

Private Training Corporation Annual Report

January 1, 2022 - December 31, 2022



CHAIRPERSON'S MESSAGE

Honourable John Haggie
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 2022 Annual Report of the Private Training Corporation. This report covers the 2022 calendar year and compares actual results to those anticipated in the last 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

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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 (the Fund) established under the **Private Training Institutions Act** (the 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; and,
- Perform other duties as required by the Minister.

Private Training Institutions

Twenty-one registered private training institutions operated in the province as of December 31, 2022. 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 A.

Membership

Under Section 4(3) of the **Private Training Institutions 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, 2022, the membership of the Board was:

- Chair and Community Representative, Mr. Edward Gerard Duggan;
- Community Representative, Mr. Paul Dubé;
- Representative of the Department of Education, Ms. Tracy Stamp;
- Representative of the Department of Finance, Ms. Jennifer Quilliam;
- Representative of the Newfoundland and Labrador Association of Career Colleges, Mr. Ian Stokes;
- Owner or operator of a private training institution, Mr. Serge Cormier; and
- Student of a private training institution, vacant.

Employees and Location

The Division of Literacy and Institutional Services provides policy analysis and support 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, Manager (A) of Private Training

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 \$229,686 in 2022, down from 2021 (\$242,857) due to lower tuition revenues at a number of private training institutions. Expenditures for the Private Training Corporation in 2022 were \$17,715 as compared to \$13,164 in 2021. 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 2022. As of December 31, 2022, the total value of the Train Out Fund was \$6,811,035.

Highlights and Partnerships

Highlights

The impacts of the global COVID-19 pandemic on the Private Training Corporation itself have been minimal. Operational and Board level activities have occurred primarily leveraging remote tools. Enrollment in private training institutions is down slightly year over year, and while it is increasing for many private training institutions, it is still about ten percent lower than pre pandemic levels. The near term outlook is positive, thus likely not negatively impacting the future total incoming amounts to the Fund. It is expected that enrollment numbers will continue to return to typical levels in 2023-24. Interest rates have increased, so it is anticipated that returns and growth for the Fund will be improved somewhat as the Corporation still 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.

ISSUE 1: Effective Management of the Train Out Fund

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 **Private Training Institutions Act**, all institutions are required to submit one per cent of tuition fees collected to the fund. The following objective applies to the 2020, 2021 and 2022 calendar years.

Objective:	By December 31, 2022, the Corporation will continue to maintain an appropriate system for the collection and confirmation of fees from private training institutions
Indicators:	100 per cent of required fees collected from private training institutions.
Results:	During 2022, 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.

Objective:	By December 31, 2022, the Corporation will continue to maintain an appropriate review and feedback mechanism of the audited financial statements for all registered private training institutions.
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Indicators:	<ol style="list-style-type: none"> 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:	<ol style="list-style-type: none"> 1. As of December 31, 2022, 14 of the 21 audited financial statements due during 2022 were received and reviewed by the Private Training Corporation. Follow-up was initiated with the seven institutions whose financial statements remained outstanding to facilitate submission and review, and five financial statements were subsequently submitted and reviewed between January and May 2023. Financial statements for the remaining two institutions are expected to be submitted prior to the end of June 2023 as year-end 2022 financials are completed. Institutions have expressed challenges with obtaining audited statements within the required three-month time frame. The Private Training Institutions Regulations are currently under review and this issue is being examined. 2. During 2022, no formal recommendations to the Minister on the financial stability of a registered private training institution were required. Recommendations are only made following the review of financial statements where significant concerns are noted with respect to financial stability.

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, 2022, the Corporation Board will have made recommendations, as required on the operation of the Private Training Institutions Act and Regulations .
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Indicators:	<ol style="list-style-type: none">1. Reviewed any relevant Corporation operational challenges and industry trends.2. Where required, make recommendations to the Minister.
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Results:	<ol style="list-style-type: none">1. As of December 31, 2022, 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 of Education or the Office of the Chief Information Officer.2. During 2022, 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 2023.
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Financial Statements

The Corporation's financial statements for 2022 were audited by the accounting firm Noseworthy Chapman and are included in Annex B. The Auditor's Report for the fiscal year ending December 31, 2022 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, 2022.

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	Bay Roberts
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	Clarenville
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, 2022

PRIVATE TRAINING CORPORATION

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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, 2022, 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.

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NOSEWORTHY CHAPMAN

chartered professional accountants



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

T: 709.364.5600 **F:** 709.368.2146 **W:** noseworthychapman.ca

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.

Noseworthy Chapman

Chartered Professional Accountants
St. John's, NL
April 4, 2023

PRIVATE TRAINING CORPORATION

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,830	\$ 7,194
Accounts receivable from private training institutions	41,978	43,244
Short term investments <i>(Note 4)</i>	2,898,113	2,655,132
	2,941,921	2,705,570
LONG TERM INVESTMENTS <i>(Note 5)</i>	3,873,114	3,855,488
	\$ 6,815,035	\$ 6,561,058
LIABILITIES		
CURRENT		
Accounts payable	\$ 4,000	\$ 12,600
NET ASSETS		
Train out fund	6,811,035	6,548,458
LIABILITIES AND NET ASSETS	\$ 6,815,035	\$ 6,561,058

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Revenues and Expenditures
Year Ended December 31, 2022

	2022	2021
REVENUES		
Contributions from private training institutions	\$ 229,686	\$ 242,857
Interest income	50,606	38,887
	280,292	281,744
EXPENDITURES		
Professional fees	15,700	11,400
Office	2,015	1,764
	17,715	13,164
EXCESS OF REVENUES OVER EXPENDITURES	\$ 262,577	\$ 268,580

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Changes in Net Assets
Year Ended December 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 6,548,458	\$ 6,279,878
EXCESS OF REVENUES OVER EXPENDITURES	262,577	268,580
NET ASSETS - END OF YEAR	\$ 6,811,035	\$ 6,548,458

PRIVATE TRAINING CORPORATION**Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from private training institutions	\$ 230,952	\$ 236,282
Cash paid to suppliers	(26,315)	(4,165)
Interest received	50,606	38,887
Cash flow from operating activities	255,243	271,004
INVESTING ACTIVITIES		
Decrease (Increase) in short term investments	(242,981)	2,120,862
Increase in long term investments	(17,626)	(2,394,749)
Cash flow used by investing activities	(260,607)	(273,887)
DECREASE IN CASH	(5,364)	(2,883)
Cash - beginning of year	7,194	10,077
CASH - END OF YEAR	\$ 1,830	\$ 7,194

See notes to financial statements

PRIVATE TRAINING CORPORATION

Notes to Financial Statements

Year Ended December 31, 2022

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 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.

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. Examples of significant estimates include: the allowance for doubtful accounts and the recoverability of long term investments.

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, 2022.

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PRIVATE TRAINING CORPORATION

Notes to Financial Statements

Year Ended December 31, 2022

3. FINANCIAL INSTRUMENTS *(continued)*

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.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

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 May 8, 2023 to December 22, 2023 with interest rates from 1.70% to 5.05%.

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%.

