 6)	<u>8,643</u>	<u>8,830</u>
	<u>\$ 523,714</u>	<u>\$ 467,310</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 43,173	\$ 29,993
Employee deductions payable	3,427	7,612
Deferred revenue (Note 7)	259,270	230,837
	<u>305,870</u>	<u>268,442</u>
NET ASSETS		
Invested in capital assets (Note 8)	8,926	9,114
Legislation fund (Note 9)	55,319	-
Unrestricted net assets	153,599	189,754
	<u>217,844</u>	<u>198,868</u>
	<u>\$ 523,714</u>	<u>\$ 467,310</u>

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD



Director



Director

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Revenues and Expenditures

For the Year Ended October 31, 2017

(With comparative figures for the year ended October 31, 2016)

	2017	2016
REVENUES		
Membership	\$ 303,457	\$ 289,718
Continuing education	33,331	60,730
Membership advertising	32,139	31,430
Investment income	17,789	13,396
Examinations	15,049	22,620
Research (Note 9)	10,223	10,206
Other revenue	5,584	4,223
Rental	2,580	2,022
	<u>420,152</u>	<u>434,345</u>
EXPENSES		
Advertising and promotion	31,682	40,382
Amortization	3,326	3,253
Bad debts	513	2,515
Conference, meetings and travel	33,885	53,472
Education and exam	54,605	71,051
Insurance	1,867	1,904
Legislation (Note 9)	34,681	53,258
Memberships and subscriptions	7,651	32,827
Office and general	42,779	37,761
Professional fees	17,021	11,550
Rent and occupancy	29,602	29,620
Research (Note 9)	10,223	10,206
Salaries, wages and benefits	133,341	131,717
	<u>401,176</u>	<u>479,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 18,976</u>	<u>\$ (45,171)</u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Statement of Changes in Net Assets

For the Year Ended October 31, 2017

(With comparative figures for the year ended October 31, 2016)

	Unrestricted Net Assets	Invested in Capital Assets	Legislation Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 189,754	\$ 9,114	\$ -	\$ 198,868	\$ 244,039
EXCESS OF REVENUES OVER EXPENSES	53,657	-	(34,681)	18,976	(45,171)
Transfer	(90,000)	-	90,000	-	-
Purchase of property and equipment	(3,138)	3,138	-	-	-
Amortization	3,326	(3,326)	-	-	-
NET ASSETS - END OF YEAR	\$ 153,599	\$ 8,926	\$ 55,319	\$ 217,844	\$ 198,868

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED**Statement of Cash Flow****For the Year Ended October 31, 2017****(With comparative figures for the year ended October 31, 2016)**

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 18,976	\$ (45,171)
Items not affecting cash:		
Amortization of property, plant and equipment	3,326	3,253
Loss (gain) on sale of investment	1,188	(2,870)
Unrealized gain on investments	(17,755)	(9,081)
	<u>5,735</u>	<u>(53,869)</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(8,765)	13,521
Decrease (Increase) in GST receivable	15,028	(7,798)
(Increase) decrease in prepaid expenses	(925)	9,098
Increase (decrease) in accounts payable and accrued liabilities	13,180	(11,942)
(Decrease) increase in employee deductions payable	(4,185)	3,950
Increase (decrease) in deferred revenue	28,433	(32,588)
	<u>42,766</u>	<u>(25,759)</u>
	<u>48,501</u>	<u>(79,628)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,139)	(4,321)
Purchase of investment	(151,225)	(281,445)
Proceeds from sale of investments	264,000	176,000
	<u>109,636</u>	<u>(109,766)</u>
INCREASE (DECREASE) IN CASH FLOW	158,137	(189,394)
CASH - BEGINNING OF YEAR	<u>11,394</u>	<u>200,788</u>
CASH - END OF YEAR	<u>\$ 169,531</u>	<u>\$ 11,394</u>

MESSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2017

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 6, 2018.

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

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 and GST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, employee deductions payable, 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.

(continues)

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2017

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	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 at October 31, 2017 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.

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.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation, Net Income has not been affected due to the reclassification.

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2017

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.

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. 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 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.

Included in the short term investment is \$55,814 (2016 - \$46,338) that has been restricted for use by the research fund and \$55,319 that has been restricted for the use by the legislation fund as shown below:

	<u>2017</u>		<u>2016</u>
Short term investments - unrestricted	\$ 217,647	\$	378,521
Short term investments - restricted research fund	55,685		46,338
Short term investments - restricted legislation fund	55,319		-
	<u>\$ 328,651</u>	\$	<u>424,859</u>

6. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2017 Net book value</u>	<u>2016 Net book value</u>
Office equipment	\$ 39,250	\$ 32,816	\$ 6,434	\$ 6,375
Leasehold improvements	1,657	332	1,325	686
Computer equipment	28,184	27,300	884	1,769
	<u>\$ 69,091</u>	<u>\$ 60,448</u>	<u>\$ 8,643</u>	<u>\$ 8,830</u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2017

7. DEFERRED REVENUE

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

	<u>2017</u>		<u>2016</u>
Membership fees	\$ 189,200	\$	169,784
Research fund (restricted)	55,685		46,338
Membership advertising	14,385		14,715
	<u>\$ 259,270</u>	\$	<u>230,837</u>

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

Internally fund received from membership is 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, 2017 the Board of Directors resolved to internally restrict net assets of \$90,000 of opening 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.

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, 2017, are as follows:

	<u>Premises</u>		<u>Equipment</u>		<u>Total</u>
2018	\$ 27,580	\$	5,015	\$	32,595
2019	27,580		-		27,580
2020	27,580		-		27,580
2021	27,580		-		27,580
2022	16,088		-		16,088
	<u>\$ 126,408</u>	\$	<u>5,015</u>	\$	<u>131,423</u>

MASSAGE THERAPIST ASSOCIATION OF SASKATCHEWAN INCORPORATED

Notes to Financial Statements

October 31, 2017

11. RELATED PARTY TRANSACTIONS

The financial statements include stipend payments of \$13,614 (2016 - \$16,170) and honorarium of \$4,400 (2016 - \$3,800) 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 \$6,948 (2016 - \$9,036) that will be paid to the directors in the following year.