

**Private Career Training Institutions Agency  
Financial Statements  
For the year ended March 31, 2009**

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Financial Statements  
For the year ended March 31, 2009**

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## Auditors' Report

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**To the Board of the  
Private Career Training Institutions Agency**

We have audited the Statement of Financial Position of the Private Career Training Institutions Agency as at March 31, 2009 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 Agency'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 Private Career Training Institutions Agency as at March 31, 2009 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 1, 2009

**Private Career Training Institutions Agency**  
**Statement of Financial Position**

<b>March 31</b>	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2 and 4)	\$ 289,115	\$ 150,963
Temporary Investments (Note 5)	436,506	727,574
Accounts receivable (Note 10)	17,823	26,175
Ministry grant receivable	-	200,000
Prepaid expenses	13,877	13,050
	<b>757,321</b>	<b>1,117,762</b>
<b>Long term investments (Note 5)</b>	<b>47,284</b>	<b>61,043</b>
<b>Property and equipment (Note 6)</b>	<b>92,327</b>	<b>95,394</b>
	<b>\$ 896,932</b>	<b>\$ 1,274,199</b>

**Liabilities and Net Assets**

**Liabilities**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 112,159	\$ 127,181
Unclaimed PPSEC payments to students (Note 2)	44,698	82,835
Institutions payable - Deferred revenue refunds (Note 3)	259,350	-
Deferred registration and accreditation fee revenue	292,732	607,279
Deferred ministry grant	-	200,000
	<b>708,939</b>	<b>1,017,295</b>
<b>Net Assets</b>		
Invested in property and equipment	92,327	95,394
Available	95,666	161,510
	<b>187,993</b>	<b>256,904</b>
	<b>\$ 896,932</b>	<b>\$ 1,274,199</b>

Approved on behalf of the Board:

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**Private Career Training Institutions Agency**  
**Statement of Operations**

<b>For the year ended March 31</b>	<b>2009</b>	<b>2008</b>
<b>Revenue</b>		
Accreditation fees and costs (net) (Note 7)	\$ 538,406	\$ 550,044
Registration fees	391,182	453,867
Management fees and chargebacks (Note 10)	324,928	230,692
Ministry grants	450,000	239,700
Investment revenue (loss)	(38,920)	11,052
Miscellaneous revenue	995	1,863
	<b>1,666,591</b>	<b>1,487,218</b>
<b>Expenses</b>		
Advertising	5,180	14,331
Amortization	65,599	55,219
Board	35,480	33,198
Contract Services	26,557	82,067
Courier and postage	10,430	10,909
Equipment lease and maintenance	19,001	15,381
Insurance	6,074	5,297
Office and supplies	26,931	34,861
Professional fees	74,128	45,213
Publications	12,571	5,687
Rent	109,471	79,017
Salaries and benefits	1,314,288	1,093,451
Staff development and conferences	18,162	7,235
Telephone and fax	20,091	17,068
Travel and meals	30,283	24,870
	<b>1,774,246</b>	<b>1,523,804</b>
<b>Net gain (loss) from operations</b>	<b>(107,655)</b>	<b>(36,586)</b>
<b>Gain on recapture of uncashed student refunds</b> (Note 11)	<b>38,137</b>	<b>908</b>
<b>Gain (loss) on disposal of assets</b>	<b>607</b>	<b>-</b>
<b>Deficiency of revenues over expenses for the year</b>	<b>\$ (68,911)</b>	<b>\$ (35,678)</b>

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

**Private Career Training Institutions Agency  
Statement of Changes in Net Assets**

**For the year ended March 31**

	Invested in Property and Equipment	Available	<b>2009</b>	<u>Total</u> 2008
<b>Balance, beginning of year</b>	\$ 95,394	\$ 161,510	<b>\$ 256,904</b>	\$ 292,582
(Deficiency) Excess of revenue over expenses for the year	-	(68,911)	<b>(68,911)</b>	(35,678)
Amortization	(65,599)	65,599	-	-
Inter-fund transfers	62,532	(62,532)	-	-
<b>Balance, end of year</b>	<b>\$ 92,327</b>	<b>\$ 95,666</b>	<b>\$ 187,993</b>	<b>\$ 256,904</b>

**Private Career Training Institutions Agency**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2009</b>	<b>2008</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) Excess of revenue over expenses for the year	<b>\$ (68,911)</b>	<b>\$ (35,678)</b>
Items not involving cash		
Amortization	<b>65,599</b>	55,219
Unrealized loss on investments	<b>94,192</b>	35,682
Gain on disposal of property and equipment	<b>(607)</b>	-
	<b>90,273</b>	55,223
Changes in non-cash working capital balances		
Accounts receivable	<b>8,352</b>	16,966
Ministry grant receivable and deferred ministry grant	-	16,979
Prepaid expenses	<b>(827)</b>	1,269
Accounts payable and accrued liabilities	<b>(15,022)</b>	21,203
Unclaimed PPSEC payments to students	<b>(38,137)</b>	(4,358)
Deferred registration and accreditation fee revenue	<b>(314,547)</b>	(8,414)
Institutions Payable	<b>259,350</b>	-
	<b>(10,558)</b>	98,868
<b>Investing activities</b>		
Purchase of property and equipment	<b>(62,532)</b>	(57,667)
Proceeds on disposal of property and equipment	<b>607</b>	-
Purchase of temporary investments	<b>210,635</b>	(284,300)
	<b>148,710</b>	(341,967)
<b>Increase (decrease) in cash during the year</b>	<b>138,152</b>	<b>(243,099)</b>
<b>Cash, beginning of year</b>	<b>150,963</b>	<b>394,062</b>
<b>Cash, end of year</b>	<b>\$ 289,115</b>	<b>\$ 150,963</b>

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## Private Career Training Institutions Agency Summary of Significant Accounting Policies

**March 31, 2009**

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**Nature of Operations** The Private Career Training Institutions Agency (the "Agency") was incorporated under the Private Career Training Institutions Act on November 22, 2004. It is a continuation of the Private Post-Secondary Education Commission (the "Commission"). All assets and liabilities of the Commission were transferred to the Agency at book values.

The Agency 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.

The Agency is a self-funding agent of the Province of British Columbia.

**Revenue** Registration fees are recognized over the registration period. The portion of registration and accreditation fees that relate to the period following the Agency's year end have been reflected on the statement of financial position as deferred revenue. The period of registration commences when all requirements of registration are met.

The Agency follows the deferral method of accounting for Ministry grants.

Restricted contributions from the Ministry are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions from the Ministry for the acquisition of property and equipment are deferred and amortized over the remaining useful life of the asset acquired.

Unrestricted contributions from the Ministry are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

**Property & Equipment** Property and equipment are recorded at cost with amortization provided on a straight-line basis at the following annual rates:

Computer equipment	- 33 1/3%
Computer software	- 50%
Office furniture	- over 5 years
Tenant improvements	- straight line basis over term of the lease



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## Private Career Training Institutions Agency Summary of Significant Accounting Policies

**March 31, 2009**

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**Financial Instruments** The Agency's financial instruments consists of cash, investments, accounts receivable, accounts payable and accrued liabilities and unclaimed PPSEC payments to students. Unless otherwise noted, it is management's opinion that the Agency is not exposed to any significant interest, currency or credit risks arising from these financial instruments. These financial instruments are accounted for as follows:

### **Held for trading**

The Agency has designated cash and investments as held for trading. These instruments are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in the Statement of Operations. Net gains and losses arising from changes in fair value are recognized immediately in the Statement of Operations.

### **Loans and Receivables**

The Agency has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Due to the short term nature of accounts receivable and Ministry grant receivable their carrying value approximates fair value.

### **Other financial liabilities**

The Agency has classified accounts payable and accrued liabilities and unclaimed PPSEC payments to students as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Due to the short term nature of accounts payable and accrued liabilities and unclaimed PPSEC payments to students their carrying value approximates fair value.

### **Use of Estimates**

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, 2009 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. Amounts subject to the greatest degree of estimation are Unclaimed PPSEC payments to students (Note 2), Institutions payable - Deferred revenue refunds (Note 3) and the value of Asset Backed Commercial Paper (Note 5).

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## Private Career Training Institutions Agency Notes to Financial Statements

**March 31, 2009**

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### 1. Income, Capital and Goods and Services Taxes

The Agency is exempt from federal and provincial income and capital taxes under Section 149(1)(d) of the Income Tax Act. As an agent of the Province, the Agency is not subject to goods and services tax.

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### 2. Unclaimed PPSEC Payments to Students

Unclaimed PPSEC payments to students include payments that remain outstanding for claims made against the financial securities posted by institutions for training not delivered. In the current year, the Agency has set aside \$44,698 (2008 - \$82,835) in order to satisfy these claims.

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### 3. Institutions Payable - Deferred Revenue Refunds

Due to the changes to the PCTIA fee structure which will take effect June 1, 2009, institutions will no longer be assessed annual main and branch campus fees or annual program fees and the Agency will be refunding institutions the unearned portion of those fees. These refunds will be issued in June 2009. The estimated amount to be refunded is \$259,350 and has been removed from Deferred Revenue and set up as a payable under the name Institutions Payable – Deferred Revenue Refunds.

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### 4. Cash

The Agency has two bank accounts at a chartered bank that earn interest at prevailing interest rates for business interest earning accounts.

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### 5. Investments

	Current Yield %	<b>2009</b>		2008
Canadian short-term fixed income	1.1	\$ 97,878	\$	64,291
Canadian fixed income	4.9	245,355		286,809
Canadian equity	4.7	93,273		118,176
Term deposit	-	-		258,298
<b>Total current portfolio</b>		<b>436,506</b>		<b>727,574</b>
Canadian asset-backed commercial paper	0.2	47,284		61,043
		<b>\$ 483,790</b>	<b>\$</b>	<b>788,617</b>

**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2009**

**5. Investments (Continued)**

The Canadian market for third party sponsored Asset Backed Commercial Paper ("ABCP") suffered a liquidity disruption in mid-August 2007 following which a group of financial institutions and other parties agreed, pursuant to the Montréal Accord (the "Accord"), to a standstill period in respect of ABCP sold by 23 conduit issuers. Participants to the Accord also agreed in principle to the conversion of the ABCP investments into longer-term financial instruments with maturities corresponding to the underlying assets. A Pan-Canadian Investors Committee was subsequently established to restructure the arrangements. The restructuring process was completed in January 2009. Accordingly Management has designated the current ABCP as a Long term investment.

The Agency's management has estimated the fair value of these assets using a valuation model provided by the external investment advisors. As a result of the valuation, the Fund has recognized a cumulative writedown of \$23,180 writedown reflecting the estimated decline in fair value of these investments as at March 31, 2009.

The estimate of the fair value of the Fund's ABCP investments as at March 31, 2009 is subject to significant uncertainty. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions could significantly affect the value of ABCP securities in the future. The resolution of these uncertainties could result in the ultimate fair value of these investments varying significantly from management's current best estimates, and the extent of that difference could have a substantial affect on the funds future.

**6. Property and Equipment**

	<b>2009</b>		<b>2008</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 87,436	\$ 73,560	\$ 13,876	\$ 17,483
Office furniture	51,693	40,110	11,583	4,936
Tenant improvements	97,698	45,146	52,552	58,849
Computer software	166,160	151,844	14,316	14,126
	<b>\$ 402,987</b>	<b>\$ 310,660</b>	<b>\$ 92,327</b>	<b>\$ 95,394</b>

**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2009**

**7. Accreditation Fees and Costs**

	2009	2008
Revenue	<b>\$ 714,691</b>	\$ 797,440
Direct costs	<b>176,285</b>	247,396
	<b>\$ 538,406</b>	\$ 550,044

**8. Security Requirements**

Many institutions applying for registration with the former Commission were to provide financial security in conjunction with their application. Security requirements were met by way of investment and surety bonds, letters of credit or cash. As of March 31, 2009 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash and investment bonds	\$	64,527
Letters of credit	\$	7,500
Surety bonds	\$	660,251

The Agency no longer requires financial security in conjunction with applications but has balances remaining as it is still involved in the transition from the Private Post-Secondary Education Commission.

**9. Commitments**

The Agency is obligated under operating leases for office premises, copier and postage meters that expire in 2012 to 2013. The Agency also has a contract with a consultant that expires in 2010. The Agency is committed to annual payments for future years as follows:

Year	Amount
2010	\$ 73,272
2011	64,872
2012	94,625
2013	2,236
	<b>\$ 235,005</b>

In addition, the Agency is responsible for its share of operating costs for the office premises over the term of the lease.

**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2009**

**10. Student Training Completion Fund**

The Agency established the Student Training Completion Fund (the "Fund") for the sole purpose of helping carry out its mandate. The Agency administers the Fund in exchange for annual management fees of \$297,612 (2008 - \$204,876), which is set out by the Board of Directors of the Agency. As at March 31, 2009 an amount of \$644 (2008 - \$9,263) was owed to the Agency from the Fund and included in accounts receivable. The Fund prepares separate financial statements and no Fund assets, liabilities or transactions have been reported elsewhere in these financial statements. The following summarizes the financial position of the Fund and its operations for its fiscal year ended March 31, 2009 (with comparative figures provided as at March 31, 2008):

	<b>2009</b>	<b>2008</b>
Cash and investments	<b>\$ 8,973,788</b>	\$ 7,616,206
Accounts receivable	<b>43,572</b>	-
<b>Total assets</b>	<b>9,017,360</b>	7,616,206
Accounts payable and accrued liabilities	<b>\$ 32,575</b>	\$ 20,105
Claims payable to students	<b>70,464</b>	41,856
STCF contribution payable	<b>222,536</b>	293,431
<b>Total liabilities</b>	<b>325,575</b>	355,392
<b>Net assets available</b>	<b>8,691,785</b>	7,260,814
<b>Total liabilities and net assets</b>	<b>\$ 9,017,360</b>	\$ 7,616,206
STCF initial contribution (net)	<b>\$ 24,559</b>	\$ 16,715
Tuition revenue fee payments	<b>2,415,555</b>	2,384,409
Interest and miscellaneous revenue (loss)	<b>(546,132)</b>	(70,231)
<b>Total revenues for year</b>	<b>1,893,982</b>	2,330,893
Student tuition claims	<b>92,600</b>	498,183
Administrative expenses	<b>370,411</b>	264,921
<b>Total expenses for year</b>	<b>463,011</b>	763,104
<b>Excess of revenue over expenses for year</b>	<b>\$ 1,430,971</b>	\$ 1,567,789

**11. Gain on Recapture of Uncashed Student Refunds**

Student refunds that are not claimed are held as a liability for 7 years while the Agency makes attempt to contact the student. If the student cannot be located, after 7 years the amount is brought into the Agency's income.

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**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2009**

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**12. Contingent Liability**

The Fund has been named as defendant in a lawsuit with a claim in excess of \$800,000. This lawsuit was filed in the 2005/06 fiscal year and nothing further has been heard from the Plaintiff. The Agency on the Fund's behalf intends to dispute this claim should it ever be brought to trial. Management believe the case against the Fund would be dismissed because the Fund was not party to the transactions between the Plaintiff and those who either paid or received the student fees in question.

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**13. Comparative Figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation. The classifications had no effect on the net gain (loss) from operations as previous reported.

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**14. New Accounting Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective and have a potential implication for the Society, are as follows:

***CICA Handbook Section 1000, Financial Statement Concepts***

Section 1000 has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after April 1, 2009 throughout. The Agency expects that this new standard will not impact its financial reporting.

***Financial Statement Presentation by Not-for-Profit Organizations***

Section 4400 of the CICA Handbook has been amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets; and
- require that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

The new requirements are effective for the Agency's fiscal year beginning April 1, 2009. The Agency is currently assessing the impact of the new standard.

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**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2009**

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**14. New Accounting Pronouncements (Continued)**

***Financial Statement Presentation by Not-for-Profit Organizations***

*Disclosure of Related Party Transactions by Not-for-Profit Organizations*

Section 4460 of the CICA Handbook has been amended to be consistent with the related party accounting rules for private and public enterprises.

These new rules will be effective for the Agency's fiscal year beginning April 1, 2009 but are not expected to have any impact to the Agency's reporting.

*Disclosure of Allocated Expenses by Not-for-Profit Organizations*

Section 4470 of the CICA Handbook establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. Particular emphasis is made to allocation fundraising and general administration expenses.

The new requirements are effective for the Agency's fiscal year beginning April 1, 2009, but are not expected to have any impact to the Agency's reporting.