

FINANCIAL STATEMENTS OF THE

INDUSTRY TRAINING AND
APPRENTICESHIP COMMISSION

FOR THE YEAR ENDED MARCH 31, 2002

**INDUSTRY TRAINING AND APRENTICESHIP COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Industry Training and Apprenticeship Commission have been prepared by management in accordance with generally accepted accounting principles. The financial statements present fairly the financial position of the Commission as at March 31, 2002, and the results of its operations and the changes in its financial position for the year ended.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records are properly maintained to facilitate the preparation of reliable financial statements in a timely manner.

The Auditor General of British Columbia has performed an independent audit of the Industry Training and Apprenticeship Commission. The Auditor's Report outlines the scope of this independent audit and expresses an opinion of the financial statements of the Industry Training and Apprenticeship Commission.



Gerry Armstrong
Chair
June 3, 2002



Report of the Auditor General of British Columbia

*To the Members of the Board of Directors
of the Industry Training and Apprenticeship Commission, and*

*To the Minister of Advanced Education,
Province of British Columbia:*

I have audited the balance sheet of the *Industry Training and Apprenticeship Commission* as at March 31, 2002 and the statements of revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Commission'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 *Industry Training and Apprenticeship Commission* as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelhoff

*Victoria, British Columbia
May 17, 2002*

Wayne Strelhoff, CA
Auditor General

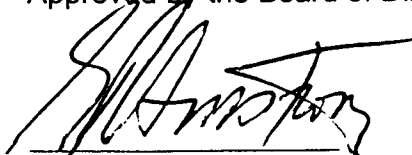
INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

BALANCE SHEET AS AT MARCH 31, 2002

	2002	2001
Assets		
Balance in the Special Account (Note 4)	\$ 4,907,264	\$ 3,792,802
Accounts Receivable	1,872,342	10,106
Prepaid Expenses	-	6,138
Capital Assets (Note 5)	534,442	800,372
	<u>\$ 7,314,048</u>	<u>\$ 4,609,418</u>
Liabilities		
Grants and Contributions Payable	\$ 3,200,804	\$ 814,829
Other Accounts Payable and Accrued Liabilities	251,421	216,265
Accrued Employee Leave Entitlements (Note 6)	340,635	400,015
Capital Lease	83,770	-
Deferred Capital Contributions (Note 7)	1,729,081	800,372
	<u>5,605,711</u>	<u>2,231,481</u>
Accumulated Excess of Revenues over Expenses	<u>1,708,337</u>	<u>2,377,937</u>
	<u>\$ 7,314,048</u>	<u>\$ 4,609,418</u>

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors:



Chair

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Revenues		
Contributions from the Province (Note 10)	\$ 81,189,186	\$ 73,668,000
Other Contributions (Note 8)	1,814,871	-
Licenses and Permits	319,759	251,792
Amortization of Deferred Contributions	350,291	478,628
	<u>83,674,107</u>	<u>74,398,420</u>
Expenses		
Contributions to Industry Training and Apprenticeship Programs	71,733,591	64,103,859
Salaries and Benefits	6,778,157	6,023,636
Building Occupancy Charges (Note 10)	824,640	913,618
General Office and Business Expenses	380,537	455,343
Information Systems Operating Costs (Note 10)	695,724	615,946
Travel	441,625	483,897
Professional Services	268,957	159,090
Printing, Publications and Marketing	224,910	247,546
Trade Advisory Committees	805,442	282,516
Board Fees and Expenses	24,962	35,284
Depreciation	350,291	270,299
Wind Up Costs (Note 8)	1,814,871	-
	<u>84,343,707</u>	<u>73,591,034</u>
(Deficiency) Excess of Revenues over Expenses For the Year	(669,600)	807,386
Accumulated Excess of Revenues over Expenses, Beginning of Year	2,377,937	1,474,877
Accounting Change (Note 12)	-	95,674
Accumulated Excess of Revenues over Expenses, End of Year	<u>\$ 1,708,337</u>	<u>\$ 2,377,937</u>

The accompanying notes are an integral part of these financial statements.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Cash Equivalents Provided by Operating Activities		
(Deficiency) Excess of Revenues over Expenses for the year	\$ (669,600)	\$ 807,386
Items not affecting Cash Equivalents		
Amortization of Deferred Capital Contributions	(350,291)	(478,628)
Depreciation	350,291	270,299
(Increase) in Accounts Receivable	(1,862,236)	(6,165)
Decrease (Increase) in Prepaid Expenses	6,138	(5,926)
Increase in Grants and Contributions Payable	2,385,975	316,628
Increase in Other Accounts Payable and Accrued Liabilities	35,156	114,339
(Decrease) Increase in Accrued Employee Leave Entitlements	(59,380)	15,035
	<u>(163,947)</u>	<u>1,032,968</u>
Cash Equivalents Provided by Financing Activities		
Deferred Capital Contribution Received	1,279,000	1,279,000
Capital Lease	83,770	-
	<u>1,362,770</u>	<u>1,279,000</u>
Cash Equivalents Used by Investing Activities		
Purchase of Capital Assets - Net	<u>(84,361)</u>	<u>(550,241)</u>
Increase in Cash Equivalents	1,114,462	1,761,727
Cash Equivalents, Beginning of Year	3,792,802	2,031,075
Cash Equivalents, End of Year	<u><u>\$ 4,907,264</u></u>	<u><u>\$ 3,792,802</u></u>
Represented by:		
Balance in the Special Account	<u><u>\$ 4,907,264</u></u>	<u><u>\$ 3,792,802</u></u>

The accompanying notes are an integral part of these financial statements.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

Note 1 The Commission

The Industry Training and Apprenticeship Commission (the Commission) was established on November 28, 1997 as a corporation and agent of the Provincial government under the authority of the *Industry Training and Apprenticeship Act*.

The mandate of the Commission is to:

- create an industry driven training and apprenticeship system;
- identify, monitor and assess the needs of the British Columbia labour market for skilled persons;
- expand the number of skilled persons in designated trades and occupations;
- increase the proportion of under-represented groups in designated trades and occupations;
- integrate education and training systems to ensure a smooth transition from school to the workplace;
- promote and encourage continuous skills upgrading, learning and certification;
- develop and expand a system of provincially recognized credentials for designated trades and occupations; and
- ensure efficient and effective use of resources through the coordination and integration of industry training and apprenticeship programs.

Note 2 Wind Up Costs

As a result of government's Core Services Review of the Commission, the government announced on January 17, 2002 to wind up the affairs of the Industry Training and Apprenticeship Commission. Subsequent to the year end, the Industry Training and Apprenticeship Act was amended, providing for the appointment of a transitional board of one member to administer the winding up activities and the transfer of assets and liabilities of the Commission on the direction of the Minister. It is anticipated that all Industry Training and Apprenticeship Commission Offices will close by the spring of 2003.

Note 3 Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

Note 3 Significant Accounting Policies – continued

(b) Revenues and Expenses

Contributions received from the Province are recorded as revenue on an accrual basis. Capital funding provided by the Province is recorded as deferred contributions, and recognized as revenue, on the same basis as depreciation expense relating to the capital asset.

Contributions are recognized as expenses in the period that the events giving rise to the contribution occurred, as long as:

- (i) payment has been authorized;
- (ii) eligibility criteria, if any, have been met by the recipient; and
- (iii) a reasonable estimate of the contribution can be made.

(c) Capital Assets

Capital assets are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

- Computer Hardware and Software - 3 years;
- System Development Work In Process - not depreciated until completed;
- Tenant Improvements - 5 years; and
- Vehicles - lesser of 7 years or term of lease.

Note 4 Balance in the Special Account

The *Industry Training and Apprenticeship Act* establishes the Industry Training and Apprenticeship Special Account in the general fund of the Province of British Columbia.

This Special Account consists of:

- money transferred from a vote;
- assessments made on employees or employers for the cost of maintaining an industry training or apprenticeship program;
- fees for services; and
- any other revenues received by the Commission.

Money may be paid out of the Special Account for projects or initiatives undertaken by the Commission, and for the costs of operating and administering the Commission. The Special Account balance includes the accumulated excess of revenues over expenses that may not be spent without additional Treasury Board approval.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

Note 5 Capital Assets

	Cost	Accumulated Depreciation	Net Book Value
Computer Hardware and Software	\$ 764,111	\$ 521,045	\$ 243,066
System Software Development In Progress	144,422	-	144,422
Tenant Improvements	81,821	19,092	62,729
Vehicles	145,525	61,300	84,225
	<u>\$ 1,135,879</u>	<u>\$ 601,437</u>	<u>\$ 534,442</u>

As part of the wind up of the Commission, certain capital assets with net book value of \$184,871 have been written off and included in the wind up costs in the Statement of Revenues and Expenses.

Note 6 Accrued Employee Leave Entitlements

The Commission is responsible for the leave entitlements earned by its employees including those that existed prior to its incorporation on November 28, 1997. The Balance in the Special Account includes a cash transfer made to provide for the latter liability.

Note 7 Deferred Capital Contributions

The balance is made up of the following:

	2002	2001
Capital Assets	\$ 534,442	\$ 800,372
Unspent Capital Funding	1,194,639	-
Total Deferred Capital Contributions	<u>\$ 1,729,081</u>	<u>\$ 800,372</u>

Changes in Deferred Capital Contributions are as follows:

	2002	2001
Balance, beginning of year	\$ 800,372	\$ -
Contributions received during the year	1,279,000	1,279,000
Amount amortized to revenue	(350,291)	(478,628)
Balance, end of year	<u>\$ 1,729,081</u>	<u>\$ 800,372</u>

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

Note 8 Wind Up Costs

The wind up costs comprise:

Provisions for lease and contract terminations	\$ 1,630,000
Capital assets written off	184,871
	<hr/>
	\$ 1,814,871

The lease and contract termination costs are to be funded by the Province. The above costs do not include employee severance costs which are charged against another appropriation in the Consolidated Revenue Fund. The severance costs applicable to the Commission are not readily determinable at this time, as they are considered to be covered by aggregated restructuring expense recorded in the Province's accounts.

Note 9 Employee Benefit Plans

The Commission and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The plan is a multi-employer defined benefit plan, and is administered by the British Columbia Pension Corporation on behalf of several public sector organizations.

Under this plan and other collective agreements, the Commission makes set contributions to provide for pension, health care and other retirement benefits to its employees. The Commission recognizes these contributions as the cost of providing employee benefits, and records them as an expense in the year when contribution payments are made. The Commission has adopted this method of accounting for employee future benefits since the plan administrator does not allocate underlying assets and liabilities of the plan to individual organizations participating in the plan.

The most recent actuarial valuation (March 31, 1999) has determined that the plan is in a surplus position. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship whereby the management, risks and benefits are shared between the employers and employees. Previously, these matters were sole responsibility of the Province of British Columbia and its organizations.

INDUSTRY TRAINING AND APPRENTICESHIP COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

Note 10 Related Party Transactions

- (a) The Commission received \$82,468,186 (2001 - \$74,947,000) from the Ministry of Advanced Education. The operating component of \$81,189,186 is reported in the Statement of Revenues and Expenses. The Commission uses these revenues to make contributions to industry training and apprenticeship programs at universities, colleges and training schools in British Columbia, and to fund the operations of the Commission. The capital component is \$1,279,000 in the current year (2001 - \$1,279,000). Deferred Capital Contributions of \$1,729,081 (2001 - \$800,372) are reported on the Balance Sheet.
- (b) All office facilities are leased through the British Columbia Buildings Corporation. Total lease payments for the year ended March 31, 2002 were \$824,640 (2001 - \$913,618).
- (c) The Ministry of Finance provides data processing services to the Commission. Total data processing costs for the year ended March 31, 2002 were \$304,437 (2001 - \$420,140).

Note 11 Donated Services

Services for finance and administration, human resources, information management, freedom of information and protection of privacy and communication are provided to the Commission by other ministries. These amounts are not readily quantifiable, so their value has not been included in the financial statements.

Note 12 Accounting Changes

2002

Vehicles were capitalized in 2001/02 as part of the phased-in approach to the capitalization of tangible capital assets. This change has no effect on the Deficiency of Revenues over Expenses.

2001

Office Furniture and Equipment were capitalized in 2000/01 as part of the phased-in approach to the capitalization of tangible capital assets. This change has the effect of increasing the Accumulated Excess of Revenues over Expenses at beginning of fiscal 2002 by \$95,674 (cost of \$137,776 less accumulated depreciation of \$42,102) and the tangible capital assets by this amount.

Note 13 Comparative Figures

Certain comparative figures have been reclassified to confirm with the financial statement presentation adopted in the current year. This change has no effect on the operating results.