



NATIONAL ASSOCIATION OF CAREER COLLEGES

2021 Annual Report

Year Ending December 31, 2021

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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 3rd day of December 2021 via Zoom.

Present:

Adrian Sharma	Cestar College of Business, Health & Technology
Ali Noori	Greystone College of Business & Technology
Amanda Harris	CTS Career Colleges & Modern College of Hairstyling
Angela Jureidini	The IBROW Academy of Advanced Esthetics
Ann Knowlton	Crossroads Career College
Anna Simonyan	Business and Technical Training College
Anthony Reeder	East Coast Regional Heavy Equipment
Aparna Kushwah	MLC College
Balraj Sidhu	Central College of Business and Technology
Beverley Spencer	SMTC Career Institute
Blair Chapman	SBC College
Carlos Carvalho	CTS Career Colleges
Carmen Valero	Canadian College of Educators
Chamara Perera	AOL - Bay & Queen
Chelsey Reid	Emergency Services Academy
Cheryl Harrison	MC College
Chitrlekha Potnis	Peel College
Christine (Jing) Xu	Canada Topline College of Business, Technology &
Craig McDonald	Healthcare Metal Works Institute
Craig Tucker	Keyin College

Cynthia Lidster	Atlantic College of Applied Health Science
Dale Ritchie	McKenzie College
Dean Tremain	Canadian Business College
Deborah Guest	Eastern Academy
Des Soye	Algonquin Careers Academy
Diana Li	Cdn College of Acupuncture & Traditional Chinese Medicine
Ed Stavnitzky	Edge Academy
Ehsan Safdari	Toronto School of Management
Emidio D'Alfonso	Pre-Apprenticeship Training Institute
George Hood	Herzing Ontario
Grace Pyo	Greystone College of Business & Technology
Gupreet Kahlon	Clarkridge College
Imran Qureshi	AIMS Healthcare College
James Connery	Louis Riel Vocational College
Jason Dubois	Protégé School
Jean Mowatt	Senior Watch Inc.
Jeremy Nichols	Commercial Safety College
Junaid Bhatti	Canadian College of Healthcare & Pharmaceuticals
Len J. Bryden	Carpenter Millwright College
Linny Aberia	Academy of Healthcare Services
Lois McNestry	Discovery Community College
Mandeep Dhaliwal	Northview College
Marilou Cafa	Canadian Care Academy Inc.
Michael McAllister	Herzing Quebec
Muraly Srinaryanathas	CompuTek College of Business, Healthcare & Technology
Nadine Baladi	Greystone College of Business & Technology
Natasha Joyce	Canadian College of Massage & Hydrotherapy
Patrick Golding	College Cumberland Inc.
Ramona Buda	Willis College of Business, Health & Technology
Richa Jaiswal	Beta College of Business & Technology
Sarah Ward	MH Vicars School of Massage Therapy
Scott Parker	Digital School
Selena McConnell	Canadian Imperial College
Stuart Bentley	triOS College
Sunita Vyas	AOL - Mississauga
Teena Gill	Alberta College of Massage Therapy
Tiffaney Bodnariuk	CDI College
Tim Iqbal	Innovations in Business Solutions Inc.
Tim Ogilvie	CDI College and Reeves College
Tracy Duo	Acumen College of Business and Technology
Unna Fuller	City College of Business, Health & Technology
Xiaoning Yuan	College of Traditional Chinese Medicine

Non-Voting:

Michael Sangster, CEO NACC
Debbie Archer, NACC Staff
Holly McKnight, NACC Staff
Victoria Ventura, NACC Staff
Sarah Riaz, NACC Staff
Dana Archer, NACC Staff
Adele Conn, NACC Staff

1. Call to Order

The meeting was called to order at 1:00 p.m. EST by George Hood, Chair.
Quorum confirmed.

2. Approval of the Agenda

George Hood, Chair asked to move to vote on the acceptance of the agenda circulated in advance.

An electronic vote was cast to approve the agenda as presented; the resolution was passed with 92% of votes presented and it was

RESOLVED THAT the Agenda be approved as presented.

3. Approval of the Minutes from the 2020 AGM Minutes

The minutes from the 2020 AGM had been circulated prior to the meeting.

George Hood, Chair asked to vote on the acceptance of the 2020 AGM minutes circulated in advance of the meeting.

An electronic vote was cast to approve the previous minutes presented; the resolution was passed with 85% of votes presented and it was

RESOLVED THAT the minutes of December 3rd, 2020 AGM be approved.

4. Chairman's Address, George Hood

George spoke about how we are in year two of not seeing anyone in person. He spoke about NACC celebrating our 125th anniversary and supporting Canadian regulated private career colleges.

He acknowledged the struggles of our career colleges and businesses everywhere due to Covid. He acknowledged the tremendous efforts of our career colleges, healthcare and Personal Support Worker graduates that have been caring for our seniors. Indicating that

when Covid struck, career colleges moved very quickly to implement online delivery of most of their programs. Demonstrating that this action saved students; allowing them to graduate and become job ready.

He spoke about lobby efforts and free tuition, which will result in higher graduation, employment, and loan repayment rates. Past recession has resulted in significant demand for training and there are so many displaced workers this time around; career colleges are here. We are the solution. We are ready to meet the need.

He went on to talk about the new CEO, Michael Sangster and how they have met with many government departments, provisional contacts, and our membership.

He spoke about how NACC is financially secure and how we can work with our membership to develop more products to help our career college members.

NACC has also partnered with one of our member colleges to provide the Instructor Development Program. It provides quality online learning for career college instructors at a reasonable cost. This is highly recommended for instructors as a refresher, or to train new instructors.

He thanked our new CEO, Michael Sangster who has increased communications, collaboration, and national focus. For his short time as CEO, he has brought special skills, knowledge, leadership, and a new energy to the team. George indicated that he has really enjoyed working with Michael over the last few months.

George thanked the NACC staff for their dedications and contributions.

Finally, he thanked the Board of NACC who served faithfully and with passion over 2020 and 2021. He wanted to remind everyone that this Board is completely made up of volunteers who have stepped up these past two years and done a lot for the Association.

5. Vision for 2022

George outlined some of the vision for year 2022 including:

- National Messaging and Lobbying Campaigns
- National Focus
- Expanded and Renewed Curriculum
- New Programs
- Management Academy
- AGM – back to being live and in-person in Ottawa sometime in October

6. Election of Directors-at-Large

Blair Chapman of the election committee reviewed the process of the electronic voting for

this year's election. He indicated that there were two Director-at-large positions available.

There were two nominees interested in the positions including Stuart Bentley and Michael McAllister.

Blair asked if there were any nominees from the floor. With no other nominations from the floor, the nominations were closed.

With no other nominations put forward, Stuart Bentley and Michael McAllister were elected to the Board by acclamation.

7. Financial Reports

Stuart Bentley, Treasurer presents the 2020 Audited Financial Statements. Highlights include:

Balance Sheet:

- Cash, investments, and accounts receivables are higher than previous year
- Lower pre-paid expenses and minimal capital assets
- Accounts payable and overall liabilities are higher than previous years due to HST payable at the time
- Finance and Governance committee reviewed all taxes paid/owing each month as part of good governance practices
- Long-term payable is a \$40,000 Canada Emergency Business Account (CEBA) loan payable and is due December 31, 2022; if paid on time, NACC only pays back \$30,000
- Excess of revenue over expenses of \$145,494; a sizable increase from previous year, resulting in a sizable increase in Net Assets
- Cash and investments are more than adequate to cover 2021 and 2022 operating costs based on current revenue and cost estimates

Revenue and Expenditures:

- Revenues declined due to the pandemic, reduced exam fees, no annual conference, no workshops or academy fees and reduced audit fees
- Revenues increased through the Canada Emergency Wage Subside, Curriculum fees for PSW Program purchases and a small increase in membership
- Expenditures were slightly lower than previous year due to a reduction in exam costs and member services costs

- The increase in office administration costs is a result of the hiring of the new CEO during early 2019 as an employee rather than consultant as was in the past
- The loss on sale of asset was disposal of used furniture no longer needed

Resulting in a strong year financially. Other things to note:

- No significant risk due to large customers, interest rate changes or market risk
- Ongoing commitments are minimal
- No leased premises obligation as of June 30, 2022; NACC moved from a leased office to virtual working environment

Electronic voting took place with the following resolution passed at 100%:

RESOLVED THAT the Audited Financial Statements for 2021 be approved as presented.

Electronic voting took place with the following resolution passed at 93%, 3% abstained:

RESOLVED THAT the Auditors of Parker Prins Lebano Chartered Professional Corporation be appointed auditors for the year ending December 31, 2022.

Stuart shares some general comments:

- Revenues exceeded \$1M.
- Education activities revenue are tracking well ahead of the annual plan due to increased curriculum sales for PSW and HSW programs, exam revenue from PSW exams and skills passbook sales as well as stronger uptake in our Instructor Development Program.
- The PSW challenge fund in Ontario started in May 2021 and there will be 3-4,000 additional exams to be delivered from October 2021 to February 2022. We are seeing an increase in exam registrations due to corporate PSW training and overall growth in career college PSW training.
- Surplus expected to exceed \$400,000 for the year.
- NACC is in a good financial position to make further investments in lobbying activities and revenue growth.

Significant changes to the operations of NACC:

- New CEO Michael Sangster in July
- In-person meetings moved virtual
- In-person Instructor Development Day moved to virtual
- New Admin staff hired to support increased PSW exams
- Extensive work on PSW and ECA programs
- Continued access to Canada Emergency Wage Subsidy
- Significant surplus achieved vs. budget for the year
- Special thank you to Michael, Debbie, Holly, Dana, Victoria, Sarah, and Adele for their contributions in the administration of the Association

- Thank you to our program auditors, Ann, Sandra, and Wayne

8. CEO Address

Michael Sangster spoke about his experience and what he is looking for in the position. He covered his vision for 2022 and beyond including:

- Government outreach
- Stakeholder outreach
- Consistent messaging
- Storytelling and social media
- Curriculum
- Affinity programs
- Partnerships

He introduced some of the new partnerships including:

- TELUS Wise
- LEAP – Pallium Canada
- Wavemakers
- Enriched Academy

He thanks the NACC team and spoke about how he has enjoyed working and getting to know the staff.

9. Ratification of Board Activities

An electronic vote took place and the following resolution passed at 98%:

RESOLVED THAT the actions of the Board of Directors in 2021 be ratified by the members.

10. Guest Speaker

Brad Jacobs spoke about “1,000 Days to Winning and Olympic Gold Medal”.

11. TELUS Wise

Spoke about their new partnership with NACC.

12. Motion to Adjourn

George Hood asked for a motion to adjourn the meeting which was passed electronically at 1:45 pm. EST.



NATIONAL ASSOCIATION OF CAREER COLLEGES

BOARD MEMBERS

We would like to thank our Board Members for their time and support during 2021.

Executive Team

George Hood, Herzing College, ON (Chair)

Michael McAllister, Herzing College, QC (Vice-Chair)

Stuart Bentley, triOS College Business Technology Healthcare, ON (Treasurer)

Directors

Adrian Sharma, Cestar College, ON

Anthony Reeder, Collège Trans-Canada College, NB

Blair Chapman, Saskatoon Business College Ltd, SK

Carmen Valero, Canadian College of Educators, ON

Craig Tucker, Keyin College, NL

Ed Stavnitzky, Edge Academy, ON

Ginette Gervais, ACPNS, QC

Grace Pyo, Greystone College of Business & Technology, BC

James Connery, Louis Riel Vocational College, MB

Jeremy Nichols, Commercial Safety College, NS

Lois McNestry, Discovery College, BC

Natasha Brathwaite, MaKami College, AB

At the 2022 Annual General Meeting, two Director positions will be up for election; the one currently occupied by Grace Pyo and a vacant position. We want to thank Grace for her contributions to the Association over the past six years.

National Association of Career Colleges Budget

January - December 2022

	<u>Total Budget</u>
Income	
4000 Revenue	
4010 Membership Fees	163,000.00
Total 4000 Revenue	\$ 163,000.00
4100 Education Activities Revenue	
4110 Curriculum Sales	92,000.00
4120 Curriculum Renewal	22,800.00
4130 Exam Revenue	780,000.00
4140 IDP Registration	60,000.00
4150 Program Audits	50,400.00
4160 College Site Visits	25,200.00
4170 Passbooks Sales	109,000.00
4180 Inst Development Day - Attendees	20,500.00
4190 Inst Development Day - Video	14,500.00
4195 Partner Programs	20,000.00
Total 4100 Education Activities Revenue	\$ 1,194,400.00
4200 Miscellaneous Revenue	
4220 Marketing Platform	22,500.00
4230 Conference Exhibitors	20,000.00
4240 Conference Sponsorship	30,000.00
4250 Conference Attendees	23,400.00
4260 Management Academy	20,000.00
4285 Interest Revenue	420.00
4360 Misc. Revenue	0.00
Total 4200 Miscellaneous Revenue	\$ 116,320.00
Total Income	\$ 1,473,720.00
Gross Profit	\$ 1,473,720.00
Expenses	
5000 Employee & Consultant Expenses	
5010 Salaries	581,250.00
5015 CPP Expenses	18,700.00
5020 EI Expenses	8,400.00
5036 RRSP	6,466.00
5040 Group Insurance	2,760.00
Total 5000 Employee & Consultant Expenses	\$ 617,576.00
5100 Domestic Promotions & Communications	
5120 Advertising	
5150 Marketing Platform	12,000.00

Total 5100 Domestic Promotions & Communications	30,000.00
5300 Membership Relations	\$ 42,000.00
5310 Annual Conference	
Total 5300 Membership Relations	45,000.00
5400 Education Expenses	\$ 45,000.00
5410 Certificates	
5420 Courier/Shipping	3,600.00
5430 Curriculum Development	8,600.00
5440 Exam Hosting - IDP	1,500.00
5450 Exam Hosting - NACC	36,200.00
5451 Exam Proctoring	24,000.00
5460 Pin Reproduction	117,000.00
5465 Passbook Reproduction	6,744.00
5480 Program Auditor	26,544.00
Total 5400 Education Expenses	57,600.00
5500 Government Relations	\$ 281,788.00
5505 Government Promotion Consultant	
5510 GR Travel	150,000.00
Total 5500 Government Relations	60,000.00
5600 Governance	\$ 210,000.00
5610 Board Meeting	
Total 5600 Governance	27,000.00
5700 Office Administration	\$ 27,000.00
5705 Amortization	
5710 Auditor Fees	1,560.00
5720 Bank Charges	13,500.00
5725 Computer Support/Maintenance	1,800.00
5735 Credit Card Fees	9,900.00
5737 Entertainment	42,000.00
5740 Insurance	6,000.00
5745 Internet Fees	7,464.00
5752 Licencing Fees	5,760.00
5755 Membership/Subscriptions	3,000.00
5775 Office supplies	5,810.00
5780 Postage	4,200.00
5785 Professional development	378.00
5790 Rent - Lease Costs	6,000.00
5810 Telephone	1,956.00
5820 Travel	2,424.00
Total 5700 Office Administration	4,950.00
Total Expenses	\$ 116,702.00
Net Operating Income	\$ 1,340,066.00
Net Income	\$ 133,654.00
	\$ 133,654.00

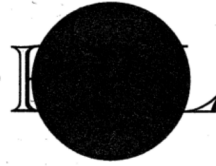
NATIONAL ASSOCIATION OF CAREER COLLEGES

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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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

Opinion

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, 2021, and the Statements Of Changes In Net Assets, Operations, and Cash Flows for the year then ended, and Notes To The Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Association of Career Colleges as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the National Association of Career Colleges in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

There is tremendous uncertainty in regards to the negative economic impacts of the COVID-19 pandemic. It is very possible that there will be significant decreases in revenues and the inability of the organization to adjust expenditures may result in a significant negative impact on operational profit. The ability for the organization to sustain operations will be dependent on a variety of factors. These financial statements do not include any adjustments or accruals for these potential effects.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the National Association of Career Colleges' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the National Association of Career Colleges or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the National Association of Career Colleges' financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 National Association of Career Colleges' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Association of Career Colleges' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the National Association of Career Colleges to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



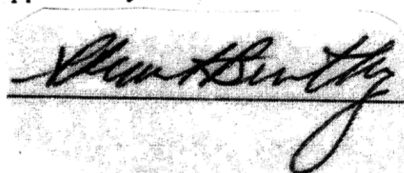
Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
March 14, 2022

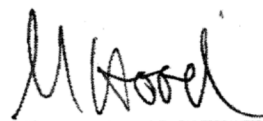
NATIONAL ASSOCIATION OF CAREER COLLEGES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 701,448	\$ 248,419
Short-term investments	228,668	178,403
Accounts receivable	58,071	35,903
Prepaid expenses	19,438	8,728
	<u>1,007,625</u>	<u>471,453</u>
CAPITAL ASSETS (note 4)	<u>11,614</u>	<u>5,654</u>
	<u><u>\$ 1,019,239</u></u>	<u><u>\$ 477,107</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 7)	\$ 153,550	\$ 80,192
Deferred advertising revenue	-	2,500
Deferred membership revenue	1,190	3,826
Deferred audit revenue	-	1,000
	<u>154,740</u>	<u>87,518</u>
LONG-TERM PAYABLE (CEBA) (note 9)	<u>40,000</u>	<u>40,000</u>
	<u>194,740</u>	<u>127,518</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	11,614	5,654
UNRESTRICTED NET ASSETS	<u>812,885</u>	<u>343,935</u>
	<u>824,499</u>	<u>349,589</u>
	<u><u>\$ 1,019,239</u></u>	<u><u>\$ 477,107</u></u>

Approved by the Board:



Director



Director

NATIONAL ASSOCIATION OF CAREER COLLEGES
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
INVESTED IN CAPITAL ASSETS		
Balance, beginning of year	\$ 5,654	\$ 6,165
Amortization	(3,047)	(1,762)
Investment in capital assets	<u>9,007</u>	<u>1,251</u>
Balance, end of year	<u><u>\$ 11,614</u></u>	<u><u>\$ 5,654</u></u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 343,935	\$ 197,930
Excess of revenue over expenditures	474,910	145,494
Amortization	3,047	1,762
Investment in capital assets	<u>(9,007)</u>	<u>(1,251)</u>
Balance, end of year	<u><u>\$ 812,885</u></u>	<u><u>\$ 343,935</u></u>

NATIONAL ASSOCIATION OF CAREER COLLEGES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Annual conferences	\$ 35,000	\$ 23,390
Canada Emergency Wage Subsidy (note 10)	95,642	83,169
Curriculum fees	169,950	111,815
Examination service fees	892,123	317,722
Membership fees	152,532	145,876
Interest and sundry income	613	2,353
School audit fees	<u>28,117</u>	<u>5,775</u>
	<u>1,373,977</u>	<u>690,100</u>
EXPENDITURES (Schedule 1)		
Examination services	122,326	60,453
Member services	126,271	33,622
Office and administration	<u>650,470</u>	<u>446,021</u>
	<u>899,067</u>	<u>540,096</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE LOSS ON SALE OF ASSET	474,910	150,004
LOSS ON SALE OF ASSET	<u>-</u>	<u>4,510</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u><u>\$ 474,910</u></u>	<u><u>\$ 145,494</u></u>

NATIONAL ASSOCIATION OF CAREER COLLEGES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 474,910	\$ 145,494
Items not affecting cash:		
Amortization	<u>3,047</u>	<u>1,762</u>
	477,957	147,256
Net changes in non-cash items related to operations:		
Accounts receivable	(22,168)	(12,399)
Prepaid expenses	(10,710)	13,670
Accounts payable and accrued liabilities	73,358	32,242
Deferred advertising and audit revenue	(3,500)	2,500
Deferred membership revenue	<u>(2,636)</u>	<u>640</u>
	<u>512,301</u>	<u>183,909</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchases of capital assets (net)	<u>(9,007)</u>	<u>(1,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term payable (CEBA)	<u>-</u>	<u>40,000</u>
INCREASE IN CASH AND CASH EQUIVALENTS	503,294	222,658
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>426,822</u>	<u>204,164</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 930,116</u></u>	<u><u>\$ 426,822</u></u>
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Cash	\$ 701,448	\$ 248,419
Short-term investments	<u>228,668</u>	<u>178,403</u>
	<u><u>\$ 930,116</u></u>	<u><u>\$ 426,822</u></u>

NATIONAL ASSOCIATION OF CAREER COLLEGES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021

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

	2021		2020
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 15,659	\$ 4,045	\$ 11,614
			\$ 5,654

5. COMMITMENTS

On October 1, 2020, the Association entered in to a 36-month contract with Palomino System Innovations Inc., at a fixed cost of \$2,150 per month, including applicable taxes.

NATIONAL ASSOCIATION OF CAREER COLLEGES
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

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:

	<u>2021</u>	<u>2020</u>
GST/HST	<u>\$ 78,154</u>	<u>\$ 22,297</u>

8. COMPARATIVE FIGURES

Certain of the 2020 comparative figures have been reclassified in order to conform with the current year financial statement presentation.

9. LONG-TERM PAYABLE (CEBA)

In response to economic effects of COVID-19, the Association was granted a Canada Emergency Business Account (CEBA). While the full \$40,000 available funds will be recorded as payable, \$10,000 of the total outstanding can be retained by the Association if repayment of the remaining \$30,000 is completed by December 31, 2022. The loan is interest free and has no specific terms of repayment other than the aforementioned. If the loan is not repaid by December 31, 2022, it will convert to a term loan of three years carrying interest at 5%. At this time, the Association plans to repay the loan by the grant eligibility timeline.

10. CONTINGENT LIABILITY (CEWS)

During the fiscal year under the subsidy provisions administered by the Canada Revenue Agency (CRA) pertaining to financial hardships experienced as a result of the COVID-19 pandemic, certain benefits were received under the Canada Emergency Wage Subsidy (CEWS) program. This program allowed employers to obtain a taxable subsidy of an amount of up to 75% of eligible employee remuneration for certain periods assuming that prescribed decreases in revenues were experienced. This program is relatively complex in that different calculations are required for each period, there is no history of reassessments or CRA review and the constantly emerging information has caused some confusion for employers potentially causing incorrect subsidy applications. As a result, it is not possible to fully ascertain whether a liability exists with regard to a potential recalculation or repayment of CEWS amounts received prior to the year end.

NATIONAL ASSOCIATION OF CAREER COLLEGES
SCHEDULE 1 - EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
EXAMINATION SERVICES EXPENDITURES		
Committee meetings	\$ 29,231	\$ 8,686
Courier and shipping	7,824	5,563
Curriculum development	18,788	16,096
On-line examination fees	59,600	24,592
Supplies and pins	6,883	5,516
	<u>\$ 122,326</u>	<u>\$ 60,453</u>
MEMBER SERVICES EXPENDITURES		
Annual conference	\$ 2,700	\$ 609
Board and committee meetings	-	13,025
Consulting services	99,229	-
Domestic promotions	22,516	16,200
International promotions	548	2,423
Printing and reproduction	1,278	1,365
	<u>\$ 126,271</u>	<u>\$ 33,622</u>
OFFICE AND ADMINISTRATION EXPENDITURES		
Amortization	\$ 3,047	\$ 1,762
Bank charges	38,770	16,667
Computer support services	11,961	19,737
Courier and shipping	1,875	834
Insurance	7,578	5,560
Office supplies	4,676	2,540
Professional fees	14,510	18,070
Provision for impairment of accounts receivable	-	1,947
Rent	1,977	26,938
Salaries and benefits	551,171	336,927
Security	-	126
Subscriptions and promotions	9,965	8,712
Telephone, internet and fax	4,940	6,201
	<u>\$ 650,470</u>	<u>\$ 446,021</u>

