

**PRIVATE TRAINING CORPORATION**

**ANNUAL BUSINESS REPORT**

**FISCAL YEAR 2007**

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## Chairperson's Message

June 12, 2008

Honourable Joan Burke  
Minister of Education  
West Block, Confederation Building  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister:

I am pleased to submit the 2007 Annual Business Report of the Private Training Corporation. This report covers the 2007 calendar year and compares actual results to those anticipated in the corporation's Business Plan for 2007.

My signature below is on behalf of the corporation and indicative of its accountability for the actual results reported herein.

Respectfully submitted,



**LORELEI DEAN**  
Chair

# Overview

## Membership

The Private Training Corporation is established under section 4 of the *Private Training Institutions Act*. Section 3.1 of the Private Training Institutions Regulations provides for its membership to be appointed by the Lieutenant-Governor in Council. As of December 31, 2007, the membership was as follows:

- Representative of the Department of Education, Mr. Jack Thompson;
- Representative of the Department of Finance, Mr. Terry Paddon;
- Owner or operator of a private training institution, Mr. Doug Simms from Grand Falls-Windsor;
- Student of a private training institution, Mr. Scott Cantwell from St. John's; and
- Representative of the community, Ms. Lorelei Dean from Paradise.

As of December 31, 2007, there was no chairperson.

## 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 of Education 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.

The Train Out Fund consists of fees submitted by the private training institutions based upon one per cent of their tuition collected. It is retained by the corporation to assist affected students in the event a private training institution closes.

## Collection of Institutional Contributions

The Private Training Corporation collected contributions from the private training institutions in the amount of \$300,988 in 2007. This compares with \$263,395 in 2006.

## **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 and Industrial Training or the Division of Financial Services within the Department of Education. Furthermore, the former chairperson, Mr. Eric White, was directly involved in billing, collecting fees, and preparing correspondence prior to June 28, 2007 when his membership ended due to the appointment of new members. The corporation was invoiced by the Department of Education for services rendered as the department provided the chairperson with a small stipend for the use of his home telephone and computer system. Mr. White's services in this regard were retained, and have continued, since the new members were appointed to ensure the corporation continues to meet its mandate.

The corporation usually meets at the Confederation Building in St. John's.

Correspondence may be forwarded to:

Private Training Corporation  
Department of Education  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

## **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. It is:

### **Train Out Fund Management**

The primary function of the Private Training Corporation is 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 can complete their education.

## **Vision**

The vision of the Private Training Corporation is of students graduating from financially viable training institutions with the skills necessary to participate in the labour market.

## **Mission**

The mission statement identifies the priority focus area of the Private Training Corporation. It represents the key longer-term results that the corporation will be working towards in implementing its mandate.

By 2010, the Private Training Corporation will have ensured that there continues to be a financial safety net for students attending private training institutions.

**Measure One:** Continued financial safety of students  
**Indicator:** Management of the Train Out Fund

## **Shared Commitments**

The overarching goal of the Private Training Corporation is to protect students by ensuring stability in the private training system through legislated control measures. In this respect, the Corporation shares commitments to the province's students with the Department of Education and the private training institutions.

### **The Department of Education**

The Private Training Corporation is a category two government entity reporting to the Minister of Education who is responsible for all aspects of K-12 and post-secondary education in Newfoundland and Labrador. In addition to duties with respect to 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. In the event a seat on the Board of Directors becomes vacant, the minister has legislative authority to fill same for the duration of the term.

### **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
- To provide audited financial statements and other requested documentation to the minister for examination.

Currently there are 25 registered private training institutions operating in the province. All institutions are required to register and fully comply with the *Private Training Institutions Act*.

## Outputs

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. Under the *Private Training Institutions Act*, all institutions are required to submit one per cent of tuition fees collected for the fund. The Private Training Corporation identified one goal in the 2007 Business Plan to guide its work for that calendar year:

**Goal:** By December 31, 2007 the Private Training Corporation will have maintained an appropriate system for billing and collecting fees from private training institutions.

Measure: Timely and accountable system for billing and collecting fees

During 2007, 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*, after which they were promptly deposited to the corporation's account. The Auditor General audits the Train Out Fund each year to ensure the financial statements present fairly, in all material respects, the financial position of the fund. In accordance with the goal, and the *Transparency and Accountability Act*, the Auditor's Report dated 18 March 2008, for the fiscal year ended 31 December 2007, is attached as Annex One demonstrating the corporation's accountability to the people of the province. There were no claims made on the Train Out Fund during 2007.

## Financial Statements

Members of the Private Training Corporation are not remunerated. Expenses are paid out of funds obtained by the corporation from the private training institutions. The corporation prepares annual financial statements which are audited by the Office of the Auditor General and included in Annex One.

**ANNEX ONE  
FINANCIAL STATEMENTS**



**PRIVATE TRAINING CORPORATION**

**TRAIN OUT FUND**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2007**



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

I have audited the balance sheet of the Private Training Corporation, Train Out Fund as at 31 December 2007 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
18 March 2008

**PRIVATE TRAINING CORPORATION**  
**TRAIN OUT FUND**  
**STATEMENT OF REVENUE, EXPENSES AND SURPLUS**  
**For the Year Ended 31 December**

**2007**

**2006**

**REVENUE**

|  |                |                |
|--|----------------|----------------|
| Contributions from private training institutions | \$ 300,988     | \$ 263,395     |
| Investment income                                | 63,313         | 41,548         |
| Bad debt recovery                                | -              | 13,027         |
|  | <u>364,301</u> | <u>317,970</u> |

**EXPENSES**

|                         |               |               |
|-------------------------|---------------|---------------|
| Board expenses (Note 3) | 5,300         | 12,059        |
| Office expense          | 3,993         | 2,965         |
| Professional fees       | 2,046         | 1,606         |
|                         | <u>11,339</u> | <u>16,630</u> |

|                                 |                     |                     |
|---------------------------------|---------------------|---------------------|
| Excess of revenue over expenses | 352,962             | 301,340             |
| Surplus, beginning of year      | 1,509,074           | 1,207,734           |
| Surplus, end of year            | <u>\$ 1,862,036</u> | <u>\$ 1,509,074</u> |

*See accompanying notes*

**PRIVATE TRAINING CORPORATION**  
**TRAIN OUT FUND**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 December**

2007

2006

**Cash flows from operating activities**

|  |            |            |
|--|------------|------------|
| Excess of revenue over expenses                        | \$ 352,962 | \$ 301,340 |
| Change in non-cash working capital                     |            |            |
| Investment income receivable                           | (8,689)    | (9,411)    |
| Accounts receivable from private training institutions | (3,373)    | (558)      |
| Accounts payable and accrued liabilities               | 4,478      | (3,367)    |

**Net increase in cash and cash equivalents** 345,378 288,004

**Cash and cash equivalents, beginning of year** 1,423,309 1,135,305

**Cash and cash equivalents, end of year** \$ 1,768,687 \$ 1,423,309

**Cash and cash equivalents include:**

|                        |                     |                     |
|------------------------|---------------------|---------------------|
| Cash                   | \$ 270,702          | \$ 74,802           |
| Short-term investments | 1,497,985           | 1,348,507           |
|                        | <b>\$ 1,768,687</b> | <b>\$ 1,423,309</b> |

*See accompanying notes*

**PRIVATE TRAINING CORPORATION**  
**TRAIN OUT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 December 2007**

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**Authority**

The Private Training Corporation (the Corporation), established 1 January 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. Significant accounting policies**

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

**2. Short-term investments**

Short-term investments of \$1,497,985 (2006 - \$1,348,507) in guaranteed investment certificates are valued at cost. Maturity dates range from 17 March 2008 to 3 November 2008 with interest rates from 3.99% to 4.73%.

**3. Related party transaction**

Employees of the Department of Education perform certain duties related to the administration of the Train Out Fund. The Corporation reimburses the Department for these expenses charged to Board expenses in the amount of \$5,300 for 2007 (2006 - \$10,600).

**4. Financial instruments**

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investments, investment income receivable, accounts receivable from private training institutions, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable would have been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

**5. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.