



THE RIGHT SKILLS ► A PROVEN ADVANTAGE

Industry Training Authority

FINANCIAL STATEMENTS

March 31, 2008



THE RIGHT SKILLS ► A PROVEN ADVANTAGE

Report of Management Responsibility for Financial Reporting

The Industry Training Authority's management is responsible for the preparation of the accompanying financial statements in accordance with Canadian generally accepted accounting principals for not-for-profit organizations. These financial statements include some amounts based on management's estimates and judgments.

Management is responsible for the integrity and fairness of the financial statements and has established internal control systems to provide reasonable assurance that relevant and reliable financial information is produced and that assets are safeguarded.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and relies on the Finance Committee to assist the Board in the discharge of its responsibilities. The Finance Committee meets periodically with management and external auditors concerning internal controls and all other matters relating to financial reporting.

The Industry Training Authority's auditor is the Auditor General of British Columbia. The Auditor General has full and unrestricted access to the Finance Committee. The Auditor General has performed an independent audit of the financial statements for the Authority in accordance with Canadian generally accepted auditing standards. The Auditor General's report outlines the scope of this independent audit and his opinion on the financial statements of the Authority.

A handwritten signature in black ink, appearing to read 'Kevin Evans', written over a horizontal line.

Kevin Evans
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Sue Thomas', written over a horizontal line.

Sue Thomas, CA
Executive Lead, Finance and
Corporate Services



Report of the Auditor General of British Columbia

*To the Members of the Board of Directors of
the Industry Training Authority, and*

*To the Minister of Economic Development,
Province of British Columbia:*

I have audited the balance sheet of the *Industry Training Authority* as at March 31, 2008 and the statements of changes in net assets, revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the *Industry Training Authority* as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia
May 9, 2008*

John Doyle, MBA, CA
Auditor General

Industry Training Authority

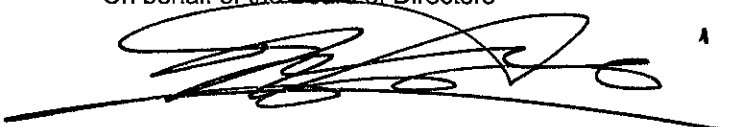
STATEMENT OF FINANCIAL POSITION

As at March 31, 2008

	2008	2007
ASSETS		
Cash	\$ 7,079,279	\$ 11,041,654
Accounts Receivable:		
Province of British Columbia	98,760	28,547
Federal Government	31,334	-
Other	204,969	117,453
Prepaid Expenses	985,787	419,508
	8,400,129	11,607,162
Capital Assets (Note 4)	2,950,674	2,361,957
	\$ 11,350,803	\$ 13,969,119
LIABILITIES		
Accounts Payable and Accrued Liabilities	4,701,252	7,767,871
Deferred Contribution (Note 5)	782,312	1,004,320
Deferred Capital Contributions (Note 6)	1,365,937	1,626,173
NET ASSETS		
Invested in Capital Assets	1,584,738	735,383
Unrestricted (Note 12)	2,916,564	2,835,372
	4,501,302	3,570,755
	\$ 11,350,803	\$ 13,969,119

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors


Frank Borowicz
Chair, Board of Directors


Barb Naef
Director

Industry Training Authority

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended March 31, 2008

	Invested in Capital Assets	Unrestricted	Total 2008	Total 2007
Balance, Beginning of Year	\$ 735,383	\$ 2,835,372	\$ 3,570,755	\$ 2,809,652
Excess of Revenues over Expenses For the Year	-	930,547	930,547	761,103
Investment in Capital Assets:	-	-	-	-
Cost	1,153,726	(1,153,726)	-	-
Depreciation	(304,371)	304,371	-	-
Balance, End of Year	\$ 1,584,738	\$ 2,916,564	\$ 4,501,302	\$ 3,570,755

The accompanying notes are an integral part of these financial statements.

Industry Training Authority

STATEMENT OF OPERATIONS

For the Year Ended March 31, 2008

	2008	2007
Revenues		
Contributions from the Province	\$ 97,586,244	\$ 90,778,697
Contributions from the Federal Government	29,848	-
Examination and Assessment Fees	202,620	149,942
Designation Fees	34,789	-
Interest Income	980,587	959,040
Other Income	70,000	5,100
	<u>98,904,088</u>	<u>91,892,779</u>
Expenses		
Contributions to Training Providers (Note 9)	84,434,985	80,099,826
Customer Services	271,338	1,432,282
Program Development Costs	2,552,483	2,623,946
Labour Supply Initiatives - Aboriginal	318,711	-
Industry Training Organizations	1,935,405	1,159,636
Secondary School Apprenticeship (SSA) Scholarships	285,500	234,500
Salaries and Benefits	3,989,666	2,395,344
Board Fees and Expenses	105,463	69,126
Travel	316,853	185,307
Professional Services	798,913	833,930
Building Occupancy Charges (Note 9)	268,189	234,683
General Office and Business Expenses	699,684	350,978
Information Systems Operating Costs	640,915	614,135
Communications and Marketing	587,739	444,439
Mobile Training Unit Operating Costs	203,090	136,493
Depreciation Expense	564,607	317,051
	<u>97,973,541</u>	<u>91,131,676</u>
Excess of Revenues over Expenses for the Year	\$ 930,547	\$ 761,103

The accompanying notes are an integral part of these financial statements.

Industry Training Authority

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2008

	2008	2007
Operating Activities		
Excess of Revenues over Expenses for the year	\$ 930,547	\$ 761,103
Items not affecting Cash:		
Deferred Contribution Recognized as Revenue	(222,008)	(411,191)
Amortization of Deferred Capital Contributions	(260,236)	(76,507)
Depreciation Expense	564,607	317,051
Disposal of Fixed Asset	-	(401)
Changes in Working Capital:		
Decrease (Increase) in Accounts Receivable	(189,063)	14,054
Decrease (Increase) in Prepaid Expenses	(566,279)	83,087
(Decrease) Increase in Accounts Payable and Accrued Liabilities	<u>(3,066,619)</u>	<u>3,193,670</u>
	(2,809,051)	3,880,866
Financing Activities		
Deferred Capital Contributions	-	106,170
Investing Activities		
Purchase of Capital Assets	(1,153,324)	(2,148,472)
(Decrease) Increase in Cash	<u>(3,962,375)</u>	<u>1,838,564</u>
Cash, Beginning of Year	<u>11,041,654</u>	<u>9,203,090</u>
Cash, End of Year	<u>\$ 7,079,279</u>	<u>\$ 11,041,654</u>
Represented by:		
Bank Account - Operating	\$ 7,050,726	\$ 10,966,280
Bank Account - Program	28,253	55,733
Bank Account - In Trust	-	18,941
Petty Cash	<u>300</u>	<u>700</u>
	<u>\$ 7,079,279</u>	<u>\$ 11,041,654</u>

The accompanying notes are an integral part of these financial statements.

Industry Training Authority

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

1. The Authority

The Industry Training Authority (the Authority) was established on January 2, 2004 as a not for profit corporation and an agent of the Provincial government under the *Industry Training Authority Act*. Its Board of Directors consists of nine members appointed by the provincial government.

The Authority is mandated to govern, expand and improve British Columbia's industry training system. It serves the public interest in seeing industry's needs for skilled labour are met, while providing individuals with accessible training opportunities that are closely linked to workplace opportunities.

The Authority's mandate and accountabilities are defined in its enabling legislation and the *Industry Training Authority Act*. Further direction and accountability are provided through a Shareholder's Letter of Expectations, executed jointly by the Authority and the Minister of Economic Development.

The Authority receives substantially all of its funding from the Province of British Columbia. It is exempt from income tax under the Income Tax Act.

2. Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenues and Expenses

The Authority follows the deferral method of accounting for contributions. Operating contributions from the Province are recognized as revenue in the period in which they become receivable. Capital or other restricted funding is deferred and recognized as revenue in the period in which the related expenses are incurred.

Contributions payable to Post Secondary Institutions and other service providers for training programs are recognized as expenses in the period in which the transactions and events giving rise to the contributions have occurred.

(c) Capital Assets

Capital assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful life:

Mobile Trainer	10 years
PC Hardware and Software	3 years
Computer Mainframe Software	3 - 5 years
Furniture and Tools	3 years
Leasehold Improvements	3 - 5 years

(d) Use of Estimates

The preparation of the financial statements of the Authority requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Industry Training Authority

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

3. Change in Accounting Policy

Effective April 1, 2007, the Authority has adopted the new standard announced by the Canadian Institute of Chartered Accountants (CICA) Section 3855, Financial Instruments – Recognition and Measurement. Under the new standard, all financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and all financial liabilities must be classified as held-for-trading or other financial liabilities. As of April 1, 2007, the Authority has designated cash, accounts receivable, accounts payable and accrued liabilities as held for trading and measured them at fair value, which approximates their carrying value due to the immediate or short-term maturity of these instruments. There is no impact of this change on account balances at April 1, 2007 and the results for the year ended March 31, 2008.

Future Accounting and Reporting Changes

In December 2006, the CICA issued two new accounting standards, Section 3862 (Financial Instruments — Disclosures) and Section 3863 (Financial Instruments — Presentation), which apply to annual financial statements relating to fiscal years beginning on or after October 1, 2007. These new standards are effective for the Authority beginning April 1, 2008, and include both qualitative and quantitative disclosures about the nature and extent of risks arising from financial instruments and how the Authority manages those risks. The adoption of these new standards is not expected to have a material impact on the Authority's results of operations or financial position.

4. Capital Assets

	2008			2007
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Mobile Trainer	\$ 1,369,860	\$ 136,992	\$ 1,232,868	\$ 1,369,860
PC Hardware and Software	635,554	395,543	240,011	361,230
Computer Mainframe Software	1,521,721	329,691	1,192,030	214,589
Furniture and Tools	325,568	199,909	125,659	208,662
Leasehold Improvement	236,272	76,166	160,106	207,616
	<u>\$ 4,088,975</u>	<u>\$ 1,138,301</u>	<u>\$ 2,950,674</u>	<u>\$ 2,361,957</u>

5. Deferred Contribution

The deferred contribution represents unspent resources externally restricted for the Youth Exploring Skills to Industry Training (YES 2 IT) program.

	2008	2007
Balance, beginning of year	\$ 1,004,320	\$ 1,353,297
Transfer from deferred capital contributions	-	62,214
Amount recognized as revenue	(222,008)	(411,191)
Balance, end of year	<u>\$ 782,312</u>	<u>\$ 1,004,320</u>

Industry Training Authority

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

6. Deferred Capital Contributions

	2008	2007
Balance, beginning of year	\$ 1,626,173	\$ 1,658,724
Transfer to deferred contribution	-	(62,214)
Contributions received during the year	-	106,170
Amount amortized to revenue	(260,236)	(76,507)
Balance, end of year	<u>\$ 1,365,937</u>	<u>\$ 1,626,173</u>

The balance is made up of the following:

Apprentice Information Management System (AIMS)	\$ 15,243	\$ 94,603
Mobile Training Unit	1,278,150	1,437,786
Deferred Tenant Improvement Allowance	72,544	93,784
	<u>\$ 1,365,937</u>	<u>\$ 1,626,173</u>

7. Employee Benefit Plans

(a) The Authority pays 100% of premiums relating to a comprehensive benefits plan for its employees including: extended medical, dental, life insurance and long term disability coverage. Payments made by the Authority were \$153,370 (2007 - \$133,449).

(b) The Authority has an employer-paid group RSP for a number of employees. Total employer RSP payments made by the Authority were \$104,703 (2007 - \$101,739).

(c) The Authority also participates in the Public Service Pension Plan, which is a multi-employer defined benefit plan providing pension, other retirement, and post-employment benefits. The plan is administered by the Pension Corporation of British Columbia. The Authority's contribution for the year ended March 31, 2008 to this plan was \$159,005 (2007 - \$38,091). The Authority has also accrued \$406,000 in the current year to recognize an obligation arising from enrolment arrears contributions that should have been made to the Public Service Pension Plan on behalf of a number of employees.

8. Commitments

The Authority has capital and operating commitments with respect to the Registry of Industry Training Achievements (rITA) project. The Authority also has operating lease obligations for premises and office equipment.

	rITA Project	Leases	Total
2009	\$ 713,738	\$ 262,844	\$ 976,582
2010	474,000	132,302	606,302
2011	474,000	137,910	611,910
2012	474,000	58,479	532,479
2013	-	-	-
	<u>\$ 2,135,738</u>	<u>\$ 591,535</u>	<u>\$ 2,727,273</u>

Industry Training Authority

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

9. Related Party Transactions

(a) Included in Contributions to Training Providers are payments to provincially funded Post Secondary Institutions of \$72,229,254 and school districts of \$3,854,469.

(b) During the year, the Authority paid \$nil (2007 - \$194,706) to companies that a member of the Board of Directors had an interest in. Payments of \$1,100,000 and \$390,000 were made to two separate not-for-profit societies, each of whose Boards includes an employee of the Authority. The employees did not participate in the approval of the payments.

(c) All office facilities are leased through the Ministry of Labour and Citizens' Services - Accommodation and Real Estate Services (ARES), a division of Shared Services BC. Total transactions for the year ended March 31, 2008 were \$268,189 (2007 - \$113,994).

10. Industry Training Organizations

In keeping with its Shareholder Letter of Expectations from the Province, the Authority provides the policy framework and funding to support active and effective industry engagement and leadership through Industry Training Organizations (ITOs) with the aim of stimulating specific industry input in relation to program standards and training demand for each applicable industry sector.

The Authority made payments to the ITOs in accordance with specific funding agreements for the development of new training programs, modification of existing training programs, assessment of specific industry training demand and operational support.

The Tourism ITO, *Propel*, is a pre-existing tourism related independent not-for-profit industry association. Funding provided to *Propel* was \$265,000 for the year ended March 31, 2008 (2007 - \$55,000).

Five other ITOs are constituted as not-for-profit entities under the *BC Society Act* and are tax exempt under the *Income Tax Act*. These ITOs have not been consolidated into the Authority's statements:

- there are no significant differences in accounting policies from those followed by the Authority;
- there are no restrictions on their resources; and
- a financial summary as of and for the year ended March 31, 2008 is:

	<u>2008</u>
Total Assets	\$ 1,012,044
Total Liabilities	<u>518,780</u>
Net Assets	<u>\$ 493,264</u>
Total Revenues	<u>\$ 2,936,114</u>
Total Expenses	<u>\$ 2,617,972</u>
Cash Flows - Operating	<u>\$ 220,971</u>
- Investing	<u>\$ (109,825)</u>

11. Financial Instruments

The Authority's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Authority is not exposed to significant interest or credit risk arising from these financial instruments.

12. Unrestricted Net Assets

The unrestricted net assets can be used for investment in capital assets or, with the prior approval of the Treasury Board, for meeting operating expenses in future years.

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.