

**Private Career Training Institutions Agency
Financial Statements
For the year ended March 31, 2006**

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Contents

Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	8 - 10
Accountants' Report on the Security Requirements Held By the Private Career Training Institutions Agency	11



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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, 2006 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, 2006 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 5, 2006

Private Career Training Institutions Agency
Statement of Financial Position

March 31 **2006** **2005**

Assets

Current

Cash (Note 2)	\$	409,046	\$	930,651
Temporary Investments (Note 3)		511,560		-
Accounts receivable		10,607		26,566
Prepaid expenses		14,789		12,831
		946,002		970,048

Property and equipment (Note 4)		64,667		19,320
		\$ 1,010,669		\$ 989,368

Liabilities and Net Assets

Liabilities

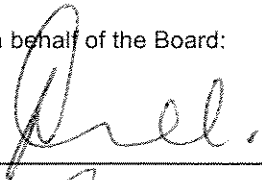
Current


Accounts payable and accrued liabilities	\$	89,865	\$	86,439
Claims payable to students (Note 2)		88,866		121,213
Deferred registration and accreditation fee revenue		592,708		532,472
		771,439		740,124

Net Assets

Invested in property and equipment		64,667		19,320
Internally restricted for special purposes (Note 5)		48,972		48,972
Available		125,591		180,952
		239,230		249,244
		\$ 1,010,669		\$ 989,368

Approved on behalf of the Board:





Private Career Training Institutions Agency
Statement of Operations

For the year ended March 31	2006	2005
Revenue		
Registration fees	\$ 513,132	\$ 825,580
Management fees and chargebacks (Note 9)	152,044	43,992
Accreditation fees and costs (net, Note 6)	449,094	217,991
Interest and miscellaneous	39,369	18,137
	1,153,639	1,105,700
Expenses		
Advertising and publications	14,936	6,805
Amortization	23,228	20,146
Commissioners	24,165	21,238
Courier and postage	11,341	9,721
Equipment rental	9,894	11,829
Insurance	4,929	4,813
Office and supplies	39,717	27,913
Professional fees	77,953	19,133
Rent	128,649	130,645
Repairs and maintenance	4,954	4,794
Salaries and benefits	836,109	753,405
Telephone and fax	13,325	14,783
Travel and meals	10,503	4,083
	1,199,703	1,029,308
Net gain (loss) from operations	(46,064)	76,392
Gain on recapture of uncashed student refunds (Note 10)	36,438	-
Gain (loss) on disposal of assets	(388)	369
Excess of revenues over expenses for the year	\$ (10,014)	\$ 76,761

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 and Deferred Charges	Internally Restricted for Special Purposes	Available	<u>Total</u> 2006	2005
Balance, beginning of year	\$ 19,320	\$ 48,972	\$ 180,952	\$ 249,244	\$ 172,483
Excess of revenue over expenses for the year	-	-	(10,014)	(10,014)	76,761
Amortization and loss on disposition of assets	(23,616)	-	23,616	-	-
Inter-fund transfers	68,963	-	(68,963)	-	-
Balance, end of year	\$ 64,667	\$ 48,972	\$ 125,591	\$ 239,230	\$ 249,244

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

Private Career Training Institutions Agency
Statement of Cash Flows

For the year ended March 31	2006	2005
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ (10,014)	\$ 76,761
Items not involving cash		
Amortization	23,228	20,146
Loss (gain) on disposal of property and equipment	388	(369)
	<u>13,602</u>	<u>96,538</u>
Changes in non-cash working capital balances		
Accounts receivable	15,959	(6,055)
Prepaid expenses	(1,959)	820
Accounts payable and accrued liabilities	3,427	21,717
Claims payable to students	(32,347)	12,526
Deferred registration and accreditation fee revenue	60,236	7,365
	<u>58,918</u>	<u>132,911</u>
Investing activities		
Purchase of property and equipment	(68,963)	(17,747)
Disposal of property and equipment	-	369
Purchase of temporary investments	(511,560)	-
	<u>(580,523)</u>	<u>(17,378)</u>
Increase (decrease) in cash during the year	(521,605)	115,533
Cash, beginning of year	930,651	815,118
Cash, end of year	\$ 409,046	\$ 930,651

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

Private Career Training Institutions Agency Summary of Significant Accounting Policies

March 31, 2006

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 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

Temporary Investments All temporary investments are classified as held-for-trading and are therefore recorded at market value. Gains or losses resulting from changes in market values are recognized immediately in income.

Financial Instruments The Agency's financial instruments consists of cash, temporary investments, 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.

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, 2006 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.

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2006

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.

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 \$88,866 (2005 - \$121,213) in a separate bank account in order to satisfy these claims.

3. Temporary Investments

Temporary investments consist of Canadian bonds, money market funds, and equities and have a combined cost value of \$512,104.

4. Property and equipment

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 69,051	\$ 59,692	\$ 9,359	\$ 10,692
Office furniture	42,358	39,741	2,617	517
Tenant improvements	47,509	-	47,509	-
Computer Software	94,824	89,642	5,182	8,111
	\$ 253,742	\$ 189,075	\$ 64,667	\$ 19,320

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
Notes to Financial Statements

March 31, 2006

6. Accreditation Fees and Costs

	<u>2006</u>	<u>2005</u>
Revenue	\$ 559,459	\$ 323,899
Direct costs	110,365	105,908
	<u>\$ 449,094</u>	<u>\$ 217,991</u>

7. 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, 2006 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash and investment bonds	\$ 2,762,725
Letters of credit	\$ 4,196,143
Surety bonds	\$ 21,527,702

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.

8. Commitments

The Agency is obligated under operating leases for office premises and postage meters, which expire in April 2011 and May 2008, respectively and is committed to annual payments for future years as follows:

Year	Amount
2007	\$ 31,705
2008	29,915
2009	35,703
2010	35,703
2011	35,703
	<u>\$ 168,729</u>

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, 2006

9. 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 its fiscal year ended March 31, 2006 (with comparative figures provided as at March 31, 2005 and for the period from its establishment on November 22, 2004 to March 31, 2005):

	<u>2006</u>	<u>2005</u>
Cash and portfolio investments, end of year	<u>\$ 3,871,392</u>	<u>\$ 1,309,839</u>
Accounts payable, end of year	\$ 6,490	\$ 2,500
STCF contribution payable, end of year	<u>243,313</u>	<u>-</u>
Total liabilities, end of year	<u>249,803</u>	<u>2,500</u>
Net assets available, end of year	<u>3,621,589</u>	<u>1,307,339</u>
Total liabilities and net assets, end of year	<u>\$ 3,871,392</u>	<u>\$ 1,309,839</u>
STCF initial contribution	\$ 819,880	\$ 1,187,969
Tuition revenue fee payments	1,882,679	160,979
Interest and miscellaneous	<u>66,686</u>	<u>5,039</u>
Total revenues for year	<u>2,769,245</u>	<u>1,353,987</u>
Student tuition claims	289,356	-
Administrative expenses	<u>165,639</u>	<u>46,648</u>
Total expenses for year	<u>454,995</u>	<u>46,648</u>
Excess of revenue over expenses for year	<u>\$ 2,314,250</u>	<u>\$ 1,307,339</u>

10. 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.

11. Contingent Liability

The Agency has been named as defendant in two lawsuits. One of the lawsuits claims in excess of \$800,000 while the amount of the other claim is not determinable. The Agency intends to dispute these claims. The potential outcome of these claims is not determinable at this time. Should there be any amounts ultimately paid out under these claims, such amounts will be expensed in the period that this becomes determinable.



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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, 2006. 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, 2006. 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, 2006.

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

Chartered Accountants

Vancouver, British Columbia
May 5, 2006