

**Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary
Education Commission)
Financial Statements
For the year ended March 31, 2005**

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Auditors' Report

**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, 2005 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 Agency as at March 31, 2005 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 6, 2005

Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary Education Commission)
Statement of Financial Position

March 31 **2005** **2004**

Assets

Current

Cash (Note 2)	\$	930,651	\$	815,118
Accounts receivable		26,566		20,511
Prepaid expenses		12,831		13,651
		970,048		849,280

Property and equipment (Note 1)
Deferred costs

		19,320		10,160
		-		11,559
		989,368		870,999

Liabilities and Net Assets

Liabilities

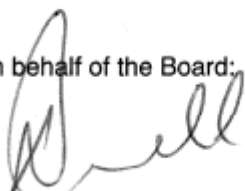
Current

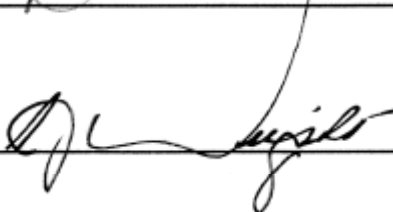
Accounts payable and accrued liabilities	\$	86,439	\$	64,722
Claims payable to students (Note 2)		121,213		108,687
Deferred registration and accreditation fee revenue		532,472		525,107
		740,124		698,516

Net Assets

Invested in property and equipment and deferred charges		19,320		21,719
Internally restricted for special purposes (Note 5)		48,972		48,972
Available		180,952		101,792
		249,244		172,483
		989,368		870,999

Approved on behalf of the Board:





Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary Education Commission)
Statement of Operations

For the year ended March 31	2005	2004
Revenue		
Registration fees	\$ 825,580	\$ 844,126
Management fees (Note 8)	43,992	-
Accreditation fees and costs (net, Note 4)	217,991	136,099
Interest and miscellaneous	18,137	30,108
	1,105,700	1,010,333
Expenses		
Advertising and publications	6,805	3,131
Amortization	20,146	13,420
Commissioners	21,238	11,177
Courier and postage	9,721	8,188
Equipment rental	11,829	10,315
Insurance	4,813	4,288
Office and supplies	27,913	27,674
Professional fees	19,133	35,178
Rent	130,645	129,152
Repairs and maintenance	4,794	4,044
Salaries and benefits	753,405	697,933
Student refund in excess of security (Note 9)	-	2,266
Telephone and fax	14,783	15,284
Travel and meals	4,083	12,977
	1,029,308	975,027
Net gain from operations	76,392	35,306
Gain on disposal of assets	369	491
Excess of revenues over expenses for the year	\$ 76,761	\$ 35,797

Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary Education Commission)
Statement of Changes in Net Assets

For the year ended March 31

	Invested in Property and Equipment and Deferred Charges	Internally Restricted for Special Purposes	Available	2005	<u>Total</u>	2004
Balance, beginning of year	\$ 21,719	\$ 48,972	\$ 101,792	\$ 172,483	\$	136,686
Excess of revenue over expenses for the year	-	-	76,761	76,761		35,797
Amortization	(20,146)	-	20,146	-		-
Inter-fund transfers	17,747	-	(17,747)	-		-
Balance, end of year	\$ 19,320	\$ 48,972	\$ 180,952	\$ 249,244	\$	172,483

Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary Education Commission)
Statement of Cash Flows

For the year ended March 31	2005	2004
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 76,761	\$ 35,797
Items not involving cash		
Amortization	20,146	13,420
Gain on disposal of property and equipment	(369)	(491)
	<u>96,538</u>	<u>48,726</u>
Changes in non-cash working capital balances		
Accounts receivable	(6,055)	(11,526)
Prepaid expenses	820	(691)
Accounts payable and accrued liabilities	21,717	16,811
Claims payable to students	12,526	108,687
Deferred registration and accreditation fee revenue	7,365	(8,399)
	<u>132,911</u>	<u>153,608</u>
Investing activities		
Purchase of property and equipment	(17,747)	(12,600)
Disposal of property and equipment	369	491
Deferred costs	-	(11,559)
	<u>(17,378)</u>	<u>(23,668)</u>
Increase in cash during the year	115,533	129,940
Cash, beginning of year	<u>815,118</u>	<u>685,178</u>
Cash, end of year	<u>\$ 930,651</u>	<u>\$ 815,118</u>

Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary Education Commission)
Summary of Significant Accounting Policies

March 31, 2005

Nature of Business 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 comparative figures presented are for the Commission and the current year's figures represent the Commission to November 22, 2004 and the Agency thereafter.

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 and self-regulating 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 balance sheet as deferred revenue. The period of registration commences when all requirements of registration are met.

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

Computer hardware	- 33 1/3%
Computer software	- 50%
Office furniture	- straight line basis over 5 years

Financial Instruments The Agency's financial instruments consists of cash, accounts receivable, accounts payable and accrued liabilities, and claims payable 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. Fair values of financial instruments are approximated by their carrying values unless otherwise stated.

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, 2005 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.

Deferred Costs Deferred costs represented costs expended in advance of the formal establishment of the Agency.

Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary Education Commission)
Notes to Financial Statements

March 31, 2005

1. Property and equipment

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 71,515	\$ 60,823	\$ 10,692	\$ 6,857
Office furniture	39,732	39,215	517	601
Computer Software	84,916	76,805	8,111	2,702
	\$ 196,163	\$ 176,843	\$ 19,320	\$ 10,160

2. Claims Payable to Students

Claims payable 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 \$122,235 in a separate bank account in order to satisfy these claims (2004 - \$108,687).

3. Income, Capital and Goods and Services Taxes

The Agency 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 Agency is not subject to goods and services tax.

4. Accreditation Fees and Costs

	<u>2005</u>		<u>2004</u>
Revenue	\$ 323,899	\$	199,780
Direct costs	105,908		63,681
	\$ 217,991	\$	136,099

5. Net Assets Internally Restricted for Special Purposes

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

Private Career Training Institutions Agency
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Notes to Financial Statements

March 31, 2005

6. 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, 2005 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash and investment bonds	\$ 9,859,908
Letters of credit	\$ 22,391,458
Surety bonds	\$ 25,961,970

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 Commission.

7. Commitments

The Agency is obligated under operating leases for office premises and office equipment which expire in April 2006 and is committed to annual payments for future years as follows:

Year	Amount
2006	122,452
2007	<u>198</u>
	<u>\$ 122,650</u>

8. 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 monthly management fees at rates set out by the Board of Directors of the Agency. The Fund reports 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 the period from its establishment on November 22, 2004 to March 31, 2005:

Cash and other assets	<u>\$1,309,839</u>
Accounts payable and other liabilities	\$2,500
Net assets available	<u>1,307,339</u>
	<u>\$1,309,839</u>
STCF initial contribution	\$1,187,969
Tuition revenue fee payments and interest	166,018
Administrative expenses	<u>(46,648)</u>
	<u>\$1,307,339</u>

Private Career Training Institutions Agency
(a continuation of the Private Post-Secondary Education Commission)
Notes to Financial Statements

March 31, 2005

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 Agency. These payments were for claims made against financial securities posted by institutions for training not delivered.

Accountants' Report on the Security Requirements Held by the Private Career Training Institutions Agency

To the Board of the Private Career Training Institutions Agency

As specifically agreed, we have performed the following procedures on the security requirements held by the Private Career Training Institutions Agency as at March 31, 2005. As reported in the accounting records of the Agency:

- (a) We obtained a listing of institutions registered with the Agency and selected a sample of 30 institutions for testing.
- (b) We reviewed the security requirements as specified by the Agency 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, 2005. 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 Agency. No exceptions were noted.

The procedures do not constitute an audit of the security requirements held by the Agency and, accordingly, we do not express an opinion on the security requirements held by the Agency as at March 31, 2005.

This report is for use solely by the Board of the Private Career Training Institutions Agency.

Chartered Accountants

Vancouver, British Columbia
May 6, 2005