

PRIVATE TRAINING CORPORATION

ANNUAL ACTIVITY REPORT

(January 1 to December 31, 2011)

Table of Contents

Chairperson’s Message.....	i
Overview	1
Mandate	1
Membership.....	1
Employees and Location	2
Lines of Business.....	2
Revenues and Expenditures	2
Vision.....	3
Shared Commitments	3
Report on Performance.....	4
Financial Statements.....	6
Conclusion	6
Annex One: Financial Statements.....	7

Chairperson's Message

June 15, 2012

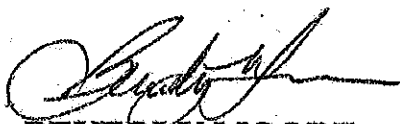
Honourable Joan Burke
Minister of Advanced Education and Skills
West Block, Confederation Building
P.O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister:

I am pleased to submit the 2011 Annual Activity Report of the Private Training Corporation. This report covers the 2011 calendar year and compares actual results to those anticipated in the first year of the Corporation's 2011-13 Activity Plan.

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

Respectfully submitted,



BEVERLY MOORE
Chair

Overview

The Private Training Corporation was created to ensure that the 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 established in legislation. The purpose of the Train Out 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, as per section 5.1 of the *Private Training Institutions Act*, to:

- Administer the Train Out 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; and
- Perform other duties as required by the Minister.

Membership

The Private Training Corporation is established under section 4 of the *Private Training Institutions Act*. Section 4.3 of the *Private Training Institutions Act* provides for its membership to be appointed by the Lieutenant-Governor in Council, with section 3.1 of the *Private Training Institutions Regulations* specifying the composition of the Board of Directors. As of December 31, 2011, the membership was as follows:

- Chair and Community Representative, Ms. Beverly Moore;
- Community Representative, Ms. Beverley Smith;
- Representative of the Department of Advanced Education and Skills, Mr. Ken Curtis;
- Representative of the Department of Finance, Mr. Terry Paddon;
- Representative of the Association of Career Colleges, Mr. Des Whelan;

- Owner or operator of a private training institution, Mr. James Loder; and
- Student of a private training institution, Mr. Stephen Dinn.

Employees and Location

The Private Training Corporation, although empowered by the act to do so, has no employees. Due to the current amount and nature of the work involved, necessary analysis undertaken on the Corporation's behalf, is conducted by either the Division of Institutional Services or the Division of Finance and General Operations within the Department of Advanced Education and Skills. The billing and collection of fees as well as the preparation of correspondence is done on a contractual basis.

The Corporation usually meets at the Confederation Building in St. John's. Correspondence may be forwarded to:

Beverly Moore
Chair, Private Training Corporation
c/o Division of Institutional Services
Department of Advanced Education and Skills
P.O. Box 8700
St. John's, NL
A1B 4J6
Attention: Lynette Hann

Lines of Business

Lines of business are the services and programs that a government entity provides to any external client. The Private Training Corporation has one line of business - to collect fees from private training institutions throughout the province. The Private Training Corporation collects one per cent of all private training institutions' tuition fees for the Train Out Fund. In the event of an institution's closure, the fund will be used to ensure students, who have a contract with the institution, receive their training.

Revenues and Expenditures *(refer to Annex I for details)*

The Private Training Corporation collected contributions from the private training institutions and recorded revenue of \$281,073 in 2011. This compares with \$338,126 in 2010. The resulting decrease from 2010 is due to lower tuition

revenues in 2011 at select colleges. Expenditures for 2011 were \$12,457 compared with \$12,792 in 2010. Corporation members are not remunerated. Expenses are paid out of funds obtained by the Corporation from the private training institutions.

As of December 31, 2011, the total value of the Train Out fund was \$3,255,160.00.

Vision

The vision of the Private Training Corporation is of students graduating from financially viable training institutions.

Shared Commitments

The overarching goal of the Private Training Corporation is to protect post-secondary students by ensuring stability in the private training system through legislated control measures. In this respect, the Corporation shares commitments to the province's post-secondary students with the Department of Advanced Education and Skills and the private training institutions.

The Department of Advanced Education and Skills

The Department of Advanced Education and Skills is responsible for all aspects of post-secondary education in Newfoundland and Labrador. The Private Training Corporation is a Category III government entity that reports to the Minister of Advanced Education and Skills. In addition to duties with respect to the administration of the Train Out Fund, the Corporation is responsible to make recommendations to the Minister with respect to the financial stability of private training institutions, and perform other duties as requested by the Minister.

Private Training Institutions

The Private Training Corporation's main function is to collect funds from the private training institutions for the administration of the Train Out Fund. Private training institutions are required to:

- remit one per cent of all student tuition fees collected to the Corporation for the Fund; and
- provide audited financial statements and other requested documentation to the Minister for examination.

Currently there are 24 registered private training institutions operating in the province. All institutions are required to register and fully comply with the *Private Training Institutions Act*.

Report on Performance

Issue One: Effective Management of the Train Out Fund

The purpose of the Train Out 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.

Objective: By December 31, 2011, the Private Training Corporation will have maintained an appropriate system for the collection and confirmation of fees from private training institutions.

Measure: Maintained an appropriate system for the collection and confirmation of fees

Indicator: Maintained a timely and accountable system for the collection and confirmation of fees

Results:

During 2011, 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 *Private Training Institutions Act*;
- Fees were deposited to the Private Training Corporation Train Out Fund; and
- The Auditor General audited the Train Out Fund to ensure the financial statements present fairly, in all material respects, the financial position of the fund.

Looking Forward (Objective 2012):

By December 31, 2012, the Private Training Corporation will have continued to maintain an appropriate system for the collection and confirmation of fees from private training institutions.

Measure: Maintained an appropriate system for the collection and confirmation of fees

Indicator: Maintained a timely and accountable system for the collection and confirmation of fees

In accordance with the goal, and the *Transparency and Accountability Act*, the Auditor's Report dated May 9, 2012, for the fiscal year ended December 31, 2011, is attached as Annex One. It demonstrates the Corporation's accountability to the people of the province.

There were no claims made on the Train Out Fund during 2011.

Financial Statements

The Corporation has prepared financial statements for 2011 which were audited by the Office of the Auditor General and included in Annex One.

Conclusion

The Corporation is intent on maintaining 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 monitoring methods and the ongoing collection of fees, the Corporation endeavors to maintain this financial safety net.

Annex One: Financial Statements



Office of the Auditor General of Newfoundland and Labrador

Head Office

15 Dundee Ave., Mount Pearl
Box 8700 ♦ St. John's, NL ♦ A1B 4J6
T: 709-729-2695 ♦ F: 709-729-5970
Email: oagmail@oag.nl.ca

Auditor General (A)

Wayne R. Loveys, CMA
T: 709-729-2700

Regional Office

1 Union St., Corner Brook
Box 2006 ♦ Corner Brook, NL ♦ A2H 6J8
T: 709-637-2295 ♦ F: 709-637-2595

11 May 2012

Ref: DP 4-13312

Ms. Beverly Moore
Chairperson
Private Training Corporation
c/o Department of Advanced Skills and Education
P.O. Box 8700
St. John's, Newfoundland and Labrador
A1B 4J6

RECEIVED MAY 14 2012

Dear Ms. Moore:

I enclose four copies of the audited financial statements of the Private Training Corporation, Train Out Fund for the year ended 31 December 2011. After signing, please return the unbound copy to me.

The Comptroller General, Department of Finance, has indicated that a signed copy of the audited financial statements should also be forwarded to that Office.

Yours truly,

WAYNE R. LOVEYS, CMA
Auditor General (A)

Enclosure

c.c. Honourable Joan Burke
Minister of Advanced Skills and Education

Mr. Ronald Williams, CA
Comptroller General

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2011



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Private Training Corporation
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Private Training Corporation Train Out Fund which comprise the balance sheet as at 31 December 2011, the income statement and statement of retained earnings and the statement of 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 private enterprises, 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

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

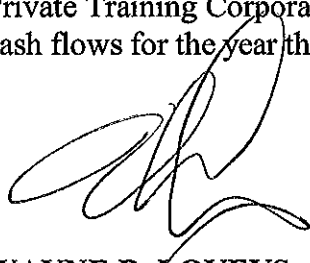
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Private Training Corporation Train Out Fund as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in black ink, appearing to read 'Wayne R. Loveys', is written over the text of the opinion paragraph.

WAYNE R. LOVEYS, CMA
Auditor General (A)

9 May 2012
St. John's, Newfoundland and Labrador

**PRIVATE TRAINING CORPORATION
 TRAIN OUT FUND
 BALANCE SHEET**

31 December 2011 31 December 2010 1 January 2010

ASSETS

Current

Cash	\$	34,832	\$	46,965	\$	91,202
Short-term investments (Note 3)		3,166,188		939,044		1,124,746
Accounts receivable from private training institutions		57,431		74,772		68,428
		3,258,451		1,060,781		1,284,376
Long-term investments (Note 4)		-		1,889,406		1,300,807
	\$	3,258,451	\$	2,950,187	\$	2,585,183

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$	3,291	\$	10,805	\$	12,111
--	----	-------	----	--------	----	--------

Shareholders' Equity

Retained earnings		3,255,160		2,939,382		2,573,072
	\$	3,258,451	\$	2,950,187	\$	2,585,183

See accompanying notes

Signed on behalf of the Corporation:


 Chairperson


 Director

PRIVATE TRAINING CORPORATION**TRAIN OUT FUND****INCOME STATEMENT AND STATEMENT OF RETAINED EARNINGS**

For the Year Ended 31 December

2011

2010

REVENUE

Contributions from private training institutions	\$ 281,073	\$ 338,126
Investment income	33,526	22,382
	<u>314,599</u>	<u>360,508</u>

EXPENSES

Board expenses (Note 5)	5,300	5,300
Office expense	732	2,112
Professional fees	6,425	5,380
	<u>12,457</u>	<u>12,792</u>

Income before the undernoted 302,142 347,716

Unrealized gain on investments 13,636 18,594

Net income 315,778 366,310

Retained earnings, beginning of year 2,939,382 2,573,072

Retained earnings, end of year \$ 3,255,160 \$ 2,939,382

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF CASH FLOWS
For the Year Ended 31 December

2011

2010

Cash flows from operating activities

Net income	\$ 315,778	\$ 366,310
Change in non-cash working capital		
Accounts receivable from private training institutions	17,341	(6,344)
Accounts payable and accrued liabilities	(7,514)	(1,306)
	325,605	358,660

Cash flows from investing activities

Purchase of long-term investment	-	(588,599)
Disposal of long-term investments	1,889,406	-
Net increase (decrease) in cash and cash equivalents	2,215,011	(229,939)
Cash and cash equivalents, beginning of year	986,009	1,215,948
Cash and cash equivalents, end of year	\$ 3,201,020	\$ 986,009

Cash and cash equivalents include:

Cash	\$ 34,832	\$ 46,965
Short-term investments	3,166,188	939,044
	\$ 3,201,020	\$ 986,009

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2011

Authority

The Private Training Corporation (the Corporation), established 1 January 1999, operates under the authority of the *Private Training Institutions Act*. The purpose of the Corporation is to operate the Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfill 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 the student tuition.

1. Summary of significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian accounting standards for private enterprises and are in accordance with Canadian generally accepted accounting principles. They include the following significant accounting policies:

Measurement of financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all its financial assets and liabilities at cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

The fair value of the investments was determined based on the market value at year end.

Financial assets measured at cost include cash and accounts receivable.

Financial liabilities measured at cost include accounts payable and accrued liabilities.

2. Impact of the Change in the Basis of Accounting

The Corporation elected to apply the Accounting Standards for Private Enterprises, Part II of the Canadian Institute of Chartered Accountants (CICA) Handbook, in accordance with Canadian generally accepted accounting principles.

These financial statements are the first financial statements for which the Corporation has applied the Canadian accounting standards for private enterprise, hereafter referred to as "ASPEs".

The financial statements for the year ended 31 December 2011 were prepared in accordance with the provisions set out in the First-Time Adoption, Section 1500, of the *CICA Handbook*.

As a result of adoption of these accounting principles, the 2010 comparative financial statements have been restated as follows:

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2011

2. Impact of the Change in the Basis of Accounting (cont.)

(a) Opening balance sheet as at 1 January 2010:

	Balance sheet as at 1 January 2010 based on previous financial statements	Changes in retained earnings	Balance sheet as at 1 January 2010 based on ASPEs
ASSETS			
Current			
Cash	\$ 91,202	\$ -	\$ 91,202
Short-term investments	1,116,755	7,991	1,124,746
Investment income receivable	18,506	(18,506)	-
Accounts receivable from private training institutions	68,428	-	68,428
	1,294,891	(10,515)	1,284,376
Long-term investments	1,290,292	10,515	1,300,807
	\$ 2,585,183	\$ -	\$ 2,585,183
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	\$ 12,111	\$ -	\$ 12,111
Retained earnings	2,573,072	-	2,573,072
	\$ 2,585,183	\$ -	\$ 2,585,183

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2011

2. Impact of the Change in the Basis of Accounting (cont.)

(b) Reconciliation of previously reported 2010 net income with the 2010 ASPE balances shown in these statements:

	Income statement for the year ended 31 December 2010 based on previous <u>financial statements</u>	Changes in retained earnings	Income statement for the year ended 31 December 2010 based on <u>ASPEs</u>
REVENUE			
Contributions from private training institutions	\$ 338,126	\$ -	\$ 338,126
<u>Investment income</u>	40,976	(18,594)	<u>22,382</u>
	379,102	(18,594)	<u>360,508</u>
EXPENSES			
Board expenses	5,300		5,300
Office expense	2,112		2,112
<u>Professional fees</u>	5,380	-	<u>5,380</u>
	12,792	-	<u>12,792</u>
Income before the undernoted	366,310	(18,594)	347,716
<u>Unrealized gain on investments</u>	-	18,594	<u>18,594</u>
<u>Net income</u>	\$ 366,310	\$ -	\$ 366,310

3. Short-term investments

Short-term investments of \$3,166,188 (2010 - \$939,044) in guaranteed investment certificates are valued at fair value based upon the market value at year end. Maturity dates range from 13 February 2012 to 12 December 2012 with interest rates from 1% to 2.25%.

4. Long-term investments

Long-term investments of \$0 (2010 - \$1,889,406) in guaranteed investment certificates were valued at fair value based upon market value at year end.

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2011

5. Related party transaction

Board expenses of \$5,300 (2010 - \$5,300) includes \$5,300 (2010 - \$5,300) that the Corporation reimburses the Department of Education for performance of certain duties related to the administration of the Train Out Fund.

6. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, short-term investments, accounts receivable from private training institutions, and accounts payable and accrued liabilities. The short-term investments are valued at fair market value. The carrying value of the other instruments approximate current fair value due to their short-term nature. Any estimated impairment of accounts receivable would have been provided through an allowance for doubtful accounts and no further credit risk or interest rate risk exists in relation to the financial instruments.

The Corporation has also held long-term investments. These investments are valued at fair market value and there is no interest rate risk associated with these investments.

7. Comparative figures

Certain figures in the 2010 financial statements have been reclassified to conform with the basis of presentation used in 2011.