

PRIVATE TRAINING CORPORATION

ANNUAL ACTIVITY REPORT

(January 1 to December 31, 2012)

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Chairperson's Message

June 12, 2013

Honourable Joan Shea
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 2012 Annual Activity Report of the Private Training Corporation. This report covers the 2012 calendar year and compares actual results to those anticipated in the second 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
Board 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, 2012, the membership was as follows:

- Chair and Community Representative, Ms. Beverly Moore;
- Community Representative, vacant;
- Representative of the Department of Advanced Education and Skills, Mr. Bren Hanlon;
- Representative of the Department of Finance, Ms. Laurie Skinner;
- 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, Manager of Operations, Private Training

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 \$283,261 in 2012. This compares with \$281,073 in 2011. The increase from 2011 is a result of adjustments made by some training institutions to their contributions based on their annual audit. Expenditures for 2012 were \$7,420 compared with \$12,457 in 2011.

Corporation members are not remunerated. Expenses are paid out of funds obtained by the Corporation from the private training institutions.

There were no claims made on the Train Out Fund during 2012. As of December 31, 2012, the total value of cash and investments of the Train Out fund was \$3,527,350.

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.

As of December 31, 2012, there are 23 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, 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.

Results:

During 2012, 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 2013):

By December 31, 2013, 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

Financial Statements

The Corporation has prepared financial statements for 2012 which were audited by the Office of the Auditor General and are included in Annex One. In accordance with the objective, and the *Transparency and Accountability Act*, the Auditor's Report dated May 17, 2013, for the fiscal year ended December 31, 2012, demonstrates the Corporation's accountability to the people of the province.

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

PRIVATE TRAINING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012



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 which comprise the balance sheet as at December 31, 2012, 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.

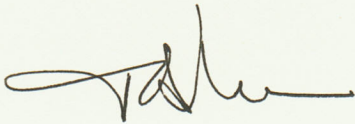
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 as at December 31, 2012, 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 'Terry Paddon', written in a cursive style.

TERRY PADDON, CA
Auditor General

May 17, 2013
St. John's, Newfoundland and Labrador

PRIVATE TRAINING CORPORATION
BALANCE SHEET
December 31

2012

2011

ASSETS

Current

Cash	\$ 88,521	\$ 34,832
Short-term investments (Note 2)	2,983,287	3,166,188
Accounts receivable from private training institutions	70,986	57,431
	3,142,794	3,258,451
Long-term investment (Note 3)	455,542	-
	\$ 3,598,336	\$ 3,258,451

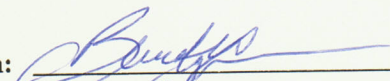
LIABILITIES AND EQUITY

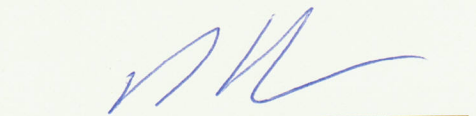
Current

Accounts payable and accrued liabilities	\$ 9,695	\$ 3,291
Equity		
Retained earnings	3,588,641	3,255,160
	\$ 3,598,336	\$ 3,258,451

See accompanying notes

Signed on behalf of the Corporation:


 Chairperson


 Director

PRIVATE TRAINING CORPORATION
INCOME STATEMENT AND STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31

2012

2011

REVENUE

Contributions from private training institutions	\$ 283,261	\$ 281,073
Investment income	67,821	33,526
	351,082	314,599

EXPENSES

Board expenses (Note 4)	-	5,300
Office expense	1,060	732
Professional fees	6,360	6,425
	7,420	12,457

Income before the undernoted	343,662	302,142
Change in fair value of investments	(10,181)	13,636
Net income	333,481	315,778
Retained earnings, beginning of year	3,255,160	2,939,382
Retained earnings, end of year	\$3,588,641	\$ 3,255,160

See accompanying notes

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

2012

2011

Cash flows from operating activities

Net income	\$ 333,481	\$ 315,778
Non-cash item		
Unrealized gain on investments	(40,554)	(34,780)
Change in non-cash working capital		
Accounts receivable from private training institutions	(13,555)	17,341
Accounts payable and accrued liabilities	6,404	(7,514)
	285,776	290,825

Cash flows from investing activities

Purchase of short-term investments	(2,944,950)	(1,673,540)
Purchase of long-term investment	(453,325)	-
Redemption of short-term investments	3,166,188	1,370,582
	(232,087)	(302,958)
Net increase (decrease) in cash	53,689	(12,133)
Cash, beginning of year	34,832	46,965
Cash, end of year	\$ 88,521	\$ 34,832

See accompanying notes

PRIVATE TRAINING CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Authority

The Private Training Corporation (the Corporation), established January 1, 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:

(a) 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.

(b) Revenue Recognition

Contributions from private training institutions are recorded in revenue in the period they are due.

2. Short-term investments

Short-term investments of \$2,983,287 (2011 - \$3,166,188) in guaranteed investment certificates are measured at fair value based upon the market value at year end. Maturity dates range from February 13, 2013 to June 4, 2013 with interest rates from 1.75% to 1.77%.

3. Long-term investment

A long-term investment of \$455,542 (2011 - \$0) in a guaranteed investment certificate is measured at fair value based upon its market value at year end. Its maturity date is March 18, 2014 and its interest rate is 1.70%.

PRIVATE TRAINING CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4. Related party transactions

Board expenses of \$5,300 in 2011 included \$5,300 that the Corporation reimbursed the Department of Education for performance of certain duties related to the administration of the Train Out Fund. In 2012, these administrative duties were performed by the Department of Advanced Education and Skills. The costs of these duties are paid directly by the Department and are not reflected in these financial statements.

5. 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. Therefore, no further credit risk or interest rate risk exists in relation to the financial instruments.

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

6. Comparative figures

Certain figures in the 2011 financial statements have been reclassified to conform with the basis of presentation used in 2012.