

PRIVATE TRAINING CORPORATION
ANNUAL BUSINESS REPORT
FISCAL YEAR 2006

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TABLE OF CONTENTS

| | |
|--|---|
| Chairperson's Message | i |
| Overview | 1 |
| Membership | 1 |
| Mandate | 1 |
| Employees and Location | 2 |
| Shared Commitments | 2 |
| The Department of Education | 2 |
| Private Training Institutions | 2 |
| Outputs | 3 |
| Collection of Institutional Contributions | 3 |
| Other Duties | 3 |
| Financial Statements | 3 |

Chairperson's Message

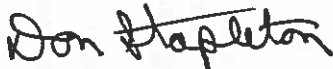
February 5, 2008

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

Dear Minister:

I am pleased to submit the 2006 Annual Business Report of the Private Training Corporation. This report covers the 2006 calendar year. My signature below is on behalf of the corporation and indicative of its accountability for the actual results reported herein.

Respectfully submitted,



DON J. STAPLETON
Board Member

Overview

Membership

The Private Training Corporation is established under section 4 of the *Private Training Institutions Act*. Section 3.1 of the Private Training Institutions Regulations provides for its membership to be appointed by the Lieutenant-Governor in Council. As of December 31, 2006, the membership was as follows:

- Representative of the Department of Education, Mr. Jack Thompson;
- Representative of the Department of Finance, Mr. Terry Paddon;
- Representative of the Association of Career Colleges, Mr. Calvin Burton;
- Owner or operator of a private training institution, Mr. Doug Simms;
- Student of a private training institution, Mr. George Coffey; and
- Two representatives of the community, Mr. Eric White and Ms. Susan Blagdon.

The term of appointment for members of the board expired on May 13, 2006, however as per section 4. (5.1) of the act, the board continued to exercise its duties.

Mr. Eric White is the designated chairperson as per section 4.(4) of the Act.

All members of the Committee are located in St. John's with the exception of Mr. Doug Simms, who is located in Grand Falls-Windsor.

Mandate

The Private Training Corporation, established in 1999 as per section 5.1 of the *Private Training Institutions Act*, is to:

- Administer the Train Out Fund established under the act;
- Make recommendations to the Minister of Education 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.

The Train Out Fund consists of fees submitted by the private training institutions based upon one per cent of their tuition collected. It is retained by the corporation to assist affected students in the event a private training institution closes.

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 and Industrial Training or the Division of Finance within the Department of Education. Furthermore, the chairperson is directly involved in billing, the collection of fees, and preparing correspondence. The corporation is invoiced by the Department of Education for services rendered, and provides the chairperson with a small stipend for the use of his home telephone and computer system. The corporation usually meets at the Confederation Building in St. John's.

Correspondence may be forwarded to:

Department of Education
P.O. Box 8700
St. John's, NL
A1B 4J6

Shared Commitments

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

The Department of Education

The Private Training Corporation is a category two government entity reporting to the Minister of Education who is responsible for all aspects of K-12 and post-secondary education in Newfoundland and Labrador. In addition to duties with respect to 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. In the event a seat on the Board of Directors becomes vacant, the minister has legislative authority to fill same for the duration of the term.

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
- To provide audited financial statements and other requested documentation to the minister for examination.

Currently there are approximately 31 private training institutions operating in the province. All institutions are required to register and fully comply with the *Private Training Institutions Act*.

Outputs

Collection of Institutional Contributions

The Private Training Corporation collected contributions from the private training institutions in the amount of \$263,395 in 2006.

General

- The Private Training Corporation's Board of Directors convened two meetings during 2006.
- The board was pro-active in working with the private training institutions ensuring financial viability.
- There were no training institution closures in 2006.
- The board is in the process of developing a policy to be followed in the event of an institution closure and a requirement to complete students' training.

Other Duties

The Private Training Corporation was not asked to perform any additional duties by the Minister of Education in Fiscal Year 2006.

Financial Statements

Members of the Private Training Corporation are not remunerated. Expenses are paid out of funds obtained by the corporation from the private training institutions. The corporation prepares annual financial statements which are audited by the Office of the Auditor General. (Annex 1)

ANNEX 1



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: adgopp@gov.nl.ca

Auditor General
John L. Noseworthy, CA
T: 709-729-2700
Email: jnoseworthy@gov.nl.ca

Regional Office
76 Mount Bernard Ave., Corner Brook
Box 2016 • Corner Brook, NL • A2H 6J8
T: 709-637-2295 • F: 709-637-2595

10 July 2007

Ref: ptc0707F02.01

Mr. Eric White
Chairperson
Private Training Corporation
1 Kingfisher Place
St. John's, Newfoundland and Labrador
A1A 4R3

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FOR DISCUSSION PURPOSES ONLY

Dear Mr. White:

I enclose four copies of the audited financial statements of the Private Training Corporation, Train Out Fund for the year ended 31 December 2006. 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,

JOHN L. NOSEWORTHY, CA
Auditor General

Enclosure

c.c. Honourable Joan Burke
Minister of Education

Mr. Ronald Williams, CA
Comptroller General

CONFIDENTIAL DRAFT
FOR DISCUSSION PURPOSES ONLY

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2006

**CONFIDENTIAL DRAFT
FOR DISCUSSION PURPOSES ONLY**

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

I have audited the balance sheet of the Private Training Corporation, Train Out Fund as at 31 December 2006 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
28 June 2007

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
BALANCE SHEET
31 December

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FOR DISCUSSION PURPOSES ONLY

2006

2005

ASSETS

Current

| | | |
|--|---------------------|---------------------|
| Cash | \$ 74,802 | \$ 164,407 |
| Short-term investments, at cost (Note 2) | 1,348,507 | 970,898 |
| Investment income receivable | 17,805 | 8,394 |
| Accounts receivable (Note 3) | 72,803 | 72,245 |
| | <u>\$ 1,513,917</u> | <u>\$ 1,215,944</u> |

LIABILITIES AND SURPLUS

Current

| | | |
|--|---------------------|---------------------|
| Accounts payable and accrued liabilities | \$ 4,843 | \$ 8,210 |
| Surplus | 1,509,074 | 1,207,734 |
| | <u>\$ 1,513,917</u> | <u>\$ 1,215,944</u> |

See accompanying notes

Signed on behalf of the Corporation:

Chairperson

Director

**PRIVATE TRAINING CORPORATION
 TRAIN OUT FUND
 STATEMENT OF REVENUE, EXPENSES AND SURPLUS
 For the Year Ended 31 December**

**CONFIDENTIAL DRAFT
 FOR DISCUSSION PURPOSES ONLY**

2006

2005

REVENUE

| | | |
|---------------------------------|----------------|----------------|
| Contributions from institutions | \$ 263,395 | \$ 246,456 |
| Train out cost revaluation | - | 38,630 |
| Investment income | 41,548 | 18,142 |
| Bad debt recovery | 13,027 | 3,822 |
| | <u>317,970</u> | <u>307,050</u> |

EXPENSES

| | | |
|-------------------------|---------------|---------------|
| Board expenses (Note 4) | 12,059 | 10,000 |
| Chairperson stipend | 2,184 | 1,358 |
| Office expense | 781 | 694 |
| Professional fees | 1,606 | 1,627 |
| | <u>16,630</u> | <u>13,679</u> |

| | | |
|--|---------------------|---------------------|
| Excess of revenue over expenses | 301,340 | 293,371 |
| Surplus, beginning of year | 1,207,734 | 914,363 |
| Surplus, end of year | \$ 1,509,074 | \$ 1,207,734 |

See accompanying notes

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

| |
|--|
| CONFIDENTIAL DRAFT FOR DISCUSSION PURPOSES ONLY |
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2006

2005

Cash flows from operating activities

| | | |
|------------------------------------|------------|------------|
| Excess of revenue over expenses | \$ 301,340 | \$ 293,371 |
| Change in non-cash working capital | | |
| Investment income receivable | (9,411) | (8,394) |
| Accounts receivable | (558) | (20,932) |
| Accounts payable | (3,367) | 4,328 |
| Train out payable | - | (68,630) |

| | | |
|---|---------|---------|
| Net increase in cash and cash equivalents | 288,004 | 199,743 |
|---|---------|---------|

| | | |
|--|-----------|---------|
| Cash and cash equivalents, beginning of year | 1,135,305 | 935,562 |
|--|-----------|---------|

| | | |
|--|--------------|--------------|
| Cash and cash equivalents, end of year | \$ 1,423,309 | \$ 1,135,305 |
|--|--------------|--------------|

Cash and cash equivalents include:

| | | |
|------------------------|--------------|--------------|
| Cash | \$ 74,802 | \$ 164,407 |
| Short-term investments | 1,348,507 | 970,898 |
| | \$ 1,423,309 | \$ 1,135,305 |

See accompanying notes

PRIVATE TRAINING CORPORATION
 TRAIN OUT FUND
 NOTES TO FINANCIAL STATEMENTS
 31 December 2006

CONFIDENTIAL DRAFT
 FOR DISCUSSION PURPOSES ONLY

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. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Short-term investments

Short-term investments of \$1,348,507 (2005 - \$970,898) in guaranteed investment certificates are valued at cost. Maturity dates range from 17 March 2007 to 30 November 2007 with interest rates from 3.2% to 4.3%.

3. Accounts receivable

| | 2006 | 2005 |
|--|------------------|------------------|
| Contributions from institutions | \$ 72,803 | \$ 85,272 |
| <u>Less: Allowance for doubtful accounts</u> | <u>-</u> | <u>13,027</u> |
| | <u>\$ 72,803</u> | <u>\$ 72,245</u> |

4. Related party transaction

Employees of the Department of Education perform certain duties related to the administration of the Train Out Fund. The Corporation reimburses the Department for these expenses.

5. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investments, investment income receivable, accounts receivable and accounts payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

6. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.