



National Association of Career Colleges

Message from NACC

Annual Report 2016

Financial Statement



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Annual message from NACC

As regulated career colleges increasingly gain recognition from various stakeholders, there is also a growing responsibility to look at quality and ethics in the sector.

Our members achieve wonderful results – and we have all witnessed first-hand the good they can do. We have seen students attending their graduation ceremony who had previously only ever dreamed of earning a diploma. We watch graduates getting their first job and hear from alumni who proudly refer to their experience at a regulated career college.

We have seen the results and the good that can come from our sector throughout the country. From the western shores of Vancouver Island to the eastern shores of Newfoundland – regulated career colleges are present and enable people to gain pride and meaningful employment.

Our sector is being increasingly recognized as part of the solution for major issues facing our country. Changes are looming in the skills required for the workforce of tomorrow, and with that comes massive retraining needs. We also have a growing Indigenous population in this country that wants to take its rightful place in Canada's society and workforce. Newcomers continue to face barriers with their educational credentials not recognized.

All of these are areas where regulated career colleges can step up.

Our sector's credibility will rest on its ability to strengthen ethical guidelines and quality standards. Whether this is done sector-wide or college by college, voluntarily or through government regulations, the future of the sector will depend on its strength. And that requires strong rules.

Post-secondary education is not a free-for-all. And it can't be seen as a free-for-all.

What our members must remember is that we are viewed differently than the public sector. Fairly or not, we are held at a higher standard and while the failings of the public sector and its own problems are often swept under the carpet, our occasional problems are spread out on the front pages of Canada's media.

This is, in part, why we can't afford lapses.

This is, in part, why we must remain vigilant.

The most important reason for all of this is our students. We owe them the future we've promised them. It's our job to make sure that we deliver the education they think they're getting, and in turn, deliver on the dreams they built because of our institutions.



NACC Board Members

— Board Members as of November 2016 —

Frank Gerencser	Chair
Tracy Scott	Vice Chair
Robert Prendergast	Treasurer
Kerry Swanson	Secretary
Patricia Hanbidge	Director
Emidio D'Alfonso	Director
Tracy Scott	Director
Dale Ritchie	Director
Jeremy Nichols	Director
Ralph Tucker	Director
Patrick Dang	Director
JP Roszell.....	Director
Charles Jarvis	Director
Rima Aristocrat	Director

Audited Financial Statements



NATIONAL ASSOCIATION OF CAREER COLLEGES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

ASSETS

CURRENT

Cash
 Marketable securities
 Accounts receivable
 Prepaid expenses

NATIONAL ASSOCIATION OF CAREER COLLEGES

FINANCIAL STATEMENTS

DECEMBER 31, 2016

NET ASSETS

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

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, 2016, 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, 2016, 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
March 30, 2017

NATIONAL ASSOCIATION OF CAREER COLLEGES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 92,939	\$ 17,922
Short-term investments	36,108	-
Accounts receivable	45,262	106,697
Prepaid expenses	26,921	34,761
	201,230	159,380
CAPITAL ASSETS (note 4)	8,583	11,142
	<u>\$ 209,813</u>	<u>\$ 170,522</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 7)	\$ 82,251	\$ 85,665
Prepaid deposits	3,020	3,020
Deferred conference fees	1,000	-
Deferred membership revenue	14,341	-
	100,612	88,685
NET ASSETS		
INVESTED IN CAPITAL ASSETS	8,583	11,142
UNRESTRICTED NET ASSETS	100,618	70,695
	109,201	81,837
	<u>\$ 209,813</u>	<u>\$ 170,522</u>

Approved by the Board:

Director

Director

NATIONAL ASSOCIATION OF CAREER COLLEGES

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
INVESTED IN CAPITAL ASSETS		
Balance, beginning of year	\$ 11,142	\$ 12,490
Amortization	(2,559)	(3,018)
Investment in capital assets	-	1,670
Balance, end of year	<u>\$ 8,583</u>	<u>\$ 11,142</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 70,695	\$ 162,606
Deficiency of revenue over expenditures	27,364	(93,259)
Amortization	2,559	3,018
Investment in capital assets	-	(1,670)
Balance, end of year	<u>\$ 100,618</u>	<u>\$ 70,695</u>

NATIONAL ASSOCIATION OF CAREER COLLEGES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Annual conferences	\$ 63,829	\$ 56,885
Curriculum fees	103,700	91,560
CCAP revenue	-	64,080
Examination service fees	406,602	406,250
Examination services workshops	24,350	27,975
Membership fees	144,183	128,412
Sponsorship	29,500	24,650
Interest and sundry income	14,315	26,447
Legal revenue (note 6)	-	9,141
Pathways Project revenue	-	278,732
School audit fees	29,200	12,250
	<u>815,679</u>	<u>1,126,382</u>
EXPENDITURES (Schedule 1)		
Examination services	131,422	139,764
Member services	342,082	368,889
Office and administration	298,415	338,639
Pathway Project expenses (note 8)	16,396	309,780
CCAP expenses	-	62,569
	<u>788,315</u>	<u>1,219,641</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 27,364</u>	<u>\$ (93,259)</u>

NATIONAL ASSOCIATION OF CAREER COLLEGES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ 27,364	\$ (93,259)
Items not affecting cash:		
Amortization	2,559	3,018
	29,923	(90,241)
Net changes in non-cash items related to operations:		
Accounts receivable	61,435	(57,115)
Prepaid expenses	7,840	2,130
Accounts payable and accrued liabilities	(3,414)	17,513
Legal fund	-	(9,141)
Prepaid deposits	-	(3,244)
Deferred conference fees	1,000	(27,149)
Deferred grant revenue	14,341	(165,481)
Deferred accreditation revenue	-	(11,000)
	111,125	(343,728)
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchases of capital assets	-	(1,670)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	111,125	(345,398)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,922	363,320
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 129,047</u>	<u>\$ 17,922</u>
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Cash	\$ 92,939	\$ 17,922
Short-term investments	36,108	-
	<u>\$ 129,047</u>	<u>\$ 17,922</u>

NATIONAL ASSOCIATION OF CAREER COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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-for-profit 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.

NATIONAL ASSOCIATION OF CAREER COLLEGES

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2016

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

		2016		2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 5,444	\$ 3,128	\$ 2,316	\$ 3,308
Office furniture and equipment	80,580	74,313	6,267	7,834
	<u>\$ 86,024</u>	<u>\$ 77,441</u>	<u>\$ 8,583</u>	<u>\$ 11,142</u>

NATIONAL ASSOCIATION OF CAREER COLLEGES

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2016

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):

	<u>2016</u>	<u>2015</u>
GST/HST	<u>\$ 47,661</u>	<u>\$ (4,341)</u>

8. PATHWAYS PROJECT

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

9. COMPARATIVE FIGURES

Certain of the 2015 comparative figures have been reclassified in order to conform with the current year financial statement presentation.

NATIONAL ASSOCIATION OF CAREER COLLEGES

SCHEDULE 1 - EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
EXAMINATION SERVICES EXPENDITURES		
Committee meetings	\$ 34,760	\$ 16,036
Courier and shipping	3,397	4,815
Curriculum development	14,316	22,116
On-line examination fees	58,088	54,872
Supplies and pins	20,861	41,925
	<u>\$ 131,422</u>	<u>\$ 139,764</u>
MEMBER SERVICES EXPENDITURES		
Annual conference	\$ 52,543	\$ 52,884
Board and committee meetings	37,680	50,563
Consulting services	222,573	188,964
Domestic promotions	22,197	49,795
International promotions	3,119	20,582
Lobbying	1,068	3,406
Printing and reproduction	2,902	2,695
	<u>\$ 342,082</u>	<u>\$ 368,889</u>
OFFICE AND ADMINISTRATION EXPENSES		
Amortization	\$ 2,559	\$ 3,018
Bank charges	18,803	19,330
Computer support services	4,007	3,586
Courier and shipping	650	413
Insurance	4,182	5,455
Office supplies	2,825	4,640
Professional fees	14,989	11,450
(Recovery of) provision for impairment of accounts receivable	(4,202)	6,545
Rent	48,790	49,450
Salaries and benefits	196,607	220,450
Security	539	659
Subscriptions and promotions	4,005	8,397
Telephone, internet and fax	4,661	5,246
	<u>\$ 298,415</u>	<u>\$ 338,639</u>

NATIONAL ASSOCIATION OF CAREER COLLEGES

SCHEDULE 1 - EXPENDITURES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

PATHWAY PROJECT EXPENSES

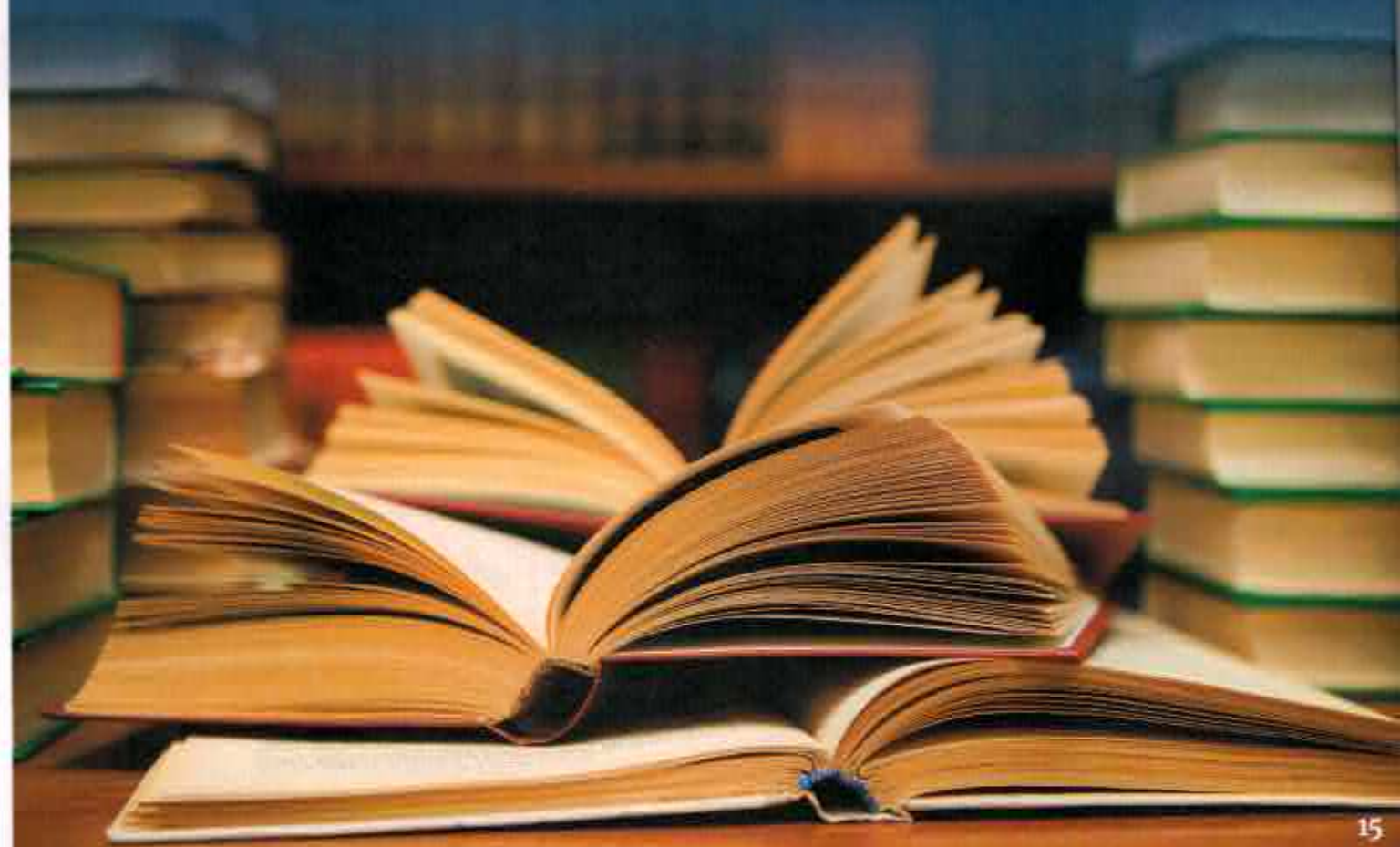
Office expense	-	17,134
Printing	-	1,999
Provision for impairment of accounts receivable (note 8)	16,396	-
Rent	-	10,577
Salaries and benefits	-	262,764
Telephone and internet	-	3,577
Travel	-	13,729
	<u>\$ 16,396</u>	<u>\$ 309,780</u>

CCAP EXPENSES

Contractors	\$ -	\$ 60,000
Office expense	-	2,569
	<u>\$ -</u>	<u>\$ 62,569</u>

APPENDIX A

Minutes from Previous AGM





NATIONAL ASSOCIATION OF CAREER COLLEGES
L'ASSOCIATION NATIONALE DES COLLÈGES DE CARRIÈRES

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 4th day of November, 2016.

Present:

- James Loder, Academy Canada, NL
- Audrey Brattberg, Academy of Learning, AB
- Elmer Brattberg, Academy of Learning, AB
- Charles Jarvis, Academy of Learning, AB
- Sunny Sheng, Cdn Business Skills College of Tech, ON
- Ali Noori, Greystone College, ON
- Ginette Gervais, Collège Salette, QC
- Robert Prendergast, Fraser Education, BC
- Emidio D'Alfonso, Herzing College, ON
- George Hood, Herzing, ON
- Rima Aristocrat, Willis College, ON
- Blair Chapman, Saskatoon Business College, SK
- Frank Gerenscer, triOS College, ON
- Ankit Sharma, ILAC Int'l College, ON
- Ashley Drummond, Saint Elizabeth College, ON
- Brenda Symes, Campbell College, AB
- Bryan Merkley, AOL Cornwall, ON
- Buki Hough, Western Maritime Inst., BC
- Cathy Krupp, Cape Breton Business College, NS
- Cheryl Harrison, MC College, AB
- Chris Bissylas, Willis College, ON
- Dale Ritchie, McKenzie College, NB
- Dave McCormick, Herzing College, ON
- David Corvers, Westervelt College, ON
- Dr. Mike McAllister, Herzing College, QC
- Drew Hutcheson, Health & Safety Mgmt Group, ON
- Frank Cianciaruso, Herzing/PAT Institute, ON
- Grace Pyo, Greystone College, BC
- Henry Devlin, Westervelt College, ON
- Ian R. Marshall, Intl Academy of Massage, ON
- James Connery, Louis Riel College, MB
- Janet Boutilier, NS College of ECE, NS
- John McNestry, Discovery Community College, BC
- Krista Livingstone Clark, Discovery Community College, BC
- Lois McNestry, Discovery Community College, BC
- Kerry Swanson, Herzing College, MB
- Maggie Harvie, Sprott Shaw College, BC
- Mark Harrington, NAHB, ON
- Mark O'Shaughnessy, Inst. Of Technical Trades, ON
- Miajan Aryan, Cdn All Care College, ON
- Michelle Lowndes, Bonnie Gordon College, ON
- Patricia Hanbidge, Saskatoon School of Horticulture, SK
- Peter Dykstra, Career College Group, ON
- Reinhard Krupp, Cape Breton Bus. College, NS
- Rich Chapman, Saskatoon Bus. College, SK
- Ron Schuster, Cdn College of Performing Arts, BC
- Sharon Varga, Louis Riel College, MB
- Sharon Parenteau, Louis Riel College, MB
- Stan Leake, Discovery Community College, BC
- Stephanie Constantineau, Saint Elizabeth College, ON
- Sue Beirnes, Sprott Shaw College, BC



Non-Voting:

- Serge Buy, CEO NACC
- Kayla Bimm, NACC
- Debbie Archer, NACC (Recording Secretary)
- Alyson Queen, NACC
- Holly McKnight, NACC

The meeting was called to order at 11:40 a.m. ET on November 4th, 2016.

1. APPROVAL OF THE AGENDA

The draft Agenda had been circulated prior to the meeting

On motion duly made by George Hood, seconded by Frank Gerencser and duly carried, the following resolution was passed unanimously:

RESOLVED THAT the Agenda be approved as circulated.

2. APPROVAL OF MINUTES FROM THE MAY 1, 2015 AGM

The draft minutes of the 2015 AGM had been circulated prior to the meeting. On motion duly made by Kerry Swanson, seconded by Lois McNestry and duly carried, the following resolution was passed unanimously:

RESOLVED THAT the minutes of the May 1st, 2015, AGM be approved as circulated.

3. ELECTION OF BOARD MEMBERS

The Returning Officer, Serge Buy, explained that there was one vacant position on the Board of Directors. The Nominating Committee had presented a slate of one candidate to fill that position: Robert Prendergast.

Mr. Buy asked three times for nominations from the floor. Hearing no nominations, Mr. Buy closed the nominations.

Mr. Buy asked the candidate if he accepted his nomination. He accepted the nomination.

4. REPORTS

a. Report from the Chair

The Chair, Ginette Gervais, reviewed some of the good work done by NACC during



her tender as Chair for the past two years. She thanked everyone for making her job fulfilling.

As outgoing Chair, she thanked fellow Board members, staff and management, and the membership for their contributions.

b. Report from the Chief Executive Officer

Serge Buy reviewed the achievements over the 2015 year including; government relations for the Canada Job Grant; indigenous training programs; Canada Student Grant and awareness. Mr. Buy also provided an update on the Post Graduate Work Permit issue.

5. FINANCIAL REPORTS

a. Audited Statements for 2015

The Treasurer, Emidio D'Alfonso, was called away for an emergency. Robert Prendergast presented the financial statements for 2015.

On motion duly made by Lois McNestry, seconded by George Hood and duly carried, the following resolution was passed unanimously:

RESOLVED THAT the Audited Financial Statements for 2015 be approved as presented.

b. Budget for 2017

Robert Prendergast explained that the budget for 2017 was not available at this time. The finance committee wanted to take more time to prepare a more detailed budget for 2017.

c. Appointment of Auditor for 2016

On motion duly made by Frank Gerencser, seconded by Kerry Swanson and duly carried, the following resolution was passed unanimously:

RESOLVED THAT Parker Prins Lebano be appointed as auditor for NACC for 2016.

6. NEW BUSINESS

No new business was brought to the table.

7. PRESENTATION OF 2017 CONFERENCE INFORMATION

The CEO, Serge Buy, gave the 2017 Conference information. It will take place in Ottawa, ON at



the Marriott hotel, October 18 – 20, 2017. He invited everyone to join NACC for the 125th Anniversary.

8. ADJOURNMENT

There being no further business to come before the meeting, on motion duly made by J.P. Roszell, seconded by George Hood and duly carried, at 12:45 p.m., the meeting adjourned.

National Office

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National Association of
Career Colleges *Since 1896*



Association nationale des
collèges de carrières *Depuis 1896*