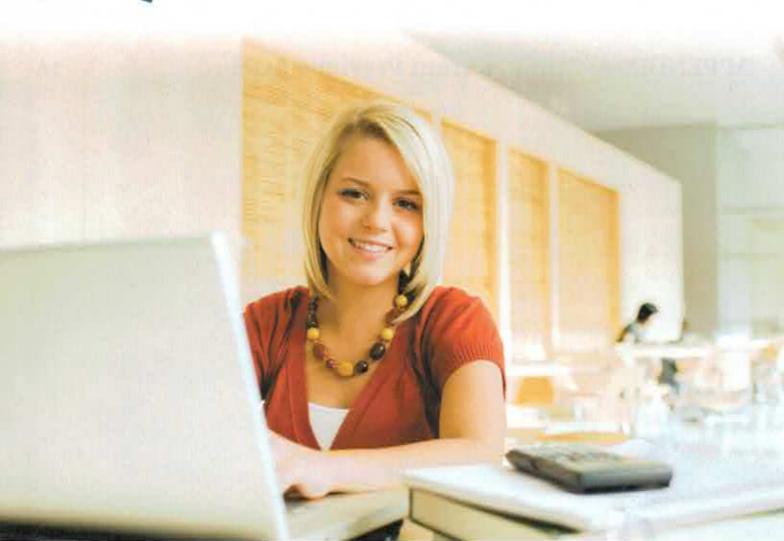


National Association of Career Colleges

Annual Report 2017



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Annual message from NACC

The National Association of Career Colleges (NACC) is pleased to present its Annual Report.

As the Association embarks on its 122nd year, we should reflect on what has been accomplished and what lies ahead.

NACC has confirmed its position as the voice of the sector. It has been an effective representative. Through advocacy efforts, funding programs previously closed to students registered in career colleges were opened. NACC has also established our sector as an effective tool to train various types of students.

There is more to do. In order to continue to benefit from a certain openness from government officials, the sector must do its own homework.

That includes reinforcing its quality standards, adopting an attitude that leads to collaboration with government officials rather than an "us versus them" approach, and more.

The sector will differentiate itself and will gain on the public sector if it continues to highlight its flexibility and innovation and continue to increase its focus on quality. If it fails to strengthen its quality standards, the government will intervene.

NACC can be an effective tool to lead these discussions.

Thank you,

Serge Buy

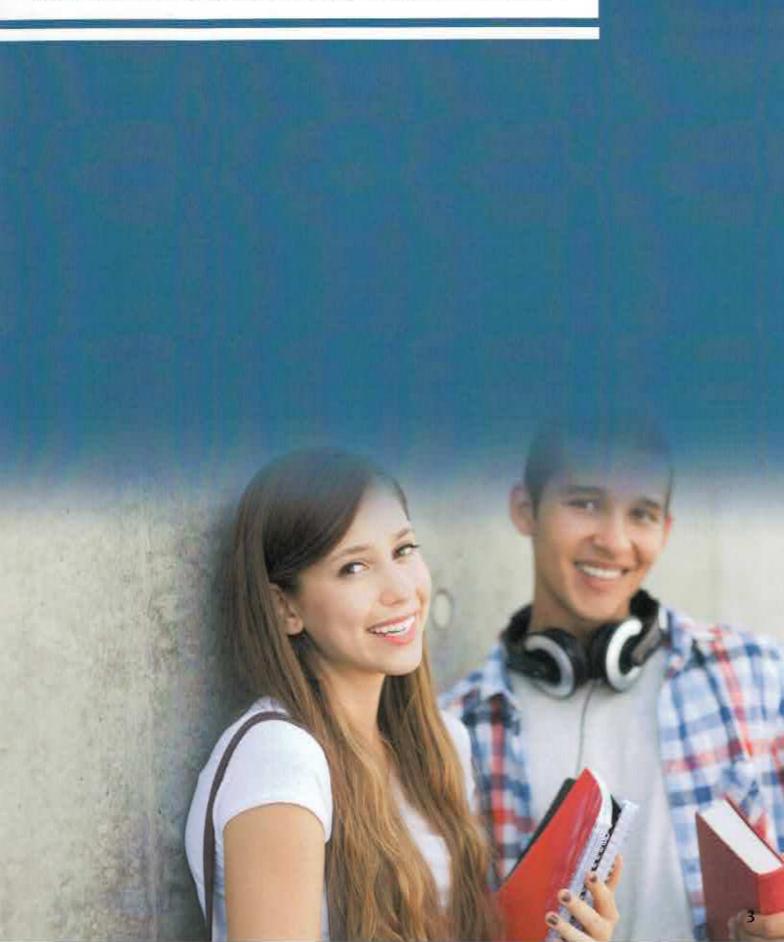
Chief Executive Officer



— Board Members as of November 2017 -

Kerry Swanson	Manitoba Representative	Chair
Ralph Tucker	Newfoundland and Labrador Representative	Vice-Chair
Don Thibert	Ontario Representative	Treasurer
Robert Prendergast	Member-at-Large	Secretary
Emidio D'Alfonso	Member-at-Large	Director
Patrick Dang	Member-at-Large	Director
Grace Pyo	Member-at-Large	Director
Sunita Vyas	Member-at-Large	Director
Frank Gerencser	Ontario Representative	Director
Ginette Gervais	Quebec Representative	Director
Patricia Hanbigde	Saskatchewan Representative	Director
Charles Jarvis	Alberta Representative	Director
Jeremy Nichols	Nova Scotia Representatiive	Director
Dale Ritchie	New Brunswick Representative	Director

Audited Financial Statements



FINANCIAL STATEMENTS

DECEMBER 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Members of the:

NATIONAL ASSOCIATION OF CAREER COLLEGES

Report on the Financial Statements

We have audited the accompanying financial statements of the NATIONAL ASSOCIATION OF CAREER COLLEGES, which comprise the Statement of Financial Position as at December 31, 2017, and the Statements Of Changes in Net Assets, Operations, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association'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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the NATIONAL ASSOCIATION OF CAREER COLLEGES as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Parker Prins Lebano Chartered Professional Accountants Professional Corporation Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario October 24, 2018

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

		2017		2016
ASSETS	_			
CURRENT				
Cash	S	-	S	92,939
Short-term investments		111,701		36,108
Accounts receivable		25,097		45,262
Prepaid expenses	_	31,375	-	26,921
		168,173		201,230
CAPITAL ASSETS (note 4)	-	7,120	_	8,583
	<u>s</u>	175,293	<u>s_</u>	209,813
LIABILITIES				
CURRENT				
Bank indebtedness	S	4,906	\$	
Accounts payable and accrued liabilities (note 7)		82,690		82,251
Prepaid deposits		208		3,020
Deferred conference fees		2		1,000
Deferred membership revenue		752		14,341
Deferred audit revenue	-	1,000		
NET ACCETS	-	89,556		100,612
NET ASSETS				
INVESTED IN CAPITAL ASSETS		7,120		8,583
UNRESTRICTED NET ASSETS		78,617		100,618
	-	85,737	_	109,201
	<u>s</u>	175,293	<u>\$</u>	209,813
Approved by the Board:				
Director				Director

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

	_	2017	_	2016
INVESTED IN CAPITAL ASSETS Balance, beginning of year Amortization Investment in capital assets	\$	8,583 (2,034) 571	S	11,142 (2,559)
Balance, end of year	<u>s</u>	7,120	<u>\$</u>	8,583
UNRESTRICTED NET ASSETS Balance, beginning of year Excess of revenue over expenditures Amortization Investment in capital assets	s	100,618 (23,464) 2,034 (571)		70,695 27,364 2,559
Balance, end of year	S	78,617	\$_	100,618



STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017

	2	017	2016
REVENUE		(2.070 €	62 825
Annual conferences	S	63,978 \$	Approximately and the second
Curriculum fees		54,075	103,700
Examination service fees		432,830	406,602
Examination services workshops		30,600	24,350
Membership fees		160,793	144,183
Sponsorship		7,000	29,500
Interest and sundry income		27,494	14,315
School audit fees	-	34,250	29,200
	 :	811,020_	815,679
EXPENDITURES (Schedule 1)			
Examination services		127,170	131,422
Member services		363,378	342,082
Office and administration		343,936	298,415
Pathway Project expenses (note 8)		-	16,396
TP	· ·	834,484	788,315
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	s	(23,464) 5	27,364

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

	ш	2017	_	2016
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES (Deficiency) excess of revenue over expenditures Items not affecting cash:	s	(23,464)	\$	27,364
Amortization	_	2,034	_	2,559
		(21,430)		29,923
Net changes in non-cash items related to operations:				
Accounts receivable		20,165		61,435
Prepaid expenses		(4,454)		7,840
Accounts payable and accrued liabilities		439		(3,414)
Prepaid deposits		(2,812)		
Deferred conference fees		(1,000)		1,000
Deferred grant revenue		(13,589)		14,341
Deferred audit revenue	, <u> </u>	1,000	_	
	35	(21,681)	_	111,125
CASH FLOWS USED FOR INVESTING ACTIVITIES Purchases of capital assets		(571)	_	
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(22,252)		111,125
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	129,047	_	17,922
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	106,795	<u>\$</u>	129,047
CASH AND CASH EQUIVALENTS REPRESENTED BY:				
(Bank indebtedness) Cash	5	(4,906)	5	92,939
Short-term investments	-	111,701	_	36,108
	\$	106,795	\$	129,047

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

1. STATUS AND NATURE OF ACTIVITIES

The Association is incorporated under the Canada Corporations Act as a not-for-profit organization and qualifies as a not-for-profit organization under the Income Tax Act. It provides representation and services to its members. Its members include career colleges and provincial associations representing career colleges.

2. SIGNIFICANT ACCOUNTING POLICIES

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

REVENUE RECOGNITION

Revenue from examination, curriculum and other services is recognized when the exams and curriculums are shipped to the customer or the services are provided. Payment is based on agreed prices and credit terms contained on sales invoices. The Association recognizes membership revenues from provincial associations and affiliates on a calendar basis which represents the annual term of membership. Payment is based on agreed prices and terms contained on membership renewal notices. Revenue from conferences and workshops is recognized when they are presented. The liability for the portion of conferences and workshops invoiced but not yet presented is recorded as deferred revenue. Sponsorship revenue is recognized in the calendar year pertaining to the terms of the agreement. Grant revenue is recorded as revenue in accordance with the accrual basis of accounting. Interest revenue is recognized on an accrual basis using the effective interest method.

Provincial associations annually self-assess the NACC members' dues from their own provincial memberships and remit the required amount pursuant to terms established for collection. Should a provincial association not exist in a province or a provincial association not be a member of NACC, the Association is able to grant membership to individual career colleges and collect the required membership fees.

SHORT-TERM INVESTMENTS

Short-term investments are stated at cost.

CAPITAL ASSETS

Property and equipment consisting of office furniture and computer equipment are stated at cost. Amortization of office furniture and equipment has been provided over the estimated useful lives of the assets on a 20% diminishing balance basis and computer equipment on a 30% diminishing balance basis.

NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets comprises the net book value of property and equipment. Net assets invested in capital assets is a component of unrestricted net assets.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-forprofit organizations 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 revenue and expenses during the period. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS (continued) DECEMBER 31, 2017

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and deposits on account of future services. Management is of the opinion that the carrying values of these financial instruments approximate fair value.

NACC is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out by the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

Credit risk associated with cash and short-term investments is minimized substantially by ensuring that these assets are invested in financial obligations of financial institutions or governments that have been accorded investment grade ratings by a primary rating agency.

Credit risk associated with amounts receivable is minimized by NACC's large customer base as well as the geographic dispersion of customers. NACC maintains allowances for potential credit losses, and any such losses to date have been within management's expectations.

It is management's assertion that the Association is not exposed to significant interest rate or market risk.

4. CAPITAL ASSETS

				2017				2016
		Cost	Accumulated Amortization		Net Book Value		Net Book Value	
Computer equipment Office furniture and equipment	\$	6,015 80,580	S	3,909 75,566	s	2,106 5,014	s	2,316 6,267
	5	86,595	S	79,475	5	7,120	\$	8,583

NOTES TO THE FINANCIAL STATEMENTS (continued) DECEMBER 31, 2017

5. COMMITMENTS

The Association entered into a five year lease agreement for premises in Ottawa commencing on July 1, 2013. The agreement calls for minimum rents of \$2,667 per month, net of applicable taxes. The Association is also required to pay additional rents in the form of operating expense bills and property tax bills, which are submitted to the Association quarterly and semi-annually respectively. The amount of additional rents has not been disclosed as it varies each year. The agreement expires on June 30, 2018,

On February 1, 2015, the Association entered in to a 36-month Cloud service agreement at a cost of \$2,000 per month, net of applicable taxes. This agreement also required a one-time payment of \$7,500. The agreement expires on January 31, 2018.

The Association has entered into a management services contract with its CEO for the annual amount of \$135,000 net of applicable taxes for the 2016-2018 fiscal years. This contract may be cancelled without penalty with ninety days notice by either party.

The Association has entered into a government relations contract with its CEO for the annual amount of \$75,000 net of applicable taxes for the 2016-2018 fiscal years. This contract may be cancelled without penalty with ninety days notice by either party.

6. LEGAL FUND

Management is no longer deferring the receipt of legal fund revenues collected for the purpose of financing future opinions on government policies affecting career colleges.

7. GOVERNMENT PAYABLES

Accounts payable and accrued liabilities include the following government related amounts payable/ (receivable);

	-	2017		2016
GST/HST	<u>s</u>	39,326	S	47,661

8. PATHWAYS PROJECT

During the previous fiscal year, it was realized that \$16,396 would not be received as part of the Pathways Project. It was written off as a bad debt in the prior year.

9. COMPARATIVE FIGURES

Certain of the 2016 comparative figures have been reclassified in order to conform with the current year financial statement presentation.

SCHEDULE 1 - EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2017

	_	2017		2016
EXAMINATION SERVICES EXPENDITURES				
Committee meetings	S	37,479	5	34,760
Courier and shipping		3,639		3,397
Curriculum development		14,085		14,316
Exam fees - IDP		37,500		
On-line examination fees		24,518		58,088
Supplies and pins		9,949	_	20,861
	<u>s</u>	127,170	<u>S</u>	131,422
MEMBER SERVICES EXPENDITURES				
Annual conference	S	34,385	S	52,543
Board and committee meetings		58,924		37,680
Consulting services		217,800		222,573
Domestic promotions		38,465		22,197
International promotions		3,710		3,119
Lobbying		7,565		1,068
Printing and reproduction	_	2,529		2,902
	S	363,378	<u>s</u>	342,082
OFFICE AND ADMINISTRATION EXPENDITURES				
Amortization	S	2,034	\$	2,559
Bank charges		18,609		18,803
Computer support services		4,292		4,007
Courier and shipping		85		650
Insurance		6,448		4,182
Office repairs and maintenance		38		-
Office supplies		2,762		2,825
Professional fees		14,265		14,989
Provision for (recovery of) impairment of accounts receivable		9,285		(4,202
Rent		48,848		48,790
Salaries and benefits		224,204		196,607
Security		240		539
Subscriptions and promotions		8,028		4,005
Telephone, internet and fax		4,699		4,661
Training and development	-	99	_	-
	<u>s</u> _	343,936	<u>S</u>	298,415
PATHWAY PROJECT EXPENDITURES	1584			SCHEAN
Provision for impairment of accounts receivable (note 8)	\$		8	16,396

APPENDIX A Minutes from Previous AGM



44 Byward Market Square, #270, Ottawa, ON - K1N 7A2

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W: www.nacc.ca



NATIONAL ASSOCIATION OF CAREER COLLEGES L'ASSOCIATION NATIONALE DES COLLEGES DE CARRIERES

MINUTES of the Annual General Meeting of Members of the National Association of Career Colleges / L'Association nationale des collèges de carrières, held in Ottawa on the 20th day of October 2017.

Present:

- James Loder, Academy Canada, NL
- · Audrey Brattberg, Academy of Learning, AB
- Charles Jarvis, Academy of Learning, AB
- Ginette Gervais, Collège Salette, QC
- Robert Prendergast, Fraser Education, BC
- Frank Gerenscer, triOS College, ON
- Buki Hough, Western Maritime Institute, BC
- Dale Ritchie, McKenzie College, NB
- Jennifer Stuart Canadian Colleg of Message & Hydrotherapy, NS
- Ashrad Mahmood, Evergreen College Calgary, AB
- Din Noor, Evergreen College, ON
- Patrick Dang, Sprott Shaw College, BC
- Patricia Hanbidge, Saskatoon School of Horticulture, SK
- Peter Dykstra, Medix College of Healthcare, ON
- Reinhard Krupp, Cape Breton Bus. College, NS
- Ralph Tucker, Keyin College Grand Falls, NL
- Kerry Swanson, Herzing College, MB
- Grace Pyo, Greystone College of Business & Technology, BC
- Jeremy Nichols, Commercial Safety College, NS
- Mohammed Abdul Baten, ABM College of Health & Technology, AB
- Don Thibert, Westervelt College, ON
- Sunita Yvas Academy of Learning Career College, ON
- Brian Curial, MaKami College, AB
- · Hesther Diane Tugade-Pipin, Emannanuel Academy of Business, Healthcare & Technology, ON
- Tracy Scott, Saint Elizabeth Health Care College, ON

Non-Voting:

- Serge Buy, CEO NACC
- Chris Frantz, NACC Staff
- Kelsey Keohane, NACC Staff

The meeting was called to order at 11:33 a.m. EST on October 20th 2017.

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Below are the minutes from the AGM 2017 Meeting.

1. APPROVAL OF THE AGENDA

The draft Agenda had been circulated prior to the meeting.

On motion duly made by Patrick Dang, seconded by Mohammed Abdul Baten and duly carried, the following resolution was passed unanimously:

RESOLVED THAT the Agenda be approved as circulated.

2. APPROVAL OF MINUTES FROM THE NOVEMBER 4th 2016 AGM

The minutes from the 2016 AGM had been circulated prior to the meeting.

Jeremy Nichols noted that his name should have been included on the attendee list for the previous AGM.

On motion duly made by James Loder, seconded by Peter Dykstra and duly carried, the following resolution was passed unanimously:

RESOLVED THAT the minutes of November 4th 2016, AGM be approved with modification to the attendee list to include Jeremy Nichols.

ELECTION OF BOARD MEMBERS

The Returning Officer, Serge Buy, explained that there are two vacant positions on the Board of Directors for the Member-at-Large positions, and two other positions are up for renewal. There being no slate of candidates put forward by the nominating committee, he called for nominations for the four positions:

- Patricia Hanbidge Nominationed by Frank Gerenscer, seconded by Tracy Scott. Patricia accepted the nomination.
- Emidio D'Alfonso Nominated by Patricia Hanbidge, seconded by Tracy Scott. Not being in attendance, Emidio accepted the nomination by letter.
- Grace Pyo Nominated by Charles Jarvis, seconded by Peter Dykstra. Grace accepted the nomination.
- Sunita Vyas Nominated by Frank Gerenscer, seconded by Grace Pyo. Sunita accepted the nomination.

Serge Buy asked if there were any other nominations from the floor.

Frank Gerenscer, as a routine gesture, nominated Peter Dykstra, seconded by Patrick Dang. Peter gave his regrets and did not accept the nomination.

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Serge Buy asked three more times for nominations from the floor. There being no further nominations, he declared the election closed and congratulated all the elected individuals.

4. BYLAW CHANGES

Frank Gerenscer read through and reviewed the suggested bylaw changes as circulated to the membership in advance of the meeting.

Serge Buy noted that changes need to be submitted to Industry Canada for approval, and that bylaw amendments voted on during the AGM would not come into effect for another year.

Frank Gerenscer asked if there were any questions or comments. No questions were asked by the attendees.

On motion duly made by Robert Prendergast, seconded by Mohammed Abdul Baten and duly carried, the following resolution was passed unanalmously:

RESOLVED THAT the bylaw changes sumbmitted to the membership be approved as presented.

REPORTS

- a. Report from the Chair
 - Frank Gerenscer wished Ralph Tucker a happy birthday.
 - He noted that it was a year characterized by a drive to bring home the Post-Graduate Work Permit and recognized the efforts of the Board in this matter.
 - He recognized Serge Buy's efforts to build a relationship with the Immigration office and for his lobbying efforts, which have opened doors for NACC.
 - He spoke on the issue of the Post-Graduate Work Permit, and expressed that, while success is not guaranteed, it is worth the fight.
 - He noted that the Conference is smaller this year than in the past, and emphasized the importance of attending to support the association and the sector as a whole.
 - He explained NACC's governance model and that NACC has two contracts with Serge Buy/ Flagship Solutions – one for lobbying and the other for the management of the association. He thanked Serge for his role as lobbyist and asked people to reach out to the Board for ideas about new governance.
 - He explained where NACC's revenue comes from.
 - He noted that there will be a committee to figure out a governance replacement.
- b. Report from the Chief Executive Officer

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- Serge Buy thanked Frank Gerenscer for his passion and focus on the Post-Graduate Work Permit, but noted that not all schools are on the DLI list or would benefit.
- He highlighted some other files that the Board has worked on including developing a strategy plan.
- He stated that NACC's role needs to be in support of their members and their services.
- He went over other objectives that need to be delivered, such as the conference, magazine and workshops. He encouraged people to advertise in the magazine and said they lost revenues.
- He confirmed he will not be renewing his management contract with NACC, but may still renew his lobbying contract.

6. FINANCIAL REPORTS

a. Audited Statements for 2016

The Treasurer, Robert Prendergast presented the financial statements for 2016:

- Robert Predergast started by noting that there were no qualifications on the audit.
- He noted that three errors were made during the process of the previous audit forecast, and that the projected surplus was less than they had anticipated.
- He thanked JP Roszell for sitting on the audit committee early, Emidio D'Alfonso for sitting on it throughout the year, and Don Thibert for joining.
- He said that he did not believe they would achieve their surplus for the current year of \$36,000 to increase reserves based on the financial statements as of September 30th. This is in part due to an error in budgeting membership revenues with HST included.
- He reviewed other revenue channels, including where financial losses occurred.
- He complimented management and staff for reducting expenses throughout the year.
- He emphasized four major points:
 - Assuming a break-even year, surplus will still remain at \$100,000, but that this is not a large enough safety net and it will need to be addressed moving forward.
 - NACC board needs to reconsider the number of face-to-face Board meetings to reduce expenses, and asked for people's opinions.
 - Suggested a post-mortem committee be appointed by the Board to discuss the Conference and what to do moving forward.

On motion duly made by Ashrad Mahmood, seconded by Dale Ritchie and duly carried, the following resolution was passed unanimously:

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RESOLVED THAT the Audited Financial Statements for 2016 be approved as presented.

b. Appointment of Auditor for 2017

On motion duly made by Robert Prendergast, seconded by Mohammed Abdul Baten and duly carried, the following resolution was passed unanimously:

RESOLVED THAT Parker Prins Lebano be appointed as auditor for NACC for 2017.

7. **NEW BUSINESS**

No new business was brought to the table.

8. ADJOURNMENT

There being no further business to come before the meeting, on motion duly made by Peter Dykstra and duly carried, at 12:19 p.m. EST, the meeting adjourned.

National Office

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National Association of Career Colleges Since 1896

Association nationale des collèges de carrières Depuis 1896