

Private Career Training Institutions Agency
Financial Statements
For the year ended March 31, 2012 and March 31, 2011

Private Career Training Institutions Agency
Financial Statements
For the year ended March 31, 2012 and March 31, 2011

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Independent Auditor's Report

To the Board of the Private Career Training Institutions Agency

We have audited the accompanying financial statements of Private Career Training Institutions Agency, which comprise the Statements of Financial Position as at March 31, 2012, March 31, 2011, and April 1, 2010 and the Statements of Operations, Changes in Net Financial Assets, Changes in Accumulated Operating Surplus, Remeasurement Gains and Losses and Cash Flows for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Private Career Training Institutions Agency as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations and its cash flows for the years then ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

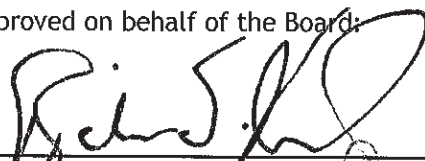
Chartered Accountants

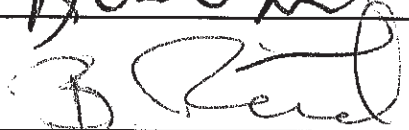
Vancouver, British Columbia
May 25, 2012

Private Career Training Institutions Agency
Statement of Financial Position

	March 31 2012	March 31 2011	April 1 2010
Financial Assets			
Cash (Note 5)	\$ 207,953	\$ 150,774	\$ 375,758
Accounts receivable (Note 15)	28,515	49,451	18,388
Portfolio Investments (Note 6)	619,006	703,867	159,627
	855,474	904,092	553,773
Liabilities			
Accounts payable and accrued liabilities (Note 8)	219,223	251,888	274,452
Deferred revenue	75,156	69,147	68,444
Deferred Lease Inducement (Note 13)	64,936	-	-
	359,315	321,035	342,896
Net Financial Assets	496,159	583,057	210,877
Non-Financial Assets			
Tangible capital assets (Note 7)	63,491	50,478	97,443
Prepaid expenses	28,226	18,891	12,320
	91,717	69,369	109,763
Accumulated Surplus (Note 14)	\$ 587,876	\$ 652,426	\$ 320,640
Accumulated surplus is comprised of:			
Accumulated operating surplus	\$ 632,919	\$ 702,648	\$ 386,347
Accumulated remeasurement losses	(45,043)	(50,222)	(65,707)
	\$ 587,876	\$ 652,426	\$ 320,640

Approved on behalf of the Board:





Private Career Training Institutions Agency
Statement of Operations

For the year ended March 31	Budget	2012	2011
Revenue			
Accreditation fees	\$ 1,704,000	\$ 1,684,275	\$ 1,677,980
Registration fees	548,000	562,703	569,828
Other fees and miscellaneous revenue	36,000	27,755	39,004
Management fees and chargebacks (Note 15)	411,000	374,221	359,496
Investment revenue	15,000	9,998	6,319
	2,714,000	2,658,952	2,652,627
Expenses			
Advertising and recruiting	20,000	28,219	53,638
Amortization	90,000	57,939	67,315
Bank and payroll service charges	11,000	12,874	8,854
Board	60,000	50,537	49,286
Computer supplies and maintenance	24,000	44,311	18,289
Contract Services	265,000	212,087	220,577
Courier and postage	13,000	12,243	10,750
Equipment lease and maintenance	13,000	11,095	10,226
Insurance	8,000	3,321	6,533
Office and supplies	53,000	47,853	34,166
Professional fees	108,000	116,489	126,803
Publications	10,000	230	5,428
Rent	186,000	259,294	147,603
Salaries and benefits	1,700,000	1,745,736	1,508,277
Staff development and conferences	30,000	29,021	10,737
Telephone and fax	28,000	32,352	24,732
Travel and meals	45,000	56,884	46,857
Uncollectible accounts	-	8,057	5,216
Workshops	10,000	15,112	9,045
	2,674,000	2,743,654	2,364,332
Net gain from operations	40,000	(84,702)	288,295
Gain on recapture of uncashed student refunds (Note 11)	15,000	14,973	28,006
Excess of revenues (expenses) over expenses/ revenue for the year	\$ 55,000	\$ (69,729)	\$ 316,301

The accompanying notes are an integral part of these financial statements

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

For the year ended March 31	Budget	2012	2011
Annual surplus (deficit)	\$ 55,000	\$ (69,729)	\$ 316,301
Acquisition of tangible capital asset	-	(70,952)	(20,351)
Amortization of tangible capital assets	90,000	57,939	67,315
	90,000	(13,013)	46,964
Acquisition of prepaid expenses	-	(28,226)	(18,890)
Consumption of prepaid expenses	-	18,891	12,320
	-	(9,335)	(6,570)
Decrease (increase) in net financial assets	145,000	(92,077)	356,695
Effect of remeasurement gains for the year	-	5,179	15,485
Net financial assets, beginning of year	583,057	583,057	210,877
Net financial assets, end of year	\$ 728,057	\$ 496,159	\$ 583,057

Private Career Training Institutions Agency
Statement of Changes in Accumulated Operating Surplus

<u>For the year ended March 31</u>	<u>2012</u>	<u>2011</u>
Accumulated operating surplus, beginning of year	\$ 702,648	\$ 386,347
Operating surplus (deficit) for the year	(69,729)	316,301
Accumulated operating surplus, end of year	\$ 632,919	\$ 702,648

Private Career Training Institutions Agency
Statement of Remeasurement Gains and Losses

For the year ended March 31	2012	2011
Accumulated remeasurement gains (losses), beginning of year	\$ (50,222)	\$ (65,707)
Unrealized gains (losses) attributable to portfolio investments	5,506	15,911
Amounts reclassified to statement of operations:		
Realized loss on portfolio investments	<u>(327)</u>	<u>(426)</u>
Net remeasurement gains (losses) for the year	<u>5,179</u>	<u>15,485</u>
Accumulated remeasurement gains (losses), end of year	\$ (45,043)	\$ (50,222)

Private Career Training Institutions Agency
Statement of Cash Flows

For the year ended March 31	2012	2011
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ (69,729)	\$ 316,301
Item not involving cash		
Amortization	57,939	67,315
Lease inducement	64,936	-
	<u>53,146</u>	<u>383,616</u>
Changes in non-cash working capital balances		
Accounts receivable	20,936	(31,063)
Prepaid expenses	(9,335)	(6,571)
Accounts payable and accrued liabilities	(22,782)	23,912
STCF fee revenue payable	5,093	(18,467)
Unclaimed PPSEC payments to students	(14,973)	(28,006)
Deferred registration and accreditation fee revenue	6,009	703
	<u>38,094</u>	<u>324,124</u>
Capital activity		
Purchase of tangible capital assets	<u>(70,952)</u>	<u>(20,351)</u>
Investing activity		
Decrease (Increase) of portfolio investments	<u>90,037</u>	<u>(528,757)</u>
Increase (decrease) in cash during the year	57,179	(224,984)
Cash, beginning of year	<u>150,774</u>	<u>375,758</u>
Cash, end of year	<u>\$ 207,953</u>	<u>\$ 150,774</u>

Private Career Training Institutions Agency

Notes to Financial Statements

March 31, 2012

1. 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.

2. Summary of Significant Accounting Policies

Basis of Accounting These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

Conversion to Public Sector Accounting Standards

Commencing with the 2012 fiscal year, the Agency has adopted Canadian public sector accounting ("PSA") standards as issued by the Public Sector Accounting Board. These financial statements are the first financial statements for which the Agency has applied PSA standards. The Agency has early adopted the accounting standards contained in PS 1201 - Financial statement presentation, PS 3410 - Government transfers, PS 2601 - Foreign currency translation and PS 3450 - Financial instruments in the preparation of these financial statements.

Detailed information on the impact of the conversion to Canadian public sector accounting standards is provided in Note 16.

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.

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2012

2. Summary of Significant Accounting Policies (Continued)

**Tangible Capital
Assets**

Tangible capital assets 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

**Financial
Instruments**

Derivatives and equity instruments quoted in an active market are measured at fair value. The Agency has elected to measure other specific financial instruments at fair value, to correspond with how they are evaluated and managed. These financial instruments are identified by financial asset and financial liability classification and are not reclassified for the duration of the period they are held. All other financial assets and financial liabilities are measured at cost or amortized cost. Financial instruments are classified as level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

The Agency's financial instruments consists of cash, portfolio investments, accounts receivable, and accounts payable and accrued liabilities. 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.

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2012

2. Summary of Significant Accounting Policies (Continued)

**Financial
Instruments
(Continued)**

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value

**Measurement
Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of 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 9) and the value of Asset Backed Commercial Paper (Note 6).

3. Income and Capital Taxes

The Agency is exempt from federal and provincial income and capital taxes under Section 149(1)(d) of the Income Tax Act.

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2012

4. Reliance on Participating Institutions' Data

Prior to June 1st, 2009 the regulations of the Agency obligated 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.

5. Cash Concentration

The Agency has one bank account at a chartered bank.

6. Portfolio Investments

	Fair value hierarchy level	March 31 2012	March 31 2011	April 1 2010
Canadian short-term fixed income	Level 1	\$ 16,099	\$ 14,096	\$ 11,919
Global equity	Level 1	131,989	125,995	111,677
Term deposit	Level 1	432,000	525,483	-
Subtotal		580,088	665,574	123,596
Canadian asset-backed commercial paper	Level 2	38,918	38,293	36,031
		\$ 619,006	\$ 703,867	\$ 159,627

The term deposit earns interest at 1.00% and matures December 23, 2012.

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.

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2012

6. Portfolio Investments (Continued)

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.

The estimate of the fair value of the Agency's ABCP investments as at March 31, 2012 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.

7. Tangible Capital Assets

			March 31 2012	March 31 2011	April 1 2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Computer equipment	\$ 102,082	\$ 91,804	\$ 10,278	\$ 11,567	\$ 17,022
Office furniture	86,045	73,182	12,863	14,522	21,972
Tenant improvements	26,510	1,360	25,150	19,554	39,107
Computer software	76,905	61,705	15,200	4,835	19,342
	\$ 291,542	\$ 228,051	\$ 63,491	\$ 50,478	\$ 97,443

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2012

8. Accounts Payable and Accrued Liabilities

	March 31 2012	March 31 2011	April 1 2010
Accounts payable and accrued liabilities	\$ 116,304	\$ 139,090	\$ 115,181
STCF fee revenue payable	102,919	97,825	116,292
Unclaimed PPSEC payments to students	-	14,973	42,979
	<u>\$ 219,223</u>	<u>\$ 251,888</u>	<u>\$ 274,452</u>

9. 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 \$nil (2011 - \$14,973 and 2010 - \$42,979) in order to satisfy these claims.

10. Contingent Liability

As at March 31, 2012, certain legal actions are pending against the Agency and Fund Trust, the outcome of which cannot be determined at this time. For those actions where it is not possible to determine the outcome of these proceedings, no provision for any potential liability has been recorded in the accounts. Any settlements will be recorded when they can be estimated.

11. 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.

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2012

12. 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, 2012 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash	\$ 40,387
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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.

13. Commitments

The Agency leases premises under a 6-year, 6-month lease for office space at Suite 203, 1155 West Pender Street, Vancouver expiring May 31, 2018.

Under the terms of the lease, remaining basic rent is \$144,981 annually until the expiry date of May 31, 2018. The aggregate of basic rent over the remaining term of the lease is \$894,047. In addition to basic rent, the Agency is required to pay a portion of certain operating costs and property taxes.

Also under the terms of the lease, the Agency received free rent for December 2011, and January, February and March of 2012. This free rent was recorded as a deferred lease inducement, which is a non-cash item and is being amortized over the term of the lease.

The Agency is also obligated under operating leases for a copier, phone system and postage meters that expire in 2013 to 2017.

The Agency is committed to annual payments for all leases for future years as follows:

Year	Amount
2013	\$ 158,464
2014	156,939
2015	156,939
2016	156,939
2017	149,565
Thereafter	<u>169,144</u>
	<u>\$ 947,990</u>

14. Capital Disclosures

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, 2012

15. Student Training Completion Fund Trust

The Agency established the Student Training Completion Fund Trust (the "Fund Trust") for the sole purpose of helping carry out its mandate. The Agency administers the Fund Trust in exchange for annual management fees of \$336,000 (2011 - \$309,000), which is set out by the Board of Directors of the Agency.

As at March 31, 2012 an amount of \$102,919 (2011 - \$97,825) was owed by the Agency to the Fund Trust and is included in STCF Fee revenue payable. At March 31, 2012, the Fund Trust owed the Agency \$11,019 (2011 - \$25,551) and was included in accounts receivable.

The Fund Trust prepares separate financial statements and no Fund Trust assets, liabilities or transactions have been reported elsewhere in these financial statements.

The following summarizes the financial position of the Fund Trust and its operations for its fiscal year ended March 31, 2012 (with comparative figures provided as at March 31, 2011 and April 1, 2010):

	March 31 2012	March 31 2011	April 1 2010
Assets			
Cash and portfolio investments	\$ 12,494,276	\$ 11,712,346	\$ 10,497,251
Accounts receivable	122,672	150,198	246,310
	\$ 12,616,948	\$ 11,862,544	\$ 10,743,561
Liabilities			
Accounts payable and accrued liabilities	111,028	\$ 277,978	\$ 322,035
Accumulated Surplus	\$ 12,505,920	\$ 11,584,566	\$ 10,421,526
Accumulated surplus is comprised of:			
Accumulated operating surplus	\$ 12,785,903	\$ 12,075,121	\$ 11,115,893
Accumulated remeasurement gains/(losses)	(279,983)	(490,555)	(694,367)
	\$ 12,505,920	\$ 11,584,566	\$ 10,421,526

Private Career Training Institutions Agency
Notes to Financial Statements

March 31, 2012

15. Student Training Completion Fund Trust (Continued)

	Year Ended March 31 2012	Year Ended March 31 2011
Revenues		
STCF initial contribution	\$ 66,351	\$ 90,500
Tuition revenue fee payments	1,196,579	1,287,972
Recoveries from institutions of student complaint tuition refunds	34,872	124,913
Investment and miscellaneous revenue	368,092	304,120
	1,665,894	1,807,505
Expenses		
Student tuition claims	459,088	197,913
Student complaint tuition refunds	15,375	40,084
Administrative expenses	480,649	610,280
	955,112	848,277
Excess of revenue over expenses for year	\$ 710,782	\$ 959,228

16. Conversion to Public Sector Accounting Standards

Commencing with the 2012 fiscal year, the Agency has adopted Canadian public sector accounting ("PSA") standards. The transition date for the new standards was April 1, 2010 with the result that all comparative figures presented throughout these financial statements are prepared following the requirement of the new standards.

The impact of the change to the new standards was generally to presentation only.

Net assets, previously reported, April 1, 2010	\$ 320,640
Accumulated surplus from operations, April 1, 2010	\$ 386,347
Accumulated rereasurement gains (losses), April 1, 2010	(65,707)
	\$ 320,640