



2012/2013

# Annual Report



## Accountability Statement

*This Annual Report was prepared in accordance with the Crown Corporation Annual Report Guidelines, the Budget Transparency and Accountability Act and the BC Reporting Principles. The plan is consistent with the government's strategic priorities.*

*The Board is accountable for the contents of this plan, including what has been included in the plan and how it has been reported.*



# Message from the Board to the Minister Responsible

Minister of Advanced Education, Innovation and Technology  
Government of British Columbia

Dear Minister,

On behalf of the Board of Directors, management and staff of the Private Career Training Institutions Agency (PCTIA), I am pleased to submit the Annual Report on the 2012-2013 Service Plan.

Private career training institutions are post-secondary institutions providing career focused training. Along with a wide variety of programs available to students, private institutions may offer flexible learning schedules, small teacher to student ratios, short duration programs, and multiple intakes during the year.

The Agency's mandate is to provide student protection and enforce basic education and quality standards of accreditation.

Each year in British Columbia over 51,000 students enroll in regulated private career training institutions. Approximately 320 private career training institutions are registered in British Columbia which, in the fiscal year 2012-2013, cumulatively added over \$261M to the British Columbia economy through tuition revenues alone.

As set out in the 2012-2013 Service Plan, the focus of the Agency over the next several years was set as the development of an advanced technology platform to assist in streamlined reporting and data gathering; the development of a Performance Management Framework to further improve quality standards of accreditation; and, the rollout at of a new set of bylaws meant to further support a focus on quality in the private career training sector. The Board is pleased to report the Agency has been successful in accomplishing or nearing completion of these priorities.

By March 31, 2013, a Request for Proposal (RFP) was issued for the procurement and installation of an advanced technology platform. Commencement of implementation is estimated to begin by August of 2013. Additionally a Performance Management Framework for accredited institutions was developed in conjunction with the revised

bylaws. The revised set of bylaws, focusing on quality in the sector, came into effect on October 1, 2012.

Four areas of risk were identified. These were revenue generation, legal resources, advanced technology, and profile and awareness. The 2012-2013 Service Plan set out key activities to mitigate this risk. This included adding additional legal resources, adding upgraded technology and tools, and undertaking more external communications activities.

The Agency ended the year with an operating surplus of \$105,631. The financial position of the Agency is nearly the same as the previous year with a total cumulative surplus of \$701,386. The variances between the budget and the actual were nominal with total revenue 0.8 percent more than budget and expenses 3.0 percent below budget. As in the previous year, the Agency has no debt.

The Board is proud of the work of the Agency over the past year as many needed changes have been successfully accomplished. The overriding theme of 2012-2013 has been quality improvement. The Agency is pushing hard for quality in the sector, and for quality in the work of the Agency.

We are also pleased that in January of 2013, the Agency entered into a Letter of Understanding with Human Resources and Skills Development Canada whereby the requirements of registration for private career training institutions in British Columbia are found to meet or exceed those required for certification under the *Income Tax Act*. PCTIA registration now automatically certifies an institution under the *Income Tax Act*.

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

On a final note, I would like to thank Richard Novek for his service as Board Chair during 2012-13. We are pleased that he is continuing as Vice Chair of the PCTIA Board.

Sincerely,



David Wells  
Board Chair

*“I feel that I am contributing to the evolution of the industry and to the growth of the Canadian Education experience in the global market.”*  
– Richard Novek, Former Board Chair

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# Organizational Overview

Career training is post-secondary education which provides students with specialized skills and knowledge to prepare them for employment in a specific field. The Private Career Training Institutions Agency (PCTIA) was created to enforce standards in private career training institutions so that they provide quality programs to all students choosing to study in British Columbia. It is accountable to the Ministry of Advanced Education, Innovation and Technology.

## Mandate

The Private Career Training Institutions Agency (PCTIA) is a Crown Corporation established under the *Private Career Training Institutions Act (PCTI Act)*, which came into force in November 2004. 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 this Act, the regulations and the bylaws.

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, Innovation and Technology.

## Promise

PCTIA's promise to students and the public is to set basic quality standards and monitor private career training institutions for compliance to those standards; to protect student tuition through a Student Training Completion Fund; and to provide services to students and the public to assist in their ability to make good choices in post-secondary career training.

PCTIA's promise to the private career training institutions is to make the process of compliance straight-forward by leveraging technology; to protect the overall reputation of the sector by enforcing compliance to set standards; and to provide timely and relevant information to institutions.

PCTIA's promise to the provincial government is to effectively undertake the execution of its prescribed mandate to increase the quality of education in the private career training sector.

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

## Values

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

*“Education is not preparation for life; education is life itself” – John Dewey*

# Core Business Areas and Services

## Quality Standards

PCTIA provides consumer protection to students and prospective students of registered private career training institutions in British Columbia.

It sets basic education standards for registered institutions, and quality standards for accredited institutions. Quality standards for accreditation exceed those required for registration and are voluntary.

Institutions are consistently monitored for compliance to these set standards. This includes financial reporting requirements, onsite visits, approval of program content and other reporting set out in PCTIA's Bylaws: [pctia.bc.ca/bylaws](http://pctia.bc.ca/bylaws).

PCTIA has the authority to suspend or cancel an institution's registration and/or accreditation for non-compliance to basic education and quality standards. The suspension or cancellation of either registration or accreditation of an institution is posted on the PCTIA website for a period of 5 years.

## Student Protection - Tuition Insurance

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 (the Regulation)*.

Each month, institutions are required to contribute to the Student Training Completion Fund (STCF) based on the amount of tuition they have collected.

### Closures

Should an institution close or PCTIA cancel its registration prior to completion of the student's program, the student may have a claim on the STCF for repayment of all or a portion of their tuition.

Whenever possible, PCTIA works with impacted students and other registered institutions to find opportunities to transfer these students to another institution for completion of their program. In these cases, the STCF payment is directed to the receiving institution. The student pays no additional monies even where the new institution has a higher tuition cost.

### Complaints

A formal complaints process exists for students who have been misled by a private career training institution in some aspect of its operations. The Board is responsible for consideration of complaints and potential tuition reimbursement to students.

Where the Board finds a student has been misled in a material way by the institution, a payment from the STCF is made to the student or their delegate. This payment is recovered from the institution should it still be operating.

## Key Partners and Stakeholders

In PCTIA's role as a consumer protection agency, students and prospective students of private career training institutions in British Columbia are its primary stakeholders.

With direct accountability to the Ministry of Advanced Education, Innovation and Technology, the Agency stakeholders include the approximately 320<sup>1</sup> registered private career training institutions operating in the Province of British Columbia; the public post-secondary education sector; the BC Council on Admissions and Transfer; the Industry Training Authority; over twenty regulatory colleges and professional associations; the Degree Quality Assessment Board; the British Columbia Council on International Education; Human Resources and Skills Development Canada; and Citizenship and Immigration Canada.



## Benefit to the Public

By requiring mandatory registration, the Agency can monitor the quality of education provided and encourage private career training institutions towards higher standards.

The private career training sector contributed over \$261M this past year in tuition revenues in the province of British Columbia. It provides training and education in many trades and professions where British Columbia has identified current and impending skills shortages. These institutions can offer the flexibility to adapt to meet emerging training needs and support BC's economy by providing job ready graduates.

BC seeks to be a destination of choice for foreign students. The reputation of BC's education system as a whole could be tarnished by instances where a school may unexpectedly close or not provide the level of education or consumer protection promised. Having an efficiently regulated industry and quality standards protects the public and reduces the likelihood of this happening.

*“Inclusive, good-quality education is a foundation for dynamic and equitable societies” – Desmond Tutu*

<sup>1</sup> Figure on 31<sup>st</sup> March 2013  
PCTIA Annual Report 2012-2013



# Structure

PCTIA monitors private career training institutions for compliance to basic quality standards; provides support services to students; and adjudicates student complaints against institutions.

Regulatory and Compliance Officers each have a cohort of institutions, often grouped by sector/type of programs and geographic location. They carry out site visits, monitor their cohort for compliance, and make recommendations for enforcement actions such as suspensions and closures. The Assistant Registrar monitors the quality of work of the Regulatory and Compliance Officers.

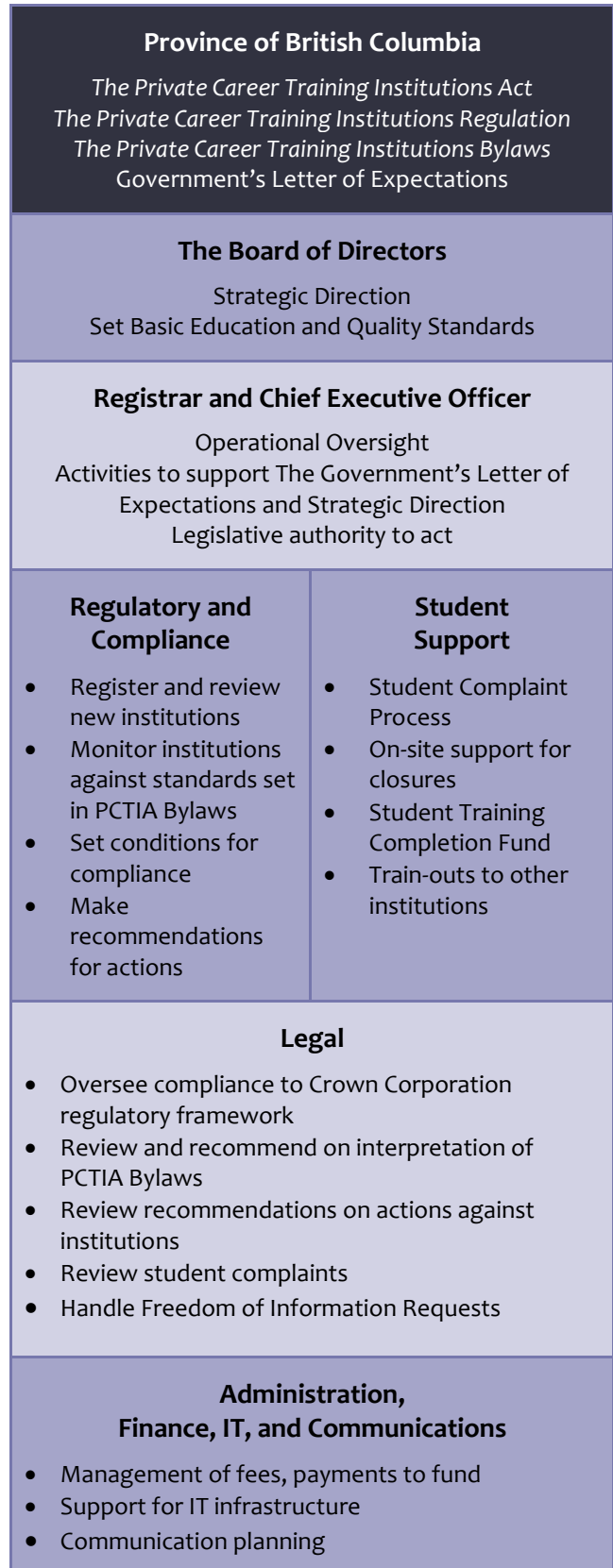
Subject Matter Experts and Auditors may be required on contract where the annual audits of institutions or review of new programs may require specific expertise. Information about these experts and auditors is posted publicly on PCTIA's website:

[pctia.bc.ca/governance/audit-team](http://pctia.bc.ca/governance/audit-team)

It is the Board's responsibility to adjudicate all student complaints.

The Quality Assurance Manager monitors the quality of the processes and systems in place.

The Registrar has legislative authority granted under the Act to require certain information from institutions and to impose restrictions to their activities through suspension or cancellation. In addition, the Registrar acts as Chief Executive Officer of the Agency.



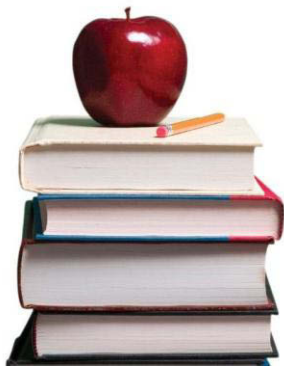
# Corporate Governance

**Composition** - PCTIA is governed by a ten-member Board of Directors, three of which are appointed by the Minister of Advanced Education, Innovation and Technology, and seven elected by the member institutions.

**Officers** – the two Officers of the Board are the Chairperson and the Vice Chairperson. Each committee elects a Committee Chair and the Chair of the Finance Committee acts as Treasurer.

**Terms of Office** – With the exception of the March 2012, where terms were for two years, elected directors serve three year terms, once renewable. Directors appointed by the Ministry of Advanced Education, Technology and Innovation, serve an open-ended term.

## Role of the Board



- Appointing the Registrar and establishing the functions and duties of the Registrar
- Governing the affairs of the PCTIA in accordance with the Act, the Regulations and the Bylaws
- Establishing and maintaining Bylaws in accordance with the 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.

The Board has three standing committees. They include: the Student Complaints Committee, the Bylaw, Policy and Quality Assurance Committee, and the Finance and Student Training Completion Fund Committee. The Board may establish additional committees from time to time.

The Nominating Committee is struck in election years and the Planning and Review Committee is established annually and consists of the Chair of the Board and the Chairs of the various committees.

The Board adheres to its Core Governance Principles when exercising its powers and performing the functions of the organization.

The Agency aligns itself with the Board Resourcing and Development Office's Crown Corporation governance best practices and is in the process of developing policies where shortcomings are identified.

More information on the Board's composition, terms of office, nominations process, election process, meetings, and conflict of interest guidelines can be found in the PCTIA Bylaws, available at: [pctia.bc.ca/bylaws](http://pctia.bc.ca/bylaws). Queries can be emailed to: [info@pctia.bc.ca](mailto:info@pctia.bc.ca).

*“The solid regulatory framework provided by and through PCTIA helps those individuals more predictably realize their educational goals, reducing their personal risk and safeguarding the value proposition of private education, in order that it be money and time well spent”*  
– Mark Hilton, PCTIA Board Member

## Core Governance Principles

The Board's role and functioning will be 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.

## Authority and Accountability

The Board is accountable to the provincial government of British Columbia through the Ministry of Advanced Education, Technology and Innovation, to carry out the mandate set in the *PCTI Act*. It is responsible for the stewardship of the Agency, setting its strategic direction within the framework of the legislated mandate, establishing strategic priorities, and, for approving, upholding and supporting the mission and core organizational values.

The Board frames policies and functions in accordance with the *PCTI Act*, regulation and bylaws. The Board has the authority to set the basic education standards and quality standards through its bylaws.

The Board has adopted a policy governance model in which the Board governs through policies and committees, delegating the management of the organization to the Registrar and CEO. It provides oversight to the management of the organization, ensuring that the Registrar and CEO has the resources, policies and support he /she needs to function effectively. It ensures the annual evaluation of the competence, integrity and performance of the Registrar and CEO delegating this evaluation to the Planning and Review Committee.

Individual board members are expected to act honestly, in good faith and in the best interests of the organization at all times.

## Board Members and Committee Responsibilities 2012-2013

NAME	BOARD POSITIONS AND COMMITTEE	TERMS
<b>David Wells</b> Academic Dean NEC Native Education College	<ul style="list-style-type: none"> <li>• Chair Board of Directors</li> <li>• Planning and Review</li> </ul>	Elected First Term April 2, 2012 – April 1, 2014 (Elected Chair of the Board May 23, 2013)
<b>Bev Reid</b> President MTI Community College	<ul style="list-style-type: none"> <li>• Bylaw Review Committee</li> <li>• Student Complaint Committee</li> </ul>	Elected Second Term Oct 1, 2012 – October 2, 2015
<b>Richard Novak</b> Director of Operations, Greystone College of Business & Technology, and International Language Institutions of Canada	<ul style="list-style-type: none"> <li>• Vice Chair Board of Directors</li> <li>• Student Complaint Committee</li> <li>• Planning and Review Committee</li> <li>• Bylaw Review Committee</li> <li>• Appeals Panel</li> </ul>	Elected Second Term April 2, 2012 – March 31, 2014 (Resigned as Board Chair May 23, 2013) (Elected Vice Board Chair May 23, 2013)
<b>Gwen Donaldson</b> President, Vancouver Campus Canadian Tourism College	<ul style="list-style-type: none"> <li>• Bylaw Review Committee</li> <li>• Student Complaint</li> </ul>	Elected First Term April 2, 2012 – April 1, 2014
<b>Ian Rongve</b> Assistant Deputy Minister Sector Strategy and Quality Assurance Ministry of Advanced Education, Innovation and Technology	<ul style="list-style-type: none"> <li>• Finance and STCF Committee</li> <li>• Planning and Review Committee</li> </ul>	Appointed March 27th, 2012. No expiry.
<b>Jim Miller</b> Director Canadian Outdoor Leadership Training (COLT)	<ul style="list-style-type: none"> <li>• Finance and STCF Committee</li> <li>• Appeals Panel</li> </ul>	Elected First Term Oct 1, 2012 – October 2, 2015
<b>Mark Hilton</b> Partner Bernard & Partners	<ul style="list-style-type: none"> <li>• Finance and STCF Committee</li> <li>• Student Complaint Committee</li> <li>• Appeals Panel</li> </ul>	Ministerial Appointment: June 1, 2012 Expires May 30, 2015
<b>Patricia (Pat) Kennedy</b> Chief Operating Officer Pacific Flying Club	<ul style="list-style-type: none"> <li>• Chair Finance and STCF Committee</li> <li>• Appeals Panel</li> <li>• Planning and Review Committee</li> </ul>	Elected First Term April 2, 2012 – April 1, 2014
<b>Robert (Bob) Kitching</b> President and Managing Associate Western Maritime Institute	<ul style="list-style-type: none"> <li>• Bylaw Review Committee</li> <li>• Finance and STCF Committee</li> </ul>	Elected First Term Oct 1, 2012 – October 2, 2015
<b>Vacant</b> Ministerial Appointment	<ul style="list-style-type: none"> <li>• Appointment Pending</li> </ul>	Appointment Pending

Board elections were held in 2012. In addition, the term for one appointed member expired. Another appointed member resigned her seat. In all, seven of ten Board members have changed since the previous Service Plan was prepared.

## Membership by Committee 2012-2013

BYLAW POLICY AND QUALITY ASSURANCE (Standing Committee)	FINANCE AND STCF (Standing committee)	STUDENT COMPLAINTS (Standing Committee)	NOMINATING	PLANNING AND REVIEW
<b>Purpose:</b> To review bylaws and processes on an ongoing basis and make recommendations to the Board for changes.	<b>Purpose:</b> To provide oversight of PCTIA's financial reporting and management of the Student Training Completion Fund. To approve payments out of the STCF.	<b>Purpose:</b> To review and adjudicate complaints filed by students and to make decisions based on the information presented. To discuss findings with the full Board.	<b>Purpose:</b> To develop a skills and competency framework for Board elections and propose a short list, if required. Struck in years where Board elections take place.	<b>Purpose:</b> To provide interim feedback and discussion with CEO/Registrar between meetings. To review and recommend on CEO performance. Struck annually by Board.
Bev Reid, Co-Chair	Pat Kennedy, Chair	David Wells, Chair	Bev Reid, Chair	Richard Novek, Chair
Gwen Donaldson, Co-Chair	Ian Rongve	Bev Reid	Ian Rongve	Pat Kennedy
David Wells	Mark Hilton	Gwen Donaldson	Gwen Donaldson	Ian Rongve
N/A	Bob Kitching	Mark Hilton	N/A	David Wells

### REVENUE TASK FORCE

**Purpose:** To conduct a review and analysis of the current PCTIA self-funded model

Ian Rongve	Pat Kennedy	David Wells	Karin Kirkpatrick	Lyndon Scott
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### Appeal Panel

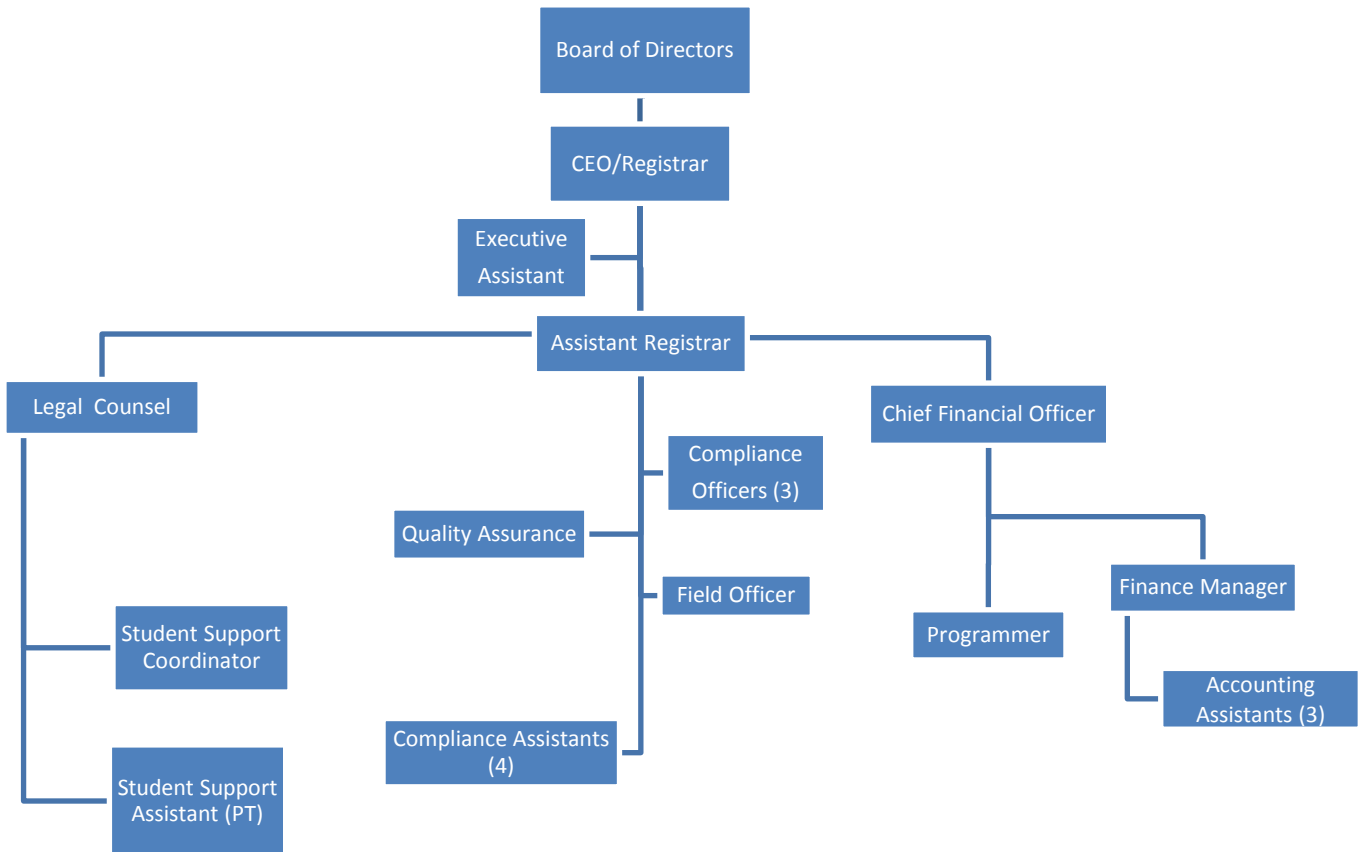
During the past year, the Board created an Appeal Committee consisting of four Board members. The Chairperson of the Board will draw upon three of these four members when he/she establishes an Appeal Panel. The function of this committee is to provide a pool of board members who have received training on conducting appeals.

### Senior Management Team

Karin Kirkpatrick, Registrar & CEO  
 Monica Lust, Assistant Registrar  
 Luce Lafontaine, Legal Counsel  
 Lyndon Scott, Chief Financial Officer

Management team biographies can be found at [pctia.bc.ca/governance/executive](http://pctia.bc.ca/governance/executive).

# Organizational Chart



# Goals, Strategies, Performance Measures and Targets



PCTIA is committed to increasing its ability to provide consumer protection to students and the public.

## Benchmarks

The Agency had identified an issue with its profile and set goals to address this. It also committed to reducing the number of institutions operating in contravention of the requirement for registration.

## Adjustments

Goals set in the previous Service Plan have been met or are in the process of being met.

Under Goal 2, the number of accreditation workshop participants has been revised down for future years as the number of institutions is anticipated to remain constant or decrease slightly.

Under Goal 3, the number of public enquiries per month has been adjusted up in future forecast. This is based on a higher number of enquiries in this past year.

## Goal 1: Enforcing Basic Education Standards

Basic Education Standards are set by the Board though PCTIA's bylaws. All registered institutions must abide by those standards and are monitored against them for compliance.

### Strategies Undertaken

1. Develop a series of professional development opportunities for institutions to increase understanding of expectations and to introduce best practices.

*Outcome:* The Agency was successful in providing increased opportunities for institutions to participate in additional training through a series of breakfast briefing workshops covering subjects such as preparing for compliance visits, effectively managing student files. The Agency was unsure, when developing these programs, what the demand would be. The response from institutions was overwhelmingly positive and every program offered had a waiting list.

The ability to have more institution representatives participate in these professional development opportunities was only limited by the internal resources required in order to develop sessions and facilitate them. Some were delivered through webinars which allowed a broader reach and participation from outside of the lower mainland. Moving forward webinars and video clips on the website will be relied upon to increase the reach.



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

*Outcome:* The Agency continues to be successful in streamlining its processes. Early in 2013, for example, an automated financial statement analysis tool was introduced, significantly reducing the amount of time required to review the over 300 institution financial statements submitted annually. There are a number of manual processes within the Agency which will soon be replaced by the introduction of the Enterprise Resource Planning (ERP) technology platform. The reduction of manual processes has resulted in enhanced internal quality control and the ability of the Agency to better share data.

3. Pursue legal remedies against non-complying institutions.

*Outcome:* The Agency made a commitment to increase its activities related to identifying those institutions operating in contravention of the *PCTI Act* and taking action to either have them comply, or stop them from operating. An additional staff member was hired as a resource for the Agency. Activities have been successful in forcing registration for a number of institutions while injunctions were successful against three institutions.

## Measures Set

### Rate of non-compliance

A reduction in outstanding conditions per institution indicates a higher level of compliance with the Basic Education Standards.<sup>2</sup>

**Results:** The average number of conditions set for institutions, resulting from their annual compliance visits, reduced from an average of five to an average of two per institution.

<sup>2</sup> It is not unusual for an institution to be given conditions to meet in order to continue being registered or accredited. These are referred to as outstanding conditions until resolved.



## Participation in workshops and professional development programs by institution representatives

An increase in the number of institutional representatives attending learning programs offered by PCTIA is expected to result in higher compliance levels.

**Results:** Participation in workshops increased considerably from 45 to 108 participants. This can be attributed to an increase in the number of workshops offered to institution representatives and the ability to provide webinars. When setting the baseline in the previous Service Plan, the Agency was unable to gauge the amount of demand there might be. These workshops have been very successful.

Performance Measures	2010/2011 Previous	2011/2012 Previous	2012/2013 Target	2012/2013 Actual	2013/2014 Projected	2014/2015 Projected	2015/2016 Projected
Rate of non-compliance <sup>1</sup>	8	5	3	2	3	3	3
Participation in workshops	35	45	50	108	55	55	55

*“Change is the end result of all true learning”  
– Leo Buscaglia*

<sup>1</sup> The rate of compliance is measured by the average number of conditions set per institution during the year  
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## 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.

Many institutions seeking accreditation do so in order to qualify to apply for student loan designation and/or Education Quality Assurance (EQA).

PCTIA planned to build additional value in the brand of accreditation encouraging more institutions to obtain this higher quality standard.

### Strategies Undertaken

1. Develop classes of institutions to reward high performing institutions.

*Outcome:* The Agency used a risk management matrix to identify classes of institutions. The matrix allowed us to more readily identify high performing institutions; consequently, we were able to focus compliance activity on the lower performing institutions. Many factors impact the definition of quality in a private post-secondary institution. A risk management matrix was developed in 2012 to assist staff in recognizing more quickly where quality issues may be of concern. Quality indicators selected are based on Standards of Quality set out in the bylaws and include financial strength, number and nature of compliance issues, and number and nature of student complaints.

2. Work with other provincial educational quality organizations to streamline accreditation.

*Outcome:* The Agency worked with staff in the Ministry of Advanced Education, Innovation and Technology and the BC Council for International Education (Education Quality Assurance designation), and Student Aid BC, to better understand what each group monitors for and where there is overlap. The intention remains to coordinate or amalgamate some of these reviews through the anticipated Quality Assurance Framework being developed by the Ministry of Advanced Education, Innovation and Technology.

3. Build the value and brand of accreditation through external relations and communications planning.

*Outcome:* The Agency continues to highlight, through its communications to students and the public, the enhanced requirements an accredited institution must commit to. Institutions use this message in their marketing and promotional materials. The revised bylaws, which came into effect in October of 2012, added additional measures of quality which will assist accredited institutions in comparing themselves against industry averages in areas such as graduate placement rates, graduation rates, attrition, and other metrics to inform their internal improvement processes.

## Measures Set

### Institutions seeking accreditation

An increased number of registered institutions pursuing accreditation status indicate an increased value in the brand of accreditation.

**Results:** There was a marginal increase of only one institution applying for accreditation. There was a decrease in the overall number of registered institutions in 2012-2013. However, less registered institutions mean less qualifying for accreditation. PCTIA originally felt that by promoting accreditation, more institutions would apply; however due to higher quality control standards, there was only a small increase. As an institution's choice to seek accreditation is an action beyond PCTIA's control, PCTIA is seeking new performance measures by which to measure quality assurance.

### Percentage of overall institutions

An increased number in the percentage of institutions which are accredited is an indicator of higher quality across the sector.

**Results:** The unanticipated result of higher quality standards in the revised bylaws, and the increase in monitoring for compliance, was the decrease in the number of institutions overall. However, the percentage of accredited institutions remained relatively constant at 49%. Institutions which close and leave the market tend to be smaller and more likely non-accredited. This would indicate, on a longer term basis, the quality of the sector would increase. There will be fewer institutions, but those remaining will more likely be accredited.

### Number of institutions participating in workshop

In order to apply for accreditation, a representative of an institution must participate in an introductory workshop which reviews the process and value of accreditation.

**Results:** The reduction in the number of institutions resulted in fewer being able to consider or qualify for accreditation. The number of workshop participants has been revised down for future years as the number of institutions is anticipated to remain constant or decrease slightly.

Performance Measures	2010/2011 Previous	2011/2012 Previous	2012/2013 Target	2012/2013 Current	2013/2014 Projected	2014/2015 Projected	2015/2016 Projected
Number of institutions applying for accreditation	10	12	15	13	15	15	15
Percentage of overall institutions which are accredited	48%	50%	55%	49%	60%	60%	60%
Number of institutions participating in the introductory accreditation workshop	15	20	22	13	15	15	15

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

While dealing with a number of students who were impacted by the closure of a medium sized institution in the fall of 2012 it became more apparent there was limited awareness, on the part of students, that the sector was regulated and a process existed for student complaints and claims. This was particularly evident with international students. It reinforced, again, the idea that the lack of student complaints against an institution is not a clear indicator of quality.

PCTIA committed to work to ensure various stakeholders are aware of and understand PCTIA's role and mandate.

#### Strategies Undertaken

1. Introduce a communications function into PCTIA with responsibility for outreach programs including website, advertising, public relations, and participation in events such as career fairs.

*Outcome:* This position was filled in March of 2013 when a dedicated Communications and Research Coordinator was hired. It is expected the results of this new role will be evident during 2013 – 2014.

2. Continue the development and implementation of a communications strategy which includes government relations.



*Outcome:* A simplified communications strategy was developed for 2012-2013 which included increased communication to the sector, students, and government through a bimonthly newsletter and the use of social media. Agency staff met with Ministry staff on a regular basis to ensure a mutual understanding of expectations and a new system was set up to notify Ministry contacts of changes to status of institutions and incidences where students are impacted by closures. The Agency also purchased advertising on the Vancouver Canada Line directed at students to raise awareness. This resulted in a considerable increase in calls to the Agency.

3. Undertake events and communications to registered institutions to update them on the activities and priorities of PCTIA.

*Outcome:* The bimonthly newsletter which is sent to all institution contacts contains updated information on the activities of the Agency. In addition, specific communications have been sent out to notify and inform institutions on any changes to operations. A targeted communications plan was used, successfully, to provide information to institutions related to the introduction of the revised bylaws.

### **Measures Set**

#### **Increased number of enquiries from the public**

The number of enquiries from students or the public had not historically been tracked. This measure indicates a level of awareness of the Agency to the general public and students. Continued work towards raising awareness should result in increased enquiries, via email or telephone, to the Agency.

*Results:* In January of 2012 the Agency began to utilize a call tracking system through its telephone software. On average 70 calls per month were received by the Student Relations Coordinator and an additional 30 to 40 emails. The majority of these enquiries were from students or potential students with questions about institutions or guidance on filing complaints. In August of 2012, shortly after the media campaign on the Vancouver Canada Line, over 250 phone calls were received and the number of e-mail enquiries increased to just below 100. That volume decreased after the campaign ended. However, monthly calls and emails have remained higher at approximately 100 each. The number of calls per month has been adjusted up in future forecasts.



*“Industry can bring a lot to the table by helping government understand the sector from an operator perspective, not just from a regulatory perspective”  
– Richard Novek, Vice Board Chair*

## Awareness and satisfaction survey

Beginning in 2012, the Agency will conduct awareness and satisfaction surveys with students and institutions. The initial survey will set the baseline for awareness and satisfaction. Subsequent surveys will indicate the effectiveness of the Agency's initiatives.

*Results:* During 2012-2013, the Agency undertook the following surveys:

- **Breakfast Briefing Satisfaction Surveys<sup>4</sup>**

- 95% respondents found the sessions useful
- Survey comments:

*"I was aware of most of this information; however, it was a great reminder of things such as having a Privacy Policy for my students! I also learned that PCTIA does in fact want us (Private Schools) to succeed!!!"*

*"Clarification on what to expect and how to prepare for a compliance audit. I also wish to add that the compliance officer was an excellent presenter and made everyone feel relaxed and informed. Exceptionally well done."*

- Areas for improvement
  - Webinar connection was not good for people outside Lower Mainland
  - Sessions should be run in person in more parts of BC
  - Sessions filled up too quickly and people were on waitlists

- **Revised Bylaw Launch Feedback<sup>5</sup>**

- 100% respondents found the sessions useful
- Survey Comments

*"This was by far the best presented course I have taken, put on by PCTIA. Either it is because it is my third and I am learning more or because all the material was sent out and I was able to look through it thoroughly first, it was certainly very well presented. Material well presented with no rush but extra emphasis put where people in the class needed it. I would have liked to have known of the second class ahead of time. Thank you."*

*"I wish you had done this the last time the bylaws changed"*

*"Materials provided on PCTIA website were very helpful"*

- Areas for improvement
  - Hard for those outside the lower mainland to attend sessions
  - Could have been longer to go into more specific examples

<sup>4</sup> Surveyed participants in the professional development workshops (breakfast briefings) conducted as part of Goal 1

<sup>5</sup> Surveyed institution representatives who participated in the sessions on the launch of the new bylaws – part of the target communications plan under Goal 3.

- **Post accreditation survey with both the auditors and the institution**
  - This survey is conducted with the key participants after an institution undergoes its accreditation audit. The process of accreditation is meant to be valuable to an institution as a learning and feedback tool. The survey will be looking for feedback on the experience and value to the institution. It will also be looking for feedback from the auditors to understand how the Agency can improve the process.
  - These surveys were developed in 2012. The first of these surveys have been sent out in spring 2013 with no current results to report.
  
- **Student Satisfaction Surveys**
  - In 2012-2013, 504 individual students from 120 institutions were surveyed regarding their student experience. The results of the individual surveys are provided to the institutions in aggregate form. They can use this information for improvement planning. Survey results may also bring quality concerns to the attention of the Agency. Overall, the satisfaction amongst students with their institution is good.



Area	Orientation and Evaluation	Admission	Facilities, Equipment, Supplies & Resources	Quality of Instruction	Instructional Support	Average out of 4.0
Average out of 4	3.57	3.63	3.35	3.65	3.62	3.56
Range – low to high	2.14 – 4.00	2.58 – 4.00	2.23 – 4.00	2.75 – 4.00	2.57-4.00	2.65 - 4.00

### Media monitoring

Understanding and monitoring the number of times and the type of content appearing in the media is an evaluative tool for measuring a communications initiative.

Results: Due to other funding commitments media monitoring was delayed, however plans are to implement this tool in the future. Other media tools have been implemented: since filling the Communications and Research position, the Agency entered into a contract with Marketwired (a news wire service for online press release distribution), social media releases, social media monitoring, and other analytics. A baseline for positive media mentions has not yet been set as this contract was entered into at the end of 2012-2013.

## Number of external events

Setting target numbers for external events will be part of the communication’s planning. These events will include participation in other association meetings or committees, participation with sponsorship and participating in conferences with onsite staff and informational materials.

*Results:* Agency staff participated in over 20 events with other professional associations and school groups.

Performance Measures	2010/2011 Previous	2011/2012 Previous	2012/2013 Target	2012/2013 Current	2013/2014 Projected	2014/2015 Projected	2015/2016 Projected
Enquiries from public	n/a	To be determined	n/a	200/month	220/month	250/month	250/month
Awareness and Satisfaction Surveys – public and institutions	n/a	First survey sets Baseline	Increase in year over year in awareness and satisfaction rating	Increase in year over year in awareness and satisfaction rating	Increase in year over year in awareness and satisfaction rating	Increase in year over year in awareness and satisfaction rating	Increase in year over year in awareness and satisfaction rating
Positive Media Mentions	Will be provided by Cisian	n/a	n/a	n/a	n/a	n/a	n/a
Number of external events with PCTIA participation	8	12	15	20	15	15	15



# Strategic Context

## Operating Environment

The 2012-2013 Service Plan identified internal issues related to lack of IT infrastructure and the resulting challenge of managing workflows and internal quality assurance. These have been key challenges to the operating environment. A significant commitment was made to source and implement a full Enterprise Resource Planning (ERP) system and the Agency is pleased to report the selection of the system and vendor has now been completed. Additional success has been seen in a move towards a paperless work environment and that will be further supported by the new ERP system.

Three new roles were created within the Agency in 2012. A Student Services Administrator role to help provide more support to students, a Quality Assurance Manager to support internal continuous quality improvement, and a Chief Financial Officer with responsibility for overall Financial Systems and IT strategy. All three roles have been successful in adding to the efficiency of the Agency.

## Economic/Industry factors

The impending skills shortage reported in the 2012-2013 Service Plan continues to be predicted. A skills shortage will hit B.C. in 2016 and continue to grow according to the Research Universities' Council of B.C. Providing opportunities for quality career training in the private post-secondary sector will be important in addressing the shortfall.

The 2012-2013 Service Plan reported there had been a trend towards larger institutions acquiring smaller independent institutions. The result is fewer institutions operating in British Columbia while, at the same time, the average size of institutions has increased with more students and greater tuition revenue. This has proven to be a continued trend with the number of the institutions decreasing over the year from 331 to 320.

Contributing factors to the decrease in the number of private career training institutions could be the increase in quality expectations set in the revised PCTIA bylaws, and any increase in the ability of the Agency to monitor for quality – through more efficient systems.

*I am gratified helping deliver on the mandate of PCTIA, for the benefit of all British Columbians, especially for the various stakeholders and student consumers it serves”*

*– Mark Hilton, Board Member*

# Risks, Opportunities and Mitigation

The four areas of risk identified were: revenue generation, legal resources, advanced technology, and profile and awareness.

## Sources of Potential Risks or Opportunities

<b>Potential Risk or Opportunity</b>	<b>Revenue Generation</b> <ul style="list-style-type: none"> <li>• All PCTIA revenue is generated through fees from institutions.</li> <li>• Continued fee increases for institutions is not sustainable and puts a burden on these businesses.</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• The trend to consolidation in the sector may be slowing. 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.</li> <li>• Any one large institution closure will leave the STCF underfunded.</li> </ul>
<b>Opportunity</b>	<ul style="list-style-type: none"> <li>• Seek new sources of revenue generation through provision of professional development programs; resource sharing with other education quality organizations; grants and other programs available through the provincial and federal governments.</li> </ul>
<b>Risk Mitigation Strategies</b>	<ul style="list-style-type: none"> <li>• Increase internal efficiencies to reduce PCTIA expenses.</li> <li>• Process mapping and review to reduce redundant work.</li> <li>• Leverage advanced technology to move to paperless reporting and filing.</li> <li>• Continue monitoring the growth of the Student Training Completion Fund in accordance with the contingency target recommended by the actuarial study of the fund completed in 2010.</li> <li>• During the Bylaw review the annual fees were modified to be more equitable among the various sizes of institutions. The Board struck the Revenue Taskforce, which is responsible for reviewing alternative revenue generation opportunities—including revising the current fee schedule to make it more equitable.</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• A reduction in the number of institutions from 331 to 320 over 2012-2013.</li> <li>• One mid-sized institution closed which resulted in claims on the STCF of approximately \$600,000.</li> <li>• The STCF is currently under its optimal level by \$513,000</li> <li>• Operating expenses are continuing to decrease as new technology is implemented and processes streamlined.</li> <li>• During the bylaw review, fees charged to institutions were adjusted to better reflect the size of the institution</li> <li>• Agency has proven a market for continued professional development programs</li> </ul>

Potential Risk or Opportunity	Legal Resources
Risk	<ul style="list-style-type: none"> <li>• Increased need to take legal action against non-complying institutions resulting in increased legal costs.</li> <li>• Increased number of FOI requests and government reporting requirements.</li> <li>• Adapting to evolving regulatory requirements.</li> <li>• Lack of financial resources to support legal work.</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>• Legal remedies against non-complying institutions will result in reduction of institutions operating in contravention of the PCTIA Act, reduce claims on STCF, and encourage institutions to pursue higher quality standards.</li> <li>• The re-drafting of the bylaws should result in clearer and more transparent reporting.</li> <li>• Provide more education and support for institutions to assist them in understanding regulatory requirements and how to meet them.</li> </ul>
Risk Mitigation Strategies	<ul style="list-style-type: none"> <li>• Enhance the role of internal legal counsel to provide more remedies for enforcement.</li> <li>• Complete the review and re-write of the PCTIA Bylaws to make interpretations of compliance more consistent and clear.</li> <li>• Research best practices from other jurisdictions such as other provinces, the US, and New Zealand/Australia where the regulation of the industry is has been developed over a longer period of time.</li> <li>• Before taking legal action, encourage non-registered institutions to register with PCTIA.</li> <li>• Develop a series of professional development opportunities for institutions to increase understanding of expectations and to introduce best practices.</li> </ul>
Outcomes	<ul style="list-style-type: none"> <li>• A process was implemented to contact and work with institutions operating outside of the Act to register them.</li> <li>• There was an increase in enforcement activities related to non-compliers including injunctions resulting in both a reduction of institutions operating in contravention of the Act, and in a reduction of overall registered institutions.</li> <li>• The new bylaws were introduced in October of 2012 and have been received well by institutions. They are clearer and provide more direction.</li> <li>• The introduction of breakfast briefings and learning opportunities for institutions has resulted in less issues of non-compliance.</li> </ul>

Potential Risk or Opportunity	Advanced Technology
Risk	<ul style="list-style-type: none"> <li>• Increased expectations of electronic and web-based services from PCTIA's stakeholders.</li> <li>• Reliance on internal staff to program and maintain legacy database and IT infrastructure.</li> <li>• The ability for online training institutions to blur the line between jurisdictions.</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>• Ability to provide webinars and online meetings for institutions.</li> <li>• Reduce reporting burden on institutions through fully integrated reporting and payment options.</li> <li>• Reduce staff time required to re-enter reporting information. The ability to convert staff time to higher impact activities.</li> </ul>
Risk Mitigation Strategies	<ul style="list-style-type: none"> <li>• Increased staff training on technology and quality standards.</li> <li>• Implement ERP system to integrate accounting functions with compliance management.</li> <li>• Continue on development of internal quality assurance standards which will result in consistent enforcement.</li> <li>• Streamline, where possible, some reporting requirements with StudentAid BC (SABC), Degree Quality Assessment Board (DQAB), Educational Quality Assurance (EQA) and other related bodies.</li> </ul>
Outcomes	<ul style="list-style-type: none"> <li>• Staff receiving regular training on new software and technology.</li> <li>• Accounting systems have been upgraded in preparation for the introduction of the ERP system in fall of 2013.</li> <li>• SharePoint has been designed to allow collaboration between internal staff and external auditors.</li> </ul>

<b>Potential Risk or Opportunity</b>	<b>Reputational Risk</b>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• Public misunderstanding of the role of PCTIA.</li> <li>• PCTIA experiences various pressures from stakeholders and must balance between prioritizing student protection interests with reasonable regulatory burden.</li> <li>• Lack of public awareness of student protection function of PCTIA. Students not aware of the ability to file complaints.</li> <li>• Lack of financial resources to build communications capacity.</li> </ul>
<b>Opportunity</b>	<ul style="list-style-type: none"> <li>• Increase number of students and the public making enquiries.</li> <li>• Outreach to institutions and the public.</li> <li>• Increase the value of accreditation as a marketing tool.</li> <li>• Increase the number and percentage of institutions applying for accreditation.</li> <li>• Increase the number of student enquiries and the use of new student support services.</li> </ul>
<b>Risk Mitigation Strategies</b>	<ul style="list-style-type: none"> <li>• Build the value and brand of accreditation through communications planning and external relations with responsibility for outreach programs, website, advertising, public relations, and participation in outside events such as career fairs.</li> <li>• Continue the development and implementation of a government relations plan to allow all levels of provincial government to understand the role and challenges of PCTIA, including both elected and non-elected members.</li> <li>• Offer professional development education workshops for regulated institutions to learn more about best practices and compliance.</li> <li>• Work with other provincial educational quality organizations to streamline accreditation and create common language and definitions.</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• Lack of awareness amongst students and the public continued to be identified.</li> <li>• Electronic media was used to communicate information to students, institutions and government.</li> <li>• A Communications and Research role was hired in March of 2013 to continue with profile building.</li> <li>• Canada Line campaign resulted in an increase of monthly public enquiries.</li> </ul>

# 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, and which are addressed in the Goals and Strategies section of this Report, the most current GLE directs the Agency to take specific actions.

The Agency is pleased to provide the following report out on the 2012-2013 Government's Letter of expectations.

## **Government's Letter of Expectations Directive 1**

Develop a Performance Management Framework on enhanced outcomes based measures to further improve upon the quality standards of PCTIA accreditation. Framework to be submitted to the Ministry by June 29, 2012. Elements should include, but are not limited to: outcomes surveys; labour market attachment; default rates; etc.

### **Action/Response from Service Plan:**

The current bylaw review process is examining performance measures for accreditation.

### **Progress:**

Section 33 of the revised bylaws of October 1<sup>st</sup> 2012 contain a new section titled the Continuous Improvement Framework designed to further improve quality standards.

Accredited institutions must collect outcome data, as determined by the Registrar, relevant to the achievement of each program's goal(s) and objectives. This data includes, but is not limited to, 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



## **Government's Letter of Expectations Directive 2**

Written report to the Minister by July 15, 2012 on outcome of the PCTIA Bylaw Review and how implemented with the sector.

### **Action/Response from Service Plan:**

To be done once the bylaw review is complete and outcomes are known.

**Progress:**

The Bylaw review was completed at the end of May 2012 and the Agency provided a report to the Ministry by July 15, 2012. The bylaws were implemented Oct 1, 2012, and a subsequent report was provided to Ministry on April 30, 2013.

PCTIA submitted a report to the Ministry describing in detail each Bylaw section, the input of working group members, and whether this resulted in change.

*“Education is not the filling of a pail, but the lighting of a fire”  
– William Butler Yeats*

Highlights of the report:

- Institutions were provided with six months to implement required changes.
- PCTIA provided reference materials to all institutions outlining key changes along with the rationale and impact of these changes. Additionally, PCTIA staff developed a full day workshop explaining the changes and requirements of the revised bylaws. Workshops were conducted around the Province between June and November of 2012 and 128 people participated.
- The majority of institutions have made the transition to the revised bylaws with little difficulty.

**Government’s Letter of Expectations Directive 3**

Work with StudentAid BC (SABC) staff on probable factors related to higher default rates at institutions such as: recruitment; retention; withdrawal rates; assessment and admission processes; and other factors that may be identified by PCTIA and SABC. Explore and identify avenues that may be implemented to assist towards decreased default rates.

**Action/Response from Service Plan:**

A working group consisting of representatives from SABC and PCTIA has been convened. This group is meeting every two months to review policies and processes between the two organizations with the goal of streamlining and setting shared performance measures.

**Progress:**

This working group met several times throughout the year. However, due to reorganization within the Ministry and the change in the structure of SABC, meetings were put on hold. The meetings began again in late 2012 and are continuing.

**Government’s Letter of Expectations Directive 4**

Develop/enhance measures in respect to student complaints, client satisfaction, external communications and other identified issues as part of a comprehensive continuous improvement framework, to be completed by June 29, 2012.

**Action/Response from Service Plan:**

The addition of legal counsel and a communications role within PCTIA are working to address these issues. The time for adjudicating and having a final decision on student complaints has been reduced since the introduction of this role.

**Progress:**

All of these areas have seen progress. Processes are constantly reviewed to ensure they are rational and efficient. The Agency looks forward to the implementation of the ERP system expected in the fall of 2013 as it will provide more clear and accurate data.

**Government's Letter of Expectations Directive 5**

PCTIA will support the Province's international education strategy by upholding quality standards and working in collaboration with the Province and the career college sector to further strengthen and enhance quality assurance.

**Action/Response from Service Plan:**

The revised bylaws which were effective on October 1, 2012, put the higher burden of quality on both registered and accredited institutions.

**Progress:**

As the agency continues to review institutions for compliance to the new set of bylaws, it is coming across less compliance issues than in previous reviews.

**Government's Letter of Expectations Directive 6**

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.

**Action/Response from Service Plan:**

PCTIA made a commitment to paperless filing and reporting by 2013. Online reporting for schools is expected by mid-2012. Effective December 1, 2011, PCTIA no longer orders printed letterhead and other materials. Required materials are generated electronically and signed digitally.

New video and webinar capability will 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.

**Progress:**

Workshop webinars are in use and Board members utilize teleconferencing facilities. PCTIA has implemented these additional initiatives: enhanced recycling program for batteries, light bulbs, cell phones, paper, plastic and organic waste; and utilizing couriers and food service companies that deliver goods by either bicycle or low emission vehicles. Currently, 51% of staff bike, walk, transit or telecommute to/from the office. PCTIA aim to increase this number to 80% in 2013.

*“I see a growing need for a well-regulated, responsible and financially stable corps of enterprises which provide high-quality education and skills development to British Columbians”  
– Mark Hilton, Board Member*

# PCTIA Summary Financial Outlook

For the year ended March 31, 2013, the number of registered institutions had decreased from approximately 331 to 320. The number of accredited institutions moved from 165 to 157. During the same period, there were 16 new registrations and 6 new accreditations.

Accredited institutions as a percentage of registered institutions remained steady at 49%. And, while accredited institutions made up 49% of the overall number in 2012-2013, they accounted for 77% of overall institutional fees revenue. In 2011-2012, accredited institutions contributed 73% of the overall institutional fees revenue. Over the last several years, accredited institutions are growing larger and registered institutions are smaller in size explaining the different contributions to overall revenue.

As the quality expectations continue to be monitored for compliance, it is expected a small number of institutions will close each year. At the same time, PCTIA expects a small percentage increase of registered institutions moving to accreditation status. This is primarily attributed to accreditation as a requirement for both student loan designation and the Educational Quality Assurance designation. PCTIA's strategy to promote the value of accreditation is expected to have a small but growing influence on the number of institutions seeking accreditation.

Accredited institutions, in general, tend to be larger non-accredited institutions. Seeking accreditation is a big undertaking and larger institutions may have more resources available to commit to the process. Accredited institutions, on average, have higher total tuitions and contribute to a greater proportion of PCTIA's and the STCF's revenue.

*“There has been a tightening up of the bylaws making it somewhat more difficult for certain schools to operate. This has the benefit of ensuring a higher level of quality assurance.”*

*– Richard Novek, Vice Board Chair*

## Financial Outlook Assumptions

In 2012, B.C.'s economy grew modestly and continues to do so in 2013. An acceleration in pace is due to commence in 2014.<sup>6</sup>

Historically, the unemployment rate is counter to the enrolment rate of post-secondary education. As unemployment increases, young people who find themselves out of work tend to be more likely to seek higher education. “Analyzed by year, the provincial government's [BC Labour Market Outlook 2010 to 2020](#) shows the province reaching a skills and talent deficit in 2016 where, for the first time, the number of jobs will exceed the number of qualified people province-wide. This deficit will continue to grow over the forecast period to 2020.”<sup>7</sup> In light of this outlook, the demand for post-secondary credentials may see an increase; however, this increase will be gradual.

<sup>6</sup> RBC Economics Research, Provincial Outlook, March 2013, [rbc.com/economics/market/pdf/provfcst.pdf](http://rbc.com/economics/market/pdf/provfcst.pdf)

<sup>7</sup> Research Universities' Council of British Columbia (RUCBC), BC Labour Market [rucbc.ca/](http://rucbc.ca/), January 2013



Central 1's B.C. Economic Forecast 2013-2017 expects that education services are “forecast to grow about 2% annually, mainly due to slow growth in the student population, particularly among the prime post-secondary age group.”<sup>8</sup>



The aggregate number of students in the private career training sector has remained stable. As unemployment in post-secondary qualified positions rises, private career training institutions will be expected to rapidly initiate or expand programming in response to labour market demands. At this point, the sector should expect to see a modest increase in the number of student enrolments.

### **Future Financial Outlook**

PCTIA derives all of its operating revenue from fees paid by member institutions. The Student Training Completion Fund is dependent on both the contributions paid by registered institutions and the performance of the invested funds.

Although the number of registered institutions has gradually declined, total sector tuition revenue has continued to increase, indicating a consolidation of training activity punctuated by the continued growth of very large institutions. This trend is expected to slow in the current and future years.

<sup>8</sup> Central 1, B.C. Economic Forecast 2013-2017, February 2013, [http://www.central1.com/sites/default/files/uploads/files/analysis\\_report/report\\_file/ea%202013\\_01.pdf](http://www.central1.com/sites/default/files/uploads/files/analysis_report/report_file/ea%202013_01.pdf)  
PCTIA Annual Report 2012-2013

## PCTIA Statement of Operations 2012-2013

For the year ended	BUDGET 2013	March 31, 2013	March 31, 2012	Variance Current Year to Budget		Variance Current Year to Prior Year	
				\$	%	\$	%
<b>Revenue</b>							
Accreditation fees	\$ 1,816,371	\$ 1,771,243	\$ 1,684,275	\$ (45,128)	-2.5%	\$ 86,968	5.2%
Registration fees	523,574	525,254	562,703	1,680	0.3%	(37,449)	-6.7%
Other fees and miscellaneous revenue	28,895	30,556	27,754	1,662	5.8%	2,802	10.1%
STCF management fees and chargebacks	407,020	471,040	374,221	64,020	15.7%	96,818	25.9%
Investment revenue	10,000	10,570	9,997	570	5.7%	573	5.7%
	<b>2,785,860</b>	<b>2,808,663</b>	<b>2,658,950</b>	<b>22,803</b>	<b>0.8%</b>	<b>149,713</b>	<b>5.6%</b>
<b>Expenses</b>							
Advertising and recruiting	60,720	47,147	28,219	(13,573)	-22.4%	18,928	67.1%
Amortization	73,278	32,375	57,939	(40,904)	-55.8%	(25,565)	-44.1%
Bank and payroll service charges	15,408	14,499	12,874	(909)	-5.9%	1,625	12.6%
Board	50,000	43,662	50,537	(6,338)	-12.7%	(6,875)	-13.6%
Computer supplies and maintenance	11,046	14,358	44,311	3,312	30.0%	(29,953)	-67.6%
Accreditation on-site audits	341,445	207,038	134,250	(134,407)	-39.4%	72,788	54.2%
Consultants - other	16,000	13,492	90,103	(2,508)	-15.7%	(76,611)	-85.0%
Courier and postage	6,500	10,578	12,243	4,078	62.7%	(1,664)	-13.6%
Equipment lease and maintenance	14,125	12,460	11,095	(1,665)	-11.8%	1,365	12.3%
Insurance	9,624	9,013	3,321	(611)	-6.3%	5,692	171.4%
Office and supplies	24,676	25,124	48,083	448	1.8%	(22,960)	-47.7%
Professional fees	119,000	137,398	116,489	18,398	15.5%	20,909	17.9%
Rent and parking	277,317	266,138	259,294	(11,179)	-4.0%	6,844	2.6%
Salaries and benefits	1,659,170	1,778,518	1,745,736	119,348	7.2%	32,783	1.9%
Staff development and conferences	29,000	13,181	29,021	(15,819)	-54.5%	(15,841)	-54.6%
Telephone	31,240	28,501	32,352	(2,739)	-8.8%	(3,851)	-11.9%
Travel and meals	37,311	31,243	44,618	(6,068)	-16.3%	(13,375)	-30.0%
Workshops	10,000	9,440	15,112	(560)	-5.6%	(5,672)	-37.5%
Uncollectible accounts	-	8,969	8,057	8,969	0.0%	912	11.3%
	<b>2,785,860</b>	<b>2,703,132</b>	<b>2,743,654</b>	<b>(82,728)</b>	<b>-3.0%</b>	<b>(40,522)</b>	<b>-1.5%</b>
<b>Net gain from operations</b>	<b>(0)</b>	<b>105,531</b>	<b>(84,704)</b>	<b>105,531</b>	<b>0.0%</b>	<b>190,235</b>	<b>-224.6%</b>
<b>Gain on recapture of uncashed student refunds</b>	-	-	14,973	-	0.0%	(14,973)	-100.0%
<b>Gain on disposal of tangible capital assets</b>	-	100	-	100	0.0%		
<b>Excess of revenues over expenses for the year</b>	<b>\$ (0)</b>	<b>\$ 105,631</b>	<b>\$ (69,731)</b>	<b>105,631</b>	<b>0.0%</b>	<b>175,362</b>	<b>-251.5%</b>

## STCF Statement of Operations 2012-2013

For the year ended	BUDGET 2013	March 31, 2013	March 31, 2012	Variance Current Year to Budget		Variance Current Year to Prior Year	
				\$	%	\$	%
<b>Revenue</b>							
STCF initial contribution	\$ 40,000	\$ 31,624	\$ 66,351	\$ (8,376)	-20.9%	\$ (34,727)	-52.3%
Tuition revenue fee payment	1,143,951	1,161,102	1,196,579	17,151	1.5%	(35,478)	-3.0%
Recoveries from institutions of student complaint tuition refunds	50,000	92,075	34,872	42,075	84.1%	57,202	164.0%
Investment revenue	213,241	387,633	367,975	174,392	81.8%	19,658	5.3%
Miscellaneous revenue	500	-	118	(500)	-100.0%	(118)	-100.0%
	<b>1,447,692</b>	<b>1,672,434</b>	<b>1,665,895</b>	<b>224,742</b>	<b>15.5%</b>	<b>6,538</b>	<b>0.4%</b>
<b>Expenses</b>							
Actuarial report	5,000	-	-	(5,000)	0.0%	-	0.0%
Bank charges and miscellaneous	750	91	649	(659)	-87.9%	(558)	-86.0%
Investment management fees	40,000	35,342	33,170	(4,658)	-11.6%	2,171	6.5%
Management fees - PCTIA	362,020	362,020	336,000	-	0.0%	26,020	7.7%
Other admin expenses - PCTIA	-	-	9,334	-	0.0%	(9,334)	0.0%
Professional accounting/auditing fees	18,000	20,287	16,298	2,287	12.7%	3,990	24.5%
School closure costs - PCTIA	15,000	78,126	13,512	63,126	420.8%	64,614	478.2%
Student tuition claims from closures	350,000	655,519	459,088	305,519	87.3%	196,431	42.8%
Student complaint costs - PCTIA	30,000	30,894	15,375	894	3.0%	15,519	100.9%
Student complaint tuition refunds	50,000	92,075	34,872	42,075	84.1%	57,202	164.0%
Uncollectible accounts	30,000	9,294	36,815	(20,706)	-69.0%	(27,521)	-74.8%
	<b>900,770</b>	<b>1,283,647</b>	<b>955,113</b>	<b>382,877</b>	<b>42.5%</b>	<b>328,534</b>	<b>34.4%</b>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 546,922</b>	<b>\$ 388,786</b>	<b>\$ 710,782</b>	<b>(158,136)</b>	<b>-28.9%</b>	<b>(321,996)</b>	<b>-45.3%</b>

## PCTIA Capital Expenditures March 31, 2013

Computer Equipment	\$	13,998
Office Furniture	\$	6,389
Tenant Improvements	\$	8,473
Computer Software	\$	6,515
ERP development	\$	4,952
Total	\$	<u>40,327</u>

## PCTIA Operating Variance Details – 2012-2013

### Revenue:

**Accreditation fees** – Increase from prior year due to increase in number of institutions coming up for their renewal of accreditation and also due to the increase in the fixed annual fee for larger institutions. Under budget due to an aggressive accreditation on-site audit plan/budget which was not fully completed.

**Registration fees** – Decrease from prior year due to a reduction in the number of registered institutions and the decrease in the fixed annual fee for smaller institutions.

**Management fees and chargebacks** – Increase from prior year due to increased allocation of staff time to more accurately reflect actual time administering STCF affairs. Over budget due to more student complaints than budgeted and a large school closure that required an extensive amount of staff time.

### Expenses:

**Accreditation on-site audits** – Increase from prior year due to increase in number of institutions coming up for their renewal of accreditation. Under budget due to an aggressive accreditation on-site audit plan/budget that was not fully completed.

**Advertising and recruiting** – Increase from prior year due to recruiting for management positions and a planned increase in advertising/communications to raise public awareness of the Agency. Under budget due to careful expense management and not moving forward with the full advertising/communications plan.

**Amortization** – Decrease from prior year due to assets reaching the end of their amortization period. Under budget due to the delay in 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.

**Computer supplies/maintenance** – Decrease from prior year due to no longer outsourcing computer servicing/maintenance/back-up. Over budget due to underestimating cost of maintaining adequate information technology infrastructure.

**Consultants - other** – Decrease from prior year as prior year included consultants for a project that was completed in that year and the use of certain consultants for services which have subsequently been brought in house.

**Courier and postage** – Slight decrease from prior year due to 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.

**Office supplies and expenses** – Decrease from prior year due to more in house printing, moving towards a paperless office, and careful expense management during the year. In addition the prior year included a number of one-off items such as moving expenses for relocating office from Burnaby to Vancouver, translation services and photography for website.

**Professional fees** – Increase from prior year and up from budget due to increase in legal activity relating to increasing requirements for compliance.

**Rent and parking** – Under budget due to setting up of deferred lease inducement.

**Salaries and benefits** – Increase from prior year and over budget due to hiring of additional staff in order to address staff workload and fulfill the Agency's mandate.

**Staff development and conferences** – Decrease from prior year and under budget due to staff workload.

**Telephone** – Decrease from prior year due to changing of service provider at time of relocation to new premises.

**Travel and meals** – Decrease from prior year is a result of a planned reduction in travel activity and a focus on increased travel efficiency. Under budget due to careful management of travel costs.

**Uncollectible accounts** – The Agency does not budget for uncollectible accounts.

**Workshops** – Decrease from prior year due to bylaw review workshop sessions held in that year but were not required in the current year.

*Figures may vary slightly from auditor financial information due to rounding.*

## PCTIA Service Plan Financial Forecast 2013-2016

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b><u>Revenue</u></b>			
Fees from Accredited Institutions	1,730,000	1,773,000	1,808,000
Fees from Registered Institutions	556,000	570,000	582,000
Total Revenue from Institutions	2,286,000	2,343,000	2,390,000
Management Fees	417,000	428,000	436,000
Other	40,000	49,000	50,000
<b>Total Revenue</b>	<b>2,743,000</b>	<b>2,820,000</b>	<b>2,876,000</b>
<b><u>Expenses</u></b>			
Salaries & benefits	1,706,000	1,749,000	1,792,000
Accreditation On-Site Audits	262,000	269,000	246,000
Facilities rent & maintenance	265,000	265,000	265,000
Professional fees	180,000	184,000	189,000
Other Operating and Administration	250,000	263,000	292,000
Amortization	80,000	90,000	92,000
<b>Total Expenses</b>	<b>2,743,000</b>	<b>2,820,000</b>	<b>2,876,000</b>
<b>Net income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets at End of Year</b>	<b>587,876</b>	<b>587,876</b>	<b>587,876</b>

## STCF Service Plan Financial Forecast 2013-2016

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
Revenue	1,725,000	1,768,000	1,803,000
Expenses	945,000	969,000	992,000
Net Income (loss)	780,000	799,000	811,000
<b>Net Assets at End of Year</b>	<b>13,833,000</b>	<b>14,632,000</b>	<b>15,443,000</b>

## PCTIA Service Plan Capital Expenditures 2013-2016

	<b>2013/14 Forecast</b>	<b>2014/15 Forecast</b>	<b>2015/16 Forecast</b>
Capital Expenditures	<b>220,000</b>	<b>20,000</b>	<b>20,000</b>

### Note on Capital Expenditures:

In the 2012-15 service plan, it was noted that the implementation of the new ERP system was projected for mid 2012. Preliminary work has been commenced on the new ERP system and the projected implementation date has been revised to mid 2013 and the projected cost of the new ERP system has been revised upwards. This revised cost projection has been reflected in the above capital budget.



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

For the year ended	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	BUDGET		March 31,	Variance Current		Variance Current		Forecast		Forecast		
	2008	2009	2010	2011	2012	2013	2013	2013	2013	\$	%	\$	%	2013/14	2014/15	2015/16	2015/16	
<b>Revenue</b>																		
Fees from Accredited Institutions	\$ 550,044	\$ 714,691	\$ 1,381,636	\$ 1,677,980	\$ 1,684,275	\$ 1,816,371	\$ 1,771,243	\$ 1,771,243	(45,128)	-2.5%	86,968	5.2%	\$ 1,730,000	\$ 1,773,000	\$ 1,808,000	\$ 1,808,000		
Fees from Registered Institutions	453,867	391,182	602,946	569,828	562,703	523,574	525,254	525,254	1,680	0.3%	(37,449)	-6.7%	556,000	570,000	582,000	582,000		
Total Revenue from Institutions	1,003,911	1,105,873	1,984,582	2,247,808	2,246,978	2,339,945	2,296,497	2,296,497	(43,448)	-1.9%	49,519	2.2%	2,286,000	2,343,000	2,390,000	2,390,000		
Management Fees	230,692	324,928	275,404	359,496	374,221	407,020	471,040	471,040	64,020	15.7%	96,818	25.9%	417,000	428,000	436,000	436,000		
Other	12,915	(37,925)	42,710	60,808	37,751	38,895	41,126	41,126	2,231	5.7%	3,375	8.9%	40,000	49,000	50,000	50,000		
Ministry grants	239,700	450,000	-	-	-	-	-	-	-	0.0%	-	0.0%	-	-	-	-	-	
<b>Total Revenue</b>	<b>1,487,218</b>	<b>1,842,876</b>	<b>2,302,696</b>	<b>2,668,112</b>	<b>2,658,950</b>	<b>2,785,860</b>	<b>2,808,663</b>	<b>2,808,663</b>	<b>22,803</b>	<b>0.8%</b>	<b>149,713</b>	<b>5.6%</b>	<b>2,743,000</b>	<b>2,820,000</b>	<b>2,876,000</b>	<b>2,876,000</b>		
<b>Expenses</b>																		
Salaries & benefits	1,093,451	1,314,288	1,477,989	1,508,277	1,745,736	1,659,170	1,778,518	1,778,518	119,348	7.2%	32,783	1.9%	1,706,000	1,749,000	1,792,000	1,792,000		
Accreditation On-Site Audits	82,067	176,285	141,276	134,250	134,250	341,445	207,038	207,038	(134,407)	-39.4%	72,788	54.2%	262,000	269,000	246,000	246,000		
Rent	79,017	109,471	128,781	147,603	259,294	277,317	266,138	266,138	(11,179)	-4.0%	6,844	2.6%	265,000	265,000	265,000	265,000		
Professional fees	45,213	74,128	141,301	126,803	116,489	119,000	137,398	137,398	18,398	15.5%	20,909	17.9%	180,000	184,000	189,000	189,000		
Other Operating and Administration	168,837	210,760	201,767	380,084	429,945	315,650	281,668	281,668	(33,982)	-10.8%	(148,277)	-34.5%	250,000	263,000	292,000	292,000		
Amortization	55,219	65,599	79,999	67,315	57,939	73,278	32,375	32,375	(40,904)	-55.8%	(25,565)	-44.1%	80,000	90,000	92,000	92,000		
<b>Total Expenses</b>	<b>1,523,804</b>	<b>1,950,531</b>	<b>2,171,113</b>	<b>2,364,332</b>	<b>2,743,652</b>	<b>2,785,860</b>	<b>2,703,134</b>	<b>2,703,134</b>	<b>(82,726)</b>	<b>-3.0%</b>	<b>(40,518)</b>	<b>-1.5%</b>	<b>2,743,000</b>	<b>2,820,000</b>	<b>2,876,000</b>	<b>2,876,000</b>		
<b>Net gain from operations</b>	<b>(36,586)</b>	<b>(107,655)</b>	<b>131,583</b>	<b>303,780</b>	<b>(84,702)</b>	<b>(0)</b>	<b>105,529</b>	<b>105,529</b>	<b>105,529</b>	<b>0.0%</b>	<b>190,231</b>	<b>-224.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Non operating revenues	908	38,744	1,064	28,006	14,973	-	100	100	100	0.0%	(14,873)	-99.3%	-	-	-	-	-	
<b>Excess of revenues over expenses for the year</b>	<b>(35,678)</b>	<b>(68,911)</b>	<b>132,647</b>	<b>331,786</b>	<b>(69,729)</b>	<b>(0)</b>	<b>105,629</b>	<b>105,629</b>	<b>105,629</b>	<b>0.0%</b>	<b>175,358</b>	<b>-251.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Accumulated operating surplus	256,904	187,993	320,640	702,648	632,919	632,919	738,548	738,548	738,548		738,548		738,548	738,548	738,548	738,548	738,548	
Accumulated re measurement losses <sup>1</sup>	-	-	-	(50,222)	(45,043)	(0)	(37,162)	(37,162)	(37,162)		(37,162)		(37,162)	(37,162)	(37,162)	(37,162)	(37,162)	
<b>Total Accumulated Surplus</b>	<b>\$ 256,904</b>	<b>\$ 187,993</b>	<b>\$ 320,640</b>	<b>\$ 652,426</b>	<b>\$ 587,876</b>	<b>\$ 632,919</b>	<b>\$ 701,386</b>	<b>\$ 701,386</b>	<b>\$ 701,386</b>		<b>\$ 738,548</b>		<b>\$ 738,548</b>	<b>\$ 738,548</b>	<b>\$ 738,548</b>	<b>\$ 738,548</b>	<b>\$ 738,548</b>	
Capital Expenditures	\$ 61,668	\$ 63,332	\$ 85,117	\$ 20,351	\$ 70,950	\$ 30,000	\$ 40,327	\$ 40,327	\$ 40,327		\$ 220,000		\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
Total Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	

<sup>1</sup> PCTIA adopted PSAB reporting standards as of April 1, 2010 which require separate reporting of accumulated re measurement gains and losses.

# The Private Career Training Institutions Agency (PCTIA)

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**Private Career Training Institutions Agency**  
**Financial Statements**  
**For the year ended March 31, 2013**

Private Career Training Institutions Agency  
Financial Statements  
For the year ended March 31, 2013

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## Independent Auditor's Report

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To the Board of the  
Private Career Training Institutions Agency

We have audited the accompanying financial statements of Private Career Training Institutions Agency, which comprise the Statement of Financial Position as at March 31, 2013 and the Statements of Operations, Changes in Net Financial Assets, Changes in Accumulated Operating Surplus, Remeasurement Gains and Losses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Private Career Training Institutions Agency as at March 31, 2013 and the results of its operations, change in net financial assets, remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

Vancouver, British Columbia  
May 23, 2013

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

**March 31** **2013** **2012**

**Financial Assets**

Cash (Note 5)	\$ 235,841	\$ 207,953
Accounts receivable (Note 14)	97,412	28,515
Portfolio Investments (Note 6)	<u>637,861</u>	<u>619,006</u>
	<u>971,114</u>	<u>855,474</u>

**Liabilities**

Accounts payable and accrued liabilities (Note 7)	249,931	219,223
Deferred revenue	58,397	75,156
Deferred lease inducement (Note 11)	<u>54,406</u>	<u>64,936</u>
	<u>362,734</u>	<u>359,315</u>

**Net Financial Assets** 608,380 496,159

**Non-Financial Assets**

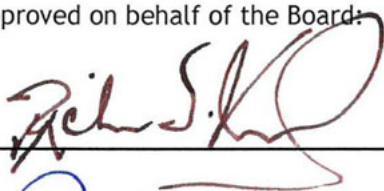
Tangible capital assets (Schedule 1)	71,443	63,491
Prepaid expenses	<u>21,563</u>	<u>28,226</u>
	<u>93,006</u>	<u>91,717</u>

**Accumulated Surplus (Note 12)** \$ 701,386 \$ 587,876


**Accumulated surplus is comprised of:**

Accumulated operating surplus	\$ 738,548	\$ 632,919
Accumulated rereasurement losses	<u>(37,162)</u>	<u>(45,043)</u>
	<u>\$ 701,386</u>	<u>\$ 587,876</u>

Approved on behalf of the Board:


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

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2013</b>	<b>2012</b>
<b>Revenue</b>			
Accreditation fees	\$1,816,370	\$ 1,771,243	\$ 1,684,275
Registration fees	523,574	525,254	562,703
Other fees and miscellaneous revenue	28,895	30,556	27,755
Management fees and chargebacks (Note 14)	407,020	471,040	374,221
Investment revenue	10,000	10,570	9,998
	<u>2,785,859</u>	<u>2,808,663</u>	<u>2,658,952</u>
<b>Expenses</b>			
Accreditation on-site audits	341,445	207,038	134,250
Advertising and recruiting	60,720	47,147	28,219
Amortization	73,278	32,375	57,939
Bank and payroll service charges	15,408	14,499	12,874
Board	50,000	43,662	50,537
Computer supplies and maintenance	11,046	14,358	44,311
Consultants - other	16,000	13,492	90,103
Courier and postage	6,500	10,578	12,243
Equipment lease and maintenance	14,125	12,460	11,095
Insurance	9,624	9,013	3,321
Office and supplies and expenses	24,676	25,124	48,083
Professional fees	119,000	137,398	116,489
Rent	277,317	266,138	259,294
Salaries and benefits	1,659,169	1,778,518	1,745,736
Staff development and conferences	29,000	13,181	29,021
Telephone and fax	31,240	28,501	32,352
Travel and meals	37,311	31,243	44,618
Uncollectible accounts	-	8,969	8,057
Workshops	10,000	9,440	15,112
	<u>2,785,859</u>	<u>2,703,134</u>	<u>2,743,654</u>
Excess of revenues over expenses (expenses over revenues) for the year	-	105,529	(84,702)
Gain on recapture of uncashed student refunds (Note 9)	-	-	14,973
Gain on disposal of tangible capital assets	-	100	-
Excess of revenues over expenses (expenses over revenues) for the year	<u>\$ -</u>	<u>\$ 105,629</u>	<u>\$ (69,729)</u>

The accompanying notes are an integral part of these financial statements

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

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2013</u>	<u>2012</u>
Annual surplus (deficit)	\$ -	\$ 105,629	\$ (69,729)
Acquisition of tangible capital assets	-	(40,327)	(70,952)
Amortization of tangible capital assets	73,278	32,375	57,939
	<u>73,278</u>	<u>(7,952)</u>	<u>(13,013)</u>
Acquisition of prepaid expenses	-	(21,563)	(28,226)
Consumption of prepaid expenses	-	28,226	18,891
	<u>-</u>	<u>6,663</u>	<u>(9,335)</u>
Increase (decrease) in net financial assets	73,278	104,340	(92,077)
Effect of remeasurement gains for the year	-	7,881	5,179
Net financial assets, beginning of year	<u>496,159</u>	<u>496,159</u>	<u>583,057</u>
<b>Net financial assets, end of year</b>	<b>\$ 569,437</b>	<b>\$ 608,380</b>	<b>\$ 496,159</b>



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

<u>For the year ended March 31</u>	<u>2013</u>	<u>2012</u>
Accumulated operating surplus, beginning of year	\$ 632,919	\$ 702,648
Operating surplus (deficit) for the year	105,629	(69,729)
Accumulated operating surplus, end of year	<u>\$ 738,548</u>	<u>\$ 632,919</u>

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**Private Career Training Institutions Agency**  
**Statement of Remeasurement Gains and Losses**

<u>For the year ended March 31</u>	<u>2013</u>	<u>2012</u>
Accumulated remeasurement losses, beginning of year	<u>\$ (45,043)</u>	<u>\$ (50,222)</u>
Unrealized gains attributable to portfolio investments	8,986	5,506
Amounts reclassified to statement of operations:		
Realized loss on portfolio investments	<u>(1,105)</u>	<u>(327)</u>
Net remeasurement gains for the year	<u>7,881</u>	<u>5,179</u>
<u>Accumulated remeasurement losses, end of year</u>	<u>\$ (37,162)</u>	<u>\$ (45,043)</u>

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

<b>For the year ended March 31</b>	<b>2013</b>	<b>2012</b>
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Excess of revenue over expenses for the year	\$ 105,629	\$ (69,729)
Item not involving cash		
Amortization	32,375	57,939
Gain on disposition of tangible capital assets	(100)	-
Lease inducement	(10,530)	64,936
	<u>127,374</u>	<u>53,146</u>
Changes in non-cash working capital balances		
Accounts receivable	(68,897)	20,936
Prepaid expenses	6,663	(9,335)
Accounts payable and accrued liabilities	42,802	(22,782)
STCF fee revenue payable	(12,096)	5,093
Unclaimed PPSEC payments to students	-	(14,973)
Deferred registration and accreditation fee revenue	(16,759)	6,009
	<u>79,087</u>	<u>38,094</u>
<b>Capital transaction</b>		
Purchase of tangible capital assets	(40,327)	(70,952)
Proceeds on disposal of tangible capital assets	100	-
	<u>(40,227)</u>	<u>(70,952)</u>
<b>Investing transactions</b>		
Decrease (Increase) of portfolio investments	<u>(10,972)</u>	<u>90,037</u>
<b>Increase (decrease) in cash during the year</b>	<b>27,888</b>	<b>57,179</b>
<b>Cash, beginning of year</b>	<u><b>207,953</b></u>	<u><b>150,774</b></u>
<b>Cash, end of year</b>	<u><b>\$ 235,841</b></u>	<u><b>\$ 207,953</b></u>

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# Private Career Training Institutions Agency

## Notes to Financial Statements

March 31, 2013

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### 1. Nature of Operations

The Private Career Training Institutions Agency (the "Agency") was incorporated under the Private Career Training Institutions Act on November 22, 2004. It is a continuation of the Private Post-Secondary Education Commission (the "Commission"). All assets and liabilities of the Commission were transferred to the Agency at book values.

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

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

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### 2. Summary of Significant Accounting Policies

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

**Revenue** Registration and accreditation fees are recognized when estimable. The portion of registration and accreditation fees that relate to the period following the Agency's year end have been reflected on the statement of financial position as deferred revenue.

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

**March 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost with amortization provided on a straight-line basis over their estimated useful lives as follows:

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

**Financial  
Instruments**

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

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

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

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

March 31, 2013

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**2. Summary of Significant Accounting Policies (Continued)**

**Financial  
Instruments  
(Continued)**

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

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

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

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

**Measurement  
Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the year then ended. The actual outcome could differ from the estimates made in the preparation of the financial statements.

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**3. Income and Capital Taxes**

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

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

**March 31, 2013**

**4. Reliance on Participating Institutions' Data**

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

**5. Cash Concentration**

The Agency has one bank account at a chartered bank.

**6. Portfolio Investments**

	Fair value hierarchy level	March 31 2013	March 31 2012
Canadian short-term fixed income	Level 1	\$ 498,651	\$ 16,099
Global equity	Level 1	139,210	131,989
Term deposit	Level 1	-	432,000
Subtotal		637,861	580,088
Canadian asset-backed commercial paper	Level 2	-	38,918
		\$ 637,861	\$ 619,006

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

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

**March 31, 2013**

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**6. Portfolio Investments (Continued)**

The Agency's management has estimated the fair value of these assets using a valuation model provided by the external investment advisors which includes consideration of a guarantee provided by the investment advisors and arm's length sales of ABCP during the year by the Agency.

The Agency sold all of the ABCPs during the fiscal year. A gain of \$1,105 was recognized on the disposition.

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**7. Accounts Payable and Accrued Liabilities**

	<u>March 31</u> <u>2013</u>	<u>March 31</u> <u>2012</u>
Accounts payable and accrued liabilities	\$ 159,110	\$ 116,304
STCF fee revenue payable	90,822	102,919
	<u>\$ 249,932</u>	<u>\$ 219,223</u>

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**8. Contingent Liability**

As at March 31, 2013, certain legal actions are pending against the Agency and Fund Trust, the outcome of which cannot be determined at this time. For those actions where it is not possible to determine the outcome of these proceedings, no provision for any potential liability has been recorded in the accounts. Any settlements will be recorded when they can be estimated.

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**9. Gain on Recapture of Uncashed Student Refunds**

Student refunds that are not claimed are held as a liability for 7 years while the Agency makes attempt to contact the student. If the student cannot be located, after 7 years the amount is brought into the Agency's income.



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Private Career Training Institutions Agency  
Notes to Financial Statements

March 31, 2013

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10. 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, 2013 the following requirements were held in trust by the Agency and are not reported elsewhere in these financial statements:

Cash	\$ 40,387
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The Agency no longer requires financial security in conjunction with applications but has balances remaining as it is still involved in the transition from the Private Post-Secondary Education Commission.

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11. 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 \$702,250. In addition to basic rent, the Agency is required to pay a portion of certain operating costs and property taxes.

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

The Agency is also obligated under operating leases for a copier, phone system and postage meters that expire in 2016 to 2018.

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

Year	Amount
2014	\$ 166,537
2015	157,083
2016	157,083
2017	154,492
2018	149,940
Thereafter	<u>30,077</u>
	<u>\$ 815,212</u>

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

**March 31, 2013**

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**12. Capital Disclosures**

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

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**13. Financial Instrument Risks**

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, 2013.

(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 Trust Fund 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 (Note 6).

(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 (Note 6).

As at March 31, 2013, the Agency's total exposure to market risk is \$637,861.

(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.

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

**March 31, 2013**

**14. Student Training Completion Fund Trust**

The Agency established the Student Training Completion Fund Trust (the "Fund Trust") for the sole purpose of helping carry out its mandate. The Agency administers the Fund Trust in exchange for annual management fees of \$362,020 (2012 - \$336,000), which is set out by the Board of Directors of the Agency.

As at March 31, 2013, an amount of \$90,822 (2012 - \$102,919) was owed by the Agency to the Fund Trust and is included in STCF Fee revenue payable. At March 31, 2013, the Fund Trust owed the Agency \$51,846 (2012 - \$11,909) and was included in accounts receivable.

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

The following summarizes the financial position of the Fund Trust and its operations for its fiscal year ended March 31, 2013:

	<u>March 31</u> <u>2013</u>	<u>March 31</u> <u>2012</u>
<b>Assets</b>		
Cash and portfolio investments	\$ 13,156,918	\$ 12,494,276
Accounts receivable	129,026	122,672
	<u>\$ 13,285,944</u>	<u>\$ 12,616,948</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	205,044	\$ 111,028
<b>Accumulated Surplus</b>	<u>\$ 13,080,900</u>	<u>\$ 12,505,920</u>
<b>Accumulated surplus is comprised of:</b>		
Accumulated operating surplus	\$ 13,174,689	\$ 12,785,903
Accumulated remeasurement losses	<u>(93,789)</u>	<u>(279,983)</u>
	<u>\$ 13,080,900</u>	<u>\$ 12,505,920</u>

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Private Career Training Institutions Agency  
Notes to Financial Statements

March 31, 2013

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15. Student Training Completion Fund Trust (Continued)

	Year Ended March 31 2013	Year Ended March 31 2012
<b>Revenues</b>		
STCF initial contribution	\$ 31,624	\$ 66,351
Tuition revenue fee payments	1,161,102	1,196,579
Recoveries from institutions of student complaint tuition refunds	92,075	34,872
Investment and miscellaneous revenue	387,633	368,092
	<u>1,672,434</u>	<u>1,665,894</u>
<b>Expenses</b>		
Student tuition claims	655,519	459,088
Student complaint tuition refunds	30,894	15,375
Administrative expenses	597,235	480,649
	<u>1,283,648</u>	<u>955,112</u>
Excess of revenue over expenses	<u>\$ 388,786</u>	<u>\$ 710,782</u>

**Private Career Training Institutions Agency**  
**Schedule 1 - Tangible Capital Assets**

March 31, 2013

	Cost, beginning of year	Additions	Disposals	Cost, end of year	Accumulated amortization, beginning of year	Amortization	Disposals	Accumulated amortization, end of year	Net carrying amount, end of year
Computer equipment	\$ 102,083	\$ 13,998	\$ -	\$ 116,081	\$ 91,805	\$ 11,077	\$ -	\$ 102,882	\$ 13,199
Office furniture	66,730	6,389	(2,119)	71,000	53,867	6,370	(2,119)	58,118	12,882
Tenant improvements	26,510	8,473	-	34,983	1,360	4,421	-	5,781	29,202
Computer software	76,906	6,515	(6,619)	76,802	61,706	10,507	(6,619)	65,594	11,208
ERP development	-	4,952	-	4,952	-	-	-	-	4,952
<b>March 31, 2013 total</b>	<b>\$ 272,229</b>	<b>\$ 40,327</b>	<b>\$ (8,738)</b>	<b>\$ 303,818</b>	<b>\$ 208,738</b>	<b>\$ 32,375</b>	<b>\$ (8,738)</b>	<b>\$ 232,375</b>	<b>\$ 71,443</b>
Computer equipment	98,087	11,591	(7,595)	102,083	86,520	12,880	(7,595)	91,805	10,278
Office furniture	56,330	10,400	-	66,730	48,244	5,623	-	53,867	12,863
Tenant improvements	103,807	26,510	(103,807)	26,510	84,253	20,914	(103,807)	1,360	25,150
Computer software	70,357	6,549	-	76,906	49,621	12,085	-	61,706	15,200
<b>March 31, 2012 total</b>	<b>\$ 328,581</b>	<b>\$ 55,050</b>	<b>\$ (111,402)</b>	<b>\$ 272,229</b>	<b>\$ 268,638</b>	<b>\$ 51,502</b>	<b>\$ (111,402)</b>	<b>\$ 208,738</b>	<b>\$ 63,491</b>

**Private Career Training Institutions Agency -  
Student Training Completion Fund Trust  
Financial Statements  
For the year ended March 31, 2013**

Private Career Training Institutions Agency -  
Student Training Completion Fund Trust  
Financial Statements  
For the year ended March 31, 2013

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## Independent Auditor's Report

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### To the Board 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, 2013 and the Statements of Operations, Changes in Accumulated Operating Surplus, Remeasurement Gains and Losses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Private Career Training Institutions Agency - Student Training Completion Fund Trust as at March 31, 2013 and the results of its operations, remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

Vancouver, British Columbia  
May 23, 2013



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

**March 31** **2013** **2012**

**Assets**

Cash (Note 5)	\$ 293,561	\$ 338,062
Accounts receivable (Note 7)	129,026	122,672
Portfolio investments (Note 6)	<u>12,863,357</u>	<u>12,156,214</u>
	<u>13,285,944</u>	<u>12,616,948</u>

**Liabilities**

Accounts payable and accrued liabilities (Note 9)	<u>205,044</u>	<u>111,028</u>
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Accumulated Surplus (Note )	<u>\$ 13,080,900</u>	<u>\$ 12,505,920</u>
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**Accumulated surplus is comprised of:**

Accumulated operating surplus	\$ 13,174,689	\$ 12,785,903
Accumulated remeasurement losses	<u>(93,789)</u>	<u>(279,983)</u>

	<u>\$ 13,080,900</u>	<u>\$ 12,505,920</u>
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Approved on behalf of the Board:


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**Private Career Training Institutions Agency -  
Student Training Completion Fund Trust  
Statement of Operations**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2013</b>	<b>2012</b>
<b>Revenue</b>			
STCF Initial Contribution	\$ 40,000	\$ 31,624	\$ 66,351
Tuition Revenue Fee Payment (Note 4)	1,143,951	1,161,102	1,196,579
Recoveries from institutions of student complaint tuition refunds	50,000	92,075	34,872
Investment revenue (Note 6)	213,241	387,633	367,974
Miscellaneous revenue	500	-	118
	<u>1,447,692</u>	<u>1,672,434</u>	<u>1,665,894</u>
<b>Expenses</b>			
Bank charges	750	91	648
Investment management fee	40,000	35,342	33,170
Management fees (Note 7)	362,020	362,020	336,000
Miscellaneous expenses	-	-	9,334
Professional fees	23,000	20,287	16,298
School closure costs	15,000	78,126	13,512
Student tuition claims	350,000	655,519	459,088
Student complaint tuition refunds	50,000	92,075	34,872
Student complaint costs	30,000	30,894	15,375
Uncollectable Accounts	30,000	9,294	36,815
	<u>900,770</u>	<u>1,283,648</u>	<u>955,112</u>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 546,922</b>	<b>\$ 388,786</b>	<b>\$ 710,782</b>

The accompanying notes are an integral part of these financial statements

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**Private Career Training Institutions Agency -  
Student Training Completion Fund Trust  
Statement of Changes in Accumulated Operating Surplus**

<u>For the year ended March 31</u>	<u>2013</u>	<u>2012</u>
Accumulated operating surplus, beginning of year	\$ 12,785,903	\$ 12,075,121
Operating surplus for the year	388,786	710,782
	<hr/>	<hr/>
<u>Accumulated operating surplus, end of year</u>	<u>\$ 13,174,689</u>	<u>\$ 12,785,903</u>

**Private Career Training Institutions Agency -  
 Student Training Completion Fund Trust  
 Statement of Remeasurement Gains and Losses**

<u>For the year ended March 31</u>	<u>2013</u>	<u>2012</u>
Accumulated remeasurement losses, beginning of year	\$ (279,983)	\$ (490,555)
Unrealized gains attributable to portfolio investments	256,907	237,983
Amounts reclassified to statement of operations:		
Realized gain on portfolio investments	<u>70,713</u>	<u>27,411</u>
Net remeasurement gains for the year	<u>186,194</u>	<u>210,572</u>
<u>Accumulated remeasurement losses, end of year</u>	<u>\$ (93,789)</u>	<u>\$ (279,983)</u>

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

<b>For the year ended March 31</b>	<b>2013</b>	<b>2012</b>
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Excess of revenue over expenses for the year	<u>\$ 388,786</u>	<u>\$ 710,782</u>
Changes in non-cash working capital balances		
Accounts receivable	(6,354)	27,527
Accounts payable and accrued liabilities	<u>94,016</u>	<u>(166,950)</u>
	<u>476,448</u>	<u>571,359</u>
<b>Investing transaction</b>		
Increase in portfolio investments	<u>(520,949)</u>	<u>(484,487)</u>
(Decrease) increase in cash during the year	(44,501)	86,872
Cash, beginning of year	<u>338,062</u>	<u>251,190</u>
Cash, end of year	<u>\$ 293,561</u>	<u>\$ 338,062</u>

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

**March 31, 2013**

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

The Fund 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 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;
- (c) is not subject to any process of seizure or attachment by any creditor of the Agency.

New Bylaw provisions were implemented in 2012.

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

**March 31, 2013**

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**2. Summary of Significant Accounting Policies**

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

**Revenue** STCF Initial Contribution is recognized upon registration.

Monthly Tuition Revenue Fee Payments are recognized when estimable.

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

**Expenses** Student Tuition Claims are recognized when approved by the Board. Student complaint refunds are recognized when approved by the Board.

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

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

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

**March 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**

**Financial Instrument  
(Continued)**

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

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

**Measurement  
Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the year then ended.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.



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**3. Income and Capital Taxes**

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.

**4. Reliance on Participating Institutions' Data**

The regulations of the Agency 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.

**5. Cash Concentration**

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

**6. Portfolio Investments**

	<u>Fair value hierarchy level</u>	<u>March 31 2013</u>	<u>March 31 2012</u>
Canadian short-term fixed income	Level 1	\$ 1,472,410	\$ 1,485,333
Canadian fixed income	Level 1	7,171,476	6,121,955
Global equity	Level 1	1,693,366	1,607,589
Global fixed income	Level 1	2,526,105	2,448,002
		<u>12,863,357</u>	<u>11,662,879</u>
Canadian asset-backed commercial paper	Level 2	-	493,335
		<u>\$12,863,357</u>	<u>\$ 12,156,214</u>

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**Private Career Training Institutions Agency -  
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**6. Portfolio Investments (Continued)**

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

The Fund Trust's management has estimated the fair value of these assets using a valuation model provided by the external investment advisors which includes consideration of a guarantee provided by the investment advisors and arm's length sales of ABCP near year end by the Fund Trust.

The Fund Trust sold all of the ABCPs during the year. A gain of \$19,633 was recognized on the disposition.

The investment accounts are held at two financial institutions. Interest rates on Guaranteed Investment Certificates is 2.20% (2011 - range from 1.72% - 2.20%).

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**7. 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 \$362,020 (2012 - \$336,000) 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, 2013, an amount of \$90,822 (2012 - \$102,919) owed by the Agency and reported as PCTIA collections receivable. At March 31, 2013, the Fund owed the Agency \$51,846 (2012 - \$11,019) and was included in accounts payable and accrued liabilities.

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**8. Payments from the Fund - School Closures**

Since the Fund Trust was established in November 2004, there have been 38 (2011 - 35) institution closures that resulted in student tuition claims. The Fund Trust has authorized payments on account of students in the amount of \$3,052,938 as at March 31, 2013 (2012 - \$2,426,266).

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**Private Career Training Institutions Agency -  
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**9. Accounts Payable**

	March 31 2013	March 31 2012
Accounts payable and accrued liabilities	\$ 107,858	\$ 36,760
Student claims payable	92,878	54,938
Student complaint refunds payable	4,308	10,134
STCF contributions payable	-	9,196
	<u>\$ 205,044</u>	<u>\$ 111,028</u>

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**10. Economic Dependence**

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

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**11. Contingent Liability**

As at March 31, 2013, certain legal actions are pending against the Fund Trust, the outcome of which cannot be determined at this time. For those actions where it is not possible to determine the outcome of these proceedings, no provision for any potential liability has been recorded in the accounts.

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**12. Capital Management**

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

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**Private Career Training Institutions Agency -  
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**13. Financial Instrument Risks**

The Trust Fund through its financial assets and liabilities, is exposed to various risks. The following analysis provides an assessment of those risks at March 31, 2013.

(a) Credit risk

Credit risk is the risk that the Trust Fund will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Trust Fund 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 (Note 6).

(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 (Note 6).

As at March 31, 2013, the Trust Fund's total exposure to market risk is \$12,863,357.

(d) Liquidity Risk

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



## 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, 2013 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.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Finance Committee of the Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, BDO, 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,

Karin Kirkpatrick  
Registrar and CEO

Lyndon Scott  
Chief Financial Officer

May 23, 2013



## 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, 2013 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.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Finance Committee of the Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, BDO, 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,

Karin Kirkpatrick  
Registrar and CEO

Lyndon Scott  
Chief Financial Officer

May 23, 2013