

**Private Career Training Institutions Agency  
Financial Statements  
For the year ended March 31, 2008**

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Financial Statements  
For the year ended March 31, 2008**

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## Auditors' Report

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### 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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "BDO Dunwoody LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

Vancouver, British Columbia  
May 8, 2008

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

**March 31** **2008** **2007**

**Assets**

**Current**

Cash (Note 2 and 3)	\$	<b>150,963</b>	\$	394,062
Temporary Investments (Note 4)		<b>727,574</b>		539,999
Accounts receivable		<b>26,175</b>		43,141
Ministry grant receivable		<b>200,000</b>		256,679
Prepaid expenses		<b>13,050</b>		14,319

**1,117,762** 1,248,200

**Long term investments (Note 4)**

**61,043** -

**Property and equipment (Note 5)**

**95,394** 92,946

**\$ 1,274,199** **\$ 1,341,146**

**Liabilities and Net Assets**

**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$	<b>127,181</b>	\$	105,978
Unclaimed PPSEC payments to students (Note 2)		<b>82,835</b>		87,193
Deferred registration and accreditation fee revenue		<b>607,279</b>		615,693
Deferred ministry grant		<b>200,000</b>		239,700

**1,017,295** 1,048,564

**Net Assets**

Invested in property and equipment	<b>95,394</b>	92,946
Internally restricted for special purposes (Note 6)	-	48,972
Available	<b>161,510</b>	150,664

**256,904** 292,582

**\$ 1,274,199** **\$ 1,341,146**

Approved on behalf of the Board:

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**Private Career Training Institutions Agency**  
**Statement of Operations**

<b>For the year ended March 31</b>	<b>2008</b>	<b>2007</b>
<b>Revenue</b>		
Accreditation fees and costs (net, Note 7)	\$ 550,044	\$ 521,828
Registration fees	453,867	466,362
Management fees and chargebacks (Note 10)	230,692	207,723
Ministry grants	239,700	52,278
Investment revenue	11,052	45,236
Miscellaneous revenue	1,863	2,750
	<u>1,487,218</u>	<u>1,296,177</u>
<b>Expenses</b>		
Advertising and publications	20,018	21,009
Amortization	55,219	37,638
Board	33,198	41,482
Contract Services	82,067	-
Courier and postage	10,909	13,940
Equipment lease and maintenance	15,381	10,357
Insurance	5,297	4,927
Office and supplies	42,096	44,058
Professional fees	45,213	54,797
Rent	79,017	68,893
Salaries and benefits	1,093,451	903,529
Telephone and fax	17,068	15,600
Travel and meals	24,870	27,539
	<u>1,523,804</u>	<u>1,243,769</u>
<b>Net gain (loss) from operations</b>	<b>(36,586)</b>	<b>52,408</b>
<b>Gain on recapture of uncashed student refunds (Note 11)</b>	<b>908</b>	<b>944</b>
	<u>908</u>	<u>944</u>
<b>(Deficiency) Excess of revenues over expenses for the year</b>	<b>\$ (35,678)</b>	<b>\$ 53,352</b>

**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	<b>2008</b>	<u>Total</u> 2007
<b>Balance, beginning of year</b>	\$ 92,946	\$ 48,972	\$ 150,664	<b>\$ 292,582</b>	\$ 239,230
(Deficiency) Excess of revenue over expenses for the year	-	-	(35,678)	(35,678)	53,352
Amortization	(55,219)	-	55,219	-	-
Inter-fund transfers	57,667	(48,972)	(8,695)	-	-
<b>Balance, end of year</b>	<b>\$ 95,394</b>	<b>\$ -</b>	<b>\$ 161,510</b>	<b>\$ 256,904</b>	<b>\$ 292,582</b>

**Private Career Training Institutions Agency**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2008</b>	<b>2007</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) Excess of revenue over expenses for the year	\$ (35,678)	\$ 53,352
Items not involving cash		
Amortization	55,219	37,638
Unrealized loss on investments	35,682	3,346
	<u>55,223</u>	<u>94,336</u>
Changes in non-cash working capital balances		
Accounts receivable	16,966	(32,534)
Ministry grant receivable and deferred ministry grant	16,979	(16,979)
Prepaid expenses	1,269	469
Accounts payable and accrued liabilities	21,203	16,113
Unclaimed PPSEC payments to students	(4,358)	(1,673)
Deferred registration and accreditation fee revenue	(8,414)	22,985
	<u>98,868</u>	<u>82,717</u>
<b>Investing activities</b>		
Purchase of property and equipment	(57,667)	(65,916)
Purchase of temporary investments	(284,300)	(31,785)
	<u>(341,967)</u>	<u>(97,701)</u>
<b>Decrease in cash during the year</b>	<b>(243,099)</b>	<b>(14,984)</b>
<b>Cash, beginning of year</b>	<b>394,062</b>	<b>409,046</b>
<b>Cash, end of year</b>	<b>\$ 150,963</b>	<b>\$ 394,062</b>

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## Private Career Training Institutions Agency Summary of Significant Accounting Policies

**March 31, 2008**

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**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 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.

The Agency follows the deferral method of accounting for ministry grant.

Restricted contributions from the Ministry are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions from the Ministry for the acquisition of property and equipment are deferred and amortized over the remaining useful life of the asset acquired.

Unrestricted contributions from the Ministry are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

**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 term of the lease



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## Private Career Training Institutions Agency Summary of Significant Accounting Policies

**March 31, 2008**

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**Financial Instruments** The Agency's financial instruments consists of cash, investments, accounts receivable, ministry grant receivable, accounts payable and accrued liabilities 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 and Ministry grant 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 and Ministry grant receivable their carrying value approximates fair value.

### **Other financial liabilities**

The Agency has classified accounts payable and accrued liabilities and claims payables 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 and claims payables 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, 2008 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 claims payable to students (Note 2) and the value of Asset Backed Commercial Paper (Note 4).

# Private Career Training Institutions Agency

## Notes to Financial Statements

**March 31, 2008**

### 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. 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 \$82,835 (2007 - \$87,193) in a separate bank account in order to satisfy these claims.

### 3. Cash

The Agency has three bank accounts at a chartered bank that earn interest at prevailing interest rates for business interest earning accounts.

### 4. Investments

	Current Yield	2008	2007
Canadian short-term fixed income	3.0	\$ 64,291	\$ -
Canadian fixed income	4.9	286,809	267,869
Canadian equity	3.4	118,176	87,109
Canadian asset-backed commercial paper	-	-	185,021
Term deposit	4.3	258,298	-
<b>Total current portfolio</b>		<b>727,574</b>	539,999
Canadian asset-backed commercial paper	-	61,043	-
		<b>\$ 788,617</b>	\$ 539,999

The Canadian market for third party sponsored Asset Backed Commercial Paper ("ABCP") suffered a liquidity disruption in mid-August 2007 following which a group of financial institutions and other parties agreed, pursuant to the Montréal Accord (the "Accord"), to a standstill period in respect of ABCP sold by 23 conduit issuers. Participants to the Accord also agreed in principle to the conversion of the ABCP investments into longer-term financial instruments with maturities corresponding to the underlying assets. A Pan-Canadian Investors Committee was subsequently established to restructure with success the Canadian market of ABCP, bring liquidity and create transparency as well as optimize the value for notes' holders and realize all this the fastest way possible. Accordingly Management has designated the current ABCP as a Long term investment.

**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2008**

**4. Investments (Continued)**

Since there is no active market for ABCP securities, the Agency's management has estimated the fair value of these assets using a valuation model provided by the external investment advisors. As a result of the valuation, the Fund has recognized an \$9,421 write-down reflecting the estimated decline in fair value of these investments as at March 31, 2008.

The estimate of the fair value of the Fund's ABCP investments as at March 31, 2008 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 funds future.

**5. Property and Equipment**

	<b>2008</b>			<b>2007</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 90,330	\$ 72,847	\$ 17,483	\$ 14,769
Office furniture	41,276	36,340	4,936	3,967
Tenant improvements	86,477	27,628	58,849	66,281
Computer Software	137,527	123,401	14,126	7,929
	<b>\$ 355,610</b>	<b>\$ 260,216</b>	<b>\$ 95,394</b>	<b>\$ 92,946</b>

**6. 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. In 2008 the Board discontinued this internally restricted fund.

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**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2008**

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**7. Accreditation Fees and Costs**

	2008	2007
Revenue	<b>\$ 797,440</b>	\$ 678,052
Direct costs	<b>247,396</b>	156,224
	<b>\$ 550,044</b>	\$ 521,828

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**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, 2008 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash and investment bonds	\$	75,630
Letters of credit	\$	7,500
Surety bonds	\$	1,337,999

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.

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**9. Commitments**

The Agency is obligated under operating leases for office premises, copier and postage meters that expire in 2012 to 2013. The Agency also has a contract with a consultant that expires in 2009. The Agency is committed to annual payments for future years as follows:

Year		Amount
2009	\$	62,022
2010		64,872
2011		64,872
2012		94,625
2013		2,236
	<b>\$</b>	<b>288,627</b>

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, 2008**

**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 monthly management fees of \$17,073 (2007 - \$13,344), which is set out by the Board of Directors of the Agency. During the year, an additional amount of \$Nil (2006 - \$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, 2008 an amount of \$9,263 (2007 - \$22,996) was owed to the Agency from the Fund and 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, 2008 (with comparative figures provided as at March 31, 2007):

	<b>2008</b>	<b>2007</b>
Cash and investments	<b>\$ 7,616,206</b>	\$ 6,122,721
Accounts receivable	-	5,379
	<b>7,616,206</b>	6,128,100
Total assets		
Accounts payable and accrued liabilities	<b>\$ 20,105</b>	\$ 33,869
STCF contribution payable	<b>293,431</b>	317,969
	<b>313,536</b>	351,838
Total liabilities		
Net assets available	<b>7,302,670</b>	5,776,262
	<b>\$ 7,616,206</b>	\$ 6,128,100
Total liabilities and net assets		
STCF initial contribution (net)	<b>\$ 16,715</b>	\$ 74,981
Tuition revenue fee payments	<b>2,384,409</b>	2,517,600
Interest and miscellaneous revenue (loss)	<b>(70,231)</b>	284,515
	<b>2,330,893</b>	2,877,096
Total revenues for year		
Student tuition claims	<b>539,564</b>	486,910
Administrative expenses	<b>264,921</b>	235,513
	<b>804,485</b>	722,423
Total expenses for year		
Excess of revenue over expenses for year	<b>\$ 1,526,408</b>	\$ 2,154,673

**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.

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**Private Career Training Institutions Agency**  
**Notes to Financial Statements**

**March 31, 2008**

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**12. Contingent Liability**

The Agency and the Fund have been named 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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**13. New Accounting Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have potential impact for the Agency are as follows:

**Financial Instruments - Disclosure and Presentation**

CICA 3862 Financial Instruments-Disclosure, increases disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA 3863 Financial Instruments-Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for the Agency's 2009 fiscal year. The Agency is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

**General Standards on Financial Statement Presentation**

CICA Handbook Section 1400-General Standards on Financial Statement Presentation, has amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for the Agency's 2009 fiscal year. The Agency anticipates that the new requirements will not impact its financial reporting.



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## Accountants' Report on the Security Requirements Held by the Private Career Training Institutions Agency

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### 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, 2008. 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 10 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, 2008. 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, 2008.

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

Chartered Accountants

Vancouver, British Columbia  
May 8, 2008