

Private Training Corporation Annual Activity Report

January 1, 2016 - December 31, 2016

CHAIRPERSON'S MESSAGE

June 8, 2017


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

Dear Minister:

I am pleased to submit the 2016 Annual Activity Report of the Private Training Corporation. This report covers the 2016 calendar year and compares actual results to those anticipated in the final 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
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 in 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; 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, 2016. 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, 2016, 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, vacant - in the process of being filled;
- Owner or operator of a private training institution, Mr. James Loder; and
- Student of a private training institution, vacant - in the process of being filled.

Employees and Location

The Private Training Corporation, although empowered by the Private Training Institutions Act to do so, employs no staff. Due to the current volume 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 Financial Services Division 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.

The Corporation leases no premises and 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, Skills and Labour
P.O. Box 8700
St. John's, NL, A1B 4J6
Attention: Ms. Lynette Hann, Manager of Operations, Private Training

Lines of Business

The Private Training Corporation has one line of business, which is to administer the Train Out Fund.

Revenues and Expenditures

Pursuant to the Private Training Institutions Act, Private Training Institutions must remit one per cent of collected tuition revenue to the Private Training Corporation for the Train Out Fund. The Private Training Corporation collected contributions from the private training institutions and recorded revenues of \$260,598 in 2016, down from 2015 (\$297,593) due to lower tuition revenues in 2016 at a number of private training institutions. Expenditures in 2016 were slightly higher than 2015 (\$11,552 in 2016 compared to \$11,077 in 2015) due to increasing administration costs.

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 2016. As of December 31, 2016, the total value of the Train Out Fund was \$4,999,354.

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, Skills and Labour to ensure compliance with regulatory requirements related to the work of the Corporation. The Private Training Corporation is a Category 3 government entity that reports to the Minister of Advanced Education, Skills and Labour.

Report on Performance

December 2016 marks the end of the three-year Activity Plan (2014-16) for the Private Training Corporation. This 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 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 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 the 2014, 2015 and 2016 fiscal years.	
Objective:	By December 31, 2016, the Private Training Corporation will continue to maintain an appropriate system for the collection and confirmation of fees from private training institutions.
Indicator:	100 per cent of required fees collected from private training institutions.
Result:	During 2016, 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 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 were accurate and complete.

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 applies to the 2014, 2015 and 2016 fiscal years.

Objective:	By December 31, 2016, 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.
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. During 2016, and over the past three years, all annual audited statements of registered training institutions submitted to the Department were reviewed.2. During 2016, no formal recommendations to the Minister on the financial stability of a registered private training institution were required.

Financial Statements

The Corporation's financial statements for 2016 were audited by the accounting firm Noseworthy Chapman and are included in Annex 2. The Auditor's Report for the fiscal year ended December 31, 2016, 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 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 31 December 2016.

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, 2016

PRIVATE TRAINING CORPORATION
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Year Ended December 31, 2016

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NOSEWORTHY CHAPMAN

chartered professional accountants



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INDEPENDENT AUDITOR'S REPORT

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, 2016 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, 2016 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 5, 2017

PRIVATE TRAINING CORPORATION
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 7,875	\$ 77,759
Accounts receivable from private training institutions	32,420	54,462
Short term investments <i>(Note 4)</i>	3,683,834	4,554,731
	3,724,129	4,686,952
LONG TERM INVESTMENTS <i>(Note 5)</i>	1,278,826	-
	\$ 5,002,955	\$ 4,686,952
LIABILITIES		
CURRENT		
Accounts payable	\$ 3,601	\$ 3,600
NET ASSETS		
Train out fund	4,999,354	4,683,352
LIABILITIES AND NET ASSETS	\$ 5,002,955	\$ 4,686,952

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Revenues and Expenditures
Year Ended December 31, 2016

	2016	2015
REVENUE		
Contributions from private training institutions	\$ 260,598	\$ 297,593
Interest income	66,956	65,807
	327,554	363,400
EXPENSES		
Office	1,712	1,609
Professional fees	9,840	9,468
	11,552	11,077
EXCESS OF REVENUE OVER EXPENDITURES	\$ 316,002	\$ 352,323

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Changes in Net Assets
Year Ended December 31, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 4,683,352	\$ 4,331,029
Excess of revenue over expenses	316,002	352,323
NET ASSETS - END OF YEAR	\$ 4,999,354	\$ 4,683,352

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Cash Flow
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Cash receipts from private training institutions	\$ 282,640	\$ 310,451
Cash paid to suppliers	(11,552)	(11,077)
Interest received	66,956	65,807
Cash flow from operating activities	338,044	365,181
INVESTING ACTIVITIES		
Decrease (increase) in short term investments	870,898	(290,808)
Increase in long term Investments	(1,278,826)	-
Cash flow used by investing activities	(407,928)	(290,808)
INCREASE (DECREASE) IN CASH	(69,884)	74,373
Cash - beginning of year	77,759	3,386
CASH - END OF YEAR	\$ 7,875	\$ 77,759

See notes to financial statements

PRIVATE TRAINING CORPORATION

Notes to Financial Statements

Year Ended December 31, 2016

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, 2016.

(a) 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, 2016

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 15, 2017 to December 12, 2017 with interest rates from 1.30% to 1.68%.

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 17, 2018 to June 16, 2018 with interest rates from 1.40% to 1.52%.

