

**Private Career Training Institutions Agency
Financial Statements
For the year ended March 31, 2007**

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For the year ended March 31, 2007**

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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, 2007 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, 2007 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 11, 2007

Private Career Training Institutions Agency
Statement of Financial Position

March 31 **2007** **2006**

Assets

Current

Cash (Note 2)	\$	394,062	\$	409,046
Temporary Investments (Note 3)		539,999		511,560
Accounts receivable		43,141		10,607
Ministry grant receivable		256,679		-
Prepaid expenses		14,319		14,789
		1,248,200		946,002

Property and equipment (Note 4)		92,946		64,667
		\$ 1,341,146		\$ 1,010,669

Liabilities and Net Assets

Liabilities

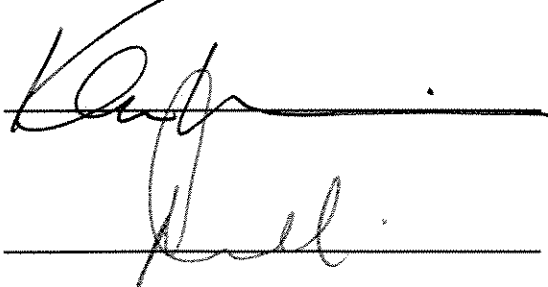
Current

Accounts payable and accrued liabilities	\$	105,978	\$	89,865
Claims payable to students (Note 2)		87,193		88,866
Deferred registration and accreditation fee revenue		615,693		592,708
Deferred ministry grant		239,700		-
		1,048,564		771,439

Net Assets

Invested in property and equipment		92,945		64,667
Internally restricted for special purposes (Note 5)		48,972		48,972
Available		150,665		125,591
		292,582		239,230
		\$ 1,341,146		\$ 1,010,669

Approved on behalf of the Board:



Private Career Training Institutions Agency
Statement of Operations

For the year ended March 31	2007	2006
Revenue		
Accreditation fees and costs (net, Note 6)	\$ 521,828	\$ 449,094
Registration fees	466,362	513,132
Management fees and chargebacks (Note 9)	207,723	152,044
Ministry grants	52,278	-
Investment revenue	45,236	32,297
Miscellaneous revenue	2,750	7,072
	1,296,177	1,153,639
Expenses		
Advertising and publications	21,009	14,936
Amortization	37,638	23,228
Board	41,482	24,165
Courier and postage	13,940	11,341
Equipment lease and maintenance	10,357	14,584
Insurance	4,927	4,929
Moving expenses	-	7,336
Office and supplies	44,058	31,338
Professional fees	54,797	77,953
Rent	68,893	128,649
Salaries and benefits	903,529	836,109
Telephone and fax	15,600	13,325
Travel and meals	27,539	11,810
	1,243,769	1,199,703
Net gain (loss) from operations	52,408	(46,064)
Gain on recapture of uncashed student refunds (Note 10)	944	36,438
Gain (loss) on disposal of assets	-	(388)
Excess of revenues over expenses for the year	\$ 53,352	\$ (10,014)

Private Career Training Institutions Agency
Statement of Changes in Net Assets

For the year ended March 31

	Invested in Property and Equipment	Internally Restricted for Special Purposes	Available	2007	<u>Total</u> 2006
Balance, beginning of year	\$ 64,667	\$ 48,972	\$ 125,591	\$ 239,230	\$ 249,244
Excess of revenue over expenses for the year	-	-	53,352	53,352	(10,014)
Amortization and loss on disposition of assets	(37,638)	-	37,638	-	-
Inter-fund transfers	65,916	-	(65,916)	-	-
Balance, end of year	\$ 92,945	\$ 48,972	\$ 150,665	\$ 292,582	\$ 239,230

Private Career Training Institutions Agency
Statement of Cash Flows

For the year ended March 31	2007	2006
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 53,352	\$ (10,014)
Items not involving cash		
Amortization	37,638	23,228
Unrealized loss on investments	3,346	-
Loss on disposal of property and equipment	-	388
	<u>94,336</u>	<u>13,602</u>
Changes in non-cash working capital balances		
Accounts receivable	(32,534)	15,959
Ministry grant receivable	(256,679)	-
Prepaid expenses	469	(1,959)
Accounts payable and accrued liabilities	16,113	3,427
Claims payable to students	(1,673)	(32,347)
Deferred registration and accreditation fee revenue	22,985	60,236
Deferred ministry grant	239,700	-
	<u>82,717</u>	<u>58,918</u>
Investing activities		
Purchase of property and equipment	(65,916)	(68,963)
Purchase of temporary investments	(31,785)	(511,560)
	<u>(97,701)</u>	<u>(580,523)</u>
Decrease in cash during the year	(14,984)	(521,605)
Cash, beginning of year	409,046	930,651
Cash, end of year	\$ 394,062	\$ 409,046

Private Career Training Institutions Agency Summary of Significant Accounting Policies

March 31, 2007

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
Leasehold improvements	- 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, 2007 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, 2007

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 \$87,193 (2006 - \$88,866) 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 \$543,345 (2006 - \$512,104).

4. Property and Equipment

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 81,938	\$ 67,169	\$ 14,769	\$ 9,359
Office furniture	38,621	34,654	3,967	2,617
Tenant improvements	76,819	10,538	66,281	47,509
Computer Software	110,683	102,754	7,929	5,182
	\$ 308,061	\$ 215,115	\$ 92,946	\$ 64,667

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, 2007

6. Accreditation Fees and Costs

	<u>2007</u>	<u>2006</u>
Revenue	\$ 678,052	\$ 559,459
Direct costs	156,224	110,365
	<u>\$ 521,828</u>	<u>\$ 449,094</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, 2007 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash and investment bonds	\$ 289,731
Letters of credit	\$ 130,268
Surety bonds	\$ 16,618,103

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 2013, respectively and is committed to annual payments for future years as follows:

Year	Amount
2008	\$ 34,285
2009	40,947
2010	40,947
2011	40,947
2012	5,244
2013	874
	<u>\$ 163,244</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, 2007

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 of \$13,344, which is set out by the Board of Directors of the Agency. During the year, an additional amount of \$22,478 representing one-third of the purchases and labour related to the development of the annual enrolment information system was paid to the Agency in the form of management fees. As at March 31, 2007, an amount of \$22,996 was owed to the Agency from the Fund. 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, 2007 (with comparative figures provided as at March 31, 2006):

	<u>2007</u>	<u>2006</u>
Cash and portfolio investments, end of year	\$ 6,122,721	\$ 3,871,392
Accounts receivable, end of year	5,379	-
Total assets, end of year	<u>6,128,100</u>	<u>3,871,392</u>
Accounts payable, end of year	\$ 33,869	\$ 6,490
STCF contribution payable, end of year	317,969	243,313
Total liabilities, end of year	<u>351,838</u>	<u>249,803</u>
Net assets available, end of year	<u>5,776,262</u>	<u>3,621,589</u>
Total liabilities and net assets, end of year	<u>\$ 6,128,100</u>	<u>\$ 3,871,392</u>
STCF initial contribution	\$ 74,981	\$ 819,880
Tuition revenue fee payments	2,517,600	1,882,679
Interest and miscellaneous	284,515	66,686
Total revenues for year	<u>2,877,096</u>	<u>2,769,245</u>
Student tuition claims	486,910	289,356
Administrative expenses	235,513	165,639
Total expenses for year	<u>722,423</u>	<u>454,995</u>
Excess of revenue over expenses for year	<u>\$ 2,154,673</u>	<u>\$ 2,314,250</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, 2007. 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, 2007. 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, 2007.

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

Chartered Accountants

Vancouver, British Columbia
May 11, 2007