

PRIVATE TRAINING CORPORATION

ANNUAL BUSINESS REPORT

FISCAL YEAR 2010

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Chairperson's Message

April 2, 2011

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 2010 Annual Business Report of the Private Training Corporation. This report covers the 2010 calendar year and compares actual results to those anticipated in the Corporation's Business Plan for 2010. This report also outlines the work over the period of January 1, 2008 to December 31, 2010 as it is the end of the current planning period.

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

Respectfully submitted,



DON STAPLETON
Board Member

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, 2010, the membership was as follows:

- Representative of the Department of Education, Mr. Don Stapleton;
- Representative of the Department of Finance, Mr. Terry Paddon;
- Representative of the Association of Career Colleges, vacant;
- Owner or operator of a private training institution, vacant;
- Student of a private training institution, vacant; and
- Two representatives of the community, Ms. Beverley Smith and one vacant position.

As of December 31, 2010, the chairperson position was vacant.

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 revenue of \$338,126 in 2010. This compares with \$292,482 in 2009. The resulting increase from 2009 is due to higher tuition revenues in 2010 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 Results

The Private Training Corporation was created to ensure that the students attending private training institutions are protected in the event of a school closure. As part of the Private Training Corporation's mandate, as indicated in the 2008-10 Business Plan, the main goal was to establish and maintain an appropriate system for billing and collecting fees from private training institutions. As of December 31, 2010, the Private Training Corporation met its mission of ensuring a financial safety net for students attending private training institutions. The following details the work the Corporation took to successfully achieve its mission for 2008-10:

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

The Private Training Corporation maintained a timely and accountable system for billing and collecting fees from all twenty-five registered private training institutions across the province during the 2008-10 fiscal years. In 2008, the Private Training Corporation collected contributions from private training institutions in the amount of \$320,685. In 2009, these collections totaled \$292,482 and it increased to \$338,126 in 2010. The total value of the Train Out Fund as of December 31, 2010 was \$2,950,187. All fees were remitted in accordance with the *Private Training Institutions Act*, and deposited into the corporation's account. By doing so, the Private Training Corporation maintained an appropriate level of protection for students as they pursued their education.

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

For the period 2008-10, the Private Training Corporation was 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

From 2008-10, the Private Training Corporation collected fees from all registered private training institutes in accordance with the *Private Training Institutions Act*. As such, the Corporation achieved its three year goal and maintained a timely and accountable system for billing and collecting fees as set out in the 2008-2010 Business Plan.

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

The following details the Corporation's successful achievement of its objective for 2010.

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

During 2010, 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 30, 2011, for the fiscal year ended December 31, 2010, 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 2010.

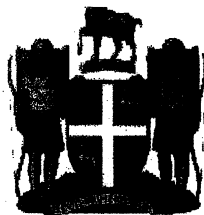
Financial Statements

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.

Conclusion

The Private Training Corporation was recently re-categorized by the Minister of Education and is now responsible to plan and report at the Category Three level for government entities. As such, an Activity Plan for fiscal years 2011, 2012 and 2013 has been tabled in the House of Assembly. This is merely an administrative change at the governance level and in no way affects the ongoing work of the corporation or the level of protection provided to students.

ANNEX ONE
FINANCIAL STATEMENTS



Office of the Auditor General of Newfoundland and Labrador

Head Office

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Box 8700 ♦ St. John's, NL ♦ A1B 4J6
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Email: oagmail@oag.nl.ca

Auditor General

John L. Noseworthy, CA
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Email: jnoseworthy@oag.nl.ca

Regional Office

1 Union St., Corner Brook
Box 2006 ♦ Corner Brook, NL ♦ A2H 6J8
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20 April 2011

Ref: DP13-F3311

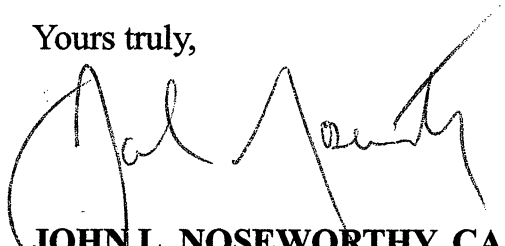
Mr. Don Stapleton
Board Member
Private Training Corporation
c/o Department of Education
P.O. Box 8700
St. John's, Newfoundland and Labrador
A1B 4J6

Dear Mr. Stapleton:

I enclose four copies of the audited financial statements of the Private Training Corporation, Train Out Fund for the year ended 31 December 2010. After signing, please return the unbound copy to me.

The Comptroller General, Department of Finance, has indicated that a signed copy of the audited financial statements should also be forwarded to that Office.

Yours truly,



JOHN L. NOSEWORTHY, CA
Auditor General

Enclosure

c.c. Honourable Joan Burke
Minister of Education

Mr. Ronald Williams, CA
Comptroller General

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2010



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

Report on the Financial Statements

I have audited the accompanying financial statements of the Private Training Corporation Train Out Fund which comprise the statement of financial position as at 31 December 2010, the statement of revenue, expenses and surplus and the statement of cash flows 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 generally accepted accounting principles, 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

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

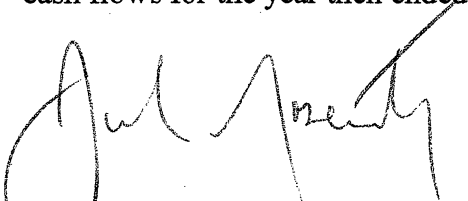
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Private Training Corporation Train Out Fund as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

30 March 2011
St. John's, Newfoundland and Labrador

**PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF FINANCIAL POSITION
31 December**

2010

2009

ASSETS

Current

Cash	\$ 46,965	\$ 91,202
Short-term investments, at cost (Note 2)	920,292	1,116,755
Investment income receivable	37,100	18,506
Accounts receivable from private training institutions	74,772	68,428
	<u>1,079,129</u>	<u>1,294,891</u>
Long-term investments (Note 3)	1,871,058	1,290,292
	<u>\$ 2,950,187</u>	<u>\$ 2,585,183</u>

LIABILITIES AND SURPLUS

Current

Accounts payable and accrued liabilities	\$ 10,805	\$ 12,111
Surplus	<u>2,939,382</u>	<u>2,573,072</u>
	<u>\$ 2,950,187</u>	<u>\$ 2,585,183</u>

See accompanying notes

Signed on behalf of the Corporation:


for Chairperson


Director

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

2010

2009

REVENUE

Contributions from private training institutions	\$ 338,126	\$ 292,482
Investment income	40,976	52,174
	<u>379,102</u>	<u>344,656</u>

EXPENSES

Board expenses (Note 4)	5,300	7,713
Office expense	2,112	2,366
Professional fees	5,380	5,380
	<u>12,792</u>	<u>15,459</u>

Excess of revenue over expenses	366,310	329,197
Surplus, beginning of year	<u>2,573,072</u>	<u>2,243,875</u>
Surplus, end of year	\$ 2,939,382	\$ 2,573,072

See accompanying notes

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

	2010	2009
Cash flows from operating activities		
Excess of revenue over expenses	\$ 366,310	\$ 329,197
Change in non-cash working capital		
Investment income receivable	(18,594)	9,690
Accounts receivable from private training institutions	(6,344)	(6,703)
Accounts payable and accrued liabilities	(1,306)	(4,865)
	340,066	327,319
Cash flows from investing activities		
Purchase of long-term investments	(580,766)	(1,290,292)
Net increase (decrease) in cash and cash equivalents	(240,700)	(962,973)
Cash and cash equivalents, beginning of year	1,207,957	2,170,930
Cash and cash equivalents, end of year	\$ 967,257	\$ 1,207,957
Cash and cash equivalents include:		
Cash	\$ 46,965	\$ 91,202
Short-term investments	920,292	1,116,755
	\$ 967,257	\$ 1,207,957

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2010

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 \$920,292 (2009 - \$1,116,755) 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 2 June 2011 with interest rates from 1.35% to 1.85%.

3. Long-term investments

Long-term investments of \$1,871,058 (2009 - \$1,290,292) in guaranteed investment certificates are valued at cost which approximates market value because of their nature. Maturity dates range from 13 February 2012 to 18 September 2012 with interest rates from 1.40% to 1.85%.

4. Related party transaction

Board expenses of \$5,300 (2009 - \$7,713) includes \$5,300 (2009 - \$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 financial instruments recognized on the statement of financial position 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.