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CALIFORNIA MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 800 | Sacramento, CA 95814
tel 916.669.5336 fax 916.669.5337 www.camtc.org

Sent and Posted: Monday June 1, 2015

NOTICE OF PUBLIC MEETING

Thursday, June 11, 2015 - 9:30 a.m.
Sheraton Gateway Hotel LAX
Santa Catalina Room
6101 W. Century Blvd., Los Angeles, CA 90045

AGENDA

1. Call to order and establish quorum
2. Chair's Comments
 - Welcome/Introductions
 - Rules of Debate
 - Phones
3. Approval of minutes from March 26, 2015 meeting
4. Amendment to 2015 strategic priorities
5. 2015 budget
6. Closed session with CAMTC legal counsel pursuant to California Government Code section 11126(e)
7. Massage school presentations
8. Closed Session with CAMTC legal counsel pursuant to California Government Code section 11126(e)
9. Determination of entities that will be appointing new directors
10. 2016 strategic priorities
11. Proposed amendments to policies and procedures for approving schools

12. Proposed amendments to Procedures for Denial of Certification or Discipline/Revocation

13. Chief Executive Officer's report

- Operations
- Finance
- Outreach

14. Treasurer's report

- Applications Received
- Financial Statements
- Conclusions

15. Director of Governmental Affairs and Special Projects' report

- Local Government Implementation of AB1147
- Relationships with city and county staff
- Human Trafficking
- Next Sunset

16. Director of PSD's report

- Interaction with law enforcement agencies
- Training
- Media

17. Director of ESD's report

- School numbers
- Process status
- Goals for remainder of year

18. Audit Committee Report

- 2014 financial statements
- Annual audit

19. Closed Session regarding the appointment, employment, evaluation of performance, or dismissal of an employee pursuant to California Government Code Section 11126(a)

20. Return to open session and announce action taken in closed session, if any, under item

19

21. FSMTB presentation

22. Board meetings and locations

23. Public comment for items not on the Agenda

24. IT system upgrade – update

- 25. New Board transition
- 26. Future agenda items and scheduling of 2015 meetings
- 27. Adjourn

All agenda items are subject to discussion and possible action. To make a request for more information, to submit comments to the Board, or to make a request regarding a disability-related modification or accommodations for the meeting, please contact Sheryl LaFlamme at (916) 669-5336 or One Capitol Mall, Suite 320 Sacramento CA 95814 or via email at camtc@amgroup.us. Requests for disability-related modification or accommodation for the meeting should be made at least 48 hours prior to the meeting time. This notice and agenda is available on the Internet at <http://www.camtc.org>



CALIFORNIA MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 800 | Sacramento, CA 95814
tel 916.669.5336 fax 916.669.5337 www.camtc.org

Approved March 26, 2015 Board Meeting

CEO's proposed amendments, June 11, 2015

2015 Strategic Priorities

1. **Establish ~~Enforcement~~ Disciplinary Performance Measures** - To ensure that CAMTC's enforcement activities are directly aligned with CAMTC's mission of protecting the public, it is essential that CAMTC develop verifiable **enforcement disciplinary** goals. Such performance measures should be an easy-to-understand, transparent system of accountability. It must demonstrate that CAMTC is making and will continue to make the most efficient and effective use of its resources. Once established, these measures will be posted publicly on a quarterly basis.
2. **Law Enforcement – Strengthen the collaboration with local law enforcement agencies.**
3. **Local Government** - Improve relationships with cities and counties, especially those that grapple with proliferation of illicit massage parlors. Offer help with the accurate implementation of the Massage Therapy Act.
4. **Certificate Holders** - Gather feedback from certificate holders regarding their experience with the implementation of the Massage Therapy Act. Conduct general surveys of certificate holders.
5. **Swift Discipline** – Maximize the speed by which CAMTC revokes and/or disciplines certificate holders.
6. **School Approvals** – Fully implement CAMTC's school approval program and inspect all schools wishing to be approved by CAMTC.
7. **BPPE MOU** – Initiate the development of a Memorandum of Understanding with the Bureau of Private Postsecondary Education.
8. **Foreign Language** – Conduct a study that examines the feasibility and possible protocols of providing an approved exam in at least one foreign language



CALIFORNIA
MASSAGE THERAPY COUNCIL

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tel 916.669.5336 **fax** 916.444.7462 www.camtc.org

Date: June 11, 2015
To: Board of Directors
From: Ahmos Netanel, CEO
Subject: 2015 Budget- amended

On March 19, 2015 the Board approved the 2015 budget. The attached proposed amended budget implements actual financial results through April 30, 2015 and it assumes 220 new applications per month for June through December 2015. Outreach, public relations and miscellanies contingencies are in line with the 2014 budget. Legal in-house reflects a hiring of a fourth staff attorney in November.

Year-end operating surplus is changed from \$11,329 to \$169,270 and cash position is projected to exceed 10 months of the annual budget, surpassing our goal of maintaining 6 months of cash reserve.

**CAMTC
FINAL 2015 BUDGET**

**Board Approved
Mar-15**

**New Revised
Jun-15**

VARIANCE

	TOTAL 2015	TOTAL 2015	
REVENUE			
Number of new applications deposited	5,292	5,788	496
New Application Fees Recognized (37% of \$150)	\$ 293,706	\$ 321,234	\$ 27,528
Certificates Issued	9,653	9,951	298
Certificates Recognized (39% of \$150)	\$ 564,672	\$ 582,134	\$ 17,462
Renewals-Applied	15,082	15,700	618
Renewals Recognized (46% of \$150)	\$ 1,040,658	\$ 1,083,300	\$ 42,642
Renewals-Approved	14,320	15,846	1526
Renewals Recognized (42% of \$150)	\$ 902,223	\$ 998,298	\$ 96,075
Deferred Current / Prior Years			\$ -
Deferred Current Year (New Apps 24% of \$150 /24),(Renewals 12% of \$150/24)	\$ 149,001	\$ 160,787	\$ 11,786
Deferred Prior Yrs (New Apps 24% of \$150 /24),(Renewals 12% of \$150/24)	\$ 575,498	\$ 575,498	\$ -
Denied Applications	302	294	-8
Denied Applications Recognized (63% of \$150)	\$ 28,539	\$ 27,783	\$ (756)
Purged/Revoked/Sus/Cancelled/Nullified	242	352	110
Purged Applications Recognized (63% of \$150)	\$ 22,869	\$ 32,264	\$ 9,395
Number of School Applications	144	33	-111
New School Application Fees recognized (37% of \$750)	\$ 39,960	\$ 9,158	\$ (30,803)
Schools Approved	138	138	0
School Approvals recognized (39% of \$750)	\$ 40,365	\$ 40,365	\$ -
Deferred Current/Prior Years			\$ -
Deferred Current Year (New Apps 24% of \$750 /24),(Renewals 12% of \$750/24)	\$ 10,099	\$ 9,506	\$ (593)
Deferred Prior Yrs (New Apps 24% of \$750 /24),(Renewals 12% of \$750/24)	\$ -	\$ -	\$ -
Hearing Fees	\$ 23,980	\$ 24,630	\$ 650
Re-certification Late Fees	\$ 119,485	\$ 134,895	\$ 15,410
Returned Check/Miscellaneous Fees	\$ 89,510	\$ 93,944	\$ 4,434
Total Fee Revenue	\$ 3,900,565	\$ 4,094,796	\$ 194,231
Interest	\$ 11,908	\$ 12,923	\$ 1,015
Other Income - Employment Opportunities		\$ 14,183	\$ 14,183
Total Other Revenue	\$ 11,908	\$ 27,106	\$ 15,198
TOTAL REVENUE	\$ 3,912,473	\$ 4,121,902	\$ 209,429
OPERATING EXPENSES			
Board & Committee Expenses			

Board Travel
Facility/Banquet
Printing /Supplies/Postage
Conference Calls
Total Board & Committee Expenses
Outreach/Marketing
Communications & Outreach
Public Relations
Communications Reserve
Total Outreach/Marketing

\$ 15,895
29,766
264
198
\$ 46,123
\$ 35,876
29,580
-
\$ 65,456

\$ 17,046
26,159
431
144
\$ 43,780
\$ 72,428
40,225
-
\$ 112,653

\$ 1,151
\$ (3,607)
\$ 167
\$ (54)
\$ (2,343)
\$ 36,552
\$ 10,645
\$ -
\$ 47,197

General Administrative
Office Supplies
Office Rental - Sacramento
Office Furniture/Equipment
Printing/Copying
Records Shredding
Postage/Mailing
Telephone/Fax
Dues/Subscriptions-Software/Licenses
Insurance-D&O/E&O/GL
Banking/credit card fees
Staff Travel
On-Site Storage
Off-Site Storage
Certification/Materials/Printing/Mailing
Database Maintenance
Database Development
Amortization Expense
Miscellaneous
Total General Administrative

\$ 5,190
48,480
550
23,351
1,200
23,254
1,770
4,994
28,134
83,846
6,628
117,897
14,003
-
-
2,667
\$ 361,964

\$ 5,911
44,440
2,279
21,679
807
18,969
1,463
2,800
29,665
81,127
7,192
123,124
14,308
-
-
2,102
\$ 356,874

\$ 721
\$ (4,040)
\$ 1,729
\$ (1,672)
\$ (393)
\$ (4,285)
\$ (307)
\$ (2,194)
\$ 1,531
\$ (2,719)
\$ 564
\$ (117,897)
\$ (14,003)
\$ 123,124
\$ 14,308
\$ (2,667)
\$ -
\$ 2,102
\$ (5,090)

Executive Staff
Senior Management Team
Senior Staff-Contingency-Requires BOD Approval
Benefit Allowance
Off Site - Office Rental
Vacation Expense
Travel & Meetings
Cell Phone
Supplies

\$ 320,880
-
74,375
23,790
10,310
45,762
2,560
1,045

\$ 320,880
-
74,375
23,853
11,104
42,720
2,203
760

\$ 0
\$ -
\$ (0)
\$ 63
\$ 794
\$ (3,042)
\$ (357)
\$ (285)

Equipment/Furniture
Phone - land Line-DSL
Miscellaneous
Total Executive Staff

1,925
1,645
55
\$ 482,347

1,711
2,546
881
\$ 481,033

\$ (214)
\$ 901
\$ 826
\$ (1,314)

Professional Standards Division

Management
Clerical
Field Investigators
Employee Benefits Allowance
PTO Expense
Supplies
Cell Phones
Travel
Conference Calls
Dept Meetings
Equipment
Legal Attorneys - Denials/Litigation
Legal - In - House (salary & benefit allowance)
Investigations (SSA)
Court Record Fees
Appeals+ Denials Printing/Supplies/Mailing
Miscellaneous
Total Professional Standards Division

\$ 93,596
349,544
209,069
56,982
25,682
1,584
19,035
19,130
7,697
473
110
432,520
278,740
4,037
1,152
1,817
2,488
\$ 1,503,656

\$ 93,596
358,969
209,920
55,404
26,583
1,920
19,196
22,013
7,770
422
80
416,270
282,315
2,936
1,148
2,286
2,883
\$ 1,503,712

\$ -
\$ 9,425
\$ 851
\$ (1,578)
\$ 901
\$ 336
\$ 161
\$ 2,883
\$ 73
\$ (51)
\$ (30)
\$ (16,250)
\$ 3,575
\$ (1,101)
\$ (4)
\$ 469
\$ 395
\$ 56

Educational Standards Division

Management
Clerical
Field Investigators
Employee Benefits Allowance
PTO Expense
Supplies
Cell Phones/Landlines
Travel
Conference Calls
Mailings
Miscellaneous
Total Educational Standards Division

\$ -
32,083
60,500
14,250
-
1,100
2,750
28,545
3,300
3,437
1,100
\$ 147,065

\$ -
23,332
48,375
12,416
-
837
2,000
22,006
2,400
2,498
800
\$ 114,664

\$ -
\$ (8,751)
\$ (12,125)
\$ (1,834)
\$ -
\$ (263)
\$ (750)
\$ (6,539)
\$ (900)
\$ (939)
\$ (300)
\$ (32,401)

Staff General Expenses

Insurance (Workers' Comp)
Payroll Taxes (Exec Staff and PSD)

\$ 17,868
104,401

\$ 19,713
108,805

\$ 1,845
\$ 4,404

Payroll Services (all staff)
Total Staff General Expenses

1,784
\$ 124,053

3,319
\$ 131,837

\$ 1,535
\$ 7,784

Professional Services
Accounting/Audit
Application Processing
Consulting
Legal general counsel & routine
Total Professional Services
Sub-total Operating Expenses
Miscellaneous Contingency
TOTAL OPERATING EXPENSES
OPERATING SURPLUS / (DEFICIT)
OPERATING SURPLUS / (DEFICIT) YTD

\$ 10,153
1,035,996
-
68,309
\$ 1,114,458
\$ 3,845,122
\$ 44,000
\$ 3,889,122
\$ 23,351
\$ 23,351

\$ 8,700
1,035,996
-
70,032
\$ 1,114,728
\$ 3,859,280
\$ 72,000
\$ 3,931,280
\$ 190,621
\$ 192,621

\$ (1,453)
\$ -
\$ -
\$ 1,723
\$ 270
\$ 14,158
\$ 28,000
\$ 42,158
\$ 167,270
\$ 169,270

PRIORITY PROJECTS (Not funded by 2015 Operations)
Database Development
Management
Total Priority Projects

163,315
\$ 89,000
\$ 252,315

174,734
89,000
\$ 263,734

\$ 11,419
\$ -
\$ 11,419

CASH FLOW PROJECTIONS - 2015
Cash Flow from Operations
Cash Received
Cash Expenses
Total Cash Flow from Operations
Cash Flow from Financing
(Increase) Decrease in Other Receivables
(Increase) Decrease in Fixed Assets
Increase (Decrease) in Prepaid Expenses
Increase (Decrease) in Accounts Payable
(Increase) Decrease in Long Term Liabilities (Vacation/PTO Accrual)
(Increase) Decrease in Other Liabilities (Deferred Fees)
Priority Projects - not funded by 2015 Operations
Other changes in cashflows
Total Cash Flow from Financing

Annual
\$ 3,912,473
\$ (3,889,122)
\$ 23,351

Annual
\$ 4,121,902
\$ (3,931,280)
\$ 190,621
\$ (2,718)
\$ -
\$ 115,449
\$ (96,343)
\$ (14,767)
\$ 50,832
\$ 36,177
\$ (74)
\$ 88,555

\$ 209,429
\$ (42,158)
\$ 167,270

Starting Cash
Ending Cash

\$ 3,195,772
\$ 3,219,123

\$ 3,195,772
\$ 3,297,838

Approved 3/26/15

Proposed amendments prepared 6/5/15

POLICIES AND PROCEDURES FOR APPROVAL OF SCHOOLS

The California Massage Therapy Council ("CAMTC") hereby adopts the following policies and procedures for the approval of schools, pursuant to California Business and Professions Code sections 4600 et. seq. (hereinafter the "Law"). In accordance with the Law, CAMTC approved schools shall meet minimum standards for training and curriculum.

1. Eligibility for approval.

In order to receive and maintain CAMTC approval, a massage school, and any CAMTC approved satellite locations, shall meet ALL of the following requirements:

- A. The school offers a program clearly identified as a professional massage program that grants students a certificate, diploma, or degree in massage. Other professional education programs that include massage as a component of their programs are not eligible.
- B. Massage program(s) provides an organized plan of study of massage and related subjects for a minimum of 500 supervised clock hours (or credit unit equivalent) containing, at minimum, 100 hours of instruction addressing subjects specified by the Law and CAMTC, including but not limited to: anatomy and physiology; contraindications; health and hygiene; and business and ethics. The massage program(s) shall also incorporate appropriate school assessment of student knowledge and skills. CAMTC does not accept online or distance learning hours, including but not limited to, externships, homework, and self-study or credits through challenge examinations, achievement tests, or experiential learning.
- C. The school and/or massage program is not currently un-approved by CAMTC.
- D. The school and corresponding massage program(s) shall also meet at least one of the following requirements:
 - a. Approved by the California Bureau for Private Postsecondary Education (BPPE).
 - b. Approved by the California Department of Consumer Affairs.
 - c. Accredited by the Accrediting Commission for Senior Colleges and Universities or the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges and that is one of the following:

- (1) A public school.
 - (2) A school incorporated and lawfully operating as a nonprofit public benefit corporation pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, and that is not managed by any entity for profit.
 - (3) A for-profit school.
 - (4) A school that does not meet all of the criteria in subparagraph (2) that is incorporated and lawfully operating as a nonprofit public benefit corporation pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, that has been in continuous operation since April 15, 1997, and that is not managed by any entity for profit.
- d. A college or university of the state higher education system, as defined in Section 100850 of the Education Code.
 - e. A school requiring equal or greater training than what is required pursuant to this chapter and is recognized by the corresponding agency in another state or accredited by an agency recognized by the United States Department of Education.

2. Approval Process.

- A. Complete the application packet entirely and submit all requested documents.
- B. Pay the application fee of \$750. If approved, this non-refundable fee provides for 2 full years of CAMTC approval, so long as the school maintains the requirements for approval set forth herein and is not in violation of CAMTC's Procedures for Un-Approval of Schools.
- C. Host a scheduled site visit from a CAMTC representative(s) who will verify information submitted in the application packet and compliance with requirements for approval set forth herein.
- D. Within 90 days of the site visit, CAMTC will send a letter to the school notifying it of CAMTC's decision to approve the school, propose to un-approve the school, propose to otherwise act against the school in accordance with CAMTC's Procedures for Un-Approval of Schools, or notify the school that corrective action is needed in accordance with the procedures set forth herein.
 - a. Request for Corrective Action. CAMTC, in its sole discretion, may determine that specific corrective action is needed. If CAMTC determines that corrective action is needed, it will send a letter to the school notifying it of the specific corrective action requested and specify a time period for the school to take the requested corrective action and provide proof to CAMTC that the requested corrective action has been taken. Within 90 days of the school's deadline to provide proof that it has taken the

specific corrective action requested pursuant to this section, CAMTC will send a letter to the school notifying it of CAMTC's proposed decision to approve the school, un-approve the school, or otherwise act against the school in accordance with CAMTC's Procedures for Un-Approval of Schools.

3. Important Dates.

- A. July 1, 2016. As of this date, CAMTC will accept, for purposes of certifying individuals who received massage education in California, only those hours from schools approved by CAMTC pursuant to these procedures.
- B. May 1, 2015. To ensure a site visit and the possibility of approval by July 1, 2016, a school shall apply by this date. Schools may apply for approval while working to fulfill all of the requirements set forth herein, but may not receive approval until all requirements are met. Schools applying after this date or schools sent a letter requesting corrective action, proposed for un-approval, or proposed to be otherwise acted against may not be approved by July 1, 2016.
- C. All schools sent an official letter from CAMTC on or before July 1, 2016, notifying them that the school has been approved, will have an effective approval date of 2 years starting on July 1, 2016. Schools that have received official written notice of approval from CAMTC may not verify or represent to others in any manner whatsoever that they are CAMTC approved until on or after January 1, 2016.
- D. Schools approved after July 1, 2016, will have an effective date of 2 years starting on the date of approval.

4. Application Packet.

A School Approval Code issued by CAMTC is for a single campus, including CAMTC approved satellite locations, and specific owner(s) and may not be used for any other locations, schools, or owners. Therefore, for each campus or school, a separate application, fee, and requested materials shall be submitted in a three-ring binder in which the following shall be labeled, with its own divider, in this order and accompanied by electronic pdf format on a flash drive:

A. Application

- a. The application shall be completed in its entirety, typed, signed, dated, and accompanied by a non-refundable application fee of \$750.00 (application fee waived for public colleges or universities of the California state higher education system, as defined in Section 100850 of the Education Code).

B. Approvals

- a. Documented proof of current approval or accreditation by an agency listed in Business and Professions Code section 4601(a). Schools with more than one

approval or accreditation shall submit proof of all.

- b. Schools shall submit the most recent site visit report(s), compliance inspection report(s), disciplinary actions and other related documents issued to the school by all respective agencies documented above, if any.
- c. Pursuant to Business and Professions Code section 4615(b), CAMTC, in its sole discretion, may adopt provisions for the acceptance of accreditation from a recognized accreditation body.

C. Management

- a. For private post-secondary schools:
 - (1) Organizational chart showing owners and all full and part-time employees, independent contractors, volunteers, and any other individuals who participate in massage program operations, including but not limited to management, staff, faculty members, advisory boards, and administrative personnel.
 - (2) Ownership worksheet (included with application) and copy of a current valid government issued photographic identification for all owners of the school.
 - (3) Copy of property tax bill, lease agreement, local business license, and fictitious business name filing, if applicable, proving that the owner(s) either owns or leases the property where the school is located.
 - (4) For corporations, limited liability companies, or partnerships, copies of articles of incorporation, partnership agreements, contracts, and/or EIN certificate from the IRS showing proof of ownership.
- b. For public colleges or universities of the California state higher education system, as defined in section 100850 of the Education Code:
 - (1) Organizational chart showing all full and part-time employees, independent contractors, volunteers, and any other individuals who participate in massage department operations, including but not limited to department management, staff, faculty members, advisory boards, and administrative personnel.

D. Transcripts

- a. Sample transcript and massage program addendum, if any, with no additional markings.
- b. Sample transcript and massage program addendum, if any, with highlights and descriptions for unique security measures.
- c. Signatures, printed names, and titles for all approved signers.

- d. Transcript checklist (included with application).
- e. Sample diploma (NOTE: Diplomas are not accepted in lieu of transcripts as proof of education).
- f. Sample envelope from the school in which transcripts will be mailed to CAMTC.

E. Enrollment Agreement

- a. Blank enrollment agreement and massage program addendum, if any.
- b. Enrollment agreement checklist (included with application).

F. Course Catalog

- a. Current course catalog and massage program addendum, if any.
- b. Course catalog checklist (included with application).

G. Curriculum

- a. Program hour requirement worksheet (included with application).
- b. Calendar for each massage program noting beginning and end dates and daily schedule of all classes.
- c. Syllabi detailing all massage courses.
- d. List of textbooks, educational materials, and classroom equipment used for massage program.
- e. Policies for creating, reviewing, and updating curriculum.

H. Faculty

- a. Massage program faculty list worksheet (included with application).
- b. Submit instructor qualification forms (included with application) for all massage program faculty, including but not limited to visiting teachers, volunteers, and all those who will be teaching on a full or part-time or temporary basis.
- c. Policies and procedures for hiring, training, evaluating (including student evaluations), and disciplining faculty.
- d. Massage program staff and faculty meeting and/or training policy, minutes, and attendance records within the last 12 months.
- e. Student-teacher ratio policy and ratios for all current classes.

I. Facility

- a. Simple floor plan with approximate measurements and square footage.
- b. Clear, color pictures of the following:
 - (1) Exterior signage.
 - (2) Building exterior.
 - (3) All classrooms utilized for massage classes.
 - (4) All areas utilized for student massage clinic.

J. Advertising

- a. Copies of online and print advertisements and marketing materials related to the massage program within the last 6 months.

5. Requirements for Approval.

Failure to meet and maintain minimum standards for training and curriculum, as determined by CAMTC in its sole discretion, is a basis for denial of an application for school approval or discipline of a school.

To achieve and maintain approval, schools shall fulfill the requirements of all other agencies through which they are approved or accredited pursuant to Business and Professions Code section 4601 and comply with all of the following provisions:

A. Administration

- a. Continuously maintain all eligibility requirements for approval or accreditation by the organization(s) listed in Business and Professions Code section 4601 that the school is accredited or approved by, and for approval by CAMTC.
- b. Include CAMTC School Approval Code (once approved) in any and all massage program advertising and marketing materials, including but not limited to website, business cards, brochures, print advertisements, and online banners. The school may indicate that it is "CAMTC approved" or "approved by CAMTC," but may not state or imply that the school or its educational programs are endorsed or recommended by CAMTC, or that approval indicates the school exceeds minimum standards.
- c. Post any and all approvals and accreditations, including from CAMTC, on the school premises in an area easily visible to the public.

- d. Continuously maintain the exact same owner(s) and ownership structure matching CAMTC records, which shall match the records of all other agencies that have approved or accredited the school pursuant to Business and Professions Code section 4601.
- e. Operate; advertise; issue certificates, diplomas, degrees, and/or transcripts; and conduct all other school business under the exact school name matching CAMTC records, which shall match the records of all other agencies that have approved or accredited the school pursuant to Business and Professions Code section 4601.
- f. Teach all classes and conduct business only at campus and CAMTC approved satellite location addresses matching CAMTC records, which shall match the records of all other agencies that have approved or accredited the school pursuant to Business and Professions Code section 4601.
 - (1) Occasional, site-specific classes, including but not limited to First Aid/CPR Certification, cadaver labs, sports massage events, health and professional expos, career fairs, and spa tours accounting for no more than 50 total hours and specifically provided for in the curriculum, complete with detailed learning objectives, assignments, and assessments, may be taught at an appropriate off-site location under direct supervision of a qualified instructor. Instructors must sign off on appropriate documentation attesting to the total number of acceptable clock hours completed by each student and students shall only receive credit for the actual clock hours for which they engaged in massage activities and activities related to massage. Under no circumstances shall students receive credit for travel time, idle, non-educational, or unsupervised activity. CAMTC reserves the right, in its sole discretion, to not accept off-campus hours.
- g. Changes of owner(s) and/or ownership structure, operating under a different school name, teaching and/or conducting business at a different or additional address, and/or changes in program name or content may only occur after the school first obtains an approval letter from the appropriate agencies that have approved or accredited the school pursuant to Business and Professions Code section 4601, submits the appropriate application for change to CAMTC, and CAMTC approves such application. (Please note that BPPE currently only requires approval for a change of location if the move is more than 10 miles from the original location; however, CAMTC requires approval for any change of location.)
- h. The school is responsible for the conduct of all owners, full and part-time employees, independent contractors, volunteers, and any other individuals who participate in school operations, including but not limited to management, staff, faculty members, advisory boards, and administrative personnel. CAMTC may deny approval or take disciplinary action against a school if an owner, full or part-time employee, independent contractor, volunteer, or any other individual who participates in school operations, including but not limited to management, staff, faculty members, advisory boards, and administrative personnel, engages in unprofessional conduct while engaged in school activities.

- i. The school must report to CAMTC, within 15 days of receiving notice, all legal actions, arrests, police reports, and complaints against professional conduct, involving the school; school personnel including owners, full and part-time employees, independent contractors, volunteers, and any other individuals who participate in school operations, including but not limited to management, staff, faculty members, advisory boards, and administrative personnel; and/or students or graduates engaged in school or massage related activities.

B. Transcripts

- a. Transcripts and massage program addendums, if any, from private post-secondary schools shall, at minimum, contain the following information:
 - (1) School name, address, telephone number, website, and CAMTC School Approval Code (once approved), which shall exactly match information on file at CAMTC.
 - (2) Heading entitled "Official Transcript."
 - (3) Student's full legal name and date of birth.
 - (4) Date student started program and date student graduated or, for programs longer than 500 hours, completed CAMTC requirements, if applicable.
 - (5) Breakdown of courses completed with total number of supervised clock hours attended and passing grades for each course. Courses shall match those listed in the provided syllabi and program hour requirement worksheet (included with application).
 - (6) Total number of supervised clock hours attended for massage program.
 - (7) At least one authorized signature with printed name, title, and date.
 - (8) Official school seal affixed, embossed, or otherwise attached to transcript.
 - (9) Sufficient security measures that uniquely identify the school's transcripts.
- b. Transcripts from public colleges or universities of the California state higher education system, as defined in Section 100850 of the Education Code, shall meet or exceed standards as determined by governing laws and regulations.
- c. Only sealed transcripts sent directly from the school in an envelope matching the sample submitted to CAMTC will be considered for certification purposes.
- d. CAMTC staff shall clearly be able to discern whether a student has completed the required hours without having to interpret any information.

- e. Clearly identify or DO NOT include unsupervised clock hours.
- f. Clearly identify or DO NOT include courses or hours considered incomplete by the school.
- g. Pursuant to Business and Professions Code section 4604, CAMTC can only consider transfer hours from CAMTC approved schools. Transcripts shall clearly identify transfer hours, including but not limited to name, CAMTC School Approval Code, address, telephone, and website of other school(s); number of hours transferred; class requirements met by transfer hours; reason(s) for transfer; and attached copy of transcript(s) from other school(s). Transfer hours may not make up more than 50% of the 500 hours required for certification. CAMTC reserves the right, in its sole discretion, to not accept transfer hours.
- h. Schools shall take necessary precautions to avoid the creation and/or reproduction of fraudulent transcripts. Fraudulent transcripts, whether from within or without the school, may lead to suspension or revocation of school approval, among other consequences.
- i. Any changes in transcript format, authorized signers, and/or security features may only occur after the corresponding application for change has been submitted to and approved by CAMTC.
- j. The school shall have clearly defined written policies that it follows for accurately and securely keeping and maintaining student files and transcript information, including but not limited to enrollment agreements, payment ledgers, attendance rosters, coursework, and grades.
- k. Transcript information shall be securely kept permanently. If a school closes, it shall designate a custodian of records for that school and notify CAMTC of the name, address, email address, and telephone number of its designated custodian of records 30 days before the date of the school's closure.

C. Student/Graduate Eligibility List

- a. Transmit the names of all CAMTC eligible students or graduates to CAMTC within 30 days of their eligibility, if applicable, using the Massage School Eligibility List template.
- b. Eligibility is defined as successfully completing a minimum of 500 hours of supervised massage instruction (with a minimum of 100 hours of instruction addressing anatomy and physiology, contraindications, health and hygiene, and business and ethics or as further specified by CAMTC) that satisfies the school's coursework and appropriate school assessment of student knowledge and skills.
- c. Applications and accompanying transcripts submitted for certification will be reviewed against these lists. Discrepancies or omissions may result in applicant

delays, school investigation, and/or disciplinary actions against the school.

- d. Students who do not achieve eligibility at a single CAMTC approved school may not be included on any school's list and may have to independently prove their own eligibility to CAMTC.

D. Enrollment Agreement

- a. Enrollment agreements and massage program addendums, if any, from private post-secondary schools shall, at minimum, contain the following information:

- (1) School name, address, additional addresses where classes will be held, telephone number, and website.

- (2) Student's full legal name, date of birth, address, email, telephone number, and signature.

- (3) Copy of a current valid government issued photographic identification.

- (4) Title of massage program and total scheduled number of supervised hours received upon completion.

- (5) Program schedule with start date and scheduled completion date.

- (6) All scheduled charges and fees including, as applicable: tuition, registration fee, equipment, lab supplies, textbooks, educational materials, uniforms, charges paid to an entity other than the school as required by the program, and any other charge or fee.

- (7) Scheduled payment terms.

- (8) Clearly visible disclosure statement: "Attendance and/or graduation from a California Massage Therapy Council approved school does not guarantee certification by CAMTC. Applicants for certification shall meet all requirements as listed in California Business and Professions Code sections 4600 et. seq."

- (9) Statement directing students to CAMTC for unanswered questions and for filing a complaint: "A student or any member of the public with questions that have not been satisfactorily answered by the school or who would like to file a complaint about this school may contact the California Massage Therapy Council at: One Capitol Mall, Suite 320, Sacramento, CA 95814, www.camtc.org, phone (916) 669-5336, or fax (916) 669-5337."

- b. Enrollment agreements from public colleges or universities of the California state higher education system, as defined in section 100850 of the Education Code, shall meet or exceed standards as determined by governing laws and regulations.

E. Course Catalog

Course Catalogs and massage program addendums, if any, shall, at minimum, contain the following information:

- a. School name, address, additional addresses where classes will be held, telephone number, website, and CAMTC School Approval Code (once approved).
- b. Date printed/revised.
- c. Title of massage program(s) and total number of scheduled supervised hours received upon completion.
- d. Program prerequisites, including but not limited to admission requirements, previous training, and language comprehension skills.
- e. Completion and graduation requirements, including but not limited to clock hours to attend, assignments to complete, and assessments to pass.
- f. Transfer credit policy.
- g. Attendance and leave of absence policies, including but not limited to:
 - (1) Notice that applicants for CAMTC certification shall have attended 500 supervised hours total with 100 of those hours satisfying CAMTC specified subjects.
 - (2) For 500-hour programs, how students make up missed hours and, for programs longer than 500 hours, percentage of hours students can be absent and how they make up any additional hours.
 - (3) Length, terms, and allowances for leaves of absence.
- h. Hygiene, dress code, and draping policies.
- i. If the school admits foreign or ESL students, the catalog shall contain language proficiency information, including the level of English language proficiency required of students and the kind of documentation of proficiency that will be accepted; and whether English language services are provided and, if so, the nature of the service and its cost. The catalog shall also identify whether any instruction will occur in a language other than English and, if so, identify the other language(s) instruction will be provided in, the level of English proficiency required, and the kind of documentation of proficiency that will be accepted.
- j. Publication of CAMTC's Law related to unfair business practices as related to massage:

(1) Pursuant to California Business and Professions Code section 4611, It is an unfair business practice for a person to do any of the following:

- (a) To hold himself or herself out or to use the title of “certified massage therapist” or “certified massage practitioner,” or any other term, such as “licensed,” “certified,” “CMT,” or “CMP,” in any manner whatsoever that implies or suggests that the person is certified as a massage therapist or massage practitioner, unless that person currently holds an active and valid certificate issued by the California Massage Therapy Council.
- (b) To falsely state or advertise or put out any sign or card or other device, or to falsely represent to the public through any print or electronic media, that he or she or any other individual is licensed, certified, or registered by a governmental agency as a massage therapist or massage practitioner.
- k. Clearly visible disclosure statement: “Attendance and/or graduation from a California Massage Therapy Council approved school does not guarantee certification by CAMTC. Applicants for certification shall meet all requirements as listed in California Business and Professions Code section 4600 et. seq.”
- l. Statement directing students to CAMTC for unanswered questions and for filing a complaint: “A student or any member of the public with questions that have not been satisfactorily answered by the school or who would like to file a complaint about this school may contact the California Massage Therapy Council at One Capitol Mall, Suite 320, Sacramento, CA 95814, www.camtc.org, phone (916) 669-5336, or fax (916) 669-5337.”

F. Curriculum

All 500 hours of education must be provided under direct supervision of qualified instructors.

- a. Provide a minimum of at least 100 supervised clock hours (or credit unit equivalent) addressing the following subjects:
 - (1) A minimum of 64 hours of Anatomy & Physiology, including but not limited to orientation to the human body; integumentary, skeletal, fascial, muscular, nervous, cardiovascular, and other body systems; and kinesiology.
 - (2) A minimum of 13 hours of Contraindications, including but not limited to endangerment areas, contraindications, and medications and massage.
 - (3) A minimum of 5 hours of Health & Hygiene, including but not limited to understanding disease, therapist hygiene, infection control, and standard precautions.
 - (4) A minimum of 18 hours of Business & Ethics, including but not limited to obtaining and maintaining credentials, adhering to laws and regulations, ethical

principles, standards of ethical practice, and compliance with the Law applicable to CAMTC certified massage professionals.

- b. Provide a minimum of 400 additional and appropriately weighted supervised clock hours in subjects substantially related to the massage profession, including but not limited to additional hours for topics required above, massage theory and principles, professional practices, therapeutic relationship, assessment and documentation, massage and bodywork application, palpation and movement, and career development. CAMTC reserves the right, in its sole discretion, to determine whether curriculum is substantially related to massage or not.
- c. Student clinic hours may count for no more than 75 of the required 500 supervised clock hours and shall demonstrate educational purpose by meeting the following conditions:
 - (1) Operate at all times under direct supervision of qualified instructors and on school premises.
 - (2) Maintain detailed lesson plans, learning objectives, policies and procedures, attendance records, and grade requirements.
 - (3) Include a client intake form for every client that, among other things, informs client that the practitioner is a student.
 - (4) Include SOAP notes, or equivalent, completed by the student practitioner for every client.
 - (5) Provide for written client feedback.
 - (6) Maintain clinic attendance for each student detailing massages and other duties performed during clinic hours.
 - (7) Offer alternate, faculty-supervised learning experiences to students participating in clinic but who do not have a clinic client or specific clinic duties. Under no circumstances shall students receive credit for idle, non-educational, or unsupervised activity.
 - (8) Student clinic hours may include, but are not limited to, hands-on treatments of paying and non-paying public clients or other students; setting up, tearing down, and cleaning massage area; reviewing intake forms, interviewing clients, providing and receiving client feedback, and recording SOAP notes, or equivalent; greeting customers at reception, handling payments, answering and returning calls for appointments, interacting with appointment systems, placing confirmation calls, and managing client files; other duties reasonably befitting a professional massage therapist; and instruction related to these items. Students may not be required to clean school premises or work beyond normal procedures inclusive to treatment areas and immediate office space used during clinical sessions.

- (9) Schools should carefully weigh and be prepared to support the purpose, duration, and effectiveness of student clinic hours in terms of educational value to the student. CAMTC reserves the right, in its sole discretion, to not accept clinic hours.
- d. Maintain current syllabi, including but not limited to the following information for each course and/or subject:
 - (1) Name of course or subject.
 - (2) Detailed description.
 - (3) Learning objectives.
 - (4) Prerequisites.
 - (5) Total number of hours.
 - (6) Instructional material(s) to be used.
 - (7) Required assessments and assignments for successful completion.
- e. Maintain policies for creating, reviewing, and updating curriculum.

G. Faculty

- a. Qualified instructors are responsible for the delivery of all 500 supervised clock hours (or credit unit equivalent). CAMTC reserves the right in its sole discretion to determine whether an instructor is qualified or not. Requirements for qualified instructors include but are not limited to:
 - (1) Complete and submit the instructor qualification form, including supporting documents.
 - (2) Hold a current CAMTC certification, other allied health license with advanced training in soft tissue modalities, or possess documented higher education applicable to the specific subject(s) taught.
 - (3) Have at least 2 years of documented professional experience applicable to the specific subject(s) taught.
 - (4) Instruct only in those subjects in which qualified through documented education, certification, and professional experience, and not instruct techniques or procedures that require specialized training, licensure, or experience for which they are not qualified.

(5) Behave within principles of acceptable, ethical, and professional behavior, including but not limited to:

- (a) Truthfully and completely administer, record, and represent duties, including but not limited to attendance records, curriculum delivery, and student assessments.
 - (b) Refrain from soliciting, encouraging, or consummating romantic, sexual, or otherwise inappropriate relationships with current students on or off school premises by written, electronic, verbal, or physical means.
 - (c) Refrain from possessing, consuming, furnishing, allowing, or working under the influence of alcohol or illegal or unauthorized drugs during professional activities, including but not limited to being on school premises or at school-sponsored events involving students.
 - (d) Refrain from financial transactions with students, including but not limited to payments, loans, advances, donations, contributions, deposits, or monetary gifts, except for lawful collection and transfer of funds as required by regular school business.
 - (e) Refrain from violating federal, state, and local laws and/or CAMTC rules and regulations, including but not limited to the reasons for denial or discipline/revocation as stated in CAMTC's Procedures for Denial of Certification or Discipline/Revocation.
- b. Maintain policies and procedures for hiring, training, evaluating (including student evaluations), and disciplining faculty.
 - c. Maintain policies and procedures, minutes, and attendance records for regular massage program staff and faculty meetings and/or trainings.
 - d. For private post-secondary schools, student-teacher ratios for practical (hands-on) classes may not exceed 25 total students to 1 teacher. For public colleges or universities of the California state higher education system, as defined in Section 100850 of the Education Code, student-teacher ratios shall meet or exceed standards as determined by governing laws and regulations.

H. Facility

- a. Appropriate in size and design for the number of students.
- b. Sufficient reference materials and other resources to support educational objectives.
- c. Instructional aids and equipment consistent with the educational content, format, and teaching methodology of each course.

I. Student/Graduate Passage Rates on CAMTC Approved Exams

Beginning with graduate passage rates on CAMTC approved exams for calendar year 2015, an approved school's graduate passage rates on CAMTC approved exams shall equal or exceed the required passage rates for the previous calendar year or CAMTC may place the program on probationary status and/or may require the school to appear before CAMTC to present a plan for remediation.

- a. An approved program shall achieve a graduate passage rate on CAMTC approved exams that is not lower than 10 percentage points less than the national average passage rate for graduates of comparable degree programs who are first-time test takers on the CAMTC approved exams during a calendar year.
- b. If the program does not achieve the required passage rate for 2 consecutive calendar years or show significant improvement, CAMTC may revoke approval or take other disciplinary action against the school.

J. Site Visits

- a. CAMTC reserves the right to visit any approved school or school applying for approval during stated business hours with or without notice at any time whatsoever and for any reason.

6. Reasons for Imposing Discipline, Denying, or Revoking Approval.

Schools may be denied approval or may have their school approval revoked, suspended, or otherwise acted against, including the imposition of probationary conditions, for any of the following reasons:

- a. Failing to meet or maintain the requirements for approval set forth herein or in CAMTC's Procedures for Un-Approval of Schools;
- b. Engaging in or has engaged in unprofessional business practices or an owner, faculty member, or other member of the school's staff (including but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer) has engaged in or is engaging in unprofessional business practices;
- c. Procuring or attempting to procure school approval by fraud, misrepresentation, or mistake or an owner, faculty member, or other member of the school's staff (including but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer) has procured or attempted to procure school approval by fraud, misrepresentation, or mistake;
- d. Violating or attempting to violate or has violated, directly or indirectly, or assisting in or abetting the violation of, or conspiring to violate, or has assisted in or abetted the violation of, or conspired to violate, any provision of the Massage Therapy Act or any rule, regulation, policy, or procedure adopted by CAMTC by the actions of the school or an owner, faculty member, or other member of the school's staff (including

but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer);

- e. Conviction of an owner, faculty member, or other member of the school's staff (including but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer) of any felony, misdemeanor, infraction, or municipal code violation, or being held liable in an administrative or civil action for an act that is substantially related to the qualifications, functions, or duties of a CAMTC certificate holder or CAMTC approved school. A record of the conviction or other judgment or liability shall be conclusive evidence of the crime or liability;
- f. Committing any fraudulent, dishonest, or corrupt act that is substantially related to the qualifications, functions, or duties of a CAMTC certificate holder or CAMTC approved school or an owner, faculty member, or other member of the school's staff (including but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer) commits or has committed any fraudulent, dishonest, or corrupt act that is substantially related to the qualifications, functions, or duties of a CAMTC certificate holder or CAMTC approved school;
- g. An owner, faculty member, or other member of the school's staff (including but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer) commits or has committed any act punishable as a sexually related crime or is or has been required to register pursuant to the Sex Offender Registration Act (Chapter 5.5 (commencing with Section 290) of Title 9 of Part 1 of the Penal Code), or is or has been required to register as a sex offender in another state, or commits or has committed an act that is a violation of human trafficking laws or a violation of the education code or a violation of the Bureau of Private Postsecondary Education's rules, regulations, policies, or procedures;
- h. Failure to fully disclose all information requested on the application or provide information upon request to an individual working on behalf of CAMTC;
- i. Denial of licensure, permit or certificate, or revocation, suspension, restriction, citation, or any other disciplinary action against an owner, faculty member, or other member of the school's staff (including but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer) by CAMTC, by another state or territory of the United States, by any other government agency, or by another California health care professional licensing board. A certified copy of the decision, order, judgment, or citation shall be conclusive evidence of these actions.
- j. An owner, faculty member, or other member of the school's staff (including but not limited to a visiting instructor, independent contractor, administrative staff, or volunteer) has owned, worked at, or been associated with a school that has been un-approved by CAMTC.

7. Procedures for Imposing Discipline, Suspending, Denying, or Revoking CAMTC School Approval.

Any decision to impose discipline, deny approval, revoke approval, or otherwise act against a school that has applied for CAMTC approval or is a CAMTC approved school shall be decided upon and imposed in accordance with the procedures set forth herein. Denial, revocation, and disciplinary decisions against a school applying for CAMTC school approval or against a CAMTC approved school shall be based on a preponderance of the evidence. In determining the basis for action against a school applying for CAMTC school approval or a CAMTC approved school, the Council may

consider all written documents or statements as evidence, but shall weigh the reliability of those documents or statements.

a. Actions Against Applicants for CAMTC School Approval and CAMTC Approved Schools.

1. All decisions to impose discipline, deny approval, revoke approval, or otherwise act against a school that has applied for CAMTC approval or is a CAMTC approved school shall be carried out by an employee of the Council known as the Division Director of the Educational Standards Division (hereinafter the "Division Director") or his/her designee and at least one other employee of CAMTC. The Division Director shall be assisted by Council staff and such other employees as shall be determined necessary by the Division Director. The Division Director (or his/her designee), along with any staff/employees under his/her supervision, shall be collectively known as the Educational Standards Division (the "ESD").

2. If Council staff determines that grounds appear to exist to impose discipline, deny approval, revoke approval, or otherwise act against a school that has applied for CAMTC approval or is a CAMTC approved school, staff shall forward the matter to the Division Director, or an ESD employee designated by the Division Director to receive such information, and the procedures set forth below shall be followed:

(a) The ESD shall be responsible for reviewing and making proposed determinations regarding denials, suspensions, revocations, and other discipline against a school that has applied for CAMTC approval or is a CAMTC approved school. All proposed decisions shall be made by a minimum of two employees of the ESD. The ESD shall ensure that the ESD employees making proposed denial, revocation, suspension, and disciplinary decisions do not have a conflict of interest relative to the affected school.

(b) If after reviewing the matter, the ESD determines that proposed action should be taken, the school shall be provided at least 15 days prior notice of the proposed action and the reasons therefore. Notice shall be given to the school by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or mail with delivery confirmation sent to the last known address of the school shown in CAMTC's records.

(c) Schools shall be given an opportunity to be heard, either orally by telephonic conference or in writing, at least five (5) days before the effective date of the proposed action against the school. The telephonic hearing shall be held, or the written statement considered, by a minimum of two Hearing Officers, who shall be employees of CAMTC, who together are authorized to determine whether the proposed action against the school should occur. The decision of the Hearing Officers shall be final.

(d) Notice of the ESD's final decision shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or mail with delivery confirmation sent to the last known address of the school shown in CAMTC's records.

(e) Any action in superior court challenging CAMTC's action against a school, including a claim alleging defective notice, shall be commenced within one year after the effective date of the imposition of the denial, suspension, revocation, or other discipline.

(f) A school whose application for CAMTC approval is denied or whose CAMTC school approval is revoked pursuant to these procedures shall not be allowed to re-apply for CAMTC school approval until two years after the effective date of the denial or revocation.

b. Actions Against Schools That Have Not Applied for CAMTC School Approval or Are Not CAMTC Approved Schools.

1. Actions against schools that have not applied for CAMTC school approval or are not CAMTC approved schools shall proceed in accordance with CAMTC's Procedures for Un-Approval of Schools.

~~If CAMTC decides to deny approval or revoke approval or otherwise act against a school in relation to its approval status, it will do so in accordance with the procedures set forth in CAMTC's Procedures for Un-Approval of Schools.~~

To: CAMTC Board

Re: Staff Recommended Changes to
CAMTC's Policies and Procedures for Approval of Schools

Date: June 11, 2015

- The language of the current policy and when the policy was adopted.
 - See attached redlined draft, pages 16-19.
- A short description of why the policy should be changed.
 - Section 6 – Clarify language to include actions of individuals since presumably a school cannot act on its own
 - Section 7 – Added processes for how actions will be taken against schools, similar to PSD processes already in effect
- The language of related statutes that may have an impact on the decision.
 - None
- The fiscal impact the proposed change may have on CAMTC and certificate holders and applicants.
 - Additional costs for part-time hearing officers. Should have minimal impact.
- Potential pros and cons if the new policy is adopted.
 - Pros – Solidifies fair and consistent process for taking action against schools
 - Cons – Additional, but minor, fiscal and administrative burdens
- The impact on current certificate holders and applicants.
 - None
- A suggested date for the change to be implemented.
 - Effective immediately

Approved 12/11/2014
Proposed amendments prepared 6/5/2015

Proposed amendments to Procedures for Denial of Certification or Discipline/Revocation

- The language of the current policy and when the policy was adopted. The proposed changes are made right in the document in Track Changes so the Board can see what the original policy looked like.
- A short description of why the policy should be changed. The school un-approval procedures require students from certain schools to get a PDL. However, the denial procedures say that PSD has to make denial decisions (i.e. decisions to send a PDL). But when the board has already spoken by un-approving a school and declaring that the school's students should get PDLs, it is inefficient to have to go back to PSD. We've been doing it because that's required, but by making these minor changes to the denial procedures, we can create an efficiency.
- The language of related statutes that may have an impact on the decision. None
- The fiscal impact the proposed change may have on CAMTC and certificate holders and applicants. There might be a slight cost savings to CAMTC in terms of legal time. Applicants might get their PDL slightly quicker.
- Potential pros and cons if the new policy is adopted. See above.
- The impact on current certificate holders and applicants. Applicants might get a PDL slightly quicker.
- A suggested date for the change to be implemented. As of 6/11/15.



One Capitol Mall, Suite 800 | Sacramento, CA 95814
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Date: June 11, 2015
To: Board of Directors
From: Ahmos Netanel, CEO
Subject: CEO Report

Establishment of Disciplinary Performance Measures

Staff has chosen to measure the following four steps in the disciplinary process:

1. **Volume**- Number of complaints received.
2. **Intake**- Average cycle time from complaint receipt to the date the complaint was assigned to an investigator.
3. **Intake and Investigation** – Average cycle time from complaint receipt to closure of the investigative process. Does not include cases forwarded for formal discipline.
4. **Formal Discipline** – Average number of days to complete the entire enforcement process for cases resulting in formal discipline.

Later this year, staff will produce a baseline report and will establish target averages for each step.

For general reference, staff researched 36 DCA boards and bureaus and calculated an aggregate average for each measure:

1. **Volume**- 243 complaints per month.
2. **Intake** – Target average 392 days, actual average 391 days.
3. **Intake and Investigation** – Target average 204 days, actual average 153 days.
4. **Formal Discipline** – Target average 540 days, actual average 728 days

New Hires

In the past 90 days CAMTC hired a third staff attorney, a new paralegal and two school investigators. All four participated in training sessions related to their area of responsibilities. We are planning on hiring a fourth staff attorney in November 2015.

Finance

As of April 30, 2015 we exceeded expectations on the balance sheet and the statement of functional activity.

Cash in the bank:

Budgeted- \$2,898,261

Actual - \$3,319,104

Excess revenue over expenses:

Budgeted - (\$38,547)

Actual - \$300,937

May 30, 2015 cash balance: \$3,246,866

Banking - Currently CAMTC's funds are deposited in nine different banks. We will be moving \$750,000 from Umpqua Bank to three other banks.

Stakeholders Outreach

On April 2, 2015 the attached letter from CAMTC, signed by Mike Callagy, was sent to the California Police Chiefs Association regarding CAMTC Training for Law Enforcement. That letter generated a considerable response. In the past 90 days 225 officials from 68 local law enforcement agencies attended these trainings throughout the state. Most attendees expressed to us that they found the information provided invaluable. In addition to providing tools and protocols, these sessions help to further strengthen the ongoing collaboration between CAMTC and law enforcement.

On April 15, 2015 the Director of the Educational Standards Division presented at a meeting of the Independent Massage Schools of California in Oakland. While there was some understandable trepidation in the room when the presentation started, the roundtable Q&A went quite well. The audience seemed pleased with most of the

explanations and expressed at least some understanding of items about which they were not too fond. Questions were mostly related to completing the application and varied from school to school. After 2-1/2 hours, the meeting ended on a positive note.

On May 15, 2015, CAMTC's Director of Governmental Affairs was a speaker at the California Municipal Tax and Revenues Association meeting (CAMTC is a member) in Santa Cruz. The members of this group have been engaged with the subject of massage regulations for some time. Since they are on the front line of the local government massage permitting process, a better understanding of CAMTC's protocols is essential for their responsibilities.

On March 20, 2015 the American Massage Therapy Association-California Chapter hosted CAMTC at its annual convention in San Jose. I gave a presentation on the benefits of CAMTC Certification. However the audience's main concerns and questions related to local government's implementation of AB1147, specifically the proliferation of moratoria applied to CAMTC certificate holders. Imposing a moratorium on professionals certified by CAMTC violates both the intent and specific statutory language of AB 1147.

Business and Professions Code section 4600.5(c) provides that, "It is the intent of the Legislature that local governments impose and enforce only **reasonable and necessary fees and regulations**, in keeping with the requirements of existing law and **being mindful of the need to protect legitimate business owners and massage professionals, particularly sole providers**, during the transition period after this act becomes law and thereafter for the sake of developing a healthy and vibrant local economy." (Emphasis added.)

Cities and counties have therefore been directed to impose only reasonable and necessary regulations and to protect legitimate businesses. **Additionally, under Business and Professions Code section 460(a), no city or county shall prohibit a person or group of persons certified by CAMTC from engaging in their business, occupation, or profession, or any portion of that business, occupation, or profession.** These provisions mean that cities and counties cannot completely ban CAMTC certificate holders from engaging in the business of massage or impose moratoriums on the massage businesses of CAMTC certificate holders (including stopping them from replacing certificate holders that have left the business or expanding the business), without violating the law. In the past 90 days numerous CAMTC certificate holders have been communicating their concerns regarding this issue to CAMTC staff. The following two redacted emails represent a small sample:

From: [REDACTED]
Date: 03/18/2015 9:37 PM (GMT-08:00)
To: bmay@camtc.org
Subject: Question regarding city business permit for CAMTC certificate holders

Hi Beverly,

I have a question regarding Business and Professions Code section 460(a) in particular the statement that says cities and counties cannot completely ban CAMTC certificate holders from engaging in the business of massage, impose moratoriums on the massage businesses of CAMTC certificate holders (including stopping them from replacing certificate holders that have left the business or expanding the business), place caps on the number of massage businesses of CAMTC certificate holders in a jurisdiction, nor can a city or county completely ban the provision of outcall massage services or other portions of a massage business without violating this provision of law. Business and Professions Code section 460(b) also generally provides that no city or county shall prohibit a person certified by CAMTC from engaging in any act or performing any procedure that falls within their professionally recognized scope of practice.

The reason I need clarification on this section is because I recently applied at a day spa within the city limits of Simi Valley, CA to provide massage services as a certified massage practitioner. The place of business said they would hire me as a independent contractor and that I needed to apply for a business license. I went to City Hall and found out that they extended a moratorium to freeze all business licensing/permits issuing for massage therapists to start a new business for an entire year. It will end January 12, 2016. They told me to go start my business in another city. Are they allowed to do this? The way I interpreted the above paragraph is that if you are certified through CAMTC that you can work in any city throughout the state of CA. In addition, the city can not impose any moratoriums on CAMTC certificate holders to start a business or prohibit them from engaging in massage services for profit.

Can you please explain to me if I have the right to start up a business within the city as a CAMTC certificate holder.

Thank you,

[REDACTED]

----- Original message -----

From: [REDACTED]


Date: 04/11/2015 10:28 AM (GMT-08:00)

To: elissa.silva@asm.ca.gov

Cc: bmay@camtc.org

Subject: City of Santa Clara Refusing to Allow Legitimate Massage Therapist to Open Businesses

Hello Ms Silva,

 I have had a successful massage practice in San Jose and am looking to expand my business and offering Reiki healing as well. I have been looking for office space and found one such space that seemed like it would be a good fit for my business. The owner of the building told me that Santa Clara is no longer allowing massage therapists to work in the city. I didn't believe this to be true since I have a state license and from what I understood I could work in any city in California with this license. I would have never suspected that the law had recently (January 2015) changed and that cities now had power over massage therapists to exist again--over-regulating, charging fees for background checks, fingerprinting, background checks-- if they are even allowed to open an office in an area they think is "appropriate".

I went to the City Hall of Santa Clara and they refused to discuss it with me and said I had to go to the Police Department. I was given an extension for a Ms Flores and told I needed to call her from the lobby phone. When I was able to talk to her I was told that massage businesses had "over run" cities and opened up next to day care centers and that now the cities had the control over whether or where a massage business could open. I was shocked and replied "would it be a problem for a doctor or dentist to open an office next to a day care center"? Then I said "this is discrimination". Then, she said "no, massage is good" and seemed slightly embarrassed for saying this. Then, she could not give me an answer on whether I would be allowed to open my business on Steven's Creek Blvd --- a busy street with car dealerships, restaurants and a variety of businesses including a pay by the hour "play center" for kids. She then told me I had to talk to Sargeant Liepelt and transferred me directly to his voice mail. I left a message and he never returned my call. I have since heard from an esthetician that Santa Clara would not issue a permit or business license to a woman who wanted to work with her and share a room in another location in Santa Clara.

When I got my state license, I was so happy because it seemed that finally I my profession was getting the respect it deserved. This was 7 years ago and I got my state license the month they were available (#884). The fact that human trafficking exists and there are places all over California that employ illegal immigrants as gardeners, employees, nannies as well as untrained so-called massage therapists should have nothing to do with my right to open and run a legitimate business.

Once again, the cities are discriminating against legitimate business owners when it is their job to shut down illegal businesses-- not prevent legal businesses from existing because they can't be bothered to do their job at eliminating or preventing illegal practices.

This is a disgrace. Massage is covered by insurance in Canada, Germany, Switzerland and other countries. It is very hard work and obviously a dignified and very important profession. Some of my clients are very high in Silicon Valley companies paying millions of dollars of taxes. I know they would be shocked to know that the very city where their large companies are located refuses to give me the right to practice my profession.

Do you have any comment on this?



Media

Since March 2015, we have monitored 53 relevant articles that pertain to CAMTC issues and engaged many of the reporters. We sent three press releases regarding law enforcement training (sample attached) and one regarding unapproved schools (attached).

Attachments



CALIFORNIA MASSAGE THERAPY COUNCIL

DOCUMENT 13.1

One Capitol Mall, Suite 800 | Sacramento, CA 95814
tel 916.669.5336 fax 916.669.5337 www.camtc.org

April 2, 2015

VIA FIRST CLASS MAIL

To: Cal-Chiefs Association

From: Mike Callagy, Deputy County Manager, County of San Mateo, and CAMTC
Board Member

Re: CAMTC Training for Law Enforcement

On January 1, 2015, the new "Massage Therapy Act" (AB 1147) went into effect. The new law has significantly changed everything, from zoning requirements to CAMTC's disciplinary process. The law contains "Legislative Intent" language that informs all parties to not only follow the new law but to also work together to accomplish three major goals:

1. Communicate
2. Share information
3. Work together

CAMTC is committed to following this legislative directive and is therefore reaching out to you to with an offer to provide free training to law enforcement agencies statewide. CAMTC's mission is "Protecting the Public." We believe that by working together we can accomplish our mutual goal of public protection. CAMTC feels there is no better way to accomplish this goal than to educate those investigating illicit activity about the myriad changes to CAMTC's law. For example, there are over 30 ways that current law allows CAMTC to discipline an applicant/certificate holder and it is imperative that each police/sheriff department be brought up to speed through these training sessions.

The training sessions will be taught by Rick McElroy, Director of CAMTC's Professional Standards Division (PSD). Mr. McElroy is a 32-year veteran of LAPD who investigated massage parlors for 28 of those 32 years. The training session is approximately two hours long and addresses the basis and process for denials/suspensions and revocations; evidence issues; sexual assaults; how to provide an arrest report to CAMTC; the declaration process; how to file a complaint with CAMTC, and how to get connected to its law enforcement website. Mr. McElroy



CALIFORNIA MASSAGE THERAPY COUNCIL

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will discuss in detail CAMTC's denial and disciplinary process and will field questions at the end of the training session.

I am enclosing a training flyer with Mr. McElroy's contact information to request enrollment in the training session. As a past Deputy Chief (San Mateo), and a current director on the CAMTC Board of Directors, I look forward to hearing from you and seeing the positive results this training will yield.

Sincerely,

Mike Callagy
Deputy County Manager
County of San Mateo
(650) 363-4129
mcallagy@smcgov.org



For Immediate Release

Contact Regina Wilson
951.823.7659

April 24, 2015

California Massage Therapy Council Announces Updated List Of Un-Approved Massage Schools

Sacramento, CA- The California Massage Therapy Council (CAMTC) has updated and added additional schools to its un-approved school list. Since its inception, CAMTC has conducted hundreds of undercover investigations at massage schools. These undercover operations have resulted in the un-approval of over 60 schools to date.

“CAMTC continuously works to ensure all schools that CAMTC accepts education from have not violated its [Procedures for Un-Approval of Schools](#). From time to time, we find that some schools have violated our Procedures. In these cases we act judiciously through the un-approval process. These routine updates ensure CAMTC continues to protect the public by only certifying qualified massage professionals from schools that have not been un-approved by CAMTC,” said Ahmos Netanel, CEO, CAMTC.

For an updated list of un-approved schools, go to www.camtc.org/Schools.

“CAMTC remains committed to protecting the public by certifying only qualified therapeutic massage professionals and will continue to improve its policies to ensure all schools that have not been un-approved are held to the highest standards set forth by law,” said Netanel.

2008 SB 731 (Oropeza) created a nonprofit public benefit corporation known as the California Massage Therapy Council. To date, the Council has successfully implemented a voluntary certification process established by the legislature for massage professionals. CAMTC's central goal is to protect and maintain public safety when consumers are choosing certified massage professionals. CAMTC's 'enabling law' completed its first Sunset Review by the legislature. The legislature has re-authorized [CAMTC's 'enabling law'](#) for another two years.

For more information on CAMTC, please visit www.camtc.org

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For Immediate Release:
June/5/2015

Contact:
Regina Wilson 951-823-7659

Vacaville Police Department Teams with CAMTC to Combat Questionable Massage ‘Parlors’

Sacramento, CA— The California Massage Therapy Council (CAMTC) hosted a no-cost training session with the Vacaville Police Department to share information aimed at combating illicit prostitution operations and human trafficking, which was conducted on June 4 at the Vacaville Police Station.

CAMTC has ramped up law enforcement training sessions in 2015 in order to share information with law enforcement agencies and discuss new developments and changes in the Massage Therapy Act, which went into effect at the beginning of the year.

The Vacaville Police Department is the latest law enforcement agency to have officers undergo CAMTC training. The two-hour session focused on a variety of topics, ranging from general information sharing between organizations, to the types of evidence CAMTC uses to take disciplinary action, including suspension, revocation, and denial with the option in some cases for CAMTC hearings. The training sessions strengthen information sharing between CAMTC, law enforcement agencies, and code enforcement officers and provide important information on best practices that law enforcement agencies can use to save time and money, while successfully shutting down criminal enterprises.

“Our City ordinance requires massage therapists to be certified by CAMTC. With strict regulations and business requirements established by CAMTC, we will be able to ensure that the community will no longer be plagued with questionable massage parlors. Our officers are now equipped with the training and resources necessary to stop illegal activity that often lurks behind these business fronts,” said John Carli, Police Chief for Vacaville PD.

After officers receive the training, which has been offered for the last two years, they return to their cities armed with detailed knowledge about how to work cooperatively with CAMTC to take stronger enforcement action and craft more focused weapons in the fight against illicit massage parlors.

“CAMTC is pleased to provide this training to law enforcement agencies across the state,” said Rick McElroy, director of CAMTC’s Professional Standards

Division. “We believe communication and information sharing are key components in ensuring public safety by working together to close illicit 'massage parlors.' As the public demand for accessible therapeutic massage increases, it is critical that we work with all stakeholders to weed out the bad apples.”

2008 SB 731(Oropeza) created a nonprofit public benefit corporation known as the California Massage Therapy Council. To date, the Council has successfully implemented a voluntary certification process established by the legislature for massage professionals. CAMTC's central goal is to protect and maintain public safety when consumers are choosing certified massage professionals. CAMTC's 'enabling law' completed its first Sunset Review by the legislature. The legislature has re-authorized CAMTC's 'enabling law' for another two years.

For more information on CAMTC, please visit www.camtc.org

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Treasurer's Report Through April 30, 2015

Board Meeting: June 9, 2015

Applications Received and Re-Certifications Billed

New Applications and Re-Certifications

Through May 23, 2015 CAMTC has received 76,680 Applications since the start of operations on July 27, 2009. However, just 1787 have been received through May 23 of this year. (Of those 1787 Applications, over half [905] were received in the first week. This may have been a result of those trying to beat the start of the new law beginning in 2015 which requires 500 hours of experience.)

This low number of Applications may be of particular concern, especially when considering the following:

- The weekly average for this year through May 23 is just 85 Applications.
- In contrast, through May 24, 2014, 4821 Applications were received, an average of 230 per week.
- One of the unknowns is the effect, if any, that the new legal requirement of 500 hours for certification will have on Applications during the first part of the year and on new therapists entering the market in general. Could this requirement have a delaying effect on the number of people who qualify for certification or discourage others from entering the market?

The re-certification process began in July, 2011. Re-certifications Billed averaged 544 per week through May 23 of this year, up 11% from the full year weekly average in 2014. As previously noted, the major factor in explaining the large increases beginning in 2014 is that it is time for those certified during the initial years of CAMTC to renew again.

Year	New Applications Received Per Week	Re-Certifications Billed Per Week
2015**	85	544
2014	238	490
2013	219	260
2012	207	298
2011	264	54
2010	259	0
**Through May 23		

The most recent date for which **budget** figures are available is April 30, 2015. As of that date:

- Despite the decline in new Applications, revenues from this source exceeded budget by 11%.
- Renewals Applied was 16% over budget.

That the budget anticipated the decline in Applications is surprising; but it did. However, that recognition does not make the low level of Applications less of a concern.

The numbers of Applications and Renewals raise some important issues. While, over the long term, it is anticipated that Renewals would exceed first time Applications, the low level of new Applications and the combined number of New Applications+Recertifications billed are well below last year. That the figures exceeded the budgeted amounts does not take away from the fact that continuation of this pattern over the long term may impact the financial health of CAMTC. The reasons for this decline in New Applications warrant investigation.

CAMTC now has a substantial history on the percent of the Renewals billed that are paid. There is a fairly consistent pattern; a little over three-quarters of those who are billed renew their certification. This figure may be a reasonable approximation of the churn in the industry; roughly 20%-25% of therapists are no longer active or no longer practice in California every 24 months.

Year	Renewals Billed	Renewals Paid	% Billed That Are Paid
2012	15368	11687	76%
2013	12913	9871	76%
2014	23503	18559	79%
2015**	11423	4517	40%
**Through May 23. Lower % probably reflects, at least in part, lag time between billing and payment.			

If one assumes that the number of massage therapists in California is growing, then the number of new Applications which might be expected can be estimated as 1) the number of therapists lost in the normal industry churn plus 2) the incremental number of therapists entering the market to account for the growth in its size.

A seasonal profile in Renewals that has been observed. Renewals Paid as a share of Renewals Billed is lower in April through July than during the rest of the year.

Financial Statements

Statement of Functional Activities (Income Statement)

Overview

The revenue allocation procedure recognizes 37% of the \$150 initial application when the application is received, 39% when the certificate is issued and the balance, 24%, over 24 months. Renewals recognize 46% when received, 42% when approved and the balance over 24 months.

Revenues for 2015 through April 30 exceeded the budgeted amount by 14%, while expenses were 13% below budget. The net effect is that revenues exceed expenses by \$300,937. There continues to be a pattern of surplus revenues and lower expenses relative to budget.

All of the major revenue sources exceeded the budgeted amounts. However, the two items that with the greatest variance were Renewals Approved (\$71,253) and Renewals Applied (\$42,642). Both of these items may not be indicative of future gains in revenue:

- If new Applications decline, revenue from this source will decline over time.

- It is not clear what role, if any, the change in the requirement for 500 hours vs 250 hours played in approved Renewals since those therapists are grandfathered in at 250 hours.

Through April 30, Renewals, Applied and Approved, accounted for 43% of revenues. Applications Received and Issued accounted for 30%, and Current and Prior Year Deferrals accounted for 17%. These figures reinforce the obvious: Renewals will continue to be of growing importance; however, obtaining initial applications will continue to be an important role for CAMTC.

Source	April 30, 2015	% of 2015 Revenue through April 15	Actual as a % of Budget
Applications Received	\$223,776	15.6%	111%
Certificates Issued	\$200,538	14.0%	114%
Renewals - Applied	\$302,082	21.1%	116%
Renewals Approved	\$317,268	22.1%	129%
Current Year Deferrals	\$16,691	1.2%	136%
Prior Year Deferrals	\$224,007	15.6%	100%
Denied Applications	\$9,828	0.7%	93%
Purged/Revoked Applications	\$18,144	1.3%	234%
Hearing Fees	\$8,630	0.6%	108%
Misc. Fees	\$52,127	3.6%	156%
Recertification Late Fees	\$54,895	3.8%	139%
Interest Income/Misc.	\$4,923	0.3%	126%
Total	\$1,432,908	100%	114%

Performance Relative to Budget by Major Expense Categories.

It might be recalled that expenses were 13% below budget.

Listed below are the major expense categories, in the order shown on the Statement of Functional Activities, and the variance from the budget for 2014 year-to-date. In every category, except for General Staffing, actual is below budget. One area which has been consistently substantially below budget is Outreach Marketing. Given the low level of new Applications, additional programs to get CAMT's message to new therapists might be considered.

Comparison of Expenses Through April 30, 2015 Actual and Budget				
Item	Actual	Budgeted	Variance (negative numbers mean actual exceeded budget)	Actual as a % of Budget
Board & Committee	\$10,763	\$13,107	\$2,344	82%
Outreach marketing	\$19,812	\$45,456	\$25,644	44%
General Administrative	\$123,514	\$124,972	\$1,458	99%
Executive Staff	\$156,442	\$157,755	\$1,313	99%
Professional Standards	\$466,771	\$481,715	\$14,945	97%
Educational Standards	\$8,074	\$40,475	\$32,401	20%
General Staffing	\$56,056	\$48,271	(\$7,785)	116%
Professional Services	\$290,539	369,218	\$78,679	79%
Other	\$0	\$12,000	\$12,000	0%
TOTAL	\$1,131,971	\$1,292,969	\$160,998	88%

Statement of Financial Position (Balance Sheet)

Overview

Total equity was substantially higher on April 30, 2015 from the year-ago period. At \$2,269,055 it was up 62% over April 30, 2014.

The increase in Equity is explained by both a substantial increase in Assets and a moderate decline in liabilities.

Assets, at \$3,476,772 are up by \$971,326 from \$2,505,446 a year ago. Almost all the assets are in cash. Although assets are up from the comparable date last year, it was previously noted that revenues are down slightly for this year to date vs. a year ago. This means that it was the gains achieved later in 2014, not improved performance so far this year, which account for the stronger asset position.

- Liabilities, at \$1,207,716 are up moderately from the \$1,104,831 on April 30, 2014. CA MTC liabilities are, for the most part, deferred income. Since revenues, as noted, are a little below the comparable period last year, this gain also reflects deferred income generated during the balance of 2014.

Thus, while the financial position is clearly stronger than it was last year, it does not appear to be the result of performance this year to date. Rather, it is the carryover from the strong position achieved during the second half of 2014.

Conclusions

Some of these conclusions should be viewed as tentative since they warrant additional investigation:

- The decline in New Applications over previous years (although the revenue actually exceeded budgeted amounts) may indicate a problem that could have long term effects since New Applications result in both current and deferred revenue.
- While the Statement of Financial Position is healthy by any standard, it appears that this position is the result of strong activity in 2014 rather than during 2015.
- More important than ever might be the CAMTC goals of building awareness and a favorable image among both potential New Applicants and Renewals, the dollars spent on Outreach Marketing should be viewed as important to the long term success in staying in touch with the market. As of April 30, only 1.8% of the \$1,131,971 in expenses have been devoted to that activity.
- Since CAMTC's performance seldom fails to meet or exceed budget requirements, consideration might be given to whether CAMTC consistently exceeds reasonable expectations or whether the budget sets realistic challenges.

Respectfully submitted by Michael Marylander,
Treasurer
June 3, 2015



One Capitol Mall, Suite 320 | Sacramento, CA 95814
 tel 916.669.5336 fax 916.444.7462 www.camtc.org

To CAMTC Board of Directors

From: Beverly May, Director of Governmental Affairs and Special Projects

For: Board meeting: June 11, 2015

Governmental Relations Report

- **Trends in Local Regulation**

- **Required certification** – 142 cities and counties either require certification now, or have introduced such a requirement in new ordinances. Some of these ordinances have not gone into effect yet, and a few are still in the grace period before certification is required of all massage providers. Others are scheduled for introduction this summer. Eight cities require certification by policy but most are expected to codify the requirement. This is clearly the trend, with an average of 7-10 new ordinances being introduced a month regarding the practice of massage. Additional ordinances are addressing land use.
- **Los Angeles** has introduced an ordinance to require certification as of 2016. Massage therapists in the city have already been notified that this is the last year to obtain a city massage permit. The planning department has recommended that the city not require conditional use permits, stating that they do not serve as a deterrent to illicit behavior, but instead would burden the legitimate establishments, not only for new ones but by jeopardizing the rights of existing ones to expand or relocate. Public safety will be reviewing the planning report, which also recommends a more direct approach to criminal and vice issues. Los Angeles continues to be a challenge for CAMTC in that they still do not provide information and arrest reports that are needed for many of our disciplinary actions.
- The direction, of requiring certification, being taken by Los Angeles and most of the state stands in sharp contrast to **San Francisco**, which recently passed amendments to both the land use and massage ordinances. The sponsoring Supervisor did not reach out to the massage community, although they did consult with the Sex Workers Union. Nor did the Public Health Department, which oversees massage in SF, notify business owners and massage therapists

of proposed changes. Only after the Executive Director of the Small Business Commission reached out to CAMTC and one business owner did the profession get involved – but not until conditional use permits had been required of any new business. SF will not require certification nor grant any but the absolute minimal exemption from local ordinances to certificate holders. All but a small group of “solo” practitioners will need to obtain conditional use permits, and all massage businesses will need establishment permits. After the profession hired a local lobbyist and put significant pressure on the city, with the full support of the Small Business Commission, the Supervisors discussed an amnesty program for the businesses that have opened that will not qualify for a conditional use, or are in areas no longer zoned for any massage. This has yet to be developed. It will be interesting to see how these new provisions work in SF, since the city does not make arrests for prostitution, waives citations and fines against those found to be providing sexual services, and impose modest fines only on owners. For the most part the city has not shared information with CAMTC and what it has is rarely actionable. SF is also one of the very few cities to codify the requirement for the Human Trafficking posters to be displayed.

- **Countywide Approaches** – here I can say that my own county, San Mateo, leads the pack, based on the success of the existing ordinance and influence of Deputy County Manager Mike Callagy. A number of cities in the county already required certification, with some issuing revocable registration to establishments. These ordinances have been working and despite being passed prior to AB 1147 already are compliant with the new state law. The county has encouraged the remaining cities to pass similar ordinances, and offered to help with potential challenges to revocations. Just this week, three cities introduced ordinances similar to the county ordinance. As in any jurisdiction though, the variable is whether adequate enforcement resources are made available.
- **Stanislaus County** – county counsel and attorneys of the various cities are working on a uniform ordinance. CAMTC special counsel Alison Siegel and I met with the county DA, counsel and the local city attorneys and city managers last year, and at their invitation, I came back, bringing Mike Callagy to discuss the San Mateo county approach.
- **Moratoriums** – 42 cities have enacted moratoriums. Two have been repealed on the effective date of new massage ordinances, but many cities just keep them in place for the maximum two years. This is one of the greatest areas causing pushback from the profession, especially when businesses cannot expand, sell or replace therapists. In some cases, after negotiating a lease, a business owner finds out that they cannot open, or re-locate an existing business.
- **Conditional use permits (CUPs)** –These are still a common approach to land use for massage. I have discussed the opposing manner in which SF and LA decided this issue. Several cities are allowing for lease amortization in which the owner has several years (2- 5) to comply. In some cases, the business will need to move, as the current location does not comply with existing zoning. Most cities never amended their zoning codes when AB 619 limited how businesses in which everyone was certified could be zoned. With AB 1147 reverting most land use authority to local control, existing restrictions and requirements are imposed once

again. Though codes that zoned massage as adult entertainment are being revised, in at least a couple of cities, the same provisions are being applied but moved to another category of the zoning code (such as from “adult entertainment” to a separate new category “called massage”).

- **Distance between massage businesses** –We continue to see limits of 500 or 1,000 feet between massage businesses or away from residences, churches and schools.
- **Establishment permits** - including showers and separate male and female restrooms are out of reach for the vast majority of solo therapists. Additionally, few clients these days expect a shower if they are not using spa services. Los Angeles is proposing required showers and separate restrooms if male and female clients will be in the facility at the same time.
- **Fees** –new or higher fees are being applied in some jurisdictions for establishment permits, verification fees, occupancy, compliance, conditional use, health inspections and business license. Although fees (as opposed to business license taxes) are supposed to be no more than cost recovery, some can be quite high, especially for small or solo practices.
- **Ancillary Use** – A few cities continue to restrict massage to ancillary use of as little as 25% of either revenue or floor space.
- **Minimum floor space** – at least one city has set a minimum square footage of 2,000 feet – a boon for larger employers but impossible and unnecessary for solo practitioners and small groups.
- **Background check/live scan of certificate holders who are self employed** – Although most cities are not requiring certified owners/operators to undergo another background check and live scan it is still making it into some ordinances. Most city and county attorneys interpret the law as CAMTC does - that the statute prohibits a background check of a certificate holder, whether as a massage professional or business owner.
- **Relationships with cities and counties** – staff hears daily from city and county staff who are pleased with the relationships we have and resources that we bring. I hear mostly from city attorneys, where there is less turn-over and longtime relationships and trust has an opportunity to build. I have presented multiple times to the CA Municipal Tax and Revenue Association (both state and each of the four divisions). Most recently, leadership from Division 1 said that due to turn-over they plan to invite us regularly. The police and deputies we interact with rotate quite often and we also find that regular trainings by PSD are valuable. Rarely do we interact with council members and supervisors who hear more frequently from constituents.
- **Relationships with massage professionals** – I hear daily from massage therapists who have questions about the law, or city requirements. In most cases I can educate them regarding the state law and help them navigate the system. In issues over local requirements, my involvement ranges from informing them

that a local regulation is within city or county authority – or, when appropriate, to contact their legislator and the Business and Professions committees with their concerns.

- **Human Trafficking-** Ahmos and I met with Polaris Project CEO Brad Myles to discuss how we may be able to work together. We share many of the same concerns and look forward to our next meeting as they plan one of their initiatives that will focus on California. Although a majority of calls to the National Trafficking Hotline are generated by concern about massage businesses, no one has evaluated whether trafficking actually exists in these establishments or if the public, reading about massage and human trafficking, sees a questionable business and assumes a correlation. We welcome more thorough fact-finding. I attended a Human Trafficking conference in Santa Clara focusing on Superbowl planning. I also continue to participate in and monitor anti-trafficking workgroups hosted by Stanislaus, Alameda, San Francisco and Santa Clara.
- **Next Sunset** – Staff has had several meetings with Business and Professions committee staff to make sure that we provide all the data they want in the next Sunset report. We have received the new questionnaire and reviewed with committee staff which questions to respond to and how to present our data, which is often unique to our program. The 2016 Sunset Survey will be due December 1, 2015. The next Sunset will also be an opportunity to evaluate how well cities and counties are implementing the law.
- **Database update** – see separate report



CALIFORNIA
MASSAGE THERAPY COUNCIL

One Capitol Mall, Suite 320 | Sacramento, CA 95814
tel 916.669.5336 fax 916.444.7462 www.camtc.org

To: CAMTC Board of Directors

From: Joe Bob Smith, Director of Educational Standards Division

For: Board Meeting – June 11, 2015

School Numbers

The application for CAMTC school approval was released on April 1, 2015. Schools can apply at any time. However, schools that applied by May 1, 2015, were guaranteed a site visit by the end of the year. This would position them for approval in time for the July 1, 2016, deadline when CAMTC will only accept education from CAMTC approved schools. Of course, it does not guarantee approval.

As of May 1, 2015, 76 school approval applications were received. As of May 31st, an additional 26 applications had been received for a total of 102. Most of those applications came in the first two weeks of May suggesting a dwindling number of applications still remaining. A small number of schools have indicated they will be submitting applications.

Process Status

Of the 76 initial applications received, 14 have been assigned to ESD inspectors and are in the process of being reviewed and site visits scheduled. The first site visit is scheduled for June 12, 2015, with more to follow. Most applications average several hundred pages, including course catalogs, syllabi, and paperwork for faculty and key staff. We read and cross check thoroughly.

Goals for Remainder of the Year

With the first month of processing, reviewing, and scheduling behind us, the pace should pick up. ESD anticipates meeting the original goal of visiting all 76 schools that applied by May 1st plus the additional 26 schools that have applied since by the end of the year. This will put CAMTC on track to release the initial list of CAMTC approved schools in January 2016 and hold to the deadline of accepting education from only CAMTC approved schools starting July 1, 2016.



Financial Statements and
Independent Auditor's Report

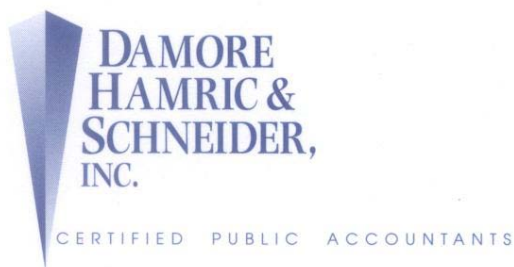
For the Year Ended December 31, 2014

California Massage Therapy Council

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Massage Therapy Council
Sacramento, California

We have audited the accompanying financial statements of the California Massage Therapy Council, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Council'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 Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of California Massage Therapy Council as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Damore, Hamric & Schneider Inc".

DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

May 6, 2015

California Massage Therapy Council
STATEMENT OF FINANCIAL POSITION

December 31, 2014

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,695,075
Certificates of Deposit	500,390
Prepaid Expenses	<u>34,289</u>
 Total Current Assets	 \$ 2,229,754

Noncurrent Assets:

Certificate of Deposits	1,000,306
Fixed Assets, Net of Accumulated Amortization and Depreciation	<u>8,005</u>
 Total Assets	 <u><u>\$ 3,238,065</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 87,537
Accrued Vacation	16,829
Accrued PTO	20,379
Deferred Certification Fees - Current Portion	<u>746,582</u>
 Total Current Liabilities	 \$ 871,327

Noncurrent Liabilities:

Deferred Certification Fees - Noncurrent Portion	<u>362,443</u>
 Total Liabilities	 \$ 1,233,770

Unrestricted Net Assets	<u>\$ 2,004,295</u>
 Total Net Assets	 <u>2,004,295</u>
 Total Liabilities and Net Assets	 <u><u>\$ 3,238,065</u></u>

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

California Massage Therapy Council

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2014

Support and Revenue:

Applications Received	\$ 782,390
Certificates Issued	591,961
Renewals - Applied	1,158,303
Renewals - Approved	1,065,330
Current Year Deferrals Recognized in 2014	188,126
Prior Year Deferrals Recognized in 2014	622,289
Denied Applications	17,388
Hearing Fees, Late Fees, Purged/Revoked Applications	150,242
Miscellaneous Fees	103,868
Interest Income	<u>2,755</u>

Total Support and Revenue	<u>\$ 4,682,652</u>
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Expenses:

Outreach and Marketing	\$ 54,383
Board of Directors and Committees	49,772
Professional Standards Division	1,466,366
Professional Services	1,077,918
General and Administrative	396,708
Executive Staff	<u>504,782</u>

Total Expenses	<u>\$ 3,549,929</u>
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Change in Net Assets	\$ 1,132,723
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Net Assets, Beginning of Year	<u>871,572</u>
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Net Assets, End of Year	<u><u>\$ 2,004,295</u></u>
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The accompanying notes are an integral part of the financial statements.

California Massage Therapy Council

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Outreach and Marketing	Board of Directors and Committees	Professional Standards Division	Professional Services	General and Administrative	Executive Staff	Total
Salaries	\$	\$	\$ 842,577	\$	\$	\$ 312,539	\$ 1,155,116
Employee Benefits			60,092			72,900	132,992
Payroll Taxes			52,157			45,986	98,143
	<u>\$</u>	<u>\$</u>	<u>\$ 954,826</u>	<u>\$</u>	<u>\$</u>	<u>\$ 431,425</u>	<u>\$ 1,386,251</u>
Communications and Promotions	\$ 19,373	\$	\$	\$	\$	\$	\$ 19,373
Public Relations	35,010						35,010
Facility and Banquet		28,447					28,447
Travel Expenses		20,879	22,228		6,211	42,862	92,180
Conference Calls		184	7,953				8,137
Printing and Reproduction					21,803		21,803
Records Scanning					586		586
Office Supplies			2,235		3,001	1,053	6,289
Office Furniture/Equipment			60		51	1,755	1,866
Office Rental					48,439	21,237	69,676
Telephone and Fax					2,059	1,359	3,418
Postage/Mailing					22,277		22,277
Insurance					28,646		28,646
Banking/Credit Card Fees					82,318		82,318
Filing Fees					196		196
Certification Materials and Shipping					126,793		126,793
Dues/Subscriptions/Licenses			13		11,015	13	11,041
Accounting/Tax/Audit				9,230			9,230
Database Development					16,669		16,669
Database Maintenance					13,127		13,127
Cellular Phones			18,955			2,344	21,299
Staff Meetings			425				425
Court Record Fees			1,203				1,203
Denial Mailings/Supplies			1,387				1,387
Application Processing				1,001,247			1,001,247
Legal Service - Denials			440,400				440,400
Legal Fees - General				67,347			67,347
Investigations (SSA)			3,670				3,670
Payroll Services			1,950				1,950
Workers Compensation			8,934				8,934
Miscellaneous	<u></u>	<u>262</u>	<u>2,127</u>	<u>94</u>	<u>2,941</u>	<u>2,734</u>	<u>8,158</u>
Total Expense Before Amortization and Depreciation	\$ 54,383	\$ 49,772	\$ 1,466,366	\$ 1,077,918	\$ 386,132	\$ 504,782	\$ 3,539,353
Amortization and Depreciation	<u></u>	<u></u>	<u></u>	<u></u>	<u>10,576</u>	<u></u>	<u>10,576</u>
Total Expenses	<u>\$ 54,383</u>	<u>\$ 49,772</u>	<u>\$ 1,466,366</u>	<u>\$ 1,077,918</u>	<u>\$ 396,708</u>	<u>\$ 504,782</u>	<u>\$ 3,549,929</u>

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

California Massage Therapy Council

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

Cash Flows from Operating Activities:

Change in Net Assets	\$ 1,132,723
Adjustments to Reconcile Net Cash Provided by Operating Activities:	
Amortization and Depreciation	10,576
(Increase) Decrease in:	
Prepaid Expenses	6,303
Increase (Decrease) in:	
Accounts Payable	18,515
Accrued Vacation	1,335
Accrued PTO	(556)
Deferred Certification Fees	<u>196,886</u>
Cash Provided by Operating Activities	<u>\$ 1,365,782</u>

Cash Flows from Investing Activities:

Purchase of Certificates of Deposit	(\$ 2,700,000)
Maturity of Certificates of Deposit	<u>1,700,000</u>
Cash Used by Investing Activities	<u>(\$ 1,000,000)</u>
Net Increase in Cash and Cash Equivalents	\$ 365,782
Cash and Cash Equivalents, Beginning of Year	<u>1,329,293</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,695,075</u></u>

Supplemental Information for Cash Flows:

Interest Paid in Cash	<u>\$ 0</u>
Filing Fees Paid in Cash	<u><u>\$ 195</u></u>

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

California Massage Therapy Council

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The California Massage Therapy Council's (CAMTC) mission is to protect the public by certifying qualified massage professionals in California. CAMTC was authorized by an act of the California Legislature through the creation of the Massage Therapy Act, codified in California Business and Professions Code section 460, 4600 - 4621 and Government Code section 51034. CAMTC is required to:

1. Create and implement voluntary certification for the massage therapy profession that will enable consumers to easily identify credible certified massage professionals; and
2. Ensure that CAMTC certified massage professionals have completed sufficient training at approved schools.

The Council utilized the following significant accounting policies in preparing the accompanying financial statements:

- A. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- B. Financial Statement Presentation - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:
 1. Unrestricted Net Assets - Net assets that are not subjected to donor-imposed stipulations.
 2. Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at December 31, 2014.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

B. Financial Statement Presentation (Continued):

3. Permanently Restricted Net Assets - This component of net assets consists of stipulations that certain assets are to be maintained permanently by the recipient. Generally, the donors of these assets permit the recipient to use all or part of the income earned on any related investments for general or specific purposes. The Council did not have permanently restricted net assets at December 31, 2014.

- C. Income Taxes - CAMTC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d(c)(1) under California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in these statements.

- D. Cash and Cash Equivalents - For purposes of the statement of cash flows, the Council considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

- E. Concentration of Credit Risk - CAMTC maintains cash accounts with two financial institutions. The total balance of the cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. While CAMTC may maintain cash balances which at times exceed the federally insured limits, CAMTC has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk regarding cash. At December 31, 2014 CAMTC's uninsured cash balance totaled \$1,195,435.

- F. Software and Equipment - Software and equipment are stated at cost. The cost of the software and equipment purchased in excess of \$1,000 is capitalized. Depreciation and amortization are provided in amounts sufficient to amortize or depreciate the cost of the software and equipment over the estimated useful lives of the assets (ranging from two to five years) on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

California Massage Therapy Council

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- G. Deferred Certification Fees - Deferred revenue consists of the portion of certification fees to be earned over the two-year certification period as the costs of maintaining the certificates are realized.
- H. Subsequent Events Review - Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.

NOTE 2 CASH:

At December 31, 2014, cash consisted of the following:

Cash and Cash Equivalents:

Cash - Operating Accounts	\$ 1,433,822
Cash - Savings Account	<u>261,253</u>
	<u>\$ 1,695,075</u>

Current Assets:

Certificates of Deposit	\$ 500,390
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Noncurrent Assets:

Certificates of Deposit	<u>1,000,306</u>
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Total Cash	<u>\$ 2,934,518</u>
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NOTE 3 FAIR VALUE MEASUREMENTS:

CAMTC adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10 upon its inception. The ASC defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements.

California Massage Therapy Council

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

NOTE 3 FAIR VALUE MEASUREMENTS (Continued):

Fair values of assets measured on a recurring basis at December 31, 2014 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash Equivalents	\$ 1,695,075	\$ 1,695,075	\$	\$
Certificates of Deposit	<u>1,500,696</u>	<u>1,500,696</u>		
	<u>\$ 3,195,771</u>	<u>\$ 3,195,771</u>	<u>\$ 0</u>	<u>\$ 0</u>

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. CAMTC held no financial assets valued using level 2 or level 3 inputs as of December 31, 2014.

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

NOTE 4 PROPERTY AND EQUIPMENT:

The following is a summary of software and equipment, less accumulated amortization, at December 31, 2014:

Software	\$ 18,319
Equipment	<u>22,156</u>
	40,475
Accumulated Amortization and Depreciation	(<u>32,470</u>)
	<u>\$ 8,005</u>

California Massage Therapy Council

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

NOTE 4 PROPERTY AND EQUIPMENT (Continued):

The Council developed software for use in its certification application process. The software was amortized over the estimated useful life. Amortization expense was \$768 in 2014. Depreciation expense totaled \$9,808 in 2014.

NOTE 5 ACCRUED BENEFITS:

Management employees of the Council receive vacation benefits. Accumulated unpaid employee vacation benefits are recognized as liabilities of the Council. The amount of accumulated vacation benefits at December 31, 2014 was \$16,829.

Beginning in April 2012 all other full-time employees of the Council began receiving twelve days of paid time off (PTO) a year. Accumulated unpaid PTO benefits are recognized as liabilities of the Council. The amount of accumulated PTO at December 31, 2014 was \$20,379.

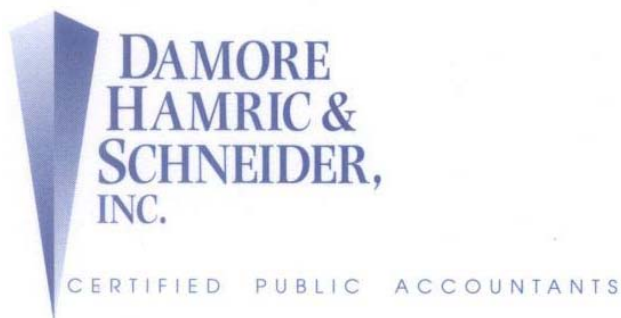
The employees do not have a vested right to accumulated sick leave. For this reason, the Council does not accrue a liability for accumulated sick leave benefits. Sick leave benefits are recorded as expenditures in the period sick leave is taken.

NOTE 6 CONTINGENCIES:

As discussed in Note 1, CAMTC was created pursuant to California Senate Bill 731 and was reauthorized pursuant to California Assembly Bill 1147 during 2014. This legislation remains in effect until January 1, 2017. Unless new legislation is enacted before January 1, 2017 to extend this date, this statute will be repealed.

NOTE 7 FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



May 6, 2015

Board of Directors
California Massage Therapy Council
Sacramento, California

We have audited the financial statements of California Massage Therapy Council for the year ended December 31, 2014, and have issued our report thereon dated May 6, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 6, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by California Massage Therapy Council are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was the determination of the amount of application fees to recognize in the year of receipt and the amount of application fees to defer over the remainder of the certification period.

The financial statement disclosures are neutral, consistent, and clear.

1515 River Park Drive, Suite 150
Sacramento, CA 95815-4606
Tel (916) 481-2856
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<http://www.dhscpa.com>

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The journal entries proposed during our audit to the following accounts are considered to be material individually and to the financial statements taken as a whole:

- Fixed asset additions, accumulated depreciation and depreciation expense.
- Prepaid expense
- Accounts payable

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Communications

We considered the California Massage Therapy Council's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control. However, during our audit we became aware of certain matters and control deficiencies that are an opportunity for strengthening internal controls and operating efficiency. We will review the status of these comments during our next audit engagement. The memorandum that accompanies this letter summarizes the resolution of the matters.

This information is intended solely for the use of the Board of Directors and management of California Massage Therapy Council and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Damore, Hamric & Schneider Inc". The signature is written in a cursive, flowing style.

DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

May 6, 2015

MANAGEMENT ADVISORY COMMENTS

Recording of Prepaid Expenses:

During our testing of accounts payable, one sample selected was accrued for as a payable and as a prepaid expense as of December 31, 2014. The sample selected was a management fee that was related to 2015 that arrived before the end of 2014. Expenses related to future years that are not paid for in the current year should not be recorded as a prepaid or a payable at the end of the current year for financial statement purposes.

We recommend, for financial statement purposes, the Council only accrue expenses that were incurred during the calendar year.

Management's Response: Management agrees with this recommendation

Timeliness of Deposits:

The Council wrote two checks in the amount of \$250,000 each on December 19, 2014. The checks were written to the California Massage Therapy Council and were to be used to open two additional savings accounts. One savings account, at East West Bank, was opened on January 2, 2015. The other account had not been opened as of March 23, 2015.

It is prudent to move excess cash into interest-earning savings accounts, and to keep the accounts, whenever practical, from exceeding the amounts covered by FDIC. However, it is also important to safeguard checks that have been prepared, and to ensure that checks of large amounts are deposited in a timely manner for safekeeping as well as to maximize interest earnings.

We recommend depositing checks in a timely manner. When a decision is made to open new accounts, checks should not be written for the transfer until a banking institution is located. In addition, we recommend including board authorization to close or open bank accounts in the board of directors' meeting minutes.

Management's Response: Management agrees with this recommendation

California Massage Therapy Council
Balance Sheet Comparison

ASSETS

<u>Current Assets:</u>	2014	2013	Change	% Change
Cash and Cash Equivalents	\$ 1,695,075	\$ 829,293	\$ 865,782	104.40%
Certificates of Deposit	500,390	1,000,624	(\$ 500,234)	-49.99%
Prepaid Expenses	<u>34,289</u>	<u>40,592</u>	(\$ 6,303)	-15.53%
 Total Current Assets	 \$2,229,754	 \$ 1,870,509		

Fixed Assets:

Certificates of Deposit	\$ 100,306		\$ 100,306	100.00%
Software & Equipment, Net	<u>8,005</u>	<u>\$ 9,949</u>	(\$ 1,944)	-19.54%
 Total Assets	 <u>\$2,338,065</u>	 <u>\$1,880,458</u>	 \$ 457,607	

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 87,537	\$ 68,949	\$ 18,588	26.96%
Accrued Vacation	16,829	15,495	\$ 1,334	8.61%
Accrued PTO	20,379	20,935	(\$ 556)	-2.66%
Deferred Certification Fees - Current Portion	<u>746,582</u>	<u>534,449</u>	\$ 212,133	39.69%
 Total Current Liabilities	 \$ 871,327	 \$ 639,828		



Noncurrent Liabilities:

Deferred Certification Fees - Noncurrent Portion	<u>362,443</u>	<u>377,690</u>	(\$ 15,247)	-4.04%
 Total Liabilities	 \$1,233,770	 \$1,017,518		

Net Assets:

Unrestricted	<u>\$ 2,004,295</u>	<u>\$ 871,572</u>	\$ 1,132,723	129.96%
 Total Net Assets	 <u>\$2,004,295</u>	 <u>\$ 871,572</u>		
 Total Liabilities and Net Assets	 <u>\$3,238,065</u>	 <u>\$1,889,090</u>		

California Massage Therapy Council
Revenues Comparison

<u>Support and Revenue:</u>	 <u>2014</u>	 <u>2013</u>	<u>Diff.</u>	<u>% Change</u>
Applications Received	\$ 782,390	\$ 662,892	\$ 119,498	18.03%
Certificates Issued	591,961	700,325	(108,364)	-15.47%
Renewals - Applied	1,158,303	662,538	495,765	74.83%
Renewals - Approved	1,065,330	616,896	448,434	72.69%
Current Year Deferrals Recognized in 2014/2013	188,126	129,023	59,103	45.81%
Prior Year Deferrals Recognized in 2014/2013	622,289	851,174	(228,885)	-26.89%
Denied Applications	17,388	37,422	(20,034)	-53.54%
Hearing Fees, Late Fees, Purged/Revoked Applications	150,242	125,543	24,699	19.67%
Miscellaneous Fees	103,868	82,176	21,692	26.40%
Interest Income	<u>2,755</u>	<u>839</u>	1,916	228.37%
Total Support and Revenue	<u>\$ 4,682,652</u>	<u>\$ 3,868,828</u>		

California Massage Therapy Council
Expense Comparison

	2014 <u>Total</u>	2013 <u>Total</u>	<u>Diff</u>	<u>% Change</u>
Salaries	\$ 1,155,116	\$ 1,008,523	\$ 146,593	14.54%
Employee Benefits	132,992	137,672	(4,680)	-3.40%
Payroll Taxes	98,143	85,833	12,310	14.34%
	<u>\$ 1,386,251</u>	<u>\$ 1,232,028</u>		
Communications and Promotions	19,373	84,106	(64,733)	-76.97%
Public Relations	35,010	7,153	27,857	389.44%
Facility and Banquet	28,447	11,235	17,212	153.20%
Travel Expenses	92,180	66,878	25,302	37.83%
Conference Calls	8,137	7,933	204	2.57%
Printing and Reproduction	21,803	24,418	(2,615)	-10.71%
Records Scanning	586	28,734	(28,148)	-97.96%
Office Supplies	6,289	12,124	(5,835)	-48.13%
Office Furniture/Equipment	1,866	1,474	392	26.59%
Office Rental	69,676	73,968	(4,292)	-5.80%
Telephone and Fax	3,418	3,532	(114)	-3.23%
Telephone Up-Grade		3,069	(3,069)	-100.00%
Postage/Mailing	22,277	19,367	2,910	15.03%
Insurance	28,646	26,268	2,378	9.05%
Banking/Credit Card Fees	82,318	48,684	33,634	69.09%
Filing Fees and Penalties	196		196	
Certification Materials and Shipping	126,793	80,850	45,943	56.82%
Dues/Subscriptions/Licenses	11,041	9,864	1,177	11.93%
Accounting/Tax/Audit	9,230	8,650	580	6.71%
Database Development	16,669	18,908	(2,239)	-11.84%
Database Maintenance	13,127	17,624	(4,497)	-25.52%
Cellular Phones	21,299	13,984	7,315	52.31%
Staff Meetings	425	409	16	3.91%
Court Record Fees	1,203	1,297	(94)	-7.25%
Denial Mailings/Supplies	1,387	1,648	(261)	-15.84%
Application Processing	1,001,247	918,750	82,497	8.98%
Legal - In House Dues		840	(840)	100.00%
Legal Service - Denials	440,400	426,400	14,000	3.28%
Legal Fees - General	67,347	79,498	(12,151)	-15.28%
Consulting - IT		2,520	(2,520)	-100.00%
Investigations (SSA)	3,670	7,070	(3,400)	-48.09%
Payroll Services	1,950	1,913	37	1.93%
Workers Compensation	8,934	8,159	775	9.50%
Miscellaneous	<u>8,158</u>	<u>3,458</u>	4,700	135.93%
Total Expense Before Amortization and Depreciation	\$ 3,539,353	\$ 3,252,813		
Amortization and Depreciation	<u>10,576</u>	<u>5,878</u>	4,698	79.93%
	\$ 3,549,929	\$ 3,258,691	291,238	8.94%



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To CAMTC Board of Directors

From: Beverly May, Director of Governmental Affairs and Special Projects

For: Board meeting: June 11, 2015

Database Project Report

Staff has begun work on defining the requirements for the new database. Rather than begin with the system solution provider we have begun work with a consultant who will serve as our Project Manager. I am coordinating the various divisions and subject matter experts (Application processing and database management; Professional Standards Division, Educational Standards Division, legal, and Local Government records).

Phase 1, the preparatory phase, is to define detailed business requirements for each division and business process. A specific list of functional requirements which must be included in the system will be identified and categorized as:

- a. What must be ready when the new system goes live,
- b. What we would like to have at Go Live, and
- c. What we may keep for later.

Using what is called the “Agile” approach; requirements can be added/changed or dropped throughout the process.

Initial mock-up screen shots and reports will be prepared to address all the functional needs.

Detailed technical requirements including hardware and software specifications will be identified.

These specifications will serve as a blueprint to present to the system solution provider and modified as needed.

We expect to engage the system solution provider within the next month or two. We have identified the company that we will probably contract with, and have the good fortune of

seeing the system that they prepared for another state massage therapy board that has just gone live.

After interviewing and reviewing a number of providers, it is obvious that a COTS or MOTS approach is the best option for our needs. COTS refers to “Commercial Off the Shelf”, and the “M” in MOTS is for “Modified”. These are what are most commonly used these days. One of the biggest areas of variation between providers is the range and ease of modification. We believe that the vendor we have targeted for this project provides the greatest amount of flexibility and customization within the product itself.

Once we engage the system solution provider, we may continue to retain our project manager to assist through the implementation process and work with the system solution provider’s manager.

At this point we cannot speculate on an expected date for transition to the new system. Although some of the processes, particularly application and recertification processing, will be relatively straightforward and similar to the other state massage board, most of the PSD needs are unique to CAMTC and highly complex.

At this point I would venture to say that we hope to go live in a year. By the next Board meeting we may be able to have a target date.

Public Comment on Agenda Items 22, 25 and 26 : CAMTC Board of Directors Meeting June, 2015

Submitted June 1, 2015

Dear CAMTC Board of Directors:

I am submitting this public comment for your consideration regarding these three interrelated agenda items:

- 22. Board meetings and location
- 25. New Board transition
- 26. Future agenda items and scheduling of 2015 meetings

California Business and Professions Code 4602 (j) states:

(j) The meetings of the council shall be subject to the rules of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). The board may adopt additional policies and procedures that provide greater transparency to certificate holders and the public than required by the Bagley-Keene Open Meeting Act.

To provide greater transparency to certificate holders and the public, I urge the Board to rotate the location of the quarterly face -to- face CAMTC Board Meetings with at least one meeting per year held in Sacramento. The last CAMTC Board meeting held in Sacramento (or any Northern California location) was in 2010. Holding in person Board meetings only in Southern California deprives certificate holders and the public residing in the Northern part of the State of an equitable opportunity to attend a board meeting of an organization that administers a certification program described as being of "statewide concern" in statute.

In addition, to allow certificate holders and the public a reasonable opportunity to have adequate notice to plan to attend a CAMTC Board meeting, the Board should adopt an Annual Calendar posted on the website at the beginning of each calendar year. Since the CAMTC Board failed to do so at the December 2014 meeting for 2015, I urge the Board to adopt such a meeting schedule for the remainder of 2015 with meetings scheduled in September and December.

Since the September meeting has in past practice been a two-day meeting incorporating both Strategic Planning and a regular Board meeting -- and since new members as per CA B&P Code 4602 (g) subsections 1-11 are to be seated on the CAMTC Board September 16, 2015 -- I had previously suggested to the CEO and the Operations Manager at our November 7, 2014 meeting at CAMTC headquarters that holding this two day meeting in Sacramento

would be of great benefit to orient new board members. In keeping with best practices for nonprofit board governance, scheduling this September Board meeting in Sacramento at CAMTC headquarters would allow incoming Board members to directly view the actual application processing site and at a minimum have a modest direct inspection of day-to-day operations.

This would facilitate the transition to the new Board. Having two days with a robust orientation that includes not only the Bylaws and Minutes but a multi-year comparison of past Strategic Priorities and Budgets along with organizational performance metrics would further ground discussion and consideration of Strategic Priorities for 2016.

The key phrase in statute is “greater transparency” and again I urge the CAMTC Board to take concrete steps to achieve that end, specifically the actions I have detailed above.

Respectfully submitted,
Bernadette E Murray CAMTC CMT #222