

LANGUAGES CANADA ASSOCIATION

Financial Statements

Year Ended December 31, 2015

LANGUAGES CANADA ASSOCIATION
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Year Ended December 31, 2015

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CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of Languages Canada Association

We have audited the accompanying financial statements of Languages Canada Association, which comprise the statement of financial position as at December 31, 2015, and the statements of operating revenue and expenditures, changes in net assets 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.

Auditor's Responsibility

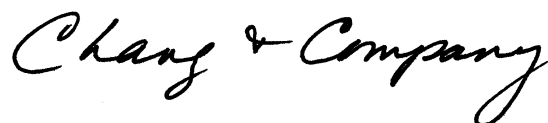
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Languages Canada Association as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED PROFESSIONAL ACCOUNTANTS

February 25, 2016
Burnaby, B.C.

LANGUAGES CANADA ASSOCIATION
Statement of Financial Position
December 31, 2015

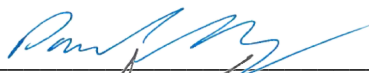
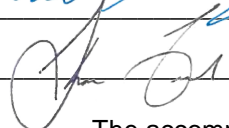
	2015	2014
ASSETS		
CURRENT		
Cash	\$ 131,736	\$ 10,099
Term deposits	200,000	450,000
Accounts receivable	125,788	119,898
Prepaid expenses	89,847	12,474
	547,371	592,471
RESTRICTED CASH AND INVESTMENT (Note 5)	220,804	220,098
	\$ 768,175	\$ 812,569

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 108,939	\$ 97,442
Deferred income (Note 4)	131,895	88,250
	240,834	185,692
NET ASSETS		
Operating fund	306,537	406,779
Student Education Assurance Fund (Note 5)	220,804	220,098
	527,341	626,877
	\$ 768,175	\$ 812,569

MEMBER DEPOSITS (Note 6)

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

The accompanying notes form an integral part of these financial statements.

LANGUAGES CANADA ASSOCIATION
Statement of Operating Revenue and Expenditures
Year Ended December 31, 2015

	2015	2014
REVENUE		
Membership fees	\$ 675,821	\$ 666,391
Grants (<i>Schedule 1</i>)	122,632	87,141
Conference fees and sponsorships	136,557	151,615
Marketing initiative fees (<i>Schedule 1</i>)	148,002	195,080
Advertising fees (<i>Schedule 1</i>)	9,000	2,025
Partnership income (<i>Note 7</i>)	42,575	45,746
Interest income	4,877	3,123
ISP advocacy	-	32,226
	<u>1,139,464</u>	<u>1,183,347</u>
EXPENDITURES		
Advocacy and affiliations	146,777	104,653
Bank charges and interest	4,314	3,168
Conference	81,503	103,583
Insurance	3,473	3,405
ISP advocacy	-	32,226
Marketing and promotion (<i>Schedule 1</i>)	342,347	345,740
Office	9,197	11,340
Communications and translation	41,335	12,298
Professional fees	9,716	9,073
Salaries, benefits and commissions	549,550	428,442
Staff training and development	7,211	7,036
Telephone	17,053	13,675
Travel	27,230	7,952
	<u>1,239,706</u>	<u>1,082,591</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (100,242)	\$ 100,756

The accompanying notes form an integral part of these financial statements.

LANGUAGES CANADA ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2015

	Operating Fund	Student Education Assurance Fund	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 406,779	\$ 220,098	\$ 626,877	\$ 518,999
Excess (deficiency) of revenue over expenditures	(100,242)	-	(100,242)	100,756
Member contributions, net <i>(Note 5)</i>	-	4,510	4,510	8,690
Compensation paid <i>(Note 5)</i>	-	(5,133)	(5,133)	(3,263)
Interest earned <i>(Note 5)</i>	-	1,329	1,329	1,695
NET ASSETS - END OF YEAR	\$ 306,537	\$ 220,804	\$ 527,341	\$ 626,877

The accompanying notes form an integral part of these financial statements.

LANGUAGES CANADA ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ (100,242)	\$ 100,756
Changes in non-cash working capital:		
Accounts receivable	(5,890)	(3,270)
Prepaid expenses	(77,374)	(8,664)
Accounts payable and accrued liabilities	11,497	50,918
Deferred income	43,645	(34,308)
	<u>(28,122)</u>	<u>4,676</u>
INCREASE (DECREASE) IN CASH FLOW	(128,364)	105,432
CASH - BEGINNING OF YEAR	460,100	354,668
CASH - END OF YEAR	\$ 331,736	\$ 460,100
CASH CONSISTS OF:		
Cash	\$ 131,736	\$ 10,100
Term deposits	200,000	450,000
	<u>\$ 331,736</u>	<u>\$ 460,100</u>

The accompanying notes form an integral part of these financial statements.

LANGUAGES CANADA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2015

1. PURPOSE OF THE ASSOCIATION

Languages Canada Association (the "Association") was incorporated on October 16, 2007 under the Canada Corporations Act as a non-profit organization without share capital.

The purpose of the Association is to be the voice of the Canadian language training sector and promote quality, accredited English and French language training in Canada, both nationally and internationally.

As a non-profit organization, the Association is exempt from income taxes under the provisions of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable.

Revenue from membership fees, conferences and sponsorships, advertising fees, marketing initiatives and partnership income are recognized when the service is provided.

Grants are recognized as revenue in the year to which they relate. Where a portion of a grant relates to future years, it is deferred and recognized in the future years.

Interest and other income is recognized as the revenue is earned.

Cash and term deposits

Cash and term deposits consist of unrestricted cash on hand and highly liquid short term investments.

Restricted cash and investments

Restricted cash and investments consist of cash on hand and restricted highly liquid short term investments.

Donated materials and services

The value of goods, materials and other services donated to the Association has not been recorded in the financial statements because of the difficulty in determining their fair value.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

LANGUAGES CANADA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2015

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include goods and services tax of \$3,232 (2014 - nil) payable to the Receiver General for Canada and restricted funds of \$31,362 (2014 - \$6,362) held on behalf of Canadian Consortium for International Education, a collaboration of organizations, including the Association, formed in 2013 with the goal of advancing international education in Canada. The consortium supports the professional development of education agents who advise international students on studying in Canada. The restricted funds are comprised of certification fees collected from agents who complete the Canada Course for Education Agents, an online course developed with Global Affairs Canada and promoted by the consortium. The fees collected are used to offset the costs incurred by the consortium for promoting and developing the course.

4. DEFERRED INCOME

Deferred income represents advance payments received for conference registration fees, conference sponsorship fees and marketing initiative fees.

	<u>2015</u>		<u>2014</u>
Conference registration fees	\$ 37,925	\$	39,450
Conference sponsorship fees	44,500		48,800
Marketing initiative fees	49,470		-
	<u>\$ 131,895</u>	\$	<u>88,250</u>

5. STUDENT EDUCATION ASSURANCE FUND

The Association, as part of its Education Completion Assurance Plan, has established and maintained a Student Education Assurance Fund ("SEAF"). The establishment of the SEAF is a requirement under agreements and understandings with certain provinces for private member schools to use the Imagine Education in Canada branding. The purpose of the SEAF is to ensure the Association has sufficient funds to enable it to assist in the compensation of students in the event any private school member cease to operate. To meet this requirement, the SEAF was established in 2010 as an internally restricted fund to accumulate \$200,000 from contributions by private school members by March 31, 2013, after which only new private school members are required to contribute to the fund.

During the year, contributions to the SEAF were \$4,510 (2014 - \$8,690), compensation paid was \$5,133 (2014 - \$3,263) and interest earned on funds invested was \$1,329 (2014 - \$1,695). As at December 31, 2015, the balance in the SEAF was \$220,804 (2014 - \$220,098). The funds are held in trust by the Association as restricted term deposits of \$219,703 (2014 - \$212,786) and restricted cash on hand of \$1,101 (2014 - \$7,312).

6. MEMBER DEPOSITS

The member deposits were received from Novice Members, a category of membership where the member schools may pay a deposit in lieu of a financial guarantee, which would have otherwise been required by the Association for all Novice Members. The deposit is to be held by the Association until the member school has been in operation for three years and the school is eligible to become a full member. As at December 31, 2015, the member deposits held were nil (2014 - \$14,000).

LANGUAGES CANADA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2015

7. PARTNERSHIP INCOME

Partnership income represents amounts received pursuant to agreements with ICEF, sponsors and Scotiabank.

	<u>2015</u>	<u>2014</u>
ICEF partnership	\$ 16,325	\$ 15,500
Sponsorships	26,250	-
Scotiabank partnership	-	30,246
	<u>\$ 42,575</u>	<u>\$ 45,746</u>

LANGUAGES CANADA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2015

8. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, term deposits, accounts receivable, restricted investments, member deposit, accounts payable and accrued liabilities and member deposit payable.

In accordance with CPA Canada Handbook Section 3855 "Financial Instruments - Recognition and Measurement", all financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale or other financial liabilities.

Financial instruments classified as "held-for-trading" are measured at fair value and changes in fair value are recognized in operations. Cash is classified as "held-for-trading".

Financial instruments classified as "held-to-maturity" are measured at their amortized cost using the effective interest method, less any impairment losses. The Association classified term deposits, restricted investments and member deposit as "held-to-maturity"

Financial instruments classified as "loans and receivables" are measured at their amortized cost, which is generally the amount on initial recognition less an allowance for doubtful accounts. The Association classified accounts receivable as "loans and receivable".

Financial instruments classified as "other financial liabilities" are measured at cost. The Association classified accounts payable and accrued liabilities and member deposit payable as "other financial liabilities".

Fair Value

The Association's carrying value of cash, term deposits, accounts receivable, restricted investments, member deposit, accounts payable and accrued liabilities and member deposit payable approximates its fair value due to the immediate or short term maturity of these instruments.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is mostly exposed to credit risk on accounts receivables from granting agencies and its members. In the opinion of management, the Association is not exposed to significant credit risk.

Currency Risk

Currency risk is the risk to the Association's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. In the opinion of management, the Association is not exposed to significant foreign currency exchange risk on any of its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. In the opinion of management, the Association is not exposed to significant interest rate risk.

LANGUAGES CANADA ASSOCIATION
Schedule of Marketing and Promotional Expenditures
(Schedule 1)

Year Ended December 31, 2015

	2015	2014
<p>During the year, the Association incurred expenditures for marketing and promotion activities, a portion of which were recovered by government grants, marketing initiative fees and advertising fees.</p>		
<u>Government grant revenue</u>		
Tradeshows and promotion	\$ 28,418	\$ 67,550
Trade missions	<u>94,214</u>	<u>19,591</u>
	\$ 122,632	\$ 87,141
<u>Marketing initiative fees</u>		
Trade missions	\$ 88,075	\$ 93,485
FAM tours	21,597	37,825
Forums	8,545	35,685
World Student Day	<u>29,785</u>	<u>28,085</u>
	\$ 148,002	\$ 195,080
<u>Marketing and promotion expenditures</u>		
Advertising and marketing	\$ 6,759	\$ 2,477
FAM tours	22,481	35,093
Forums	5,105	35,341
Exploratory missions	498	9,634
Foreign government visits	3,272	33,905
French program	20,851	-
Marketing outreach	3,475	-
Promotion	2,088	1,017
Scholarships	6,455	-
Trade missions	150,035	118,112
Tradeshows	17,031	20,356
Website	72,166	61,399
World Student Day	<u>32,131</u>	<u>28,406</u>
	342,347	345,740
Less: recovered by grants	(122,632)	(87,141)
Less: recovered by marketing initiative fees	(148,002)	(195,080)
Less: recovered by advertising fees	<u>(9,000)</u>	<u>(2,025)</u>
	\$ 62,713	\$ 61,494

The accompanying notes form an integral part of these financial statements.