

PRIVATE TRAINING CORPORATION

ANNUAL BUSINESS REPORT

FISCAL YEAR 2009

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Chairperson's Message

April 28, 2010

Honourable Darin King
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 2009 Annual Business Report of the Private Training Corporation. This report covers the 2009 calendar year and compares actual results to those anticipated in the corporation's Business Plan for 2009.

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, 2009, the membership was as follows:

- Representative of the Department of Education, Mr. Don Stapleton;
- Representative of the Department of Finance, Mr. Terry Paddon;
- Student of a private training institution, Mr. Scott Cantwell from St. John's;
- Representative of the community, Ms. Beverley Smith from Corner Brook;
- Representative of the community, Ms. Lorelei Dean from Paradise;
- Representative of an Owner/Operator, Vacant; and
- Representative of the Newfoundland and Labrador Association of Career Colleges, Vacant.

As of December 31, 2009, Ms. Lorelei Dean was the 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 and recorded a revenue of \$292,482 in 2009. This compares with \$320,685 in 2008. The resulting decrease from 2008 is due to lower tuition revenues in 2009 at select colleges.

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. The billing and collection of fees as well as the preparation of correspondence is done on a contractual basis.

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.

Mission

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 the 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. 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.

Issue One: Effective Management of the Train Out Fund

The Private Training Corporation identified one goal in the 2008-10 Business Plan to guide its work for those calendar years:

Goal One: By December 31, 2010 the Private Training Corporation will have continued to maintain an appropriate system for billing and collecting fees from private training institutions.

Measure: Timely and accountable system for billing and collecting fees
Indicator: Maintained timely and accountable system for billing and collecting fees

Objective: By December 31, 2009, the Private Training Corporation will have continued to maintain an appropriate system for billing and collecting fees from private training institutions.

Measure: Timely and accountable system for billing and collecting fees

The following details the corporation's successful achievement of its objective for 2009.

Indicator: Maintained timely and accountable system for billing and collecting fees

During 2009, 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 March 10, 2010, for the fiscal year ended December 31, 2009, 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 2009.

2010 Objective:

By December 31, 2010, the Private Training Corporation will have continued to maintain an appropriate system for billing and collecting fees from private training institutions.

Measure: Timely and accountable system for billing and collecting fees
Indicator: Maintained timely and accountable system for billing and collecting fees

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 2009



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

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 2009 and the statements of revenues, 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 2009 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
10 March 2010

**PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
BALANCE SHEET**

31 December

2009

2008

ASSETS

Current

Cash	\$ 91,202	\$ 205,019
Short-term investments (Note 2)	1,116,755	1,965,911
Investment income receivable	18,506	28,196
<u>Accounts receivable from private training institutions</u>	<u>68,428</u>	<u>61,725</u>

1,294,891 2,260,851

Long-term investments (Note 3) 1,290,292 -

\$ 2,585,183 \$ 2,260,851

LIABILITIES AND SURPLUS

Current

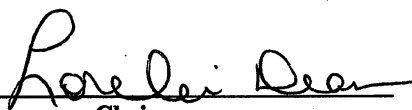
Accounts payable and accrued liabilities	\$ 12,111	\$ 16,976
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Surplus 2,573,072 2,243,875

\$ 2,585,183 \$ 2,260,851

See accompanying notes

Signed on behalf of the Corporation:


Chairperson


Director

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

2009

2008

REVENUES

Contributions from private training institutions	\$ 292,482	\$ 320,685
Investment income	52,174	72,459
	<u>344,656</u>	<u>393,144</u>

EXPENSES

Board expenses (Note 4)	7,713	5,300
Office expense	2,366	596
Professional fees	5,380	5,409
	<u>15,459</u>	<u>11,305</u>

Excess of revenues over expenses	329,197	381,839
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Surplus, beginning of year	2,243,875	1,862,036
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Surplus, end of year	\$ 2,573,072	\$ 2,243,875
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See accompanying notes

**PRIVATE TRAINING CORPORATION
TRAIN OUT FUND**

STATEMENT OF CASH FLOWS

For the Year Ended 31 December

2009

2008

Cash flows from operating activities

Excess of revenues over expenses	\$ 329,197	\$ 381,839
Change in non-cash working capital		
Investment income receivable	9,690	(1,702)
Accounts receivable from private training institutions	(6,703)	14,451
Accounts payable and accrued liabilities	(4,865)	7,655

327,319 402,243

Cash flows from investing activities

Purchase of long-term investments	(1,290,292)	-
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Net increase (decrease) in cash and cash equivalents (962,973) 402,243

Cash and cash equivalents, beginning of year 2,170,930 1,768,687

Cash and cash equivalents, end of year \$ 1,207,957 \$ 2,170,930

Cash and cash equivalents include:

Cash	\$ 91,202	\$ 205,019
Short-term investments	1,116,755	1,965,911
	\$ 1,207,957	\$ 2,170,930

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2009

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 \$1,116,755 (2008 - \$1,965,911) in guaranteed investment certificates are valued at cost which approximates market value because of their current nature. Maturity dates range from 12 February 2010 to 3 November 2010 with interest rates from 0.42% to 2.00%.

3. Long-term investments

Long-term investments of \$1,290,292 (2008 - \$0) in guaranteed investment certificates are valued at cost which approximates market value because of their current nature. Maturity dates range from 4 February 2011 to 18 September 2012 with interest rates from 1.35% to 2.25%.

4. Related party transaction

Board expenses of \$7,713 (2008 - \$5,300) includes \$5,300 (2008 - \$5,300) that the Corporation reimburses the Department of Education for performance of certain duties related to the administration of the Train Out Fund.

5. Financial instruments

The Corporation's short-term 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.

The Corporation also holds long-term investments. The policy and intention of the Board is to hold these long-term investments to maturity. Therefore, their reported value is current fair value to the Corporation and there is no rate risk associated with these investments.

**PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2009**

6. Comparative figures

Certain figures in the 2008 financial statements have been reclassified to conform with the basis of presentation used in 2009.