

**Private Post-Secondary  
Education Commission  
Financial Statements  
For the year ended March 31, 2004**

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Financial Statements  
For the year ended March 31, 2004**

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## Auditors' Report

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**To the Commissioners of the  
Private Post-Secondary Education Commission**

We have audited the Statement of Financial Position of the Private Post-Secondary Education Commission as at March 31, 2004 and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, British Columbia  
May 7, 2004

**Private Post-Secondary  
Education Commission  
Statement of Financial Position**

**March 31**

**2004**

**2003**

**Assets**

**Current**

Cash	\$ 706,431	\$ 685,178
Due from Trust Funds (Note 2)	108,687	-
Accounts receivable	20,511	8,985
Prepaid expenses	13,651	12,960
	849,280	707,123

**Capital assets (Note 1)**

Capital assets (Note 1)	10,160	10,980
Deferred costs	11,559	-
	\$ 870,999	\$ 718,103

**Liabilities and Net Assets**

**Liabilities**

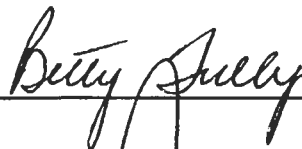
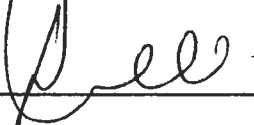
**Current**

Accounts payable and accrued liabilities	\$ 64,722	\$ 47,911
Claims payable to students (Note 2)	108,687	-
Deferred registration and accreditation fee revenue	525,107	533,506
	698,516	581,417

**Net Assets**

Invested in capital assets and deferred charges	21,719	10,980
Internally restricted for special purposes (Note 5)	48,972	48,972
Available	101,792	76,734
	172,483	136,686
	\$ 870,999	\$ 718,103

Approved on behalf of the Board:

  
 \_\_\_\_\_ Commissioner  
  
 \_\_\_\_\_ Commissioner

**Private Post-Secondary  
Education Commission  
Statement of Operations**

<b>For the year ended March 31</b>	<b>2004</b>	<b>2003</b>
<b>Revenue</b>		
Registration fees	\$ 844,126	\$ 844,170
Accreditation fees and costs (net, Note 4)	136,099	142,802
Interest and miscellaneous	30,108	17,579
	<u>1,010,333</u>	<u>1,004,551</u>
<b>Expenses</b>		
Advertising and publications	3,131	4,468
Amortization	13,420	15,296
Commissioners	11,177	7,809
Courier and postage	8,188	9,583
Equipment rental	10,315	10,094
Insurance	4,288	3,515
Office and supplies	27,674	26,164
Professional fees	35,178	18,264
Rent	129,152	133,908
Repairs and maintenance	4,044	4,170
Salaries and benefits	697,933	740,102
Student refund in excess of security (Note 9)	2,266	-
Telephone and fax	15,284	16,628
Travel and meals	12,977	17,603
	<u>975,027</u>	<u>1,007,604</u>
<b>Net gain (loss) from operations</b>	<b>35,306</b>	<b>(3,053)</b>
<b>Gain on disposal of assets</b>	<b>491</b>	<b>337</b>
<b>Excess of revenues under expenses for the year</b>	<b>\$ 35,797</b>	<b>\$ (2,716)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Private Post-Secondary  
Education Commission  
Statement of Changes in Net Assets**

**For the year ended March 31**

	Invested in Capital Assets and Deferred Charges	Internally Restricted for Special Purposes	Available	<u>Total</u> 2004	2003
<b>Balance, beginning of year</b>	\$ 10,980	\$ 48,972	\$ 76,734	\$ 136,686	\$ 139,402
Excess of revenue over (under) expenses for the year	-	-	35,797	35,797	(2,716)
Amortization	(13,420)	-	13,420	-	-
Inter-fund transfers	24,159	-	(24,159)	-	-
<b>Balance, end of year</b>	<b>\$ 21,719</b>	<b>\$ 48,972</b>	<b>\$ 101,792</b>	<b>\$ 172,483</b>	<b>\$ 136,686</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Private Post-Secondary  
Education Commission  
Statement of Cash Flows**

For the year ended March 31	2004	2003
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 35,797	\$ (2,716)
Items not involving cash		
Amortization	13,420	15,296
Gain on disposal of capital assets	(491)	(337)
	48,726	12,243
Changes in non-cash working capital balances		
Accounts receivable	(11,526)	(629)
Prepaid expenses	(691)	2,446
Accounts payable and accrued liabilities	16,811	(92,833)
Deferred registration and accreditation fee revenue	(8,399)	(39,784)
	44,921	(118,557)
<b>Investing activities</b>		
Purchase of capital assets	(12,600)	(9,802)
Disposal of capital assets	491	803
Deferred costs	(11,559)	-
	(23,668)	(8,999)
<b>Increase (decrease) in cash during the year</b>	<b>21,253</b>	<b>(127,556)</b>
<b>Cash, beginning of year</b>	<b>685,178</b>	<b>812,734</b>
<b>Cash, end of year</b>	<b>\$ 706,431</b>	<b>\$ 685,178</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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**Private Post-Secondary  
Education Commission**  
**Summary of Significant Accounting Policies**

**March 31, 2004**

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<b>Nature of Business</b>	<p>The Private Post-Secondary Education Commission was incorporated under the Private Post-Secondary Education Act on July 27, 1990. The Commission is an agent of the Province of British Columbia.</p> <p>The Commission is involved in developing and administering a mandatory registration system and voluntary accreditation program for private post-secondary educational institutions in the Province of British Columbia. There is a planned transition as outlined in Note 8.</p>						
<b>Revenue</b>	<p>Registration fees are recognized over the registration period. The portion of registration and accreditation fees that relate to the period following the Commission's year end have been reflected on the balance sheet as deferred revenue. The period of registration commences when all requirements of registration are met.</p>						
<b>Capital Assets</b>	<p>Capital assets are recorded at cost with amortization provided on a straight-line basis at the following annual rates:</p> <table><tr><td>Computer hardware</td><td>- 33 1/3%</td></tr><tr><td>Computer software</td><td>- 50%</td></tr><tr><td>Office furniture</td><td>- straight line basis over 5 years</td></tr></table>	Computer hardware	- 33 1/3%	Computer software	- 50%	Office furniture	- straight line basis over 5 years
Computer hardware	- 33 1/3%						
Computer software	- 50%						
Office furniture	- straight line basis over 5 years						
<b>Financial Instruments</b>	<p>The Commission's financial instruments consists of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Commission is not exposed to any significant interest, currency or credit risks arising from these financial instruments. Fair values of financial instruments are approximated by their carrying values unless otherwise stated.</p>						
<b>Use of Estimates</b>	<p>The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at March 31, 2004 and revenues and expenses during the year then ended. The actual outcome could differ from the estimates made in the preparation of the financial statements.</p>						
<b>Deferred Costs</b>	<p>Deferred costs represent costs expended on behalf of the soon-to-be created new entity (Note 8). It is anticipated that these costs will be transferred to this new entity upon its formal establishment.</p>						



**Private Post-Secondary  
Education Commission  
Notes to Financial Statements**

**March 31, 2004**

**1. Capital Assets**

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 68,523	\$ 61,666	\$ 6,857	\$ 7,398
Office furniture	39,685	39,084	601	1,770
Software	68,694	65,992	2,702	1,812
	\$ 176,902	\$ 166,742	\$ 10,160	\$ 10,980

**2. Claims Payable to Students and Due from Trust Funds**

Claims payable to students include payments that remain outstanding, for claims made against the financial securities posted by institutions, for training not delivered. In prior years, claims payable to students were included in trust assets for note disclosure purposes. (Note 6).

**3. Income, Capital and Goods and Services Taxes**

The Commission is exempt from federal and provincial income and capital taxes under Section 141(1)(d) of the Income Tax Act. As an agent of the Province, the Commission is not subject to goods and services tax.

**4. Accreditation Fees and Costs**

	2004		2003	
Revenue	\$ 199,780	\$	258,421	
Direct costs	63,681		115,619	
	\$ 136,099	\$	142,802	

**5. Net Assets Internally Restricted for Special Purposes**

The Commission has internally designated these amounts as funding for costs associated with carrying out the Commission's mandate, enforcement of the Act, and as a stabilization fund for fluctuations in registration.

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**Private Post-Secondary  
Education Commission  
Notes to Financial Statements**

**March 31, 2004**

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**6. Security Requirements**

Many institutions applying for registration with the Commission are to provide financial security in conjunction with their application. Security requirements are met by way of investment and surety bonds, letters of credit or cash. As of March 31, 2004 the following requirements were held in trust by the Commission and are not reported elsewhere in these financial statements:

Cash and investment bonds	\$ 10,502,161
Letters of credit	\$ 28,963,977
Surety bonds	\$ 32,039,187

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**7. Commitments**

The Commission is obligated under operating leases for office premises and office equipment which expire in September 2004 (office premises) and April 2006 (office equipment) and is committed to annual payments for the next five years as follows:

Year	Amount
2005	\$ 66,104
2006	6,804
2007	198
	<hr/>
	<b>\$ 73,106</b>

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**8. Going Concern**

The Private Post-Secondary Education Commission will be replaced by a self-regulating and self-funding industry board. The change is a result of the Provincial Government's Administrative Justice Project and Core Services Review announced February 7, 2002, by the Attorney General.

The legislation and regulations for the Private Post-Secondary Education Commission remain in force until the transition is complete.

During the transition phase, students attending any institution currently registered with the Private Post-Secondary Education Commission will continue to have their fees covered by the existing consumer protection system.

These financial statements are prepared on a going concern basis as opposed to a liquidation basis as it is believed that operations will continue and future transition to a new model will be orderly.

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**Private Post-Secondary  
Education Commission  
Notes to Financial Statements**

**March 31, 2004**

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**9. Student Refund in Excess of Security**

Student refunds in excess of security include payments issued to students in excess of the financial security held by the Commission. These payments were for claims made against financial securities posted by institutions for training not delivered.



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## **Accountants' Report on the Security Requirements Held by the Private Post-Secondary Education Commission**

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### **To the Commissioners of the Private Post-Secondary Education Commission**

As specifically agreed, we have performed the following procedures on the security requirements held by the Private Post-Secondary Education Commission as at March 31, 2004. As reported in the accounting records of the Commission:

- (a) We obtained a listing of institutions registered with the Commission and selected a sample of 30 institutions for testing.
- (b) We reviewed the security requirements as specified by the Commission to ensure that the security collected was consistent with the security requirements. No exceptions were noted.
- (c) For each institution selected, we physically verified the existence of the security instrument on March 31, 2004. No exceptions were noted.
- (d) We verified that the face amount of the security instrument was equal to or in excess of the security required by the Commission. No exceptions were noted.

The procedures do not constitute an audit of the security requirements held by the Commission and, accordingly, we do not express an opinion on the security requirements held by the Commission as at March 31, 2004.

This report is for use solely by the Commissioners of the Private Post-Secondary Education Commission.

Chartered Accountants

Vancouver, British Columbia  
April 1, 2004