

**Private Career Training Institutions Agency
Financial Statements
For the years ended March 31, 2010 and 2009**

**Private Career Training Institutions Agency
Financial Statements
For the years ended March 31, 2010 and 2009**

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 - 8
Notes to Financial Statements	9 - 14



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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, 2010 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, 2010 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 10, 2010

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

March 31 2010 2009

Assets

Current

Cash (Note 4)	\$	375,758	\$	289,115
Temporary Investments (Note 5)		123,596		436,506
Accounts receivable (Note 10)		18,388		17,823
Prepaid expenses		12,320		13,877
		530,062		757,321

Long term investments (Note 5)		36,031		47,284
Property and equipment (Note 6)		97,443		92,327
		663,536		896,932

\$ 663,536 \$ 896,932

Liabilities and Net Assets

Liabilities

Current

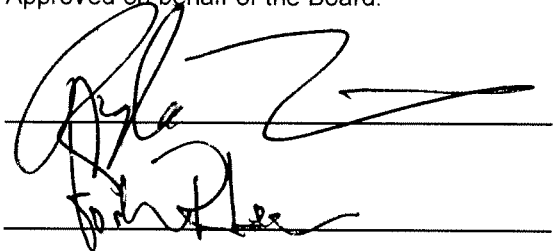
Accounts payable and accrued liabilities	\$	115,181	\$	112,159
STCF fee revenue payable (Note 10)		116,292		-
Unclaimed PPSEC payments to students (Note 3)		42,979		44,698
Institutions payable - Deferred revenue refunds (Note 11)		-		259,350
Deferred registration and accreditation fee revenue		68,444		292,732
		342,896		708,939

Net Assets

Invested in property and equipment		97,443		92,327
Available		223,197		95,666
		320,640		187,993

\$ 663,536 \$ 896,932

Approved on behalf of the Board:



Private Career Training Institutions Agency
Statement of Operations

For the year ended March 31	2010	2009
Revenue		
Accreditation fees and costs (net) (Note 7)	\$ 1,240,360	\$ 525,065
Registration fees	602,946	391,182
Management fees and chargebacks (Note 10)	275,404	324,928
Ministry grants	-	450,000
Investment revenue (loss)	23,201	(38,920)
Miscellaneous revenue	19,509	14,336
	2,161,420	1,666,591
Expenses		
Advertising	6,131	5,180
Amortization	79,999	65,599
Bank and payroll service charges	7,254	4,852
Board	42,886	35,480
Computer supplies and maintenance	11,415	7,485
Contract Services	15,133	26,557
Courier and postage	8,078	10,430
Equipment lease and maintenance	10,278	10,372
Insurance	6,317	6,074
Office and supplies	24,142	23,223
Professional fees	141,301	74,128
Publications	8,606	12,571
Rent	128,781	109,471
Salaries and benefits	1,477,989	1,314,288
Staff development and conferences	3,186	18,162
Telephone and fax	20,373	20,091
Travel and meals	11,435	30,283
Uncollectible accounts	8,986	-
Workshops	17,547	-
	2,029,837	1,774,246
Net gain (loss) from operations	131,583	(107,655)
Gain on recapture of uncashed student refunds (Note 12)	971	38,137
Gain on disposal of assets	93	607
Excess (deficiency) of revenues over expenses for the year	\$ 132,647	\$ (68,911)

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

For the year ended March 31

	Invested in Property and Equipment	Available	2010	<u>Total</u> 2009
Balance, beginning of year	\$ 92,327	\$ 95,666	\$ 187,993	\$ 256,904
Excess (deficiency) of revenue over expenses for the year	-	132,647	132,647	(68,911)
Amortization	(79,999)	79,999	-	-
Inter-fund transfers	85,115	(85,115)	-	-
Balance, end of year	\$ 97,443	\$ 223,197	\$ 320,640	\$ 187,993

Private Career Training Institutions Agency
Statement of Cash Flows

For the year ended March 31	2010	2009
Cash provided by (used in)		
Operating activities		
(Deficiency) Excess of revenue over expenses for the year	\$ 132,647	\$ (68,911)
Items not involving cash		
Amortization	79,999	65,599
Unrealized (gain) loss on investments	(28,485)	94,192
Gain on disposal of property and equipment	(93)	(607)
	184,068	90,273
Changes in non-cash working capital balances		
Accounts receivable	(565)	8,352
Prepaid expenses	1,557	(827)
Accounts payable and accrued liabilities	3,026	(15,022)
STCF fee revenue payable	116,292	-
Unclaimed PPSEC payments to students	(1,720)	(38,137)
Deferred registration and accreditation fee revenue	(224,288)	(314,547)
Institutions Payable	(259,350)	259,350
	(180,980)	(10,558)
Investing activities		
Purchase of property and equipment	(85,115)	(62,532)
Proceeds on disposal of property and equipment	93	607
Sale of temporary investments	352,645	210,635
	267,623	148,710
Increase in cash during the year	86,643	138,152
Cash, beginning of year	289,115	150,963
Cash, end of year	\$ 375,758	\$ 289,115

Private Career Training Institutions Agency Summary of Significant Accounting Policies

March 31, 2010

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 a self-funding Crown Agency whose mandate as set out in the Act is as follows:

- to establish basic education standards for registered institutions and to provide consumer protection to the students and prospective students of registered institutions;
- to establish standards of quality that must be met by accredited institutions; and
- to carry out, in the public interest, its powers, duties, and functions under this Act, the regulations and the Bylaws.

Revenue Registration and accreditation fees are recognized when estimable. 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 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. Unrestricted contributions from the Ministry are recognized as revenue when received or receivable if the amount can be reasonably estimated.

Property & Equipment Property and equipment are recorded at cost with amortization provided on a straight-line basis over their estimated useful lives as follows:

Computer equipment	- over 3 years
Computer software	- over 2 years
Office furniture	- over 5 years
Tenant improvements	- straight line basis over term of the lease

Private Career Training Institutions Agency Summary of Significant Accounting Policies

March 31, 2010

Financial Instruments The Agency's financial instruments consists of cash, investments, accounts receivable, accounts payable and accrued liabilities, STCF fee revenue payable 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, its carrying value approximates fair value.

Other financial liabilities

The Agency has classified accounts payable and accrued liabilities, STCF fee revenue payable 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, STCF fee revenue payable 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, 2010 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 3) and the value of Asset Backed Commercial Paper (Note 5).

Private Career Training Institutions Agency

Notes to Financial Statements

March 31, 2010

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. Reliance on Participating Institutions' Data

Prior to June 1st, 2009 the regulations of the Agency obligate registered institutions to make payments to the Fund based on a percentage of tuition fees charged to students. Effective June 1st, 2009 the regulations and the bylaws of the Agency obligate registered institutions to make monthly payments to the Fund and the Agency on the basis of a fixed annual fee based on the institutions' prior fiscal year tuition revenue and by a sum equal to a percentage of the tuition received each month during the current fiscal year. The payment rates to the Fund are established by the Regulations to the Private Career Training Institutions Act. The fixed annual fee and the payment rates to the Agency are established by the bylaws of the Agency. Such information is cross referenced to Institutions' financial statements and annual enrolment reporting received by the Agency. Payments are recorded based on information from the participating institutions.

3. 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 \$42,979 (2009 - \$44,698) in order to satisfy these claims.

4. Cash

The Agency has one bank account at a chartered bank that is non interest bearing.

5. Investments

	<u>2010</u>	<u>2009</u>
Canadian short-term fixed income	\$ 11,919	\$ 97,878
Canadian fixed income	-	245,355
Global equity	111,677	93,273
Total current portfolio	<u>123,596</u>	436,506
Canadian asset-backed commercial paper	36,031	47,284
	<u>\$ 159,627</u>	<u>\$ 483,790</u>

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2010

5. Investments (Continued)

The Canadian market for third-party sponsored Asset Backed Commercial Paper ("ABCP") suffered a liquidity disruption in mid-August 2007. The ABCP was subject to a court supervised restructuring process that has resulted in the pooled assets being replaced by asset-backed long-term notes. The market for the long-term notes has been of generally low volume to date.

The Agency's management has estimated the fair value of these assets using a valuation model provided by the external investment advisors which includes consideration of a guarantee provided by the investment advisors and arm's length sales of ABCP near year end by the Agency. As a result of the valuation, the Agency has recognized a write-down of \$9,616, reflecting the estimated decline in fair value of these investments as at March 31, 2010.

The estimate of the fair value of the Agency's ABCP investments as at March 31, 2010 is subject to significant uncertainty. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions could affect the value of ABCP securities in the future. Given the limited amount involved, no material adverse impact to the Agency is foreseen.

6. Property and Equipment

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 92,501	\$ 75,479	\$ 17,022	\$ 13,876
Office furniture	53,300	44,203	9,097	11,583
Tenant improvements	103,807	64,700	39,107	52,552
Computer software	204,844	185,502	19,342	14,316
Course development	19,313	6,438	12,875	-
	\$ 473,765	\$ 376,322	\$ 97,443	\$ 92,327

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2010

7. Accreditation Fees and Costs

	2010	2009
Revenue	\$ 1,381,636	\$ 689,337
Direct costs	141,276	164,272
	\$ 1,240,360	\$ 525,065

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, 2010 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash and investment bonds	\$	63,663
Surety bonds	\$	626,147

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 is committed to annual payments for future years as follows:

Year	Amount
2011	\$ 64,872
2012	94,625
2013	2,236
	\$ 161,733

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, 2010

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 \$262,392 (2009 - \$297,612), which is set out by the Board of Directors of the Agency.

As at March 31, 2010 an amount of \$116,292 (2009 - \$NIL) was owed by the Agency to the Fund and is included in STCF Fee revenue payable. At March 31, 2010, the Fund owed the Agency \$8,617 (2009 - \$644) and was 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, 2010 (with comparative figures provided as at March 31, 2009):

	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 10,497,250	\$ 8,973,788
Accounts receivable	246,310	43,572
Total assets	\$ 10,743,560	\$ 9,017,360
Accounts payable and accrued liabilities	\$ 37,601	\$ 32,575
Claims payable to students	104,436	70,464
Student complaint refunds payable	32,719	-
STCF contribution payable	147,278	222,536
Total liabilities	322,034	325,575
Net assets available	10,421,526	8,691,785
Total liabilities and net assets	\$ 10,743,560	\$ 9,017,360
STCF initial contribution (net)	\$ 39,140	\$ 24,559
Tuition revenue fee payments	1,663,437	2,415,555
Recoveries from institutions of student complaint tuition refunds	58,787	-
Interest and miscellaneous revenue (loss)	677,584	(546,132)
Total revenues for year	2,438,948	1,893,982
Student tuition claims	318,356	92,600
Student complaint tuition refunds	59,147	-
Administrative expenses	331,704	370,411
Total expenses for year	709,207	463,011
Excess of revenue over expenses for year	\$ 1,729,741	\$ 1,430,971

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2010

11. Institutions Payable - Deferred Revenue Refunds

Due to the changes in the PCTIA fee structure, which took effect June 1, 2009, institutions are no longer assessed annual main and branch campus fees or annual program fees. The Agency liquidated a substantial portion of its portfolio investments and issued refunds for the unearned portion of these fees during the fiscal year.

12. 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.

13. 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 neither the Agency or the Fund were party to the transactions between the Plaintiff and those who either paid or received the student fees in question.

14. 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 previously reported.

15. Capital Disclosures

The Agency considers its capital to be its net assets. Its restricted net assets consist of amounts invested in property and equipment (See the Statement of Changes in Net Assets). The Agency's objectives, when managing its capital, are to safeguard its ability to continue as a going concern so it can continue to provide services to students. Annual budgets are developed and monitored to ensure the Agency's capital is maintained at an appropriate level.

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2010

16. New Accounting Pronouncements

The Agency's current financial reporting is based on the CICA Handbook's private entity standard, which include the Section 4400 series on not-for-profit accounting standards. In March 2010, the Public Sector Accounting Board released an Exposure Draft "Financial Reporting for Government Not-for-Profit Organizations", in which they propose that organizations like the Agency utilize the Public Sector Accounting Handbook with incorporation of the existing 4400 series of standards. The proposed change would apply beginning in the Agency's fiscal year ending March 31, 2013, with comparative figures to be provided on that basis for the preceding fiscal year. Early adoption is encouraged.

If the proposal contained in the Exposure Draft is adopted, this would be a change to the underlying framework of financial reporting. The implications of these potential changes has not been determined at this time.

**Private Career Training Institutions Agency - Student
Training Completion Fund
Financial Statements
For the years ended March 31, 2010 and 2009**

**Private Career Training Institutions Agency - Student
Training Completion Fund
Financial Statements
For the years ended March 31, 2010 and 2009**

Contents

Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6 - 7
Notes to Financial Statements	8 - 10



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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 - Student Training Completion Fund as at March 31, 2010 and the Statements of Operations and 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 - Student Training Completion Fund as at March 31, 2010 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 10, 2010

**Private Career Training Institutions Agency -
Student Training Completion Fund
Statement of Financial Position**

March 31 **2010** **2009**

Assets

Cash	\$	198,157	\$	253,773
Investments (Note 4)		7,326,408		6,545,058
Investment accounts (Note 5)		2,515,949		1,564,545
Accounts receivable		130,018		43,572
PCTIA collections receivable		116,292		-
		10,286,824		8,406,948
Long term investments (Note 4)		456,737		610,412
		\$ 10,743,561		\$ 9,017,360

Liabilities and Net Assets

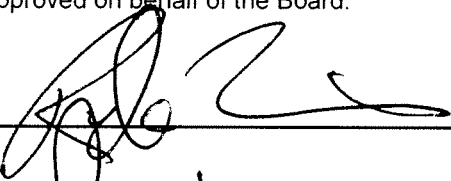
Liabilities


Accounts payable and accrued liabilities	\$	37,602	\$	32,575
Student claims payable		104,436		70,464
Student complaint refunds payable		32,719		-
STCF contributions payable (Note 9)		147,278		222,536
		322,035		325,575

Net Assets

Available		10,421,526		8,691,785
		\$ 10,743,561		\$ 9,017,360

Approved on behalf of the Board:





**Private Career Training Institutions Agency -
Student Training Completion Fund
Statement of Operations and Change in Net Assets**

For the year ended March 31	2010	2009
Revenue		
STCF Initial Contribution (net of refunds (Note 9))		
Previous registrants	\$ -	\$ (1,000)
New registrants	39,140	25,559
Tuition Revenue Fee Payment (Note 2)	1,663,437	2,415,555
Recoveries from institutions of student complaint tuition refunds	58,787	-
Investment revenue (loss) (Note 4)	672,363	(556,135)
Miscellaneous revenue	5,221	10,003
	<u>2,438,948</u>	<u>1,893,982</u>
Expenses		
Actuarial Report	5,250	-
Bank charges	1,880	4,623
Uncollectable Accounts	10,897	-
Investment management fee	27,401	28,202
Management fees (Note 6)	262,392	297,612
Miscellaneous expenses	-	17,762
Professional fees	11,232	12,657
School closure costs	12,652	9,555
Student tuition claims	318,356	92,600
Student complaint tuition refunds	59,147	-
	<u>709,207</u>	<u>463,011</u>
Excess of revenues over expenses for the year	<u>1,729,741</u>	<u>1,430,971</u>
Net assets, beginning of the year	8,691,785	7,260,814
Net assets, end of the year	\$ 10,421,526	\$ 8,691,785

**Private Career Training Institutions Agency -
Student Training Completion Fund
Statement of Cash Flows**

For the year ended March 31 **2010** **2009**

Cash provided by (used in)

Operating activities

Excess of revenue over expenses for the year	\$ 1,729,741	\$ 1,430,971
Item not involving cash		
Unrealized loss (gain) on investments	(492,418)	784,155
	1,237,323	2,215,126
Changes in non-cash working capital balances		
Accounts receivable	(86,446)	(43,572)
PCTIA collections receivable	(116,292)	-
Accounts payable and accrued liabilities	5,027	12,470
Student claims payable	33,972	28,608
Student complaint refunds payable	32,719	-
STCF contributions payable	(75,258)	(70,895)
	1,031,045	2,141,737

Investing activity

Purchase of investments	(1,086,661)	(2,130,121)
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Decrease in cash during the year

(55,616) **11,616**

Cash, beginning of year

253,773 **242,157**

Cash, end of year

\$ 198,157 **\$ 253,773**

Private Career Training Institutions Agency - Student Training Completion Fund Summary of Significant Accounting Policies

March 31, 2010

Nature of Operations The Private Career Training Institutions Agency - Student Training Completion Fund (the "Fund") was established under section 13 of the Private Career Training Institutions Act on November 22, 2004.

The Fund is administered by the Private Career Training Institutions Agency (the "Agency"), a self-funding agent of the Province of British Columbia. Separate financial statements are available that report on the activities of the Agency.

The Fund is administered as part of the Agency's mandatory registration system and voluntary accreditation program for private post-secondary educational institutions in the Province of British Columbia. Specifically, it is the mechanism by which students attending registered institutions that cease to operate may make claims in order to recover lost tuition.

New Bylaw provisions were implemented in 2009, as a result of changes to the Private Career Training Institutions Act and Regulations. The Board may authorize a refund of a portion of the tuition fees a student has paid to a registered institution that, in the opinion of the board, has misled a student regarding its institution or any aspect of its operations.

Revenue STCF Initial Contribution is recognized upon registration.

Monthly Tuition Revenue Fee Payments are recognized when estimable.

Recoveries from Institutions of student complaint tuition refunds are recognized when approved by the Board.

Expenses Student Tuition Claims and Student Complaint Tuitions refunds are recognized when approved by the Board.

Financial Instruments The Fund's financial instruments consists of cash, investments, accounts receivable, accounts payable and accrued liabilities, student complaint refunds payable, student claims payable, and STCF contributions payable. Unless otherwise noted, it is management's opinion that the Fund 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

Financial Instruments classified as held-for-trading 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 income. Net gains and losses arising from changes in fair value are recognized immediately in the Statement of Operations and Changes in Net Assets. The fund classifies its cash and investments as held-for-trading.

**Private Career Training Institutions Agency -
Student Training Completion Fund
Summary of Significant Accounting Policies**

March 31, 2010

**Financial Instruments
(Continued)**

Loans and Receivables

The Fund has classified Accounts Receivable and PCTIA collections receivable as loans and receivables. This asset is initially recognized at its 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, its carrying value approximates fair value.

Other financial liabilities

The Agency has classified accounts payable and accrued liabilities, student claims payable and student complaint refunds payable, and STCF contributions payable 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, claims and complaints payable to students and STCF contributions payable, 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, 2010 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 STCF contributions payable (Note 9) and the value of Asset Backed Commercial Paper. (Note 4)

**Private Career Training Institutions Agency -
Student Training Completion Fund
Notes to Financial Statements**

March 31, 2010

1. Income, Capital and Goods and Services Taxes

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

2. Reliance on Participating Institutions' Data

The regulations of the Agency obligate registered institutions to make payments to the Fund based on a percentage of tuition fees received. The payment rates are established by the Regulations to the Private Career Training Institutions Act. Such information is cross referenced to Institutions' financial statements and annual enrolment reporting received by the Agency. Payments are recorded based on information from the participating institutions.

3. Cash Concentration

The Fund has one operating bank account at a chartered bank.

4. Investments

	<u>2010</u>	<u>2009</u>
Canadian short-term fixed income	\$ 807,667	\$ 1,323,963
Canadian fixed income	3,212,725	3,317,352
Global equity	1,360,208	1,219,544
Global fixed income	1,945,808	684,199
Total current portfolio	<u>7,326,408</u>	6,545,058
Canadian Asset-Backed Commercial Paper	456,737	610,412
	<u>\$ 7,783,145</u>	<u>\$ 7,155,470</u>

The Canadian market for third-party sponsored Asset Backed Commercial Paper ("ABCP") suffered a liquidity disruption in mid-August 2007. The ABCP was subject to a court supervised restructuring process that has resulted in the pooled assets being replaced by asset-backed long-term notes. The market for the long-term notes has been of generally low volume to date.

The Agency's management has estimated the fair value of these assets using a valuation model provided by the external investment advisors which includes consideration of a guarantee provided by the investment advisors and arm's length sales of ABCP near year end by the Agency. As a result of the valuation, the Fund has recognized a write-down of \$121,895 reflecting the estimated decline in fair value of these investments as at March 31, 2010.

**Private Career Training Institutions Agency -
Student Training Completion Fund
Notes to Financial Statements**

March 31, 2010

4. Investments (Continued)

The estimate of the fair value of the Fund's ABCP investments as at March 31, 2010 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 Fund's future financial results.

5. Investment Accounts

The investment accounts are at two financial institutions. Interest rates on these accounts are subject to change as general interest rates change.

6. Fund Administration and Related Party Transactions

In administering the Fund, the Agency may invest the Fund only in the manner authorized by the Trustee Act.

The Fund pays the Agency an annual management fee of \$262,392 (2009 - \$297,612) in exchange for administering the fund. The Agency's Board sets the amount at which the fee will be charged. As at March 31, 2010, an amount of \$116,292 was owed by the Agency and reported as PCTIA collections receivable. At March 31, 2010, the Fund owed the Agency 8,617 (2009 - \$644) and was included in accounts payable and accrued liabilities.

7. Payments from the Fund

Since the Fund was established in November 2004, there have been 25 institution closures that resulted in student tuition claims. The Fund has issued payments on account of students in the amount of \$1,664,206 to March 31, 2010.

8. Economic Dependence

As the Fund was established solely for the purpose of carrying out the mandate of the Agency, its ability to continue as a going concern is dependent on the continuation of the Agency.

**Private Career Training Institutions Agency -
Student Training Completion Fund
Notes to Financial Statements**

March 31, 2010

9. STCF Contributions Payable

Prior to June 1, 2009, new registrants paid their STCF initial contribution fees based upon estimates of tuition revenues they will collect, or \$5,000, whichever is greater. After their first year of operations an amount is refunded if the STCF initial contribution paid exceeds the actual amount owed. The Fund estimates the proportion of revenues that will ultimately be refunded and accrues this as a liability. Subsequent to June 1, 2009, new registrants pay a non-refundable initial contribution fee of \$2,000.

10. Contingent Liability

The Fund has been named as defendant in a lawsuit with a claim is 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.

11. Capital Disclosures

The Fund considers its capital to be its net assets. The Fund's objectives, when managing its capital, are to safeguard its ability to continue as a going concern so it can continue to provide services to students. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

12. New Accounting Pronouncements

The Agency's current financial reporting is based on the CICA Handbook's private entity standard, which include the Section 4400 series on not-for-profit accounting standards. In March 2010, the Public Sector Accounting Board released an Exposure Draft "Financial Reporting for Government Not-for-Profit Organizations", in which they propose that organizations like the Agency utilize the Public Sector Accounting Handbook with incorporation of the existing 4400 series of standards. The proposed change would be mandatory beginning in the Agency's fiscal year ending March 31, 2013, with comparative figures to be provided on that basis for the preceding fiscal year. Earlier adoption is encouraged.

If the proposal contained in the Exposure Draft is adopted, this would be a change to the underlying framework of financial reporting. The implications of these potential changes has not been determined at this time.