

# **Private Training Corporation Annual Report**

January 1, 2017 - December 31, 2017



# CHAIRPERSON'S MESSAGE

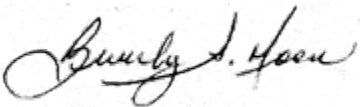
Honourable Al Hawkins  
Minister of Advanced Education, Skills and Labour  
West Block, Confederation Building  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister:

As Chair of the Private Training Corporation, a Category Three government entity, I am pleased to submit the 2017 Annual Report of the Private Training Corporation. This report covers the 2017 calendar year and compares actual results to those anticipated in the first year of the Corporation's 2017-19 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,



BEVERLY MOORE  
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 established under the Private Training Institutions Act. 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 and, pursuant to Section 5.1 of the Private Training Institutions Act, has the mandate to:

- Administer the Train Out Fund established under the Private Training Institutions Act;
- Make recommendations to the Minister with respect to:
  - the operation of the Private Training Institutions 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;
- 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, 2017. All institutions are required to register and fully comply with the Private Training Institutions Act and Regulations. A complete listing of the registered private training institutions can be found in Annex 1.

## Membership

Section 4(3) of the Private Training Institutions Act provides for the membership of the Private Training Corporation Board of Directors to be appointed by the Lieutenant-Governor in Council. Section 3(1) of the Private Training Institutions Regulations specifies the Board's composition.

As of December 31, 2017, the membership of the Board was:

- Chair and Community Representative, Ms. Beverly Moore;
- Community Representative, Mr. Brian Tremblett;
- Representative of the Department of Advanced Education, Skills and Labour, Mr. Brendan Hanlon;
- Representative of the Department of Finance, Ms. Sharlene Jones;
- Representative of the Newfoundland and Labrador Association of Career Colleges, Mr. Ian Stokes;
- Owner or operator of a private training institution, Mr. James Loder; and
- Student of a private training institution, vacant – The Public Service Commission is actively recruiting a student representative and continues to advertise for nominations. To date, no applicants have met the necessary criteria for appointment as the student representative.

## Employees and Location

Necessary analysis undertaken on the Corporation's behalf is conducted by the Division of Literacy and Institutional Services, in consultation with other divisions within the Department of Advanced Education, Skills and Labour. 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 usually meets at the Confederation Building in St. John's. Correspondence may be forwarded to:

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

## Revenues and Expenditures

Pursuant to the Private Training Institutions Act, institutions must remit one per cent of collected tuition revenue to the Private Training Corporation for the Train Out Fund. The Corporation collected contributions from the private training institutions and recorded revenues of \$244,803 in 2017, down from 2016 (\$260,598) due to lower tuition revenues at a number of private training institutions. Expenditures for the Private Training Corporation in 2017 were on par with 2016 (\$11,632 in 2017 compared to \$11,552 in 2016).

Corporation members are not remunerated. Eligible meeting expenses are paid out of the Train Out Fund. This is permitted by the legislation which specifies that the Train Out 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 Train Out Fund during 2017. As of December 31, 2017, the total value of the Train Out Fund was \$5,304,033.

## Highlights and Partnerships

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

# Report on Performance

The Corporation’s 2017-19 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 to assist both the Corporation and the public in monitoring and evaluating progress in meeting these objectives.

<b>ISSUE 1: Effective Management of the Train Out Fund</b>	
<p>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 and indicator applies to the 2017, 2018 and 2019 fiscal years.</p>	
Objective:	By December 31, 2017, the Private Training Corporation will have collected and confirmed fees from private training institutions.
Indicator:	<ol style="list-style-type: none"> <li>1. 100 per cent of required fees collected from private training institutions.</li> <li>2. Confirmed the amounts contributed by private training institutions.</li> </ol>
Result:	<ol style="list-style-type: none"> <li>1. During 2017, 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 Corporation’s financial statements were accurate and complete.</li> <li>2. To confirm the amounts received from the private training institutions, the Corporation requests letters from auditors verifying that the amount each private training institution paid to the Train Out Fund in a fiscal year is correct. Currently, not all private training institutions submit this document, as there is no explicit legislative requirement to do so. The Private Training Institutions Regulations are currently under review and this issue is being reviewed.</li> </ol>



## ISSUE 2: 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 review of the audited financial statements. The following objective and indicators apply to the 2017, 2018 and 2019 fiscal years.

<b>Objective:</b>	By December 31, 2017, the Private Training Corporation will have continued to maintain an appropriate review and feedback mechanism of the audited financial statements for all registered private training institutions.
<b>Indicators:</b>	<ol style="list-style-type: none"><li>1. Reviewed annual audited statements of all registered private training institutions.</li><li>2. Where required, made recommendations to the Minister on the financial stability of a registered institution.</li></ol>
<b>Results:</b>	<ol style="list-style-type: none"><li>1. As of December 31, 2017, 15 of the 21 audited financial statements due during 2017 were received and reviewed by the Private Training Corporation. Follow-up was initiated with the six institutions whose financial statements remained outstanding to facilitate submission and review. 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 reviewed.</li><li>2. During 2017, no formal recommendations to the Minister on the financial stability of a registered private training institution were required.</li></ol>

# Financial Statements

The Corporation's financial statements for 2017 were audited by the accounting firm Noseworthy Chapman and are included in Annex 2. The Auditor's Report for the fiscal year ending December 31, 2017 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 1

## List of Registered Private Training Institutions

Registered private training institutions in Newfoundland and Labrador as of December 31, 2017.

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	Burin
Keyin College	Carbonear
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
U.A. Training Centre	Mount Pearl
Woodford Training Centre Inc.	Conception Bay South

# **Annex 2**

## **Financial Statements**

**PRIVATE TRAINING CORPORATION**  
**Financial Statements**  
**Year Ended December 31, 2017**

**PRIVATE TRAINING CORPORATION**  
**Index to Financial Statements**  
**Year Ended December 31, 2017**

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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



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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, 2017 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, 2017 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.

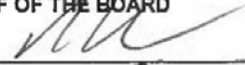
*Noseworthy Chapman*

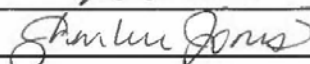
Chartered Professional Accountants  
St. John's, NL  
April 23, 2018

**PRIVATE TRAINING CORPORATION**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 26,504	\$ 7,875
Accounts receivable from private training institutions	41,733	32,420
Short term investments (Note 4)	4,111,151	3,683,834
	4,179,388	3,724,129
<b>LONG TERM INVESTMENTS (Note 5)</b>	<b>1,128,246</b>	<b>1,278,826</b>
	<b>\$ 5,307,634</b>	<b>\$ 5,002,955</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 3,601	\$ 3,601
<b>NET ASSETS</b>		
Train out fund	5,304,033	4,999,354
<b>LIABILITIES AND NET ASSETS</b>	<b>\$ 5,307,634</b>	<b>\$ 5,002,955</b>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See notes to financial statements



**PRIVATE TRAINING CORPORATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2017**

	2017	2016
<b>REVENUES</b>		
Contributions from private training institutions	\$ 244,803	\$ 260,598
Interest income	71,508	66,956
	<b>316,311</b>	<b>327,554</b>
<b>EXPENDITURES</b>		
Office	1,792	1,712
Professional fees	9,840	9,840
	<b>11,632</b>	<b>11,552</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 304,679</b>	<b>\$ 316,002</b>

See notes to financial statements

**PRIVATE TRAINING CORPORATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 4,999,354</b>	<b>\$ 4,683,352</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>304,679</b>	<b>316,002</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,304,033</b>	<b>\$ 4,999,354</b>

See notes to financial statements

**PRIVATE TRAINING CORPORATION**  
**Statement of Cash Flow**  
**Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Cash receipts from private training institutions	\$ 235,490	\$ 282,640
Cash paid to suppliers	(11,632)	(11,552)
Interest income	71,508	66,956
<b>Cash flow from operating activities</b>	<b>295,366</b>	<b>338,044</b>
<b>INVESTING ACTIVITIES</b>		
(Increase) decrease in short term investments	(427,317)	870,898
Decrease (increase) in long term investments	150,580	(1,278,826)
<b>Cash flow used by investing activities</b>	<b>(276,737)</b>	<b>(407,928)</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>18,629</b>	<b>(69,884)</b>
Cash - beginning of year	7,875	77,759
<b>CASH - END OF YEAR</b>	<b>\$ 26,504</b>	<b>\$ 7,875</b>

See notes to financial statements

## PRIVATE TRAINING CORPORATION

### Notes to Financial Statements

Year Ended December 31, 2017

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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).

##### 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.

**PRIVATE TRAINING CORPORATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2017**

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**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, 2017.

***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.

**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 February 16, 2018 to December 21, 2018 with interest rates from 1.375% to 2.00%.

**5. LONG 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 February 15, 2019 to March 12, 2019 with interest rates from 1.60% to 2.00%.

