



2013/14 ANNUAL REPORT

PRIVATE CAREER TRAINING
INSTITUTIONS AGENCY (PCTIA)



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Message from Public Administrator to Minister of Advanced Education

Dear Minister Amrik Virk,

On behalf of the management and staff of the Private Career Training Institutions Agency (PCTIA), I am pleased to submit the Annual Report on the revised 2013/14-2015/16 Service Plan.

PCTIA has been supporting British Columbia's private post-secondary career training sector and providing student protection since 2004. More than 48,000 students attended 312 private career training institutions in British Columbia in 2012/2013. Last year the sector contributed more than \$256M to the British Columbia economy through tuition revenues alone.

On April 17, 2014 it was announced that PCTIA's functions will be transferred to the Ministry of Advanced Education, with the powers, duties and functions of the PCTIA Board transferred to the role of Public Administrator.

This new approach to regulation of private post-secondary career training will allow government to provide more support to the sector and instill a regulatory approach that is more consistent with other Canadian jurisdictions. While continuing to protect students, this approach will also strengthen quality assurance, eliminate overlapping processes, and reduce regulatory burden on the sector. Government savings of \$1.5 million over the first three years are expected through efficiencies and administrative savings.

More integrated and effective regulation of private career training institutions will also ensure British Columbia continues to be a highly desired study destination for both domestic and international students. Given the critical role the private career training sector has in attracting international students to our province, it is important that regulation of this sector promotes high quality standards.

During 2013/14, PCTIA focused on: the Agency upgrading to an advanced technology platform to assist in streamlined reporting and data gathering; further improving accreditation standards of quality by developing a performance management

framework as part of the continuous improvement process; developing a risk management tool to faster identify high-risk institutions; and continued student protection by increasing awareness of PCTIA's role. The Agency has been successful in accomplishing each of these priorities.

Four areas of risk were identified in the last Service Plan: capacity, revenue generation, legal resources and advanced technology. In 2013/14 these risks were mitigated by adding extra staff and upgrading technology and tools.

The Agency ended the 2013/14 fiscal year with an operating surplus of \$18,901. The financial position of the Agency is nearly the same as the previous fiscal year, with no debt and a total cumulative surplus of \$701,358. The variances between the budget and the actual were nominal with total revenue 6.7 percent more than budget and expenses 6.0 percent more than budget.

I would like to acknowledge the work of the Board during the 2013/14 period. The Agency successfully met several key goals which support the PCTIA's student protection mandate; including a technology upgrade to track student data in more detail, and additional staff members hired to conduct more site-visits and connect with a higher number of students.

Regulation of the sector will continue to support a post-secondary education system that provides B.C. with a global competitive advantage.

Sincerely,



Sandra Carroll
Public Administrator



Accountability Statement

On April 17, 2014 it was announced that PCTIA's functions will be transferred to the Ministry of Advanced Education. On this day, a Public Administrator was appointed to discharge the powers, duties and functions of the Board.

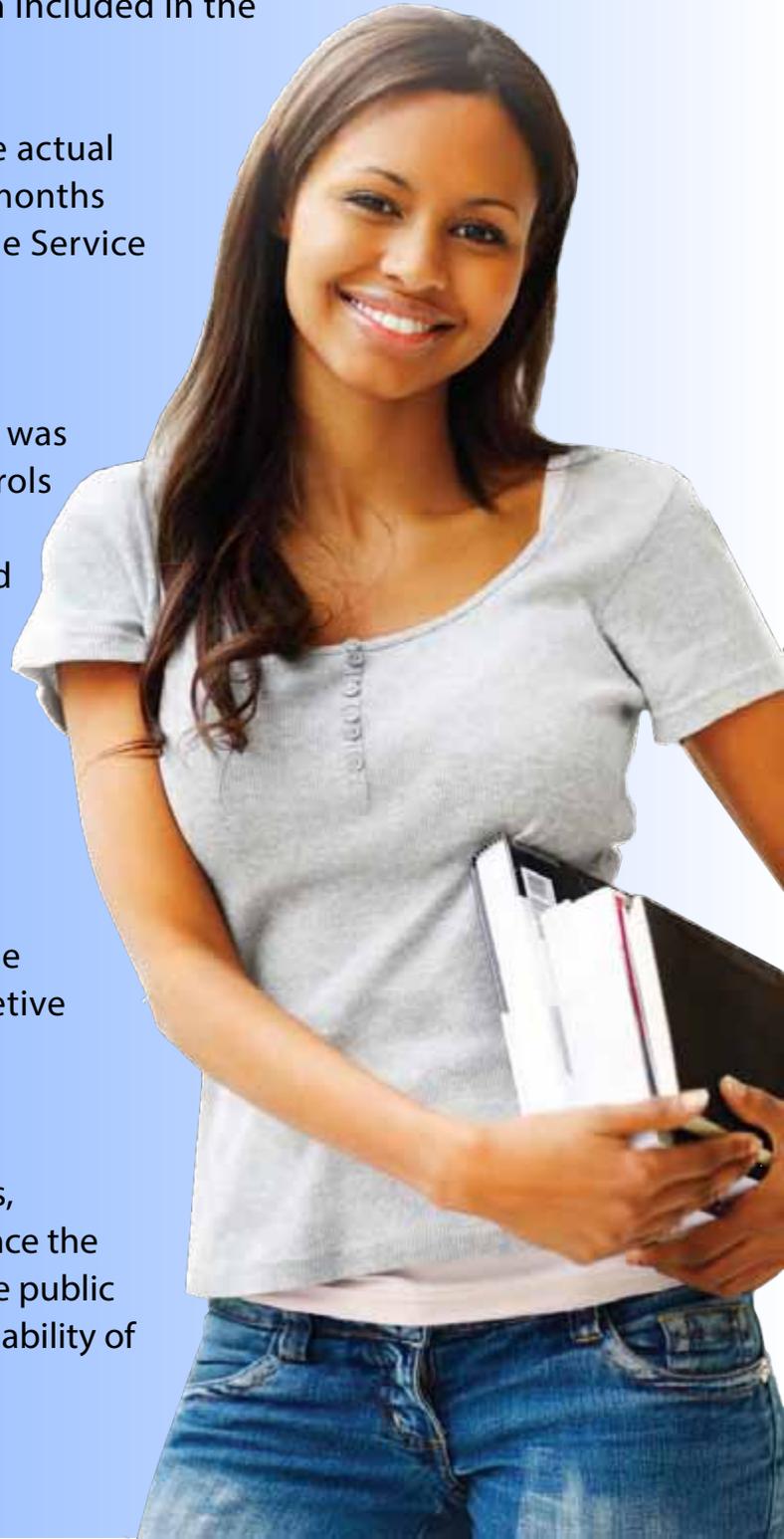
The 2013/14 PCTIA Annual Report was prepared in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The Public Administrator is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of PCTIA for the twelve months ended March 31, 2014 in relation to the Service Plan published in February 2013.

Prior to the announcement, the Board was responsible for ensuring internal controls were in place to ensure information is measured and reported accurately and in a timely fashion. This responsibility shifted to the Public Administrator on April 17, 2014.

All significant assumptions, policy decisions, events and identified risks, as of March 31, 2014 have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management.

Any change in mandate, direction, goals, strategies, measures or targets made since the 2013/14-2015/16 Service Plan was made public and any significant limitations in the reliability of data are identified in the report.



Organizational Overview

Each year, more than 48,000 students acquire specialized skills and experience through more than 300 private career training institutions registered with the Private Career Training Institutions Agency (PCTIA).

Accountable to the Minister of Advanced Education, PCTIA regulates private career training institutions in BC by: providing consumer protection to students; enforcing basic education standards; and holding accredited institutions to higher standards of quality. By legislation, institutions offering programs longer than 40 hours and with tuition of \$1,000 or higher must be registered with PCTIA.

Vision

To support quality education in British Columbia's private post-secondary career training sector through regulating standards and providing protection to students.

Mandate

Established in November 2004, the Private Career Training Institutions Agency (PCTIA) is a Crown Corporation created under the Private Career Training Institutions Act (PCTI Act). Its mandate, as set out in the Act is:

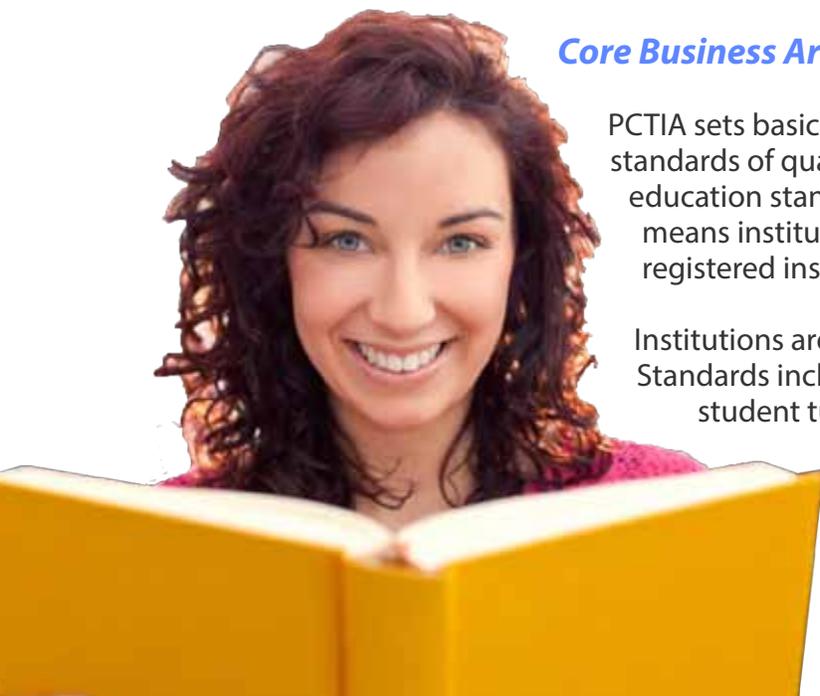
- To establish basic education standards for registered institutions and to provide consumer protection to the students and prospective students of registered institutions;
- To establish standards of quality that must be met by accredited institutions; and
- To carry out, in the public interest, its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

Further direction and accountability are provided through the Government's Letter of Expectations, executed jointly by the Chair of the PCTIA Board and the Minister of Advanced Education.

Core Business Areas and Services

PCTIA sets basic education standards for registered institutions and standards of quality for accredited institutions. Meeting the basic education standards is mandatory. Accreditation is voluntary and means institutions are held to a higher level of standards than registered institutions. These are known as standards of quality.

Institutions are monitored for compliance to these set standards. Standards include such things as teacher qualifications, minimum student tuition refund policies, appropriate equipment, and financial capacity. Adherence to these standards is overseen through monthly reporting and onsite compliance visits.





VALUE	DESCRIPTION	DEFINING STATEMENTS
Respect	PCTIA respects all of its stakeholders	<ul style="list-style-type: none"> • Be inclusive, transparent, honest and respect diversity • Support, guide and collaborate with key stakeholders
Accountability	PCTIA is accountable to its stakeholders	<ul style="list-style-type: none"> • Lead by example • Provide timely and transparent reporting to government, the public and the sector • Provide responsible oversight and a commitment to student and consumer protection
Adaptability	PCTIA is an adaptive organization that celebrates continuous learning and change	<ul style="list-style-type: none"> • Monitor and adapt to the regulatory environment • Apply new technologies and methods of doing business • Respond to changing demographics within PCTIA, students, and institutions
Quality	PCTIA has quality standards as it applies to its mandate at the strategic and operational levels	<ul style="list-style-type: none"> • Protect the public and promote consumer confidence by applying basic education standards to all BC private institutions • Work to encourage more institutions to attain higher quality standards than are required • Believe that all students should have access to quality, relevant education • Apply the principles of quality to its employees, Board duties, and all operations
Integrity	PCTIA implements its mandate with integrity	<ul style="list-style-type: none"> • Treat students and institutions with fairness, dignity and respect • Investigate student complaints thoroughly and make decisions consistent with the principles of administrative law

Student Training Completion Fund

The Student Training Completion Fund (STCF) is established under the Private Career Training Institutions Act and further prescribed under the Private Career Training Institutions Regulation.

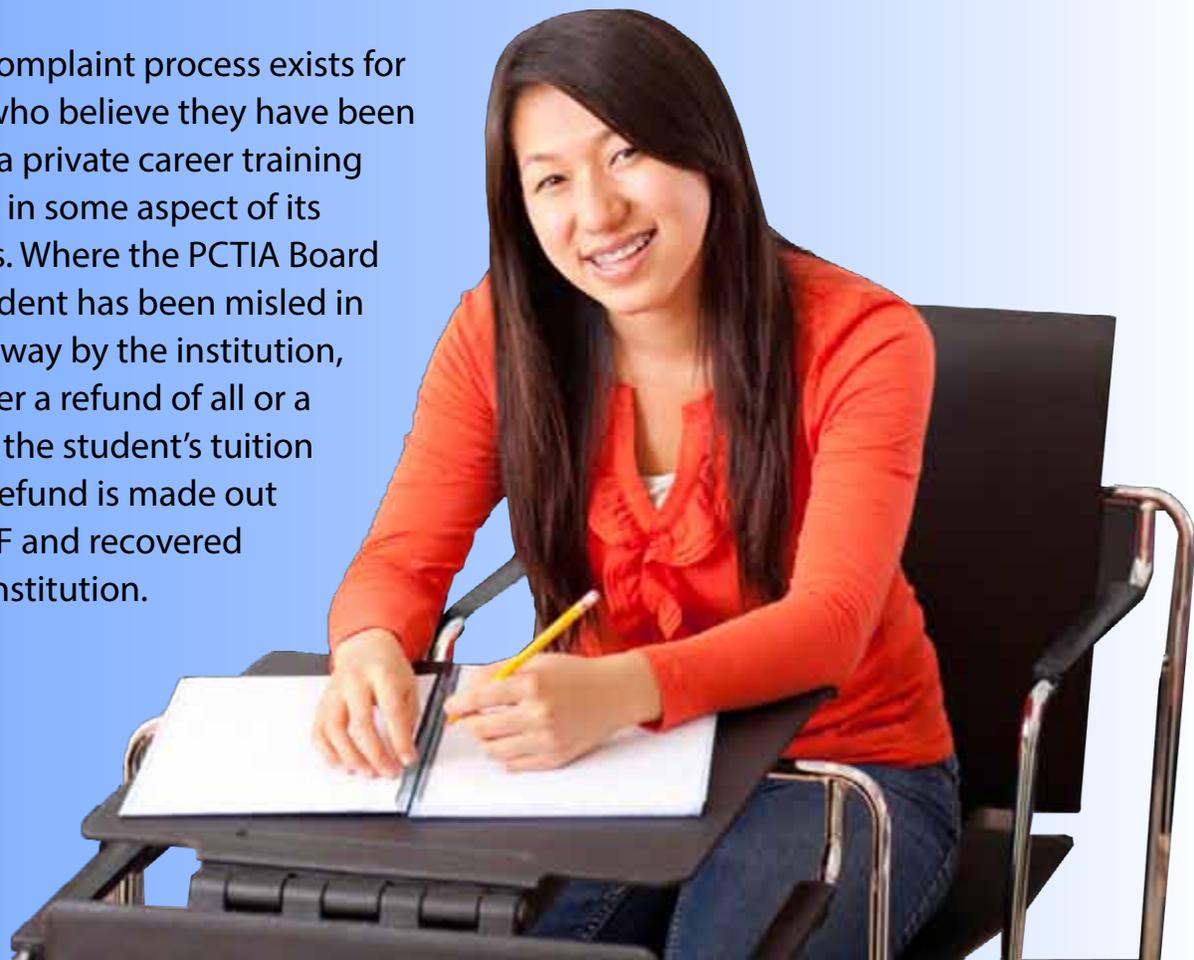
Institutions contribute monthly to the STCF based on the amount of tuition they have collected. As at March 31, 2014 there was \$13,811,646 in the STCF. The STCF is used for:

Tuition Refunds

Should a registered institution close unexpectedly (either voluntarily or as a result of PCTIA cancelling its registration) before a student has completed their program, the student may be eligible for a full or partial refund of their tuition to compensate for the uncompleted portion of their program. This refund may be paid to the student or another institution (the “teach-out” institution). When attending a teach-out institution, students are exempt from paying any additional tuition fees even when the tuition fee of the new program is higher.

Complaints

A formal complaint process exists for students who believe they have been misled by a private career training institution in some aspect of its operations. Where the PCTIA Board finds a student has been misled in a material way by the institution, it may order a refund of all or a portion of the student’s tuition fees. This refund is made out of the STCF and recovered from the institution.





Key Partners and Stakeholders

PCTIA is accountable to the Minister of Advanced Education and works with students, prospective students, the public, and private career training institutions in British Columbia.

Benefit to the Public

The public benefits from the increased quality provided in a regulated environment. Institutions benefit by being part of a quality controlled sector, while students and potential students are protected through PCTIA's monitoring of institutions to ensure compliance with standards. Regulating the sector helps promote British Columbia as a highly desirable study destination, particularly to the international market.

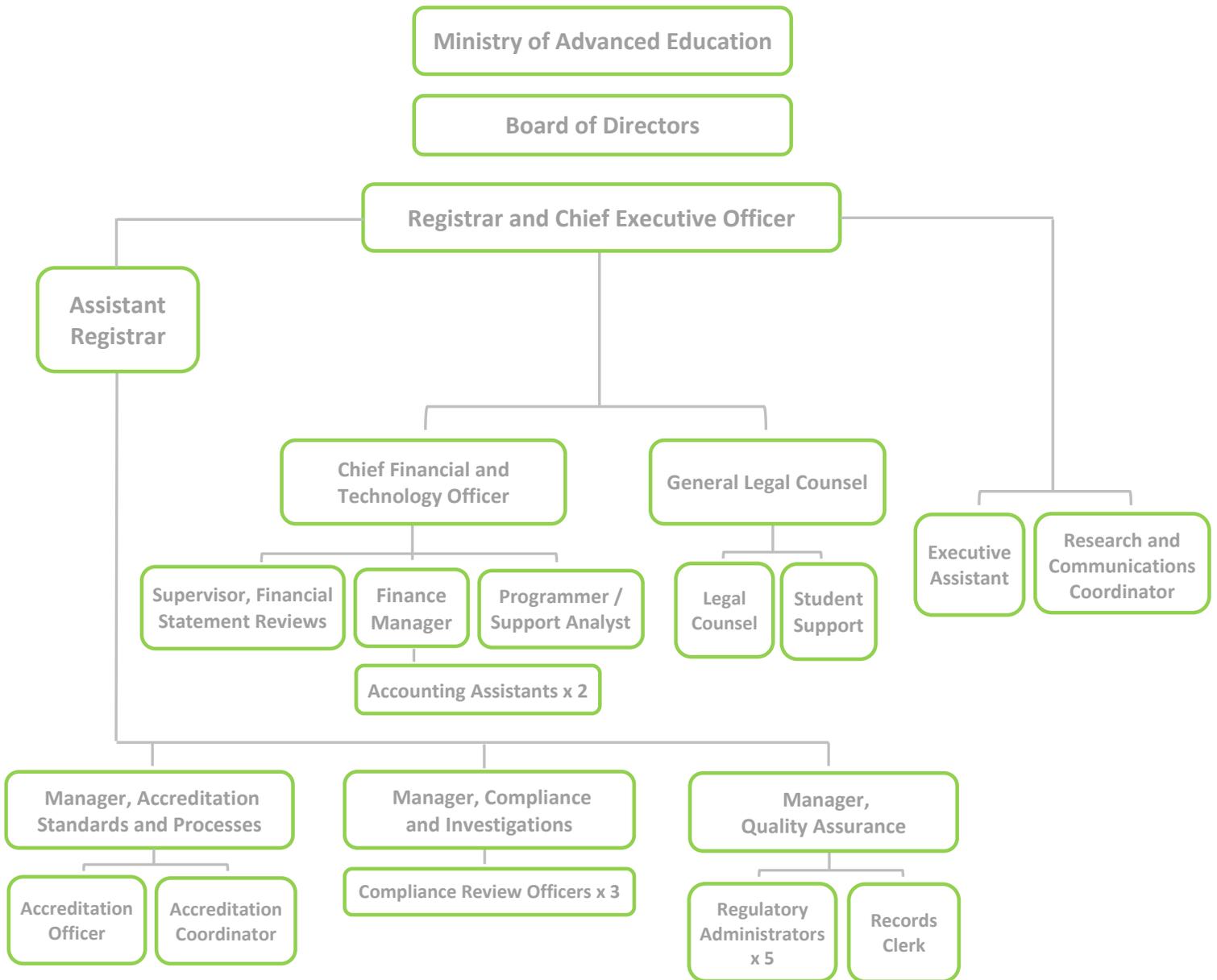
Students are encouraged to do their own research prior to registering in a program and PCTIA assists by providing information about registered and accredited institutions on its website, through social media, and by speaking to students and prospective students directly.

The Agency created an informational video (in five languages: English, Punjabi, Korean, Mandarin, Japanese) to increase awareness among students and prospective students of private career training institutions (youtube.com/pctiavideos).

Suspensions and cancellations of registered or accredited institutions are posted on the PCTIA website for a period of five years to inform potential students of an institution's history.

Organizational Chart

(as at March 31, 2014)



Senior Management

After three years as Registrar and CEO, Karin Kirkpatrick left PCTIA on March 31, 2014. Assistant Registrar Monica Lust commenced the role of Registrar and CEO on April 1, 2014. The senior management team now consists of:

Monica Lust
Registrar and CEO

Marianne Schwan
Assistant Registrar /
Quality Assurance, Manager

Luce Lafontaine
General Counsel

Lyndon Scott, Chief
Financial Officer

Corporate Governance

On April 17, 2014, Bill Bennett (Minister of Energy and Mines and Minister Responsible for Core Review) and Amrik Virk (Minister of Advanced Education) announced that the Agency will be dissolved and its functions transferred to the Ministry of Advanced Education.

A Public Administrator was appointed to discharge the powers, duties and functions of the PCTIA Board. The dissolution of the Agency will happen when new legislation is adopted. Until this time, the Private Career Training Institutions Act, Regulation and Bylaws remain in place and the work of the Agency continues. All decisions made by the Board, including adjudication of claims and complaints, are now made by the Public Administrator.

Prior to the April 17 announcement, and for this reporting period, PCTIA was governed by a ten-member Board of Directors, three of which were appointed by the Minister of Advanced Education and seven elected by the member institutions.

The Board's role consisted of:

- Appointing the Registrar and establishing his/her functions and duties;
- Governing and administrating the affairs of the Agency;
- Adopting Bylaws in accordance with the PCTI Act;
- Setting strategic direction for PCTIA;
- Being accountable for defined performance results;
- Ensuring effective use of PCTIA's resources;
- Reporting to government, shareholders and the public at large
- Adjudicating claims and complaints; and
- Adjudicating appeals

The Board had five standing committees:

- Student Complaints Committee
- Planning and Review Committee
- Bylaw, Policy and Quality Assurance Committee
- Finance and Student Training Completion Fund Committee
- A Nominating Committee (appointed in October 2013 for the March 2014 election)

Core Governance Principles

The Board's role and functioning was guided by a set of core governance principles:

- To govern lawfully and within the organization's authority under that PCTI Act, Regulation and Bylaws.
- In exercising its authority, to embrace what is best for the organization and its consumer protection mandate.
- To function at the strategic level with an emphasis on outward vision and strategic leadership, and on a proactive rather than reactive approach.
- In fulfilling its risk management and monitoring roles, to ensure it keeps itself fully informed and it appropriately balances the management and mitigation of risks.
- To cultivate a sense of group responsibility and shared ownership of decisions and be driven by collective rather than individual decisions.
- To assume that responsibility for excellence in its own governance practices with a commitment to continuous quality improvement and to ongoing Board development and Board member education.
- To inspire the organization through careful establishment of broad policies reflecting the Board's values and perspectives.

PCTIA complied with the 12 disclosure requirements of the Best Practice Guidelines on Governance and Disclosure published by the Board Resourcing and Development Office. The disclosure requirements included terms of reference for the Board and its committees, the nomination process for elections, biographies of Board members and the Registrar/CEO, details of Board meetings held throughout the year, Board member attendance records and public minutes.

PCTIA's operations are conducted within the framework of the Private Career Training Institutions Act (pctia.bc.ca/private-career-training), the Private Career Training Institutions Regulation (pctia.bc.ca/private-career-training-institution-regulations) and the PCTIA Bylaws (pctia.bc.ca/bylaws).

Board Members and Committee Responsibilities

(as at March 31, 2014)

BOARD MEMBER	POSITION / COMMITTEE	TERMS
David Wells Academic Dean NEC Native Education College	<ul style="list-style-type: none"> • Chair Board of Directors • Planning and Review 	Elected First Term April 2, 2012 – April 1, 2014 (Elected Chair of the Board May 23, 2013)
Bev Reid President MTI Community College	<ul style="list-style-type: none"> • Bylaw Review Committee • Student Complaint Committee • Nominations Committee 	Elected Second Term Oct 1, 2012 – October 2, 2015
Claire Avison Ministerial Appointee Ministerial Order 290 Ministry of Advanced Education	<ul style="list-style-type: none"> • Finance and STCF Committee • Nominations Committee 	Appointed November 30, 2013. No expiry.
Gwen Donaldson President Canadian Tourism College (Vancouver)	<ul style="list-style-type: none"> • Bylaw Review Committee • Student Complaint 	Elected First Term April 2, 2012 – April 1, 2014
Jim Miller Director Canadian Outdoor Leadership Training	<ul style="list-style-type: none"> • Finance and STCF Committee • Appeals Panel 	Elected First Term Oct 2, 2012 – October 1, 2015
Margaret J. McInnes Ministerial Appointee Ministerial Order M 297 Ministry of Advanced Education	<ul style="list-style-type: none"> • To Be Announced 	Appointed November 30, 2013 Expires December 31, 2015
Mark Hilton Partner Bernard & Partners	<ul style="list-style-type: none"> • Finance and STCF Committee • Student Complaint Committee • Appeals Panel 	Ministerial Appointment: June 1, 2012 Expires May 30, 2015
Patricia (Pat) Kennedy Chief Operating Officer Pacific Flying Club	<ul style="list-style-type: none"> • Chair Finance and STCF Committee • Appeals Panel • Planning and Review Committee 	Elected First Term April 2, 2012 – April 1, 2014
Richard Novek Director of Operations Greystone College of Business & Technology, and International Language Institutions of Canada	<ul style="list-style-type: none"> • Vice Chair Board of Directors • Student Complaint Committee • Planning and Review Committee • Bylaw Review Committee • Appeals Panel • Nominations Committee 	Elected Second Term April 2, 2012 – April 1, 2014 (Previous Board Chair 2012/ 2013) (Elected Vice Board Chair May 23, 2013)
Robert (Bob) Kitching President and Managing Associate Western Maritime Institute	<ul style="list-style-type: none"> • Bylaw Review Committee • Finance and STCF Committee 	Elected First Term Oct 2, 2012 – October 1, 2015

Board Committees

(as at March 31, 2014)

BYLAW POLICY AND QUALITY ASSURANCE

PURPOSE: To continue to review Bylaws and policies and make recommendations on changes.

Bev Reid, Co-Chair Gwen Donaldson, Co-Chair Richard Novek Bob Kitching

FINANCE AND STUDENT TRAINING COMPLETION FUND

PURPOSE: To provide oversight of PCTIA's financial reporting and management of the Student Training Completion Fund. To approve payments out of the STCF.

Patricia Kennedy, Chair Claire Avison Bob Kitching Jim Miller Mark Hilton

STUDENT COMPLAINTS

PURPOSE: To review and adjudicate complaints filed by students and to make decisions based on the information presented. To discuss findings with the full Board.

Mark Hilton, Chair Bev Reid Richard Novek Gwen Donaldson

APPEALS COMMITTEE

PURPOSE: The appeals committee is created under s.8.2 of the Bylaws. The committee is made up of four Board members which the chairperson of the Board will draw upon when he/she establishes an appeal panel. The appeal panel will be made up of three members of the appeal committee. Members on the appeal committee receiving training on appeals.

Mark Hilton Richard Novek Pat Kennedy Jim Miller

PLANNING AND REVIEW

PURPOSE: To provide interim feedback and discussion with CEO/Registrar between meetings. To review and recommend on CEO performance.

Richard Novek, Chair Patricia Kennedy David Wells Karin Kirkpatrick

NOMINATING COMMITTEE 2014

PURPOSE: To coordinate and execute the nominations process for Board elections

Bev Reid Richard Novek Claire Avison Karin Kirkpatrick

Report on Performance



Goal 1: Enforcing Basic Education Standards

Basic education standards are set by the Board through PCTIA's Bylaws. All registered institutions must abide by those standards and are monitored against them for compliance. The standards of quality are required in addition to the basic education standards for accredited institutions.

2013/14 – 2015/16 Service Plan Strategies

1. Continue to provide the information workshops, launched in 2012, as opportunities for institutions to increase understanding of expectations and to introduce best practices.

Action Taken:

- Increased workshop participation by 74% since 2012/13
- Held eight more workshops in 2013/14 than in 2012/2013
- Offered alternative delivery of workshops (online, webinars, conference calls)
- Held Accreditation Information Session to address International Student Program announcement
- Held focus group to review PCTIA's annual online reporting tool
- Improved online reporting tool, resulting in reduced data error rate

A 74% increase of participants in workshops was due to eight additional workshops since 2012-13. To increase awareness and understanding of registration and accreditation requirements, PCTIA developed alternate workshop delivery methods, including a series of short online workshops and conference call information sessions focused on the most common compliance issues. These workshops are also more accessible for institution representatives outside of the Vancouver region.

A focus group took place in August 2013 for accredited institutions to review PCTIA's online reporting tool. As accredited institutions are required to report more detailed information, the focus group identified ways to make reporting requirements more efficient. The enhancements included:

- Clear and concise reporting tool allowing institutions to report on Bylaw 33 (Continuous Improvement Framework)
- Elimination of requirement to submit Program Advisory Committee (PAC) minutes
- Institution login input screen updated with branching logic to enhance usability for institutions

Changes were implemented in November 2013 and were received well overall. Since the change, the Agency noticed a reduced error rate with fewer institutions having to re-do their report.

2. Continue on development of internal quality assurance standards which will result in consistent enforcement.

Action Taken:

- Launched new accounting system, automating previously manual processes
- Implemented new technology to better track student complaints and claims
- Hired two additional Compliance Review Officers to assist with site visits
- Conducted co-op review

A number of internal initiatives took place in 2013/14. A new accounting system was launched to automate manual processes and ensure consistency in communication with institutions. The move towards more modern technology improves efficiency of the Agency. This system will eventually enable increased self-service capabilities for institutions through a web interface; significantly reducing processing time. The technology upgrade is also able to track and manage student complaints and claims more efficiently.



The rate of non-compliance¹ marginally increased from 4.5 to 4.85 in 2013/14. The increase may be partially due to an increased number of site visits (from 200 to 244 in 2013/14). Two additional Compliance Review Officers were hired towards the end of the 2013/14 period (now three in total) to ensure the Agency has the capacity to conduct more regular visits to all institutions. Changes to the International Student Program may see a spike in non-compliance rates during 2014/15.

In June 2013, PCTIA launched a complete review of all programs offered by registered institutions that included a co-operative component. Institutions were required to provide evidence showing that: work experience placements were held in appropriate facilities; placements were clearly connected to learning outcomes; and that an acceptable process was in place for joint assessment of the student. The Agency identified and rectified several compliance issues during the review and institutions now possess a clearer understanding of our requirements and their obligations to students.

¹ The rate of compliance is measured by the average number of conditions set per institution during the year

3. Finalize a risk assessment tool to allow staff to prioritize visits and reviews of institutions where risks to the students and the STCF fund are greatest. Characteristics being used to identify risk include amount of unearned tuition, financial health, complaints history and previous compliance concerns.

Action Taken:

- Developed risk assessment tool
- Piloting basic and comprehensive visits based on risk assessment tool

The Agency has identified an increasing risk to students and the STCF, from the weakening of the financial stability of the sector as a whole. The inability for an institution to demonstrate it has sufficient resources to meet its obligations means a higher probability of closure and claims on the STCF; and a reduced ability for an institution to deliver quality education. Under PCTIA Bylaw 25, institutions are prohibited from transferring unearned tuition deposits out of the institution and must be able to demonstrate they have enough operating funds to continue operating should there be a short term interruption in their tuition revenues.

The Agency created a financial risk assessment tool as part of a larger risk framework to monitor financial stability. The tool considers funding ratio, current ratio, debt ratio, profit margin and return on assets. These factors are viewed as a whole to provide a risk profile. The contributing risk factors were set after reviewing historical closures over the past three years. This ability to detect high risk institutions sooner is expected to result in fewer unanticipated institution closures.

The risk framework prioritizes scarce resources and focuses Agency activities on areas where risk is more likely. It combines financial risk factors with non-financial risk factors.

4. Continue to pursue legal remedies against non-complying institutions.

Action Taken:

This strategy has been removed since last year’s Service Plan as it is an ongoing action. In 2013 an additional lawyer was hired to assist with compliance issues arising as a result of increased site visits.

Goal 1: Enforcing Basic Education Standards				
Measure and Summary	2011/2012	2012/2013	2013/2014 Target	2013/2014 Actual
Rate of Non-compliance	5	4.5	3	4.85
<i>Summary: 8% increase due to more site visits. The rate of non-compliance is calculated by taking the total number of conditions set during compliance visits in the year, divided by the number of institutions visited. Fewer conditions are an indicator an institution is operating in closer compliance with the standards; however the more site visits made, the more compliance issues will be found. The 2013/14 target was chosen following a downward trend over the past 3 years. However, the rate of non-compliance is expected to increase in the next two years with two additional Compliance Review Officers conducting more site visits; and the influx of institutions applying for accreditation as a pathway to EQA.</i>				
Number of Routine Site Visits	214	200	250	244
<i>Summary: 22% increase due to two additional officers conducting visits. Site visits allow staff to identify and address issues sooner. The target was chosen to ensure more routine visits are conducted. New staff were added towards the end of the last fiscal year, so the target was almost met and is expected to grow next year.</i>				
Participation in information workshops	45	106	115	184
<i>Summary: Attendance increase by 74%. Workshops are a valuable tool for the Agency and help clarify Bylaw requirements related to issues where non-compliance was noted. Institution feedback about the workshops has been extremely positive.</i>				

Data source for above measures: internal tracking.

Goal 2: Increased Quality Standards and Perceived Value of Accredited Institutions

Accreditation is voluntary for institutions and requires an institution to operate to a higher standard of quality than the Basic Education Standards. The majority of institutions seeking accreditation are doing so in order to qualify to apply for Student Aid BC funding and/or Education Quality Assurance (EQA). Accreditation also puts institutions in the lowest fee category for contributions to the STCF. Nearly half (155 of 312) of PCTIA institutions were accredited at the end of the 2012/13 enrolment period. The number of accredited institutions has remained stable since the previous year. However, as accreditation is one of the pathways to EQA, the Agency anticipates an increase in the number of accredited institutions in the coming years.

In the 2013/14 Service Plan PCTIA planned to build additional value in the brand of accreditation encouraging more institutions to obtain this higher quality standard. PCTIA originally felt that by promoting accreditation, more institutions would apply; however due to higher quality control standards, there was only a small increase.

2013/14 – 2015/16 Service Plan Strategies

1. Work with other provincial educational quality organizations to streamline the accreditation process and requirements. The result would be to identify areas where multiple organizations are asking for similar or the same information from an accredited institution and consolidate this into one.

Action Taken:

- Commenced talks with Early Childhood Education (ECE) Registry
- Higher synchronization with BC Care Aide and Community Health Worker Registry (HCA)
- Higher level of cooperation with The College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia (CTCMA) and Emergency Medical Assistants Licensing Board (EMALBC)
- Held Accreditation Information Session for institutions
- Presented at the BC Career Colleges Association conference

Institutions offering programs in areas where licensing or certification are required often must also satisfy the requirements of additional regulatory bodies, such as the BC Care Aide & Community Health Care Worker Registry, the Early Childhood Education (ECE) Registry or the College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia (CTCMA). In some cases, they may be asked to provide similar information to both PCTIA and the additional body.

By expanding PCTIA's network of contacts with 3rd party accrediting/regulating bodies, the Agency is able to identify areas of duplication, make use of 3rd party subject matter expertise and work towards streamlining processes to ease the reporting burden on institutions wherever feasible. In 2013/14, the Agency participated

wherever possible as an observer or at a committee level on a number of licensing boards.

StudentAid BC also collects data and conducts site visits to institutions. With PCTIA's transition to the Ministry, it is anticipated that some of this duplication may be alleviated. Additionally, the Agency is working with Languages Canada toward the implementation of a streamlined process for Languages Canada accredited institutions approaching the PCTIA registration/accreditation process.

Following the International Student Program designation list announcement, PCTIA held a proactive Accreditation Information Session in February 2014 to highlight the value of accreditation and prepare institutions for the accreditation process. The session attracted 50 attendees and a video of the session was uploaded for those unable to attend.

In October 2013, PCTIA worked with the BC Career Colleges Association (BCCCA) annual conference to deliver a presentation on the PCTIA accreditation process. The value of accreditation was promoted and attendees were walked through expectations step-by-step, showing how to make the process as seamless as possible. The opportunity for institution representatives to ask questions was valuable in demystifying accreditation requirements and the presentation was well received.



2. Risk assessment tool rewards accredited high performing institutions, with a track record of quality, through abbreviated compliance visits and reviews.

Action Taken:

- Risk assessment tool being piloted
- Developed action plan for abbreviated visits to low-risk institutions

The risk assessment tool allows PCTIA to manage time more effectively by rewarding low-risk institutions with abbreviated site visits. High-risk institutions will undergo a more thorough visit. The pilot of these visits has been scheduled for mid-2014. Phase two will involve a roll-out across all institutions. Abbreviated site visits reward institutions which maintain better compliance records. These visits take less time to prepare and conduct, thus focusing staff resources on higher risk institutions.

The Agency continues to highlight, through its communications to students and the public, the enhanced requirements an accredited institution must commit to. Institutions use their accreditation status in marketing and promotional materials to demonstrate their commitment to quality standards.

Goal 2: Increased Quality Standards and Perceived Value of Accredited Institutions				
Measure and Summary	2011/2012	2012/2013	2013/2014 Target	2013/2014 Actual
Number of institutions applying for accreditation	12	13	15	14
<i>Summary: Target almost met and number is expected to increase as institutions wishing to host international students requiring visas must become accredited by June 2015 in order to achieve EQA designation.</i>				
Percentage of accredited institutions	50%	49%	60%	50%
<i>Summary: Target not met due to the delayed timing of the International Student Program designation list announcement. Number is expected to increase, as institutions wishing to host international students requiring visas must become accredited in order to achieve EQA designation.</i>				

Data source for above measures: internal tracking.

Goal 3: Increasing Awareness, Effectiveness, and Transparency of PCTIA

A student or potential student who is unaware of the regulation of private career training in BC may also be unaware of the protection afforded by PCTIA. They may also be unaware of resources offered to assist in their post-secondary decision making, and the complaint remedy available to them. Similarly, an institution which is unaware of the requirement for registration may be operating a non-complying business.

In 2013/14 the Agency utilized a number of approaches to increase awareness, effectiveness and transparency with institutions.

2013/14 – 2015/16 Service Plan Strategies

1. Introduce a communications and research role with responsibility for the website and social media, media relations, and industry research/analysis.

Action Taken:

- Hired Communications and Research Coordinator in April 2013
- Increased transparency and communication to the sector, students, public and media
- Increased social media activity and presence by 79%
- Created informational videos for students in four languages
- Participated in the Education and Career Fair in February 2014
- Conducted institution feedback survey

In 2013/14, the Communications and Research Coordinator was responsible for increasing value-add website and social media content to enhance relations with students, institutional stakeholders, the public and the Ministry of Advanced Education.

PCTIA's Twitter followers increased 79% since April 2013, with the majority of registered institutions now connected and receiving updates from the Agency through the platform.

An informational video for students was created, explaining the role of the Agency. This video has been translated into Punjabi, Korean, Japanese and Mandarin to reach an even wider audience. International students are particularly vulnerable as they are less likely to be familiar with the role and mandate of PCTIA.

For increased transparency, details of suspensions and cancellations issued to non-compliant institutions are now published on the website, along with related media articles.

In early 2014, a feedback survey was sent to all institutions to gauge satisfaction levels and identify areas that can be further improved. A total of 156 people responded and results showed:

- 95.5% preferred receiving communications via email
- 60.3% checked the Bylaws first when they had a question about PCTIA requirements, followed by 19.2% who visited the website, and 12.6% emailed the Agency
- When asked if the Agency effectively communicates registration and accreditation requirements, 96.6% replied 'yes' or 'somewhat'
- 90.8% of attendees found the Bylaw information sessions useful
- 89.8% found the PCTIA website helpful

Three main themes identified through the survey will be the focus areas for enhancement: Communication, Training Opportunities and Structure.

Based on institution feedback, the Agency assigned a Regulatory Administrator for each institution as a point of contact with the Agency.

As the Agency is committed to a culture of continuous improvement, a follow up survey is planned for August/September 2014 to measure improvements. Maintaining clear lines of communication will assist institutions with understanding their expectations regarding compliance.

2. Introduce an opportunity to speak to students during compliance visits to explain the role of PCTIA and provide all contact information

Action Taken:

- Three Compliance Review Officers now conducting a higher number of visits and meeting more students
- Online student satisfaction survey pilot underway

All post-secondary institutions and language schools accepting international students for study programs of longer than six months will now be required to have British Columbia's Education Quality Assurance (EQA) designation in order to be on the "ISP Designated List". This new requirement, being phased in over 18 months, ensures institutions hosting international students meet the province's highest standard of education quality. Promoting PCTIA's role to students of those institutions now required to register with the Agency to achieve EQA will be more important than ever.

A desired outcome of profile-raising for the Agency is to make students aware of their rights should their institution close unexpectedly, or if the student feels they have been misled by their institution and wishes to file a complaint.

During site visits, Compliance Review Officers address students with an introduction to PCTIA and distribute informational brochures. In 2014 the Agency began piloting an online version of the previously paper-based anonymous student satisfaction surveys. The surveys raise PCTIA's profile among students and alert the Agency to compliance issues. Tracking survey participants indicates the additional number of students introduced to PCTIA's consumer protection mandate. The Agency expects this number to increase with the International Student Program changes now encompassing a higher number of students.

The Agency began tracking the number of phone enquiries from students and the public in late 2012. The numbers tracked in 2012 were based on a partial year of data collected. Now that a full year has been recorded, the numbers are surprisingly higher.

The phone data for 2013/14 is slightly lower and may be attributed to the Agency's increased use of email communication. Following an initial phone conversation with a student, the Student Support Coordinator follows up by email, and encourages the student to submit forms and documents electronically. This action has resulted in less phone calls and less paper usage since fax has been replaced almost entirely by email.

Goal 3: Increasing Awareness, Effectiveness, and Transparency of PCTIA

Measure and Summary	2011/2012	2012/2013	2013/2014 Target	2013/2014 Actual
General Phone Enquiries from the Public	N/A	2,548*	1,950	2376
<i>Summary: Target exceeded. The target was set based on an average. Now that a full year of data has been recorded, the actual number of phone calls is far higher than the projected figure in the Service Plan.</i>				
Incoming Calls from Students Regarding Institutions	N/A	1,032*	200	803
<i>Summary: Target exceeded. As above, the target was set based on an average. Now that a full year of data has been recorded, the actual number of phone calls is far higher than the projected figure in the Service Plan. The 229 call decrease since the previous year may be attributed to the increasing use of email.</i>				

Data source for above measures: internal tracking, phone system data.

*This was the first full year recorded: Data Period November 1, 2012 – October 31, 2013. The 'actual' figure is based on the 2013/14 fiscal year.

Benchmarking

Second only to Ontario, PCTIA is the next largest regulator of private career training institutions in Canada. In January 15, 2013, Ontario reported 427 registered institutions and 67,800 students, compared to British Columbia's 312 institutions and 48,015 students. The next largest province (Alberta) regulated a considerably smaller number of institutions (150 institutions) with approximately 16,000 students.

Until recently, British Columbia was the only province that did not regulate private career institutions directly through its Ministry; making benchmarking with other provinces difficult. On April 17, 2014, the provincial government announced that it will assume responsibility for the regulation of private career training institutions. PCTIA is in the process of being folded into the Ministry of Advanced Education.

Performance Management and Reporting Systems

Historical data and estimates are used to set benchmarks within PCTIA. Management ensures that the data being used is accurate by conducting regular audits of processes and systems. In 2012 the position of Quality Assurance Manager was created to conduct these audits and ensure the accuracy of reporting systems. The Agency believes its performance measures are reliable and valid.

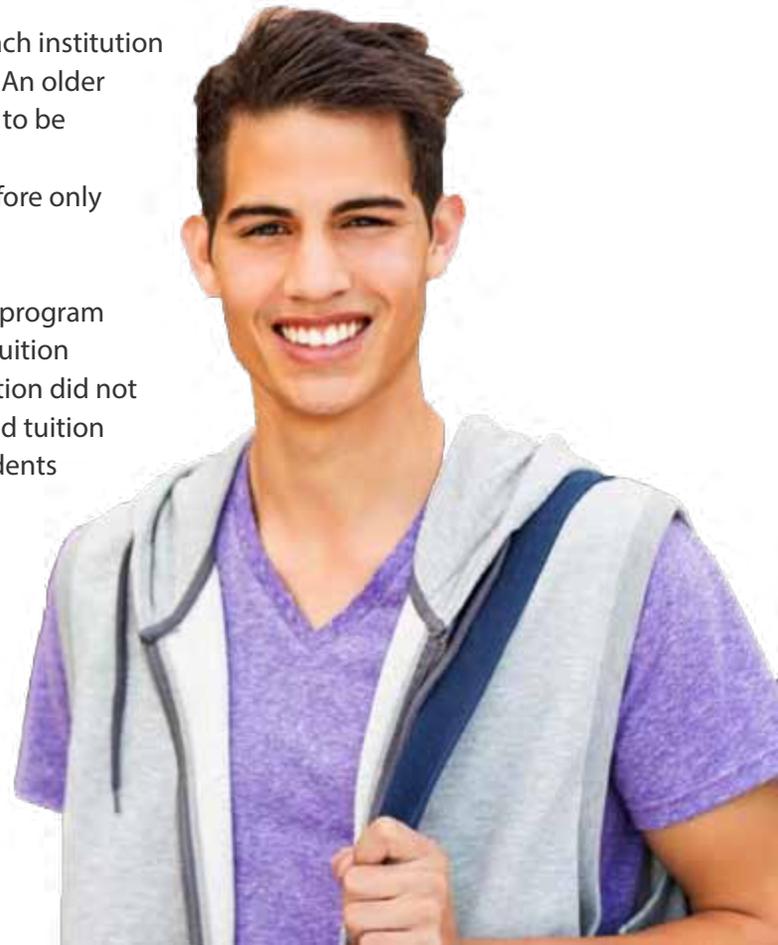
Each year, institutions are required to report enrolment data and revenue figures for the period of November 1 to October 31 the preceding year. These results are analyzed and used to determine trends in the sector and prepare future action plans.

In 2014, the Agency launched the Microsoft Dynamics NAV Customer Relationship Management (CRM) system. The system eliminates numerous manual processes and allows real-time monitoring of key indicators and data, tracked to a much greater level of detail. It will help identify trends quickly.

Limitations to the accuracy of the data include reliability on each institution to correctly submit information pertaining to their institution. An older database with limited functionality required much of the data to be manually extracted.

The reporting system changed in the 2009-2010 period; therefore only data after this period is comparable.

Prior to 2010, estimated tuition was calculated by multiplying program enrolments by the tuitions charged. An estimate of probable tuition refunds based on attrition figures was factored in. This calculation did not take in to account the potential for discounts from the reported tuition amounts. It is common practice for institutions to provide students with inducements which may include scholarships or tuition reductions. This factor was not previously considered, which resulted in the previous estimating formula overstating actual tuition amounts. In 2009-2010 institutions were required to provide financial reporting to PCTIA, with a separate statement indicating actual tuition revenue. This addition allowed for the verification of tuition revenue and these figures are used as benchmarks for consecutive years.





Significant Impact on Performance in 2013/14

International Student Program: All post-secondary institutions and language schools accepting international students for study programs longer than six months will now be required to have British Columbia's Education Quality Assurance (EQA) designation in order to be included in the province's designation list for the International Student Program (ISP). In response, PCTIA held an Accreditation Information Session in February 2014 for institutions wishing to host international students. PCTIA anticipates there may be a decrease in registered institutions and an increase in registered institutions seeking accreditation.

Acquisition: The number of private career training institutions has been in gradual decline since 2008. This is due in part to a trend of larger institutions acquiring smaller independent institutions; resulting in fewer institutions operating in British Columbia. Increased regulatory requirements have also impacted the decision of some institutions to discontinue operations or others to enter the market.

Industry and Economic Factors: The BC Jobs Plan² focuses on the need for skilled workers to fill an increasing shortage, predicting the "demand for workers will grow faster than the labour force in all regions of British Columbia through to 2020." Two factors in preparing BC for the increase in vacancies include expanding and strengthening education quality assurance; and allowing students access to an education that equips them with the knowledge and practical skills to successfully offset this shortage. Therefore, regulation of the private post-secondary sector is more crucial than ever during the 2014-2020 period.

²One Year Progress Report, Canada Starts Here: BC Jobs Plan, 2011, bcjobsplan.ca/wp-content/uploads/BCjobsplan-1-year-Progress-Report.pdf

Risks and Opportunities

PCTIA was able to meet its operational requirements by hiring additional staff to manage workload and objectives for the 2013/14 fiscal year.

Risk: Capacity	Response
Increased focus on compliance with standards has resulted in a higher volume of work.	Staff structure reorganized to speed up processing times and shift focus to higher value activities. Additional staff hired to meet increase in workload.
The closure of a larger institution would take more resources to manage than the Agency has available.	Risk management framework developed to faster identify high-risk institutions. Staff are able to address compliance issues and have them resolved sooner in a bid to avoid more serious consequences.
Increase in Agency activities would result in increase in required legal services.	Additional lawyer hired in 2013 to assist with workload.
Increase in time to process applications and requests result in frustration with the Agency and impacts reputation.	Enterprise Resource Planning database implemented to automate much of the manual work done by staff. The new technology also increases efficiency of online reporting for institutions through a user-friendly web portal.

Risk: Revenue Generation	Response
A decrease in the number of registered institutions due to the requirements of basic education and quality standards impacts the Agency's revenue and the ability to offer consumer protection.	The number of accredited institutions is expected to increase with the Ministry's new International Student Program designation list requirements. In addition, recent changes to the Bylaws included more specific student contract requirements, which increase clarity among both students and institutions. It is important for students to understand their contract, and meet the necessary qualifications for the program.
Any one large institution closure will leave the STCF underfunded.	The risk management framework was implemented to faster identify high-risk institutions, and have staff work with them to resolve compliance issues. Several institutions with high risk have been required to demonstrate financial viability to the Registrar using tools such as more frequent reporting and indemnity agreements. In March 2014, a Ministerial Order came into effect requiring accredited institutions with tuition revenue of \$500,000+ to provide audited financial statements to PCTIA. Additionally, all institutions must now submit financial statements within 3 months of their year-end (previously 6 months).

Risk: Legal Resources	Response
<p>Increasing focus on compliance has resulted in increase in workload for in house legal counsel and increased legal costs.</p>	<p>More resources and support provided for internal legal counsel, including the addition of a second part-time lawyer and an increase in the legal budget.</p>
<p>Adapting to evolving regulatory requirements.</p>	<p>The Agency provided more educational workshops and support for institutions to assist them in understanding regulatory requirements and how to meet them.</p>

Risk: Advanced Technology	Response
<p>Increased expectations of electronic and web-based services from PCTIA's stakeholders.</p>	<p>Enterprise Resource Planning system launched. The Agency has moved to a predominantly paperless reporting and filing system. Electronic student surveys are being piloted (as opposed to paper surveys).</p>
<p>Reliance on internal staff to program and maintain legacy database and IT infrastructure.</p>	<p>Increased staff training on technology and quality standards.</p>
<p>The ability for online training institutions to blur the line between jurisdictions.</p>	<p>The Agency is in discussions with other Canadian jurisdictions as to how best approach online training.</p>



Government's Letter of Expectations

The Government's Letter of Expectations (GLE) forms the basis for the development of the Agency's Service Plans and Annual Service Plan Reports. In addition to a number of government performance expectations common to all Crown Corporations, most current GLE directs the Agency to take specific actions. The Agency is pleased to provide the following report on the 2013/2014 Government's Letter of Expectations.

Government's Letter of Expectations	Action/Response from Service Plan	Progress in 2013/14
<p>Report on enhanced outcomes based measures to further improve upon the quality standards of PCTIA accreditation. Such measures include, student attrition rates, student graduation rates, third-party professional/licensing examination results and industry or employer feedback (where available), current or graduate student satisfaction surveys, and graduate employment outcomes.</p>	<p>In the Bylaws which came into effect on October 1, 2012, the Continuous Improvement section was added. It requires accredited institutions to report on student attrition rates, student graduation rates, third-party professional/licensing examination results and industry or employer feedback (where available), current or graduate student satisfaction surveys, and graduate employment outcomes. This information will be used to set performance benchmarks upon which institutions can be measured as to whether they are outside of the average.</p>	<ul style="list-style-type: none"> • Focus group held in 2013 to discuss online reporting tool and new reporting requirements. • First year of additional data collected in November 2013. • PCTIA reviewing data and planning to focus on attrition rate for both registered and accredited institutions and job placement results for accredited institutions. Benchmarks will be set for these areas, and institutions would be expected to operate within these ranges. Institutions not meeting the benchmarks will be added to the list of indicators used in the risk assessment framework.
<p>An Action Plan will be submitted to the Ministry by June 28, 2013, and measurable benchmarks on these outcomes will be made available to the Ministry by January 31, 2014.</p>	<p>A plan will be submitted to the Ministry by June 28th, 2013, setting out how the Agency will use this information to set benchmarks. Measurable benchmarks will be reported to the Ministry by January 31, 2014 based on the information reported by Accredited Institutions under the new Continuous Improvement requirement.</p>	<ul style="list-style-type: none"> • Both report deadlines met. • New insight provided by additional reporting information gathered through the annual enrolment report will determine appropriate benchmarks and allow the Agency to sooner identify areas of concern and have them addressed.
<p>Provide a progress report on the implementation of the new PCTIA Bylaws, (to be enacted in fall 2012) with specific attention as to how the process has unfolded, and on feedback from institutions and students. This report will be made available to the Ministry by April 30, 2013.</p>	<p>At April 30, 2013, the new Bylaws will only have been in effect for seven months. The Agency will be able to provide reporting on how the implementation was rolled out. More formal feedback can be sought from institutions and students once the new Bylaws have been in place for 12 months.</p>	<ul style="list-style-type: none"> • The February 2014 satisfaction survey results regarding the 2012 Bylaw changes (156 respondents): <p>Was your institution impacted by the 2012 Bylaw amendments?</p> <ul style="list-style-type: none"> - 35.3% No impact noticed - 18.4% Positively impacted - 20.6% Negatively impacted - 25.7% I don't know / I'm not sure <p>Responses regarding the impacts included: fee changes; time/manpower required to remain compliant with the Bylaws; stricter financial reporting requirements.</p>

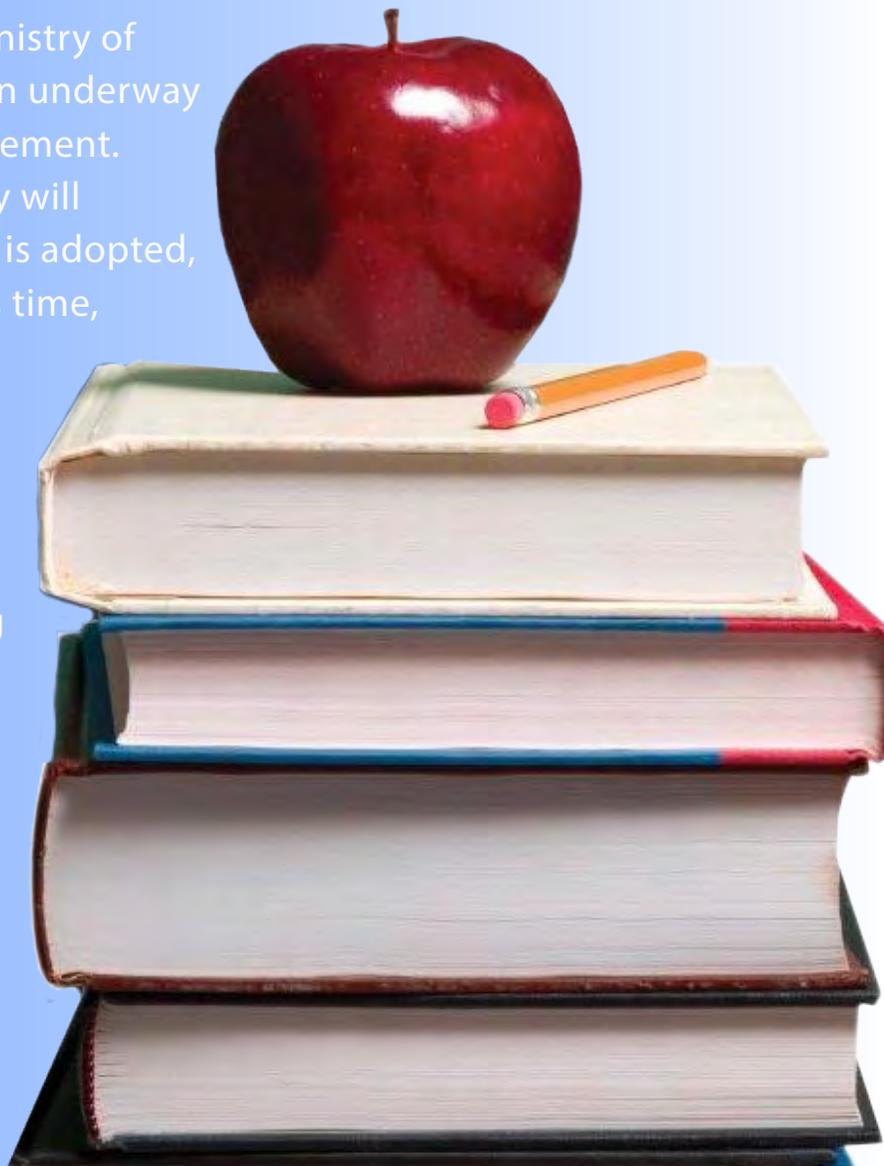
<p>Government's Letter of Expectations</p>	<p>Action/Response from Service Plan</p>	<p>Progress in 2013/14</p>
<p>Collaborate with Government/ Ministry staff to develop a new Quality Assurance Framework, including exploring areas of administrative streamlining between PCTIA and Government. PCTIA will provide advice to Government/Ministry staff by June 28, 2013, on what specific measures have been adopted to address this.</p>	<p>The Agency will request a series of meetings for the next 12 months to meet and explore areas where efficiencies can be found. PCTIA will provide information to the Ministry related to the work being done on the Quality Assurance Framework as requested.</p>	<ul style="list-style-type: none"> • The Government is adopting improvements to the Quality Assurance Framework by sector. Streamlining processes continues to be a priority with the transition of PCTIA's functions to the Ministry of Advanced Education.
<p>By June 28, 2013, PCTIA will report on its internal continuous improvement process – being designed to develop/ enhance measures in respect to student inquiries, enhanced service provision, external communications (including raising awareness of PCTIA and its role), and other identified issues. The report will focus on the measurable results that the process has affected.</p>	<p>Continuous improvement processes are moving forward. Capacity issues have slowed the more formal process. Some challenges have been identified in the capacity section of the Service Plan. PCTIA will provide this reporting by June 28th, 2013.</p>	<ul style="list-style-type: none"> • Report submitted June 28, 2013. Key points included: implementation of new technology and enterprise resource planning system to automate manual processes such as financial statement preparation, financial analysis and file management; people management through job design, goal setting and a new performance program between staff and management; an increased online presence through web and social media; increased transparency and clearer lines of communication between the Agency, students, institutions and the public.
<p>Meet quarterly with Government/ Ministry staff to provide progress reports on the actions above and discuss specific goals and performance measures.</p>	<p>Dates for these meetings with the Ministry are in the process of being set for the upcoming year.</p>	<ul style="list-style-type: none"> • Meetings took place as scheduled.
<p>Comply with Government's requirements to be carbon neutral under the Greenhouse Gas Reduction Targets Act, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;</p>	<p>PCTIA has made a commitment to paperless filing and reporting by 2013. Online reporting for schools is expected by mid-2013. The Agency implemented internal green programs such as a kitchen composting and monitor and printer shut offs. New video and webinar capability will continue to reduce travel requirements by board members and institutions required to take mandatory PCTIA training. PCTIA continues to source sustainable office supplies such as recycled paper.</p>	<ul style="list-style-type: none"> • PCTIA has implemented paperless reporting and filing. Forms are being updated into electronic fillable versions and institutions are encouraged to submit applications electronically. • Meetings are 95% paperless. A projector/laptop is used instead when necessary. • Where possible, meetings are conducted via phone conference • Some workshops were moved to a webinar format • 52% of staff utilize public transport or walk to work. • Where travel is required, multiple meetings are booked to keep travel emissions at a minimum. • Managerial staff are given the option to work from home. • In 12 months, 240kg of organic waste had been diverted from landfill through PCTIA's composting scheme. These and other actions are itemized in the Carbon Neutral Action Report submitted to the Ministry annually.

Management Discussion and Analysis

“Changes to PCTIA will help strengthen the private career training industry at a time where the integrity and quality of our educational product, both at home and overseas, is critical to our continued success. We are at a point of convergence with post-secondary education and career training, and ensuring the best for all students will require greater integration with other bodies essential to these important sectors.”

– David Wells, former PCTIA Board chair and Academic Dean at Vancouver’s Native Education College.

PCTIA’s transition into the Ministry of Advanced Education has been underway since the April 2014 announcement. The dissolution of the Agency will happen once new legislation is adopted, as early as fall 2014. Until this time, the Private Career Training Institutions Act, Regulation and Bylaws remain in place and the work of the Agency continues. All decisions made by the Board, including adjudication of claims and complaints, are made by the Public Administrator. During this period of transition, setting forecasts and predicting future activity is nonviable.



Financial Report

PCTIA Statement of Operations 2013/14

For the year ended	BUDGET 2014	March 31, 2014	March 31, 2013 ³	Variance Current Year to Budget		Variance Current Year to Prior Year	
				\$	%	\$	%
Revenue							
Accreditation fees	\$1,860,792	\$1,927,806	\$1,771,243	\$67,014	3.6%	\$156,563	8.8%
Registration fees	521,292	611,287	525,254	89,995	17.3%	86,033	16.4%
Other fees and miscellaneous revenue	27,692	37,572	30,656	9,880	35.7%	6,915	22.6%
STCF management fees and chargebacks	482,887	482,887	471,040	-	0.0%	11,847	2.5%
Investment revenue	6,354	32,940	18,907	26,586	418.4%	14,033	74.2%
	2,899,017	3,092,492	2,817,100	193,475	6.7%	275,392	9.8%
Expenses							
Advertising and recruiting	24,500	5,871	47,147	(18,629)	-76.0%	(41,276)	-87.5%
Amortization	77,780	38,948	32,375	(38,832)	-49.9%	6,573	20.3%
Bank and payroll service charges	16,080	16,369	14,499	289	1.8%	1,870	12.9%
Board	56,825	30,974	43,662	(25,851)	-45.5%	(12,688)	-29.1%
Computer supplies and maintenance	15,145	8,102	14,358	(7,043)	-46.5%	(6,256)	-43.6%
Contract services	254,250	252,840	207,038	(1,410)	-0.6%	45,802	22.1%
Consultants - other	12,000	20,173	13,492	8,173	68.1%	6,682	49.5%
Courier and postage	4,500	6,816	10,578	2,316	51.5%	(3,763)	-35.6%
Equipment lease and maintenance	17,431	16,536	12,460	(895)	-5.1%	4,076	32.7%
Insurance	15,188	13,664	9,013	(1,524)	-10.0%	4,651	51.6%
Office and supplies	20,000	26,705	21,614	6,705	33.5%	5,090	23.5%
Professional fees	179,650	111,880	137,398	(67,770)	-37.7%	(25,518)	-18.6%
Rent and parking	268,094	300,702	269,648	32,608	12.2%	31,054	11.5%
Salaries and benefits	1,825,354	2,131,615	1,778,518	306,261	16.8%	353,097	19.9%
Staff development and conferences	29,000	9,128	13,181	(19,872)	-68.5%	(4,052)	-30.7%
Telephone	33,928	29,529	28,501	(4,399)	-13.0%	1,028	3.6%
Travel and meals	37,292	45,707	31,243	8,415	22.6%	14,464	46.3%
Workshops	12,000	4,913	9,440	(7,087)	-59.1%	(4,528)	-48.0%
Uncollectible accounts	-	3,119	8,969	3,119	0.0%	(5,850)	-65.2%
	2,899,017	3,073,591	2,703,134	174,574	6.0%	370,457	13.7%
Net gain from operations	-	18,901	113,966	18,901	0.0%	(95,065)	-83.4%
Gain on recapture of uncashed student refunds	-	-	-	-	0.0%	-	-
Gain on disposal of tangible capital assets	-	-	-	-	0.0%	-	-
Excess of revenues over expenses for the year	\$ -	\$18,901	\$113,966	18,901	0.0%	(95,065)	-83.4%

³ Certain comparative figures have been reclassified to conform to with the financial statement presentation adopted for the current year. See notes 6 & 13 of the PCTIA financial statements for the year ended March 31, 2014

STCF Statement of Operations 2013/14

For the year ended	BUDGET 2014	March 31, 2014	March 31, 2013 ⁴	Variance Current Year to Budget		Variance Current Year to Prior Year	
				\$	%	\$	%
Revenue							
STCF initial contribution	\$40,000	\$54,000	\$31,504	\$14,000	35.0%	\$22,496	71.4%
Tuition revenue fee payment	1,134,526	1,214,628	1,161,222	80,102	7.1%	53,406	4.6%
Recoveries from institutions of student complaint tuition refunds	50,000	278,646	92,075	228,646	457.3%	186,571	202.6%
Investment revenue	250,351	1,034,835	494,188	784,484	313.4%	540,647	109.4%
Miscellaneous revenue	500	-	-	(500)	-100.0%	-	0.0%
	1,475,377	2,582,109	1,778,989	1,106,732	75.0%	803,121	45.1%
Expenses							
Actuarial report	6,000	21,000	-	15,000	250.0%	21,000	0.0%
Bank charges and miscellaneous	750	371	91	(379)	-50.5%	281	308.7%
Investment management fees	42,000	67,589	35,342	25,589	60.9%	32,247	91.2%
Management fees - PCTIA	482,887	482,887	471,040	-	0.0%	11,847	2.5%
Professional fees	18,000	39,900	20,287	21,900	121.7%	19,613	96.7%
Student tuition claims from closures	424,000	495,810	655,519	71,810	16.9%	(159,709)	-24.4%
Student complaint tuition refunds	50,000	278,646	92,075	228,646	457.3%	186,571	202.6%
Uncollectible accounts	38,000	256,825	9,294	218,825	575.9%	247,530	2663.2%
	1,061,637	1,643,028	1,283,648	581,391	54.8%	359,381	28.0%
Excess of revenues over expenses for the year	\$413,740	\$939,081	\$495,341	525,341	127.0%	443,740	89.6%

⁴Certain comparative figures have been reclassified to conform to with the financial statement presentation adopted for the current year. See notes 7 & 10 of the STCF financial statements for the year ended March 31, 2014

PCTIA Capital Expenditures 2013/14**PRIVATE CAREER TRAINING INSTITUTIONS AGENCY
CAPITAL EXPENDITURES FOR THE YEAR**

Computer Equipment	\$23,559
Office Furniture	\$3,950
Tenant Improvements	\$2,730
Computer Software	\$4,771
ERP development	\$188,180
Total	<u>\$223,190</u>

PCTIA Operating Variance Details 2013/14

Revenue:

Accreditation fees: Increase from prior year due to increase in the number of institutions coming up for their renewal of accreditation, a fee rate increase for these reviews and an increase in the rate for monthly percent fees. Over budget due to completing more accreditation on-site audits and receiving more applications than planned.

Registration fees: Increase from prior year due to an increase in the rate for monthly percent fees, more applications than previous year and more revenue from compliance site visits. Over budget due to less attrition in the registered only schools than planned and receiving more applications than planned.

Management fees and chargebacks: Increase from prior year due to increased allocation of staff time to more accurately reflect actual time administering STCF affairs.

Expenses:

Accreditation on-site audits: Increase from prior year due to increase in number of institutions coming up for their renewal of accreditation.

Advertising and recruiting: Decrease from prior year and under budget due to reallocating funds to cover other costs in preparation for the proposed changes to the CIC and ISP regulations.

Amortization: Increase from prior year due to assets purchased in prior year now requiring amortization. Under budget due to the timing of the implementation of the new ERP system.

Board: Decrease from prior year and under budget due to plan to reduce Board travel by increasing use of teleconference meetings and cancellation of the Board orientation meetings.

Computer supplies/maintenance: Decrease from prior year due to carry-over benefits of maintenance and repairs done in prior year. Under budget due to not requiring the level of external computer support planned for.

Consultants - other: Increase from prior year and over budget due to hiring an external consultant to assist with preparations for the proposed changes to the CIC and ISP regulations.

Courier and postage: Decrease from prior year due to continued efforts in moving towards a more paperless

system. Over budget due to an aggressive plan to move to a more paperless office, which was not fully realized.

Insurance: Increase from prior year due to a number of changes with regards to Directors and Officers Insurance. Under budget due to rate increases being less than budgeted for.

Office supplies and expenses: Increase from prior year and over budget due to costs of setting up additional office space in preparation for the proposed changes to the CIC and ISP regulations.

Professional fees: Decrease from prior year and under budget due to reduction in audit fees resulting from change in auditors and reduction in legal fees due to hiring a second in-house legal counsel.

Recruiting: Decrease from prior year as prior year included recruitment of senior management which did not recur in current year. Increase over budget due to need to replace staff due to turnover.

Rent and parking: Increase from prior year and over budget due to renting additional office space in preparation for the proposed changes to the CIC and ISP regulations.

Salaries and benefits: Increase from prior year and over budget due to hiring of additional staff in order to address staff workload necessary to fulfill the Agency's mandate and in preparation for the proposed changes to the CIC and ISP regulations.

Staff development and conferences: Decrease from prior year and under budget due to reallocating funds to cover other costs in preparation for the proposed changes to the CIC and ISP regulations.

Telephone: Under budget due to careful management of long distance costs, use of conference facilities and reorganization of the mobile phone program.

Travel and meals: Increase from prior year and over budget due to shift in focus of field staff to have more field staff spend more time visiting institutions to ensure Agency mandate for institution site visits is met.

Uncollectible accounts: The Agency does not budget for uncollectible accounts.

Workshops: Decrease from prior year and under budget due to reduction in workshops resulting from uncertainty related to proposed changes to the CIC and ISP regulations.

PCTIA Service Plan Financial Forecast 2014 - 2017

Figures as per 2013/14 - 2016/17 Service Plan

PCTIA	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Revenue			
Fees from Accredited Institutions	1,773,000	1,808,000	1,826,000
Fees from Registered Institutions	570,000	582,000	587,000
Total Revenue from Institutions	2,343,000	2,390,000	2,413,000
Management fees	428,000	436,000	441,000
Other	49,000	50,000	50,000
Total revenue	2,820,000	2,876,000	2,904,000
Expenses			
Salaries and Benefit	1,749,000	1,792,000	1,801,000
Accreditation and On-Site Audits	269,000	246,000	247,000
Facilities, Rent & Maintenance	265,000	265,000	265,000
Professional Fees	184,000	189,000	194,000
Operations & Administration	263,000	292,000	303,000
Amortization	90,000	92,000	94,000
Total expenses	2,820,000	2,876,000	2,904,000
Net income (loss)	-	-	-
Net Assets at year end	489,876	489,876	489,876

STCF Service Plan Financial Forecast 2014 - 2017

Figures as per 2013/14 - 2016/17 Service Plan

STCF	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Revenue	1,768,000	1,803,000	1,821,000
Expenses			
School Closure Claims	435,000	445,000	454,000
Administration	428,000	436,000	441,000
Professional & Investment Fees	67,000	69,000	71,000
Other Operating Costs	39,000	42,000	43,000
Total Expenses	969,000	992,000	1,009,000
Net income (loss)	799,000	810,000	812,000
Net assets, at year end	14,081,000	14,892,000	15,704,000

Capital Plan and Major Capital Projects

Figures as per 2013/14 - 2016/17 Service Plan

	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Capital Expenditures	20,000	20,000	20,000

In last year's Service Plan, it was noted that the implementation of the new ERP system was projected for mid-2013. Preliminary work has been commenced on the new ERP system and the projected implementation date has been revised to early-2014.

Six-Year Statement of Operations Comparison with Three-Year Forecast

For the year ended	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013 ⁶	BUDGET 2014	March 31, 2014	Variance Current Year to Budget		Variance Current Year to Prior Year		Forecast 2014/15	Forecast 2015/16	Forecast 2016/17
								\$	%	\$	%			
Revenue														
Fees from Accredited Institutions	\$714,691	\$1,381,636	\$1,677,980	1,684,275	\$1,771,243	\$1,860,792	\$1,927,806	67,014	3.6%	156,563	8.8%	\$1,773,000	\$1,808,000	\$1,826,000
Fees from Registered Institutions	391,182	602,946	569,828	562,703	525,254	521,292	611,287	89,995	17.3%	86,033	16.4%	570,000	582,000	587,000
Total Revenue from Institutions	1,105,873	1,984,582	2,247,808	2,246,978	2,296,497	2,382,084	2,539,093	157,009	6.6%	242,596	10.6%	2,343,000	2,390,000	2,413,000
Management Fees	324,928	275,404	359,496	374,221	471,040	482,887	482,887	-	0.0%	11,847	2.5%	428,000	436,000	441,000
Other	(37,925)	42,710	60,808	37,751	49,563	34,046	70,512	36,466	107.1%	20,948	42.3%	49,000	50,000	50,000
Ministry grants	450,000	-	-	-	-	-	-	-	0.0%	-	0.0%	-	-	-
Total Revenue	1,842,876	2,302,696	2,668,112	2,658,950	2,817,100	2,899,017	3,092,492	193,475	6.7%	275,392	9.8%	2,820,000	2,876,000	2,904,000
Expenses														
Salaries & benefits	1,314,288	1,477,989	1,508,277	1,745,736	1,778,518	1,825,354	2,131,615	306,261	16.8%	353,097	19.9%	1,749,000	1,792,000	1,801,000
Accreditation On-Site Audits	176,285	141,276	134,250	134,250	207,038	254,250	252,840	(1,410)	-0.6%	45,802	22.1%	269,000	246,000	247,000
Rent	109,471	128,781	147,603	259,294	269,648	268,094	300,702	32,608	12.2%	31,054	11.5%	265,000	265,000	265,000
Professional fees	74,128	141,301	126,803	116,489	137,398	179,650	111,880	(67,770)	-37.7%	(25,518)	-18.6%	184,000	189,000	194,000
Other Operating and Administration	210,760	201,767	380,084	429,945	278,157	293,889	237,606	(56,283)	-19.2%	(40,551)	-14.6%	263,000	292,000	303,000
Amortization	65,599	79,999	67,315	57,939	32,375	77,780	38,948	(38,832)	-49.9%	6,574	20.3%	90,000	92,000	94,000
Total Expenses	1,950,531	2,171,113	2,364,332	2,743,652	2,703,134	2,899,017	3,073,591	174,574	6.0%	370,457	13.7%	2,820,000	2,876,000	2,904,000
Net gain from operations	(107,655)	131,583	303,780	(84,702)	113,966	-	18,901	18,901	0.0%	(95,066)	-83.4%	-	-	-
Non operating revenues	38,744	1,064	28,006	14,973	-	-	-	-	0.0%	-	0.0%	-	-	-
Excess of revenues over expenses for the year	(68,911)	132,647	331,786	(69,729)	113,966	-	18,901	18,901	0.0%	(95,066)	-83.4%	-	-	-
Accumulated operating surplus	187,993	320,640	702,648	632,919	682,457	682,457	701,358					701,358	701,358	701,358
Accumulated remeasurement losses⁵	-	-	(50,222)	(45,043)	18,929	18,929	-					-	-	-
Total Accumulated Surplus	\$187,993	\$320,640	\$652,426	\$587,876	\$701,386	\$701,386	\$701,358					\$701,358	\$701,358	\$701,358
Capital Expenditures	\$63,332	\$85,117	\$20,351	\$70,950	\$40,327	\$280,300	\$223,190					\$20,000	\$20,000	\$20,000
Total Debt	\$ -	\$ -	\$ -					\$ -	\$ -	\$ -				

⁵ PCTIA adopted PSAB reporting standards as of April 1, 2010 which required separate reporting of accumulated remeasurement gains and losses

⁶ Certain comparative figures have been reclassified to conform to with the financial statement presentation adopted for the current year. See notes 6 & 13 of the PCTIA financial statements for the year ended March 31, 2014



pctia.bc.ca

OFFICE LOCATION:
203-1155 West Pender Street,
Vancouver, BC V6E 2P4

P: 604-569-0033
W: pctia.bc.ca
E: info@pctia.bc.ca
Office Hours: 8:30am to 4:30pm

Communications and Research Coordinator:
Nadia Stefyn communications@pctia.bc.ca



Financial Statements of

**PRIVATE CAREER TRAINING
INSTITUTIONS AGENCY**

Year ended March 31, 2014



KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Public Administrator of the Private Career Training Institutions Agency

We have audited the accompanying financial statements of Private Career Training Institutions Agency, which comprise the statement of financial position as at March 31, 2014, the statements of operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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, 2014, and its results of operations, its remeasurement gains and losses, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 6 to the financial statements, which indicates that the comparative information presented as at and for the year ended March 31, 2013 has been restated.

The financial statements of Private Career Training Institutions Agency as at and for the year ended March 31, 2013, excluding the restatement described in Note 6 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on May 23, 2013.

As part of our audit of the financial statements as at and for the year ended March 31, 2014, we audited the restatement described in Note 6 to the financial statements that was applied to restate the comparative information as at and for the year ended March 31, 2013. In our opinion, the restatement is appropriate and has been properly applied.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single, long, horizontal stroke that tapers at both ends, resembling a flourish or a signature line.

Chartered Accountants

May 9, 2014

Burnaby, Canada

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Statement of Financial Position

March 31, 2014, with comparative figures for 2013

	2014	2013
		(restated - note 6)
Financial assets		
Cash	\$ 68,446	\$ 235,841
Accounts and accrued receivables (note 11)	30,312	97,412
Portfolio investments (note 3)	601,292	637,861
	<u>700,050</u>	<u>971,114</u>
Liabilities		
Accounts payable and accrued liabilities (notes 4 and 11)	235,591	249,931
Deferred revenue	-	58,397
Deferred lease inducement (note 9)	43,876	54,406
	<u>279,467</u>	<u>362,734</u>
Net financial assets	420,583	608,380
Non-financial assets		
Tangible capital assets (note 5)	255,685	71,443
Prepaid expenses	25,090	21,563
	<u>280,775</u>	<u>93,006</u>
Accumulated surplus	<u>\$ 701,358</u>	<u>\$ 701,386</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 701,358	\$ 682,457
Accumulated rereasurement gains	-	18,929
	<u>\$ 701,358</u>	<u>\$ 701,386</u>

Contingent liability (note 7)

Commitments (note 9)

See accompanying notes to financial statements.



Public Administrator

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

	2014		2013
	Budget	2014	2013
	(note 2(b))		(restated - note 6)
Revenue:			
Accreditation fees	\$ 1,860,792	\$ 1,927,806	\$ 1,771,243
Registration fees	521,292	611,287	525,254
Other fees and miscellaneous	27,692	37,572	30,656
Management fees and chargebacks (note 11)	482,887	482,887	471,040
Investment	6,354	32,940	18,907
	<u>2,899,017</u>	<u>3,092,492</u>	<u>2,817,100</u>
Expenses:			
Accreditation on-site audits	254,250	252,840	207,038
Amortization	77,780	38,948	32,375
Bank and payroll service charges	16,080	16,369	14,499
Board	56,825	30,974	43,662
Communications	24,500	2,401	9,372
Computer supplies and maintenance	15,145	8,102	14,358
Consultants - other	12,000	20,173	13,492
Courier and postage	4,500	6,816	10,578
Equipment lease and maintenance	17,431	16,536	12,460
Insurance	15,188	13,664	9,013
Office and supplies	20,000	26,705	21,614
Professional fees	179,650	111,880	137,398
Recruiting	-	3,470	37,775
Rent	268,094	300,702	269,648
Salaries and benefits	1,825,354	2,131,615	1,778,518
Staff development and conferences	29,000	9,128	13,181
Telephone and fax	33,928	29,529	28,501
Travel and meals	37,292	45,707	31,243
Uncollectible accounts	-	3,119	8,969
Workshops	12,000	4,913	9,440
	<u>2,899,017</u>	<u>3,073,591</u>	<u>2,703,134</u>
Annual surplus	-	18,901	113,966
Accumulated operating surplus, beginning of year	682,457	682,457	568,491
Accumulated operating surplus, end of year	\$ 682,457	\$ 701,358	\$ 682,457

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Statement of Remeasurement Gains and Losses

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
		(restated - note 6)
Accumulated remeasurement gains, beginning of year	\$ 18,929	\$ 19,385
Unrealized gains attributable to portfolio investments	-	8,986
Amounts reclassified to the statement of operations:		
Realized gain on portfolio investments	(18,929)	(9,442)
Net remeasurement gains for the year	(18,929)	(456)
Accumulated remeasurement gains, end of year	\$ -	\$ 18,929

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Statement of Changes in Net Financial Assets

Year ended March 31, 2014, with comparative figures for 2013

	2014 Budget (note 2(b))	2014	2013 (restated - note 6)
Annual surplus	\$ -	\$ 18,901	\$ 113,966
Acquisition of tangible capital assets	-	(223,190)	(40,327)
Amortization of tangible capital assets	77,780	38,948	32,375
	77,780	(184,242)	(7,952)
Acquisition of prepaid expenses	-	(25,090)	(21,563)
Consumption of prepaid expenses	-	21,563	28,226
	-	(3,527)	6,663
Effect of remeasurement gains for the year	-	(18,929)	(456)
	-	(22,456)	6,207
Increase in net financial assets	77,780	(187,797)	112,221
Net financial assets, beginning of year	608,380	608,380	496,159
Net financial assets, end of year	\$ 686,160	\$ 420,583	\$ 608,380

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
		(restated - note 6)
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 18,901	\$ 113,966
Items not involving cash:		
Amortization	38,948	32,375
Gain on disposal of tangible capital assets	-	(100)
Lease inducement	(10,530)	(10,530)
	<u>47,319</u>	<u>135,711</u>
Change in non-cash operating working capital:		
Accounts and accrued receivable	67,100	(68,897)
Prepaid expenses	(3,527)	6,663
Accounts payable and accrued liabilities	(14,340)	30,706
Deferred revenue	(58,397)	(16,759)
	<u>38,155</u>	<u>87,424</u>
Capital activities:		
Purchase of tangible capital assets	(223,190)	(40,327)
Proceeds on disposal of tangible capital assets	-	100
	<u>(223,190)</u>	<u>(40,227)</u>
Investing activities:		
Decrease (increase) of portfolio investments	17,640	(19,309)
	<u>17,640</u>	<u>(19,309)</u>
Net change in cash	(167,395)	27,888
Cash, beginning of year	235,841	207,953
Cash, end of year	<u>\$ 68,446</u>	<u>\$ 235,841</u>

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements

Year ended March 31, 2014

1. Operations:

The Private Career Training Institutions Agency (the "Agency") was incorporated under the Private Career Training Institutions Act (the "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 exempt from federal and provincial income and capital taxes under Section 149(1)(d) of the Income Tax Act.

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.

Subsequent to year-end, the Ministry of Advanced Education (the "Ministry") announced that the Agency will be dissolved and its functions transferred to the Ministry. The Board of Directors was replaced by a Public Administrator who will provide oversight over the Agency's operations until the Agency is dissolved. The Agency will continue its current operations until legislation is passed to dissolve its operations. Information about the timing of legislation and events leading up to the dissolution of the Agency are currently unknown. As a result, these financial statements have been prepared assuming the Agency will continue as a going concern for the next fiscal year.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements are prepared by management in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Budget:

The budget information reported in these financial statements represents the 2014 budget developed by management. The 2014 budget was approved by the Board on March 13, 2013.

(c) Revenue:

Registration and accreditation fees are recognized when services are provided to the institutions, the price is fixed or determinable, and collectability is reasonably assured. 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 (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(c) Revenue (continued):

Prior to June 1, 2009, the regulations of the Agency obligated registered institutions to make payments to the Student Training Completion Fund Trust (the "Fund Trust") based on a percentage of tuition fees charged to students. Effective June 1, 2009 the regulations and the bylaws of the Agency obligate registered institutions to make monthly payments to the Fund Trust 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 Trust are established by the Regulations of the 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.

(d) 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	3 years
Computer software	2 years
Office furniture	5 years
ERP development	not amortized until in use
Tenant improvements	straight-line basis over term of the lease

(e) Functional and object reporting:

The operations of the Agency are comprised of a single function. As a result, the expenses of the Agency are presented by object in the statement of operations.

(f) Financial instruments:

Derivatives and equity instruments quoted in an active market are measured at fair value. 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.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

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 consist of cash, portfolio investments, accounts and accrued receivables, 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.

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.

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

(g) Investment income:

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, writedowns on investments where the loss in value is determined to be other than temporary, and fair value adjustment of investments. Investment transactions are recorded on a trade date basis. Transaction costs are expensed as incurred.

(h) Trust under administration:

Trusts administered by the Agency as directed by agreement or statute for certain beneficiaries are not included in the Agency's financial statements.

(i) Employee future benefits:

The Agency and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. These contributions are expensed as paid.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and determination of accrued award distribution. Actual results could differ from those estimates.

3. Portfolio investments:

	Fair value hierarchy level	2014	2013
High interest investment savings account	Level 1	\$ 601,292	\$ -
Canadian short-term fixed income	Level 1	-	498,651
Global equity	Level 1	-	139,210
		\$ 601,292	\$ 637,861

4. Accounts payable and accrued liabilities:

	2014	2013
Accounts payable and accrued liabilities	\$ 137,458	\$ 159,109
Student Training Completion Fund fee revenue payable	98,133	90,822
	\$ 235,591	\$ 249,931

5. Tangible capital assets:

Cost	Balance, March 31, 2013	Additions	Disposals	Balance, March 31, 2014
Computer equipment	\$ 116,081	\$ 23,559	\$ -	\$ 139,640
Office furniture	71,000	3,950	-	74,950
Tenant improvements	34,983	2,730	-	37,713
Computer software	76,802	4,771	-	81,573
ERP development	4,952	188,180	-	193,132
	\$ 303,818	\$ 223,190	\$ -	\$ 527,008

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2014

5. Tangible capital assets (continued):

Accumulated amortization	Balance, March 31, 2013	Disposals	Amortization expense	Balance, March 31, 2014
Computer equipment	\$ 102,882	\$ -	\$ 16,383	\$ 119,265
Office furniture	58,118	-	5,074	63,192
Tenant improvements	5,781	-	8,182	13,963
Computer software	65,594	-	9,309	74,903
	\$ 232,375	\$ -	\$ 38,948	\$ 271,323

	Net book value March 31, 2013	Net book value March 31, 2014
Computer equipment	\$ 13,199	\$ 20,375
Office furniture	12,882	11,758
Tenant improvements	29,202	23,750
Computer software	11,208	6,670
ERP development	4,952	193,132
	\$ 71,443	\$ 255,685

6. Prior period adjustment:

The Agency early adopted Public Sector Accounting Standards ("PSAS") as at March 31, 2012 with a transition date of April 1, 2010. In addition, PS 3450 *Financial Instruments* was early adopted at the same time. PS 3450 *Financial Instruments* does not allow retroactive application of the standard if an entity adopts PSAS in the same period. At April 1, 2010, \$65,707 of unrealized losses from the Agency financial instruments were allocated incorrectly between accumulated operating surplus and accumulated remeasurement gains. The comparative financial statements for March 31, 2013 have been restated as follows:

Statement of Remeasurement Gains and Losses:

Accumulated remeasurement gains as at April 1, 2012 – increase of \$64,428
 Investment income for the year ended March 31, 2013 – increase of \$8,337
 Accumulated remeasurement gains as at March 31, 2013 – increase of \$56,091

Statement of Operations:

Annual surplus for the year ended March 31, 2013 – increase of \$8,337

Statement of Financial Position:

Accumulated operating surplus as at March 31, 2013 – decrease of \$56,091
 Accumulated remeasurement gains as at March 31, 2013 – increase of \$56,091

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2014

7. Contingent liability:

Certain legal actions are pending against the Agency, 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 these financial statements. Any settlements will be recorded when they can be estimated.

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, 2014, the Agency had \$40,387 (2013 - \$40,387) of cash held in trust for the security requirements. These amounts have not been included in these financial statements.

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 Commission.

9. 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 \$135,919 annually until the expiry date of May 31, 2018. The aggregate of basic rent over the remaining term of the lease is \$566,330. 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 four months. 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 2016 to 2018.

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

Year	Amount
2015	\$ 162,101
2016	157,083
2017	154,491
2018	149,940
2019	30,077
	<hr/>
	\$ 653,692

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2014

10. Financial instruments:

The Agency through its financial assets and liabilities is exposed to various risks. The following analysis provides an assessment of those risks at March 31, 2014.

(a) Credit risk:

Credit risk is the risk that the Agency will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Agency to significant concentrations of credit risk consist primarily of cash, accounts receivable and portfolio investments.

The maximum amount of credit risk exposure is limited to the carrying amount of the balance in the financial statements.

(b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Portfolio investments include investments that bear some interest rate risk as the market price may fluctuate based on changes in interest rates.

(c) Market risk:

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Agency is exposed to fair value and interest rate risk on its portfolio investments.

(d) Liquidity risk:

Liquidity risk is the risk that the Agency will not be able to meet its obligations as they fall due. The Agency maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

11. Student Training Completion Fund Trust:

The Agency established the Fund Trust for the sole purpose of helping carry out its mandate. The beneficiaries of the Fund Trust are students attending registered institutions. The Agency administers the Fund Trust in exchange for annual management fees of \$482,887 (2013 - \$471,040), which was set out by the Board of Directors of the Agency. The Agency collects fees on behalf of the Fund Trust and provides certain administrative functions.

As at March 31, 2014, an amount of \$98,133 (2013 – \$90,822) was owed by the Agency to the Fund Trust and is included in Student Training Completion Fund fee revenue payable. At March 31, 2014, there were no amounts owed by the Fund Trust to the Agency (2013 – \$51,846).

The Fund Trust prepares separate financial statements and no Fund Trust assets, liabilities or transactions have been reported in the Agency's financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2014

11. Student Training Completion Fund Trust (continued):

The following summarizes the financial position of the Fund Trust and its operations for its fiscal year ended March 31, 2014:

	2014	2013
Cash and portfolio investments	\$ 13,791,319	\$ 13,156,918
Accounts and accrued receivable	108,625	129,026
	<u>13,899,944</u>	<u>13,285,944</u>
Accounts payable and accrued liabilities	88,183	205,044
Accumulated surplus	<u>\$ 13,811,761</u>	<u>\$ 13,080,900</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 13,534,997	\$ 12,595,916
Accumulated remeasurement gains	276,764	484,984
	<u>\$ 13,811,761</u>	<u>\$ 13,080,900</u>
	2014	2013
Revenue:		
Initial contribution	\$ 54,000	\$ 31,504
Tuition revenue fee payments	1,214,628	1,161,222
Recoveries from institutions of student complaint tuition refunds	278,646	92,075
Investment	1,034,835	494,188
	<u>2,582,109</u>	<u>1,778,989</u>
Expenses:		
Student tuition claims	495,810	655,519
Student complaint tuition refunds	278,646	92,075
Administrative expenses	611,747	526,760
Uncollectible accounts	256,825	9,294
	<u>1,643,028</u>	<u>1,283,648</u>
Annual surplus	<u>\$ 939,081</u>	<u>\$ 495,341</u>
	2014	2013
Cash provided by operating activities	\$ 842,621	\$ 583,003
Cash used in investing activities	(875,575)	(627,504)

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2014

12. Municipal pension plan:

The Agency and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 179,000 active members and approximately 71,000 retired members.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next actuarial valuation will be performed as at December 31, 2015 with results available in 2016. Defined contribution plan accounting is applied to the Plan, as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating obligation, Plan assets and cost to individual entities participating in the Plan.

The Agency paid \$140,333 (2013 - \$111,716) for employer contributions while the employees contributed \$124,706 (2013 - \$104,999) to the Plan in 2014.

13. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Financial Statements of

**PRIVATE CAREER TRAINING
INSTITUTIONS AGENCY –
STUDENT TRAINING
COMPLETION FUND TRUST**

Year ended March 31, 2014



KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Public Administrator of the Private Career Training Institutions Agency

We have audited the accompanying financial statements of Private Career Training Institutions Agency – Student Training Completion Fund Trust, which comprise the statement of financial position as at March 31, 2014, the statements of operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 – Student Training Completion Fund Trust as at March 31, 2014, and its results of operations, its remeasurement gains and losses, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 7 to the financial statements, which indicates that the comparative information presented as at and for the year ended March 31, 2013 has been restated.

The financial statements of Private Career Training Institutions Agency – Student Training Completion Fund Trust as at and for the year ended March 31, 2013 excluding the restatement described in Note 7 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on May 23, 2013.

As part of our audit of the financial statements as at and for the year ended March 31, 2014, we audited the restatement described in Note 7 to the financial statements that was applied to restate the comparative information as at and for the year ended March 31, 2013. In our opinion, the restatement is appropriate and has been properly applied.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line.

Chartered Accountants

May 9, 2014

Burnaby, Canada

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
		(restated - note 7)
Financial assets		
Cash	\$ 260,607	\$ 293,561
Accounts and accrued receivables (note 6)	108,625	129,026
Portfolio investments (note 3)	13,530,712	12,863,357
	13,899,944	13,285,944
Liabilities		
Accounts payable and accrued liabilities (notes 4 and 6)	88,183	205,044
Net financial assets	13,811,761	13,080,900
Accumulated surplus	\$ 13,811,761	\$ 13,080,900
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 13,534,997	\$ 12,595,916
Accumulated remeasurement gains	276,764	484,984
	\$ 13,811,761	\$ 13,080,900

See accompanying notes to financial statements.



Public Administrator

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014 Budget (note 2(b))	2014	2013 (restated - note 7)
Revenue:			
Initial contribution	\$ 40,000	\$ 54,000	\$ 31,504
Tuition revenue fee payment	1,134,526	1,214,628	1,161,222
Recoveries from institutions of student complaint tuition refunds	50,000	278,646	92,075
Investment	250,351	1,034,835	494,188
Miscellaneous	500	-	-
	1,475,377	2,582,109	1,778,989
Expenses:			
Bank charges	750	371	91
Investment management fee	42,000	67,589	35,342
Management fees and chargebacks (note 6)	482,887	482,887	471,040
Professional fees	24,000	60,900	20,287
Student tuition claims	424,000	495,810	655,519
Student complaint tuition refunds	50,000	278,646	92,075
Uncollectible accounts	38,000	256,825	9,294
	1,061,637	1,643,028	1,283,648
Annual surplus	413,740	939,081	495,341
Accumulated operating surplus, beginning of year	12,595,916	12,595,916	12,100,575
Accumulated operating surplus, end of year	\$ 13,009,656	\$ 13,534,997	\$ 12,595,916

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Statement of Remeasurement Gains and Losses

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
		(restated - note 7)
Accumulated remeasurement gains, beginning of year	\$ 484,984	\$ 405,345
Unrealized gains attributable to portfolio investments	579,416	256,907
Amounts reclassified to the statement of operations:		
Realized gain on portfolio investments	(787,636)	(177,268)
Net remeasurement gains for the year	(208,220)	79,639
Accumulated remeasurement gains, end of year	\$ 276,764	\$ 484,984

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Statement of Changes in Net Financial Assets

Year ended March 31, 2014, with comparative information for 2013

	2014 Budget (note 2(b))	2014	2013 (restated - note 7)
Annual surplus	\$ 413,740	\$ 939,081	\$ 495,341
Effect of remeasurement gains for the year	-	(208,220)	79,639
Increase in net financial assets	413,740	730,861	574,980
Net financial assets, beginning of year	13,080,900	13,080,900	12,505,920
Net financial assets, end of year	\$ 13,494,640	\$ 13,811,761	\$ 13,080,900

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
		(restated - note 7)
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 939,081	\$ 495,341
Change in non-cash operating working capital:		
Accounts and accrued receivables	20,401	(6,354)
Accounts payable and accrued liabilities	(116,861)	94,016
	842,621	583,003
Investing activities:		
Increase in portfolio investments	(875,575)	(627,504)
Decrease in cash	(32,954)	(44,501)
Cash, beginning of year	293,561	338,062
Cash, end of year	\$ 260,607	\$ 293,561

See accompanying notes to financial statements.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Notes to Financial Statements

Year ended March 31, 2014

1. Operations:

The Private Career Training Institutions Agency - Student Training Completion Fund Trust (the "Fund Trust") was established under section 13 of the Private Career Training Institutions Act on November 22, 2004. The Fund Trust, by virtue of the Agency, is exempt from federal and provincial income taxes under Section 149(1)(d) of the Income Tax Act.

The Fund Trust 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 Agency provides administrative services to the Fund Trust.

The Fund Trust 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. It is the mechanism by which students attending registered institutions that cease to operate may make claims in order to recover lost tuition. In addition, the Board of the Agency (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.

Monies placed into the Fund Trust or received by the Agency for the Fund Trust must be:

- (a) held in trust by the Agency for the purposes listed in Section 15 of the Private Career Training Institutions Act;
- (b) accounted for separately from other money of the Agency; and
- (c) are not subject to any process of seizure or attachment by any creditor of the Agency.

New Bylaw provisions were implemented in 2012 and revised in 2014.

Subsequent to year-end, the Ministry of Advanced Education (the "Ministry") announced that the Agency will be dissolved and its functions transferred to the Ministry. The Board was replaced by a Public Administrator who will provide oversight over the Agency's operations until the Agency is dissolved. The Agency will continue its current operations until legislation is passed to dissolve its operations. Information about the timing of legislation and events leading up to the dissolution of the Agency are currently unknown as is the future of the Fund Trust. As a result, these financial statements have been prepared assuming the Fund Trust will continue as a going concern for the next fiscal year.

2. Significant accounting policies:

- (a) Basis of accounting:

These financial statements are prepared by the Agency in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(b) Budget:

The budget information reported in these financial statements represents the 2014 budget developed by the Agency. The 2014 budget was approved by the Board on March 13, 2013.

(c) Revenue:

Student Training Completion Fund (“STCF”) initial contribution is recognized upon registration. Monthly tuition revenue fee payments are recognized when they are reasonably estimable, the price is fixed or determinable, and collectability is reasonably assured. Recoveries from institutions of student complaint tuition refunds are recognized when an assignment of claim is signed by the student.

The regulations of the Agency, which include regulations related to the Fund Trust, obligate registered institutions to make payments to the Fund Trust 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.

(d) Expenses:

Student tuition claims and student complain refunds are recognized when approved by the Board.

(e) Functional and object reporting:

The operations of the Fund Trust are comprised of a single function. As a result, the expenses of the Fund Trust are presented by object in the statement of operations.

(f) Financial instruments:

Derivatives and equity instruments quoted in an active market are measured at fair value. 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.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

The Fund Trust's financial instruments consist of cash, portfolio investments, accounts and accrued receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Fund Trust is not exposed to any significant interest, currency or credit risks arising from these financial instruments.

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.

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.

(g) Investment income:

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, writedowns on investments where the loss in value is determined to be other than temporary, and fair value adjustment of investments. Investment transactions are recorded on a settlement date basis. Transaction costs are expensed as incurred.

(h) Use of estimates:

The preparation of the 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 revenue and expenses during the year. Actual results could differ from those estimates.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2014

3. Portfolio investments:

	Fair value hierarchy level	2014	2013
Canadian fixed income	Level 1	\$ 4,265,735	\$ 1,472,410
Canadian high interest investment savings account	Level 1	1,879,650	1,688,318
Canadian term deposits	Level 1	1,991,536	1,966,850
Canadian equity	Level 1	3,664,836	-
Canadian fixed income pooled funds	Level 1	-	3,516,308
Global equity	Level 1	1,728,955	-
Global dividend equity pooled fund	Level 1	-	1,693,366
Global fixed income pooled fund	Level 1	-	2,526,105
		\$ 13,530,712	\$ 12,863,357

The investment accounts are held at one financial institution. Interest rates on guaranteed investment certificates are 1.76% and 2.20% (2013 – 2.20%).

4. Accounts payable and accrued liabilities:

	2014	2013
Accounts payable and accrued liabilities	\$ 56,357	\$ 79,009
Student claims payable	31,826	121,727
Student complaint refunds payable	-	4,308
	\$ 88,183	\$ 205,044

5. Payments from the Fund Trust for school closures:

Since the Fund Trust was established in November 2004, there have been 46 (2012 - 38) institution closures that resulted in student tuition claims. In total, the Fund Trust has authorized payments on account of students in the amount of \$3,577,596 as at March 31, 2014 (2013 - \$3,052,938).

6. Fund administration and related party transactions:

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

The Fund Trust pays the Agency an annual management fee of \$482,887 (2013 - \$471,040) in exchange for administering the Fund Trust. The Agency's Board sets the amount at which the fee will be charged. As at March 31, 2014, an amount of \$98,133 (2013 - \$90,822) was owed by the Agency and reported as Private Career Training Institutions Agency collections receivable. At March 31, 2014, there were no amounts owed by the Fund to the Agency (2013 - \$51,846).

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2014

7. Prior period adjustment:

The Fund Trust early adopted Public Sector Accounting Standards (“PSAS”) as at March 31, 2012 with a transition date of April 1, 2010. In addition, PS 3450 *Financial Instruments* was early adopted at the same time. PS 3450 *Financial Instruments* does not allow retroactive application of the standard if an entity adopts PSAS in the same period. At April 1, 2010, \$694,367 of unrealized losses from the Fund Trust financial instruments were allocated incorrectly between accumulated operating surplus and accumulated remeasurement gains. The comparative financial statements for March 31, 2013 have been restated as follows:

Statement of Remeasurement Gains and Losses:

Accumulated remeasurement gains as at April 1, 2012 – increase of \$685,328
Investment income for the year ended March 31, 2013 – increase of \$106,555
Accumulated remeasurement gains as at March 31, 2013 – increase of \$578,773

Statement of Operations:

Annual surplus for the year ended March 31, 2013 – increase of \$106,555

Statement of Financial Position:

Accumulated operating surplus as at March 31, 2013 – decrease of \$578,773
Accumulated remeasurement gains as at March 31, 2013 – increase of \$578,773

8. Economic dependence:

As the Fund Trust was established solely for the purpose of carrying out the mandate of the Agency, during the Agency’s transition into government, the Fund Trust’s ability to continue as a going concern is dependent on the continuation of the Agency.

9. Financial instruments:

The Fund Trust, through its financial assets and liabilities, is exposed to various risks. The following analysis provides an assessment of those risks at March 31, 2014.

(a) Credit risk:

Credit risk is the risk that the Fund Trust will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Fund Trust to significant concentrations of credit risk consist primarily of cash, accounts receivable and portfolio investments.

The maximum amount of credit risk exposure is limited to the carrying amount of the balance in the financial statements.

(b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Portfolio investments include investments that bear some interest rate risk as the market price may fluctuate based on changes in interest rates.

PRIVATE CAREER TRAINING INSTITUTIONS AGENCY – STUDENT TRAINING COMPLETION FUND TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2014

9. Financial instruments (continued):

(c) Market risk:

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Fund Trust is exposed to fair value and interest rate risk on its portfolio investments.

(d) Liquidity risk:

Liquidity risk is the risk that the Fund Trust will not be able to meet its obligations as they fall due. The Fund Trust maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

10. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.



Management's Report

Management's Responsibility for the Financial Statements

The financial statements for the Private Career Training Institutions Agency for the year ended March 31, 2014 have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

For the year ended March 31, 2014, the Board of Directors were responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal control and exercised these responsibilities through the Board. For the year ended March 31, 2014 the Finance Committee of the Board and the Board reviewed internal financial statements on a monthly basis. On April 16, 2014, the Board was replaced by a Public Administrator who will carry out the functions and responsibilities of the Board. The Public Administrator reviewed and accepted the external audited financial statements for the year ended March 31, 2014.

The external auditors, KPMG, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Private Career Training Institutions Agency and meet when required.

On behalf of Private Career Training Institutions Agency,

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

Monica Lust
Registrar and CEO

A handwritten signature in blue ink, appearing to read 'Lyndon Scott', written over a horizontal line.

Lyndon Scott
Chief Financial Officer

May 9, 2014



Management's Report

Management's Responsibility for the Financial Statements

The financial statements for the Private Career Training Institutions Agency Student Training Completion Fund Trust for the year ended March 31, 2014 have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

For the year ended March 31, 2014, the Board of Directors were responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal control and exercised these responsibilities through the Board. For the year ended March 31, 2014 the Finance Committee of the Board and the Board reviewed internal financial statements on a monthly basis. On April 16, 2014, the Board was replaced by a Public Administrator who will carry out the functions and responsibilities of the Board. The Public Administrator reviewed and accepted the external audited financial statements for the year ended March 31, 2014.

The external auditors, KPMG, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Private Career Training Institutions Agency Student Training Completion Fund Trust and meet when required.

On behalf of Private Career Training Institutions Agency Student Training Completion Fund Trust,

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

Monica Lust
Registrar and CEO

A handwritten signature in blue ink, appearing to read 'Lyndon Scott', written over a horizontal line.

Lyndon Scott
Chief Financial Officer

May 9, 2014