



**Private Training Corporation**  
**Annual Activity Report**

**January 1 to December 31, 2014**

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## Chairperson's Message

June 1, 2015

Honourable Clyde Jackman  
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 2014 Annual Activity Report of the Private Training Corporation. This report covers the 2014 calendar year and compares actual results to those anticipated in the first year of the Corporation's 2014-16 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,

A handwritten signature in cursive script, appearing to read "Beverly Moore".

**BEVERLY MOORE**  
Board Chair

## **Overview**

The Private Training Corporation 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 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.

### **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 percent of all collected student tuition fees to the Corporation for the fund; and
- provide audited financial statements and other requested documentation to the Minister for examination.

As of December 31, 2014, 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*. A complete listing of the 23 registered private training institutions can be found in Annex 1.

### **Mandate**

The Private Training Corporation was established in 1999 and as per section 5.1 of the *Private Training Institutions Act*, has the mandate 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**

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, 2014, 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. Brendan Hanlon;
- Representative of the Department of Finance, Ms. Sharlene Jones;
- Representative of the Newfoundland and Labrador 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, vacant.

## **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 Literacy and 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 Literacy and 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 percent 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**

The Private Training Corporation collected contributions from the private training institutions and recorded revenue of \$321,228 in 2014. This compares with \$310,471 in 2013. Expenditures for 2014 were \$9,894 compared with \$11,022 in 2013. Expenses were higher in 2013 because two audit fees were expensed in that year as the invoice for the 2012 audit was received late.

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 2014. As of December 31, 2014, the total value of the Train Out Fund was \$4,266,315.

## **Vision**

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

## **Shared Commitments**

The Corporation achieves its mandate in partnership with the Department of Advanced Education and Skills by working together to ensure compliance with regulatory requirements related to the work of the Corporation.

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 provides recommendations to the Minister with respect to the financial stability of private training institutions, and performs other duties as requested by the Minister.

## **Report on Performance**

The Corporation's 2014-16 Activity Plan identified the effective management of the Train Out Fund and effective monitoring of financial data as the key areas of focus for the Corporation. It also included performance measurement information (i.e. measures and indicators) to assist both the Corporation and the public in monitoring and evaluating progress in meeting these objectives.

### **Issue:       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. The following objective applies to 2014, 2015 and 2016 fiscal years.

**Objective:** By December 31, 2014, the Private Training Corporation will continue to maintain an appropriate system for the collection and confirmation of fees from private training institutions.

**Measure:** Continued to maintain an appropriate system for the collection and confirmation of fees.

**Indicator:** 100 percent of required fees collected from private training institutions.

**Results:** During 2014, as in previous 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 *Private Training Institutions Act*;
- Fees were deposited to the Private Training Corporation Train Out Fund; and

- The Train Out Fund was audited to ensure the financial statements present fairly, in all material respects, the financial position of the fund.

**Issue:       Effective Monitoring of Financial Data**

The Private Training 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 2014, 2015 and 2016 fiscal years.

**Objective:** By December 31, 2014, the Private Training Corporation will continue to maintain an appropriate review and feedback mechanism of the audited financial statements for all registered private training institutions.

**Measure:** Continued to maintain an appropriate review and feedback mechanism.

**Indicators:** 1. Reviewed annual audited statements of all registered private training institutions.  
2. Where required, made recommendations to the Minister on the financial stability of a registered institution.

**Results:** During 2014, as in previous years, all annual audited statements of the registered training institutions were reviewed. Advice on financial stability of institutions was provided to the Minister and actions were taken where required.

## **Financial Statements**

The Corporation's financial statements for 2014 were audited by the accounting firm Noseworthy Chapman and are included in Annex 2. In accordance with the objective, and the *Transparency and Accountability Act*, the Auditor's Report dated April 2, 2015, for the fiscal year ended December 31, 2014, 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 1: List of Registered Private Training Institutions**

Registered private training institutions in Newfoundland and Labrador as of  
31 December 2014

<i>Institution</i>	<i>Campus location</i>
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
Carpenters Millwrights College Inc.	Paradise
Central Training Academy	Badger
DieTrac Technical Institute	Lewisporte
Eastern College	St. John's
Gander Flight Training	Gander
Ironworkers Education & Training Co. Inc.	Mount Pearl
Keyin College (formerly Centrac College)	Burin
Keyin College	Carbonear
Keyin College	Clarenville
Keyin College	Gander
Keyin College	Grand Falls-Windsor
Keyin College	Marystown
Keyin College	St. John's
Mine Safety Training Institute	Grand Falls-Windsor
Operating Engineers College	Holyrood
U.A. Training Centre	Mount Pearl
Western College	Stephenville
Woodford Training Centre Inc.	Conception Bay South

## **Annex 2: Financial Statements**

**PRIVATE TRAINING CORPORATION**  
**Financial Statements**  
**Year Ended December 31, 2014**

**PRIVATE TRAINING CORPORATION**  
**Index to Financial Statements**  
**Year Ended December 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Private Training Corporation

We have audited the accompanying financial statements of Private Training Corporation, which comprise the statement of financial position as at December 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flow 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

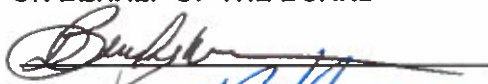
In our opinion, the financial statements present fairly, in all material respects, the financial position of Private Training Corporation as at December 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

  
Chartered Professional Accountants  
St. John's, NL  
April 2, 2015

**PRIVATE TRAINING CORPORATION**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 3,386	\$ 22,568
Short term investments (Note 4)	4,263,924	1,445,598
Accounts receivable from private training institutions	67,320	73,379
	<u>4,334,630</u>	<u>1,541,545</u>
<b>LONG TERM INVESTMENTS</b>	<u>-</u>	<u>2,416,051</u>
	<u>\$ 4,334,630</u>	<u>\$ 3,957,596</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 3,600	\$ 6,685
<b>NET ASSETS</b>		
Train out fund	4,331,030	3,950,911
<b>LIABILITIES AND NET ASSETS</b>	<u>\$ 4,334,630</u>	<u>\$ 3,957,596</u>

ON BEHALF OF THE BOARD

 Director  
 Director

See notes to financial statements

**PRIVATE TRAINING CORPORATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>REVENUE</b>		
Contributions from private training institutions	\$ 321,228	\$ 310,471
Interest income	68,785	62,821
	<b>390,013</b>	<b>373,292</b>
<b>EXPENDITURES</b>		
Office	1,405	1,231
Professional fees	8,489	9,791
	<b>9,894</b>	<b>11,022</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 380,119</b>	<b>\$ 362,270</b>



**PRIVATE TRAINING CORPORATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2014**

	2014	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 3,950,911</b>	<b>\$ 3,588,641</b>
Excess of revenue over expenditures	380,119	362,270
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,331,030</b>	<b>\$ 3,950,911</b>

**PRIVATE TRAINING CORPORATION**  
**Statement of Cash Flow**  
**Year Ended December 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Cash receipts from private training institutions	\$ 327,287	\$ 308,078
Cash paid to suppliers	(12,979)	(14,031)
Interest received	68,785	62,821
<b>Cash flow from operating activities</b>	<b>383,093</b>	<b>356,868</b>
<b>INVESTING ACTIVITY</b>		
Short and long term investments	(402,275)	(422,821)
<b>DECREASE IN CASH</b>	<b>(19,182)</b>	<b>(65,953)</b>
Cash - beginning of year	22,568	88,521
<b>CASH - END OF YEAR</b>	<b>\$ 3,386</b>	<b>\$ 22,568</b>

# PRIVATE TRAINING CORPORATION

## Notes to Financial Statements

Year Ended December 31, 2014

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### 1. PURPOSE OF THE ORGANIZATION

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 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 student tuition.

### 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 (ASNFPO).

#### 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.

Investment income is recognized on the accrual basis as earned.

#### 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.

#### 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.

### 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, 2014.

#### 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.

**PRIVATE TRAINING CORPORATION**

**Notes to Financial Statements**

**Year Ended December 31, 2014**

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**4. 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 February 13, 2015 to November 28, 2015 with interest rates from 1.50% to 1.90%.