

# **Private Training Corporation**

# **Annual Report**

January 1, 2021 - December 31, 2021



# CHAIRPERSON'S MESSAGE

Honourable Tom Osborne  
Minister of Education  
West Block, Confederation Building  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister:

As Chair of the Private Training Corporation, a Category Three government entity, I am pleased to submit the 2021 Annual Report of the Private Training Corporation. This report covers the 2021 calendar year and compares actual results to those anticipated in the first year of the Corporation's 2020-2022 Activity Plan.

My signature below is on behalf of the Corporation and is indicative of its accountability for the actual results reported herein.

Respectfully submitted,



EDWARD GERARD DUGGAN

Chairperson

# TABLE OF CONTENTS

Overview .....	1
Mandate .....	1
Private Training Institutions .....	1
Membership .....	2
Employees and Location .....	2
Revenues and Expenditures .....	3
Highlights and Partnerships.....	4
Report on Performance .....	4
Financial Statements .....	7
Conclusion .....	7
Annex A List of Registered Private Training Institutions .....	8
Annex B Financial Statements .....	9

# Overview

The Private Training Corporation (PTC) was created to ensure that students attending private training institutions are protected in the event of a school closure. To achieve this, the Corporation monitors the fiscal health of institutions and manages a Train Out Fund “the Fund” established under the **Private Training Institutions Act**. The purpose of the Fund is to ensure that, in the unfortunate event a private training institution closes, appropriate financial resources are available to enable affected students to complete their course of study.

## Mandate

The Private Training Corporation was established in 1999 and, pursuant to Section 5.1 of the Act, has the mandate to:

- Administer the Fund established under the Act;
- Make recommendations to the Minister with respect to:
  - the operation of the Act and the **Regulations**,
  - the financial stability of a private training institution based upon a review of annual audited financial statements of that institution as required by the Minister,
  - any other issues that the Minister may require to be reviewed;
- Perform other duties as required by the Minister.

## Private Training Institutions

Twenty-two registered private training institutions operated in the province as of December 31, 2021. All institutions are required to register and fully comply with the Act and Regulations. A complete listing of the registered private training institutions can be found in Annex 1.

## Membership

Under Section 4(3) of the Private Training Act the Lieutenant-Governor in Council appoints the membership of the Private Training Corporation Board of Directors (the Board). Section 3(1) of the **Private Training Institutions Regulations** specifies the Board's composition.

As of December 31, 2021, the membership of the Board was:

- Chair and Community Representative, Mr. Edward Gerard Duggan;
- Community Representative, Mr. Paul Dube;
- Representative of the Department of Education, Ms. Tracy Stamp;
- Representative of the Department of Finance, vacant – in the process of being filled;
- Representative of the Newfoundland and Labrador Association of Career Colleges, Mr. Ian Stokes;
- Owner or operator of a private training institution, vacant – in the process of being filled ; and
- Student of a private training institution, vacant.

## Employees and Location

The Division of Literacy and Institutional Services provides policy analysis to the Corporation in consultation with other divisions of the Department of Education. The billing and collection of fees, as well as the preparation of correspondence, is completed on a contractual basis. Office expenses, while reflected separately on the audited financial statement, are included as part of that contract.

The Corporation leases no premises and the Board usually meets at the Confederation Building in St. John's. Since the outset of the COVID-19 pandemic the Board has held meetings remotely via Microsoft Teams. Correspondence may be forwarded to:

Mr. Gerard Duggan  
Chair, Private Training Corporation  
c/o Division of Literacy and Institutional Services  
Department of Education  
P.O. Box 8700  
St. John's, NL, A1B 4J6  
Attn: Mr. Jeremy Earle

## Revenues and Expenditures

Pursuant to the Act, institutions must remit one per cent of collected tuition revenue to the Private Training Corporation for the Fund. The Corporation collected contributions from the private training institutions and recorded revenues of \$242,857 in 2021, up from 2020 (\$217,772) due to higher tuition revenues at a number of private training institutions. This is primarily attributed to the industry impact of the COVID-19 pandemic being somewhat improved year over year. Expenditures for the Private Training Corporation in 2021 were \$13,164 as compared to \$13,147 in 2020. This amount is materially unchanged year over year and continues to reflect reduced travel related expenses as most engagement was conducted remotely.

Board members are not remunerated. Eligible meeting expenses are paid from the Fund. This is permitted by the legislation which specifies that the Fund may be utilized to pay expenses incurred by board members to carry out work of the Board.

There were no claims made on the Fund during 2021. As of December 31, 2021, the total value of the Train Out Fund was \$6,548,458.

# Highlights and Partnerships

## Highlights

The impacts of the global COVID-19 pandemic on the PTC itself have been minimal. Operational and Board level activities have occurred primarily leveraging remote tools. Enrollment in private training institutions, while still down slightly, is increasing for many private training institutions thus positively impacting the total incoming amounts to the fund. It is expected that these enrollment numbers will continue to return to typical levels in 2022-23. Interest rates continue to be low, so it is anticipated that returns and growth for the fund will be muted somewhat as the PTC maintains a low-risk investment approach.

## Partnerships

The Corporation achieves its mandate in partnership with the Department of Education to ensure compliance with regulatory requirements related to the work of the Corporation and private training institutions.

# Report on Performance

The Corporation’s 2020-2022 Activity Plan identified the effective management of the Fund and effective monitoring of financial data as the key areas of focus for the Corporation. It also included performance measurement information to assist both the Board and the public in monitoring and evaluating progress in meeting these objectives.

<b>ISSUE 1: Effective Management of the Train Out Fund</b>
The purpose of the Train Out Fund (the fund) is to ensure that, in the unfortunate event a private training institution closes, appropriate financial resources are available to facilitate completion of students’ courses of study. Under the <b>Private Training Institutions Act</b> , all institutions are required to submit one per cent of tuition fees



collected for the fund. The following objective applies to the 2020, 2021 and 2022 calendar years.

<b>Objective:</b>	By December 31, 2021, the Corporation will continue to maintain an appropriate system for the collection and confirmation of fees from private training institutions
<b>Indicators:</b>	100 per cent of required fees collected from private training institutions.
<b>Results:</b>	During 2021, and over the past three years, the Private Training Corporation maintained a timely and accountable system for billing and collecting fees from all registered private training institutions across the province. All institutions remitted their fees, in accordance with the Act. Fees were deposited to the Fund and the Fund was audited to ensure the Corporation's financial statements were accurate and complete.

## **ISSUE 2: Effective Monitoring of Financial Data**

The Corporation is tasked with the review of audited financial statements for all registered private training institutions. Under the **Private Training Institutions Act**, the Corporation is responsible for making recommendations to the Minister regarding the financial stability of registered private training institutions based on the review of the audited financial statements. The following objective applies to the 2020, 2021 and 2022 calendar years.

<b>Objective:</b>	By December 31, 2021, the Corporation will continue to maintain an appropriate review and feedback mechanism of the audited financial statements for all registered private training institutions.
<b>Indicators:</b>	<ol style="list-style-type: none"> <li>1. Reviewed annual audited statements of all registered private training institutions.</li> <li>2. Where required, made recommendations to the Minister on the financial stability of a registered institution.</li> </ol>

Results:	<ol style="list-style-type: none"> <li>1. As of December 31, 2021, 16 of the 22 audited financial statements due during 2021 were received and reviewed by the Private Training Corporation. Follow-up was initiated with the six institutions whose financial statements remained outstanding to facilitate submission and review. Statements are expected to be available in the first half of 2022 as year-end 2021 financials are completed. Institutions have expressed challenges with obtaining audited statements within the required three-month time frame. The <b>Private Training Institutions Regulations</b> are currently under review and this issue is being examined.</li> <li>2. During 2021, no formal recommendations to the Minister on the financial stability of a registered private training institution were required.</li> </ol>
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### ISSUE 3: Effective Operation of the Private Training Institutions Act and Regulations

The Board may choose to identify other issues that the Minister may require to be reviewed. This is achieved at the Board level via board meetings, special meetings, other in-person dialogue or email. The Board will consider the operation of the Act and Regulations, and where required, make recommendations to the Minister. The following objective applies to the 2020, 2021 and 2022 calendar years.

Objective:	By December 31, 2021, the Corporation Board will have made recommendations, as required on the operation of the <b>Private Training Institutions Act and Regulations</b> .
Indicators:	<ol style="list-style-type: none"> <li>1. Reviewed any relevant Corporation operational challenges and industry trends.</li> <li>2. Where required, make recommendations to the Minister.</li> </ol>
Results:	1. As of December 31, 2021, the Corporation has introduced a documentation process to manage the relevant meeting records. The Corporation has also initiated the exploration of a formal document management system, ideally supplied by The Department or the OCIO.

2. During 2021, the Board drafted several recommendations to the Minister to consider relative to the processes associated with the operation of the Train Out Fund. These will be refined and formally submitted in 2022.

## Financial Statements

The Corporation's financial statements for 2021 were audited by the accounting firm Noseworthy Chapman and are included in Annex 2. The Auditor's Report for the fiscal year ending December 31, 2021 demonstrates the Corporation's accountability to the people of the province.

## Conclusion

In accordance with the Corporation's mandate and **Private Training Institutions Act**, the Corporation has maintained a financial safety net so that students who have entered a course of study are able to complete their training even in the event of an institution's closure. Through the review of audited statements and ongoing collection of fees, the Corporation endeavors to maintain this financial safety net.

# Annex A

## List of Registered Private Training Institutions

Registered private training institutions in Newfoundland and Labrador as of December 31, 2021.

Institution	Campus Location
Academy Canada	Corner Brook
Academy Canada	St. John's
BAC Training Centre Inc./BAC Masonry College	Conception Bay South
Boilermakers Industrial Training Centre Inc.	Holyrood
Canadian Training Institute	Bay Roberts
Carpenter Millwright College Inc.	Paradise
Central Training Academy	Badger
DieTrac Technical Institute	Lewisporte
Eastern Academy	St. John's
Gander Flight Training	Gander
Ironworkers Education & Training Co. Inc.	Mount Pearl
Keyin College	Burin
Keyin College	Carbonear
Keyin College	Gander
Keyin College	Grand Falls-Windsor
Keyin College	Marystown
Keyin College	St. John's
Keyin College Western Campus	Stephenville
Operating Engineers College	Holyrood
Random Sound Paramedicine	Clareville
U.A. Training Centre	Mount Pearl
Vanstone Scott College	St. John's

# **Annex B**

## **Financial Statements**

**PRIVATE TRAINING CORPORATION**  
**Financial Statements**  
**Year Ended December 31, 2021**

Private Training Corporation  
Annual Financial Statements  
Year Ended December 31, 2021

**PRIVATE TRAINING CORPORATION**

**Index to Financial Statements**

**Year Ended December 31, 2021**

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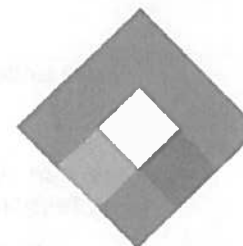
	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 8

# NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Private Training Corporation

### *Opinion*

We have audited the financial statements of Private Training Corporation (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets 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 organization as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with 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.

### *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 ASNPO, 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 organization's 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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### *Auditor's 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 auditor's 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.

(continues)



Independent Auditor's Report to the Members of Private Training Corporation *(continued)*

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 organization's 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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the organization 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.

*Nosworthy Chapman*

Chartered Professional Accountants  
St. John's, NL  
March 17, 2022

**PRIVATE TRAINING CORPORATION**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 7,194	\$ 10,077
Accounts receivable from private training institutions	43,244	36,669
Short term investments (Note 4)	2,525,132	4,645,994
	<b>2,575,570</b>	<b>4,692,740</b>
<b>LONG TERM INVESTMENTS (Note 5)</b>	<b>3,985,488</b>	<b>1,590,739</b>
	<b>\$ 6,561,058</b>	<b>\$ 6,283,479</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 12,600	\$ 3,601
<b>NET ASSETS</b>		
Train out fund	6,548,458	6,279,878
<b>LIABILITIES AND NET ASSETS</b>	<b>\$ 6,561,058</b>	<b>\$ 6,283,479</b>

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

**PRIVATE TRAINING CORPORATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2021**

	2021	2020
<b>REVENUES</b>		
Contributions from private training institutions	\$ 242,857	\$ 217,772
Interest income	38,887	120,765
	<b>281,744</b>	<b>338,537</b>
<b>EXPENDITURES</b>		
Professional fees	11,400	11,400
Office	1,764	1,747
	<b>13,164</b>	<b>13,147</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 268,580</b>	<b>\$ 325,390</b>

**PRIVATE TRAINING CORPORATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2021**

	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 6,279,878</b>	<b>\$ 5,954,488</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>268,580</b>	<b>325,390</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 6,548,458</b>	<b>\$ 6,279,878</b>

**PRIVATE TRAINING CORPORATION****Statement of Cash Flows****Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from private training institutions	\$ 236,282	\$ 216,401
Cash paid to suppliers	(4,165)	(13,147)
Interest received	38,887	120,765
Cash flow from operating activities	<b>271,004</b>	<b>324,019</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (Increase) in short term investments	2,120,862	1,271,574
Increase in long term investments	(2,394,749)	(1,590,739)
Cash flow used by investing activities	<b>(273,887)</b>	<b>(319,165)</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(2,883)</b>	<b>4,854</b>
Cash - beginning of year	10,077	5,223
<b>CASH - END OF YEAR</b>	<b>\$ 7,194</b>	<b>\$ 10,077</b>

See notes to financial statements

# PRIVATE TRAINING CORPORATION

## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. PURPOSE OF THE ORGANIZATION and COVID-19

Private Training Corporation (the "organization") is incorporated without share capital under the Private Training Institutions Act of Newfoundland and Labrador. The purpose of the organization is to operate a Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfil its training to students due to closure and to monitor the financial operations of all private training institutions. Private training institutions make contributions to the Fund based on a percentage of student tuition.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. The global pandemic poses the risk that the organization or its members, employees, contractors, suppliers and other business partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the organization's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the organization's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the organization's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Revenue recognition

The organization follows the deferral method of accounting for contributions.

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized on the accrual basis as earned.

#### Measurement uncertainty

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 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Example of significant estimates include: the recoverability of long term investments.

# PRIVATE TRAINING CORPORATION

## Notes to Financial Statements

Year Ended December 31, 2021

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### 3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2021.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its interest bearing investments.

### 4. SHORT TERM INVESTMENTS

Investments consist of guaranteed investment certificates and are measured at fair value based upon the market value at year end which includes accrued interest. Maturity dates range from March 7, 2022 to December 22, 2022 with interest rates from 0.50% to 0.80%.

### 5. LONG TERM INVESTMENTS

Investments consist of market linked guaranteed investment certificate's measured at fair value based upon the market value at year end which includes accrued interest. Maturity dates range from July 13, 2024 to December 14, 2026 with interest rates from 0.1165% and a potential maximum of 15%.

