

Private Training Corporation

Annual Report

January 1, 2018 - December 31, 2018



CHAIRPERSON'S MESSAGE

Honourable Bernard Davis
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 2018 Annual Report of the Private Training Corporation. This report covers the 2018 calendar year and compares actual results to those anticipated in the second 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,



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 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, 2018. 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, 2018, the membership of the Board was:

- Chair and Community Representative, Mr. Edward Gerard Duggan;
- Community Representative, Mr. Paul Dube;
- Representative of the Department of Advanced Education, Skills and Labour, Mr. Brendan Hanlon;
- Representative of the Department of Finance, vacant;
- Representative of the Newfoundland and Labrador Association of Career Colleges, Mr. Ian Stokes;
- Owner or operator of a private training institution, Mr. Carl Barrett; 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:

Mr. Edward Gerard Duggan
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. Terri Grandy

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 \$232,506 in 2018, down from 2017 (\$244,803) due to lower tuition revenues at a number of private training institutions. Expenditures for the Private Training Corporation in 2018 were \$53,914. The increase from 2017 (\$11,632) is due to the estimated cost (\$40,000) associated with an actuarial study to assess the adequacy of the Train Out Fund and contribution rates with respect to protecting students against the risk of financial loss as a result of failure of a private training institution, along with \$1,688 in expenditures for Board members to attend meetings during the year.

Corporation members are not remunerated. Eligible meeting expenses are paid from 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 2018. As of December 31, 2018, the total value of the Train Out Fund was \$5,589,383.

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.

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 and indicator applies to the 2017, 2018 and 2019 fiscal years.	
Objective:	By December 31, 2018, the Private Training Corporation will have collected and confirmed fees from private training institutions.
Indicators:	<ol style="list-style-type: none">1. 100 per cent of required fees collected from private training institutions.2. Confirmed the amounts contributed by private training institutions.

Results:	<ol style="list-style-type: none"><li data-bbox="428 197 1479 562">1. During 2018, 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 data-bbox="428 583 1479 903">2. The Corporation requests letters of confirmation from each private training institution verifying that the amount paid to the Train Out Fund in a fiscal year is correct. In 2018, not all private training institutions submitted this confirmation letter, as there is no explicit legislative requirement to do so. The Private Training Institutions Regulations are currently under review and this issue is being examined.
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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.

Objective:	By December 31, 2018, 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.
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, 2018, seventeen of the 21 audited financial statements due during 2018 were received and reviewed by the Private Training Corporation. Follow-up was initiated with the four 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 examined.2. During 2018, 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 2018 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, 2018 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, 2018.

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

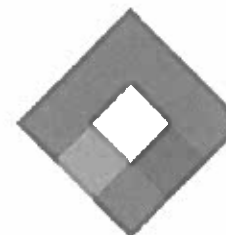
Year Ended December 31, 2018

PRIVATE TRAINING CORPORATION
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Year Ended December 31, 2018

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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

Opinion

We have audited the financial statements of Private Training Corporation (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flow 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, 2018, 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.

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 the 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 those 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 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

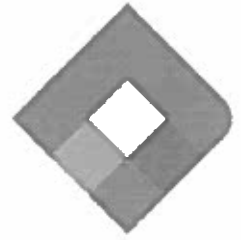
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Independent Auditor's Report to the Members of Private Training Corporation (continued)

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. 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
March 22, 2019

PRIVATE TRAINING CORPORATION
Statement of Financial Position
December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 63,705	\$ 26,504
Accounts receivable from private training institutions	28,353	41,733
Short term investments <i>(Note 4)</i>	5,540,926	4,111,151
	5,632,984	4,179,388
LONG TERM INVESTMENTS <i>(Note 5)</i>	-	1,128,246
	\$ 5,632,984	\$ 5,307,634
LIABILITIES		
CURRENT		
Accounts payable	\$ 43,601	\$ 3,601
NET ASSETS		
Train out fund	5,589,383	5,304,033
LIABILITIES AND NET ASSETS	\$ 5,632,984	\$ 5,307,634

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Revenues and Expenditures
Year Ended December 31, 2018

	2018	2017
REVENUES		
Contributions from private training institutions	\$ 232,506	\$ 244,803
Interest income	106,758	71,508
	339,264	316,311
EXPENDITURES		
Office	1,856	1,792
Board expense	1,688	-
Actuarial fees	40,000	-
Professional fees	10,370	9,840
	53,914	11,632
EXCESS OF REVENUES OVER EXPENDITURES	\$ 285,350	\$ 304,679

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Changes in Net Assets
Year Ended December 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 5,304,033	\$ 4,999,354
EXCESS OF REVENUES OVER EXPENDITURES	285,350	304,679
NET ASSETS - END OF YEAR	\$ 5,589,383	\$ 5,304,033

See notes to financial statements

PRIVATE TRAINING CORPORATION
Statement of Cash Flow
Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from private training institutions	\$ 245,886	\$ 235,490
Cash paid to suppliers	(13,914)	(11,632)
Interest income	106,758	71,508
Cash flow from operating activities	338,730	295,366
INVESTING ACTIVITIES		
Increase in short term investments	(1,429,775)	(427,317)
Decrease in long term investments	1,128,246	150,580
Cash flow used by investing activities	(301,529)	(276,737)
INCREASE IN CASH	37,201	18,629
Cash - beginning of year	26,504	7,875
CASH - END OF YEAR	\$ 63,705	\$ 26,504

See notes to financial statements

PRIVATE TRAINING CORPORATION

Notes to Financial Statements

Year Ended December 31, 2018

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).

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.

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, 2018.

(continues)

PRIVATE TRAINING CORPORATION

Notes to Financial Statements

Year Ended December 31, 2018

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.

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, 2019 to December 21, 2019 with interest rates from 1.60% to 2.65%.

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. As of December 31, 2018, only short term investments are outstanding as all investments mature during 2019.

