

# Private Training Corporation Annual Report

January 1, 2023 - December 31, 2023



# CHAIRPERSON'S MESSAGE

Honourable Krista Lynn Howell  
Minister of Education  
West Block, Confederation Building  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister:

As Chair of the Private Training Corporation, a Category Three government entity, I am pleased to submit the 2023 Annual Report of the Private Training Corporation. This report covers the 2023 calendar year and compares actual results to those anticipated in the first year of the Corporation's 2023-2025 Activity Plan.

My signature below is on behalf of the Corporation and is indicative of its accountability for the actual results reported herein.

Respectfully submitted,



EDWARD GERARD DUGGAN

Chairperson

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# Overview

The Private Training Corporation was created to ensure that students attending private training institutions are protected in the event of a school closure. To achieve this, the Corporation monitors the fiscal health of institutions and manages a Train Out Fund “the Fund” established under the **Private Training Institutions Act**. The purpose of the Fund is to ensure that, in the unfortunate event a private training institution closes, appropriate financial resources are available to enable affected students to complete their course of study.

## Mandate

The Private Training Corporation was established in 1999 and, pursuant to Section 5.1 of the Act, has the mandate to:

- Administer the Fund established under the Act;
- Make recommendations to the Minister with respect to:
  - the operation of the Act and the Regulations,
  - the financial stability of a private training institution based upon a review of annual audited financial statements of that institution as required by the Minister,
  - any other issues that the Minister may require to be reviewed;
- Perform other duties as required by the Minister.

## Private Training Institutions

Twenty registered private training institutions operated in the province as of December 31, 2023. All institutions are required to register and fully comply with the Act and Regulations. A complete listing of the registered private training institutions can be found in Annex 1.

## Membership

Under Section 4(3) of the **Private Training Institutions Act** the Lieutenant-Governor in Council appoints the membership of the Private Training Corporation Board of Directors (the Board). Section 3(1) of the **Private Training Institutions Regulations** specifies the Board's composition.

As of December 31, 2023, the membership of the Board was:

- Chair and Community Representative, Mr. Edward Gerard Duggan;
- Community Representative, Mr. Paul Dubé;
- Representative of the Department of Education, Ms. Tracy Stamp;
- Representative of the Department of Finance, Ms. Jennifer Quilliam;
- Representative of the Newfoundland and Labrador Association of Career Colleges, Mr. Ian Stokes;
- Owner or operator of a private training institution, Mr. Serge Cormier; and
- Student of a private training institution, vacant

## Employees and Location

The Division of Literacy and Institutional Services provides policy analysis and support to the Corporation in consultation with other divisions of the Department of Education. The billing and collection of fees, as well as the preparation of correspondence, is completed on a contractual basis. Office expenses, while reflected separately on the audited financial statement, are included as part of that contract.

The Corporation leases no premises and the Board usually meets at the Confederation Building in St. John's. Since the outset of the COVID-19 pandemic the Board has held meetings remotely via Microsoft Teams. Correspondence may be forwarded to:

Mr. Gerard Duggan  
Chair, Private Training Corporation  
c/o Division of Literacy and Institutional Services  
Department of Education  
P.O. Box 8700  
St. John's, NL, A1B 4J6  
Attn: Mr. Jeremy Earle, Manager (A) of Private Training

## **Revenues and Expenditures**

Pursuant to the Act, institutions must remit one per cent of collected tuition revenue to the Private Training Corporation for the Fund. The Corporation collected contributions from the private training institutions and recorded revenues of \$247,972 in 2023, up from 2022 (\$229,686) due to higher tuition revenues at a number of private training institutions. Expenditures for the Private Training Corporation in 2023 were \$44,010 as compared to \$17,715 in 2022. This amount has increased year over year mainly due to a Board Governance and Operations engagement facilitated by a hired consulting firm. Normal operational costs continue to reflect reduced travel-related expenses as most engagement was conducted remotely.

Board members are not remunerated. Eligible meeting expenses are paid from the Fund. This is permitted by the legislation which specifies that the Fund may be utilized to pay expenses incurred by board members to carry out work of the Board.

There were no claims made on the Fund during 2023. As of December 31, 2023, the total value of the Train Out Fund was \$7,131,451.

# Highlights and Partnerships

## Highlights

The impacts of the global COVID-19 pandemic on the Private Training Corporation (PTC) itself have been minimal. Operational and Board level activities have occurred primarily leveraging remote tools. Enrollment in private training institutions appears to have finally returned to pre pandemic levels after a significant drop in 2020. The near term outlook is also positive, thus likely not negatively impacting the future total incoming amounts to the fund. It is expected that enrollment numbers will be maintained at current levels. Interest rates have increased, and thus returns and growth for the fund have improved somewhat as the PTC still maintains a low-risk investment approach.

## Partnerships

The Corporation achieves its mandate in partnership with the Department of Education to ensure compliance with regulatory requirements related to the work of the Corporation and private training institutions.

# Report on Performance

The Corporation's 2023-2025 Activity Plan identified the effective management of the Fund and effective monitoring of financial data as the key areas of focus for the Corporation. It also included performance measurement information to assist both the Board and the public in monitoring and evaluating progress in meeting these objectives.



## ISSUE 1: Effective Management of the Train Out Fund

The purpose of the Train Out Fund is to ensure that, in the unfortunate event a private training institution closes, appropriate financial resources are available to facilitate completion of students' courses of study. Under the **Private Training Institutions Act**, all institutions are required to submit one per cent of tuition fees collected for the fund. With respect to the Private Training Corporation, the following objective is the focus for each of the calendar years ending December 31, 2023, 2024, and 2025. This objective will be reported upon in each of the respective annual reports.

<b>Objective:</b>	The Private Training Corporation will continue to maintain an appropriate system for the collection and confirmation of fees from private training institutions.
<b>Indicators:</b>	100 per cent of required fees collected from private training institutions.
<b>Results:</b>	During 2023, as with previous years, the Private Training Corporation maintained a timely and accountable system for billing and collecting fees from all registered private training institutions across the province. All institutions remitted their fees, in accordance with the Act. Fees were deposited to the Fund and the Fund was audited to ensure the Corporation's financial statements were accurate and complete.
<b>Opportunities:</b>	During 2023 certain investments were directed into market linked Guaranteed Investment Certificates (GICs) protecting the principal and opening up the opportunity for rates of return tied to market performance. Other investments took advantage of higher guaranteed rates in the form of term GICs. Recommendations have been drafted for the creation of a funding plan.
<b>Challenges:</b>	Interest rate trends remain somewhat unpredictable and the investment options available at any given time are subject to posted rates. The fund is a mix of term investments ensuring some liquidity at all times.

## ISSUE 2: Effective Monitoring of Financial Data

The Private Training Corporation is tasked with the review of audited financial statements for all registered private training institutions. Under the **Private Training Institutions Act**, the Corporation is responsible for making recommendations to the Minister regarding the financial stability of registered private training institutions based on the review of the audited financial statements. With respect to the Private Training Corporation, the following objective is the focus for each of the calendar years ending December 31, 2023, 2024, and 2025. This objective will be reported upon in each of the respective annual reports.

Objective:	The Private Training Corporation will continue to maintain an appropriate review and feedback mechanism of the audited financial statements for all registered private training institutions.
Indicators:	<ol style="list-style-type: none"><li>1. Reviewed annual audited statements of all registered private training institutions.</li><li>2. Where required, made recommendations to the Minister on the financial stability of a registered institution.</li></ol>
Results:	<ol style="list-style-type: none"><li>1. As of December 31, 2023, 21 of the 21 audited financial statements due during 2023 were received and reviewed by the Private Training Corporation. Follow-up was initiated with the two institutions whose financial statements required follow-up or clarification were subsequently determined satisfactory. Institutions have expressed challenges with obtaining audited statements within the required three-month time frame. The <b>Private Training Institutions Regulations</b> are currently under review and this issue is being examined.</li><li>2. During 2023, no formal recommendations to the Minister on the financial stability of a registered private training institution were required. Recommendations are only made following the review of financial statements where significant concerns are noted with respect to financial stability.</li></ol>
Opportunities:	None noted.

Challenges:	Some institutions have expressed challenges meeting the timelines required for audited financial statements that align with tier fiscal reporting periods.
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### ISSUE 3: Effective Operation of the **Private Training Institutions Act** and Regulations

The Private Training Corporation Board may choose from time to time to identify any other issues that the Minister may require to be reviewed. This is achieved at the Board level via Board meetings, special meetings and other dialogue in person, remotely or via email. The Board will consider the operation of the act and regulations and, where required, make recommendations to the Minister. With respect to the Private Training Corporation, the following objective is the focus for each of the calendar years ending December 31, 2023, 2024, and 2025. This objective will be reported upon in each of the respective annual reports.

Objective:	The Private Training Corporation Board will have made recommendations, as required, on the operation of the <b>Private Training Institutions Act</b> and Regulations.
Indicators:	<ol style="list-style-type: none"> <li>1. Reviewed any relevant Corporation operational challenges and industry trends.</li> <li>2. Where required, make recommendations to the Minister.</li> </ol>
Results:	<ol style="list-style-type: none"> <li>1. As of December 31, 2023, the Corporation has engaged with Departmental Information Management and IT staff to initiate standard document management processes for the Corporation.</li> <li>2. During 2023, the Board maintained its previous recommendations to the Minister to consider relative to the processes associated with the operation of the train out fund.</li> </ol>
Opportunities:	Board has conducted a governance review and has assessed what changes can be applied under current legislation and how they may be implemented.
Challenges:	None noted.

# Financial Statements

The Corporation's financial statements for 2023 were audited by the accounting firm Noseworthy Chapman and are included in Annex 2. The Auditor's Report for the fiscal year ending December 31, 2023 demonstrates the Corporation's accountability to the people of the province.

## Conclusion

In accordance with the Corporation's mandate and **Private Training Institutions Act**, the Corporation has maintained a financial safety net so that students who have entered a course of study are able to complete their training even in the event of an institution's closure. Through the review of audited statements and ongoing collection of fees, the Corporation endeavors to maintain this financial safety net.

# Annex A

## List of Registered Private Training Institutions

Registered private training institutions in Newfoundland and Labrador as of December 31, 2023.

Institution	Campus Location
Academy Canada	Corner Brook
Academy Canada	St. John's
BAC Training Centre Inc./BAC Masonry College	Conception Bay South
Boilermakers Industrial Training Centre Inc.	Holyrood
Canadian Training Institute	Bay Roberts
Carpenter Millwright College Inc.	Paradise
Central Training Academy	Badger
DieTrac Technical Institute	Lewisporte
Eastern Academy	St. John's
Gander Flight Training	Gander
Ironworkers Education & Training Co. Inc.	Mount Pearl
Keyin College	Bay Roberts
Keyin College	Gander
Keyin College	Grand Falls-Windsor
Keyin College	St. John's
Keyin College Western Campus	Stephenville
Operating Engineers College	Holyrood
Random Sound Paramedicine	Clarenville
U.A. Training Centre	Mount Pearl
Vanstone Scott College	St. John's

# **Annex B**

## **Financial Statements**



**PRIVATE TRAINING CORPORATION**

**Financial Statements**

**Year Ended December 31, 2023**



**PRIVATE TRAINING CORPORATION**

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**Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Private Training Corporation

### *Opinion*

We have audited the financial statements of Private Training Corporation (the "organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

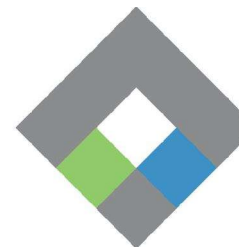
### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

# NOSEWORTHY CHAPMAN

chartered professional accountants



**A:** Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5

**T:** 709.364.5600 **F:** 709.368.2146 **W:** [noseworthychapman.ca](http://noseworthychapman.ca)

## Independent Auditor's Report to the Members of Private Training Corporation (*continued*)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Noseworthy Chapman*

Chartered Professional Accountants  
St. John's, NL  
March 22, 2024

**PRIVATE TRAINING CORPORATION**

**Statement of Financial Position**

**December 31, 2023**

	2023	2022
<b>ASSETS</b>		
CURRENT		
Cash	\$ 3,159	\$ 1,830
Accounts receivable from private training institutions	49,012	41,978
Short term investments (Note 4)	2,877,239	2,898,113
	2,929,410	2,941,921
LONG TERM INVESTMENTS (Note 5)	4,254,211	3,873,114
	\$ 7,183,621	\$ 6,815,035
<b>LIABILITIES</b>		
CURRENT		
Accounts payable	\$ 4,400	\$ 4,000
<b>NET ASSETS</b>		
Train out fund	7,179,221	6,811,035
<b>LIABILITIES AND NET ASSETS</b>	<b>\$ 7,183,621</b>	<b>\$ 6,815,035</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**PRIVATE TRAINING CORPORATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Contributions from private training institutions	\$ 247,972	\$ 229,686
Interest income	164,224	50,606
	<b>412,196</b>	<b>280,292</b>
<b>EXPENDITURES</b>		
Professional fees	38,600	15,700
Office	5,410	2,015
	<b>44,010</b>	<b>17,715</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 368,186</b>	<b>\$ 262,577</b>

See notes to financial statements

**PRIVATE TRAINING CORPORATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2023**

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	<b>2023</b>	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 6,811,035</b>	\$ 6,548,458
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>368,186</b>	262,577
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 7,179,221</b>	\$ 6,811,035

**PRIVATE TRAINING CORPORATION****Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Cash receipts from private training institutions	\$ 240,938	\$ 230,952
Cash paid to suppliers	(43,610)	(26,315)
Interest received	164,224	50,606
Cash flow from operating activities	<b>361,552</b>	255,243
<b>INVESTING ACTIVITIES</b>		
Decrease (Increase) in short term investments	20,874	(242,981)
Increase in long term investments	(381,097)	(17,626)
Cash flow used by investing activities	<b>(360,223)</b>	(260,607)
<b>INCREASE (DECREASE) IN CASH</b>	<b>1,329</b>	(5,364)
Cash - beginning of year	1,830	7,194
<b>CASH - END OF YEAR</b>	<b>\$ 3,159</b>	<b>\$ 1,830</b>

See notes to financial statements

# PRIVATE TRAINING CORPORATION

## Notes to Financial Statements

Year Ended December 31, 2023

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### 1. PURPOSE OF THE ORGANIZATION

Private Training Corporation (the "organization") is incorporated without share capital under the Private Training Institutions Act of Newfoundland and Labrador. The purpose of the organization is to operate a Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfil its training to students due to closure and to monitor the financial operations of all private training institutions. Private training institutions make contributions to the Fund based on a percentage of student tuition.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Revenue recognition

The organization follows the deferral method of accounting for contributions.

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized on the accrual basis as earned.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include:

- the allowance for doubtful accounts;
- the recoverability of long term investments;

Management does not expect these significant estimates to change materially in the near term.



# PRIVATE TRAINING CORPORATION

## Notes to Financial Statements

Year Ended December 31, 2023

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### 3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2023.

#### ***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its interest bearing investments.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

### 4. SHORT TERM INVESTMENTS

Investments consist of guaranteed investment certificates and are measured at fair value based upon the market value at year end which includes accrued interest. Maturity dates range from May 8, 2024 to December 16, 2024, with interest rates from 0.1165% to 5.71%.

### 5. LONG TERM INVESTMENTS

Investments consist of market linked guaranteed investment certificate's measured at fair value based upon the market value at year end which includes accrued interest. Maturity dates range from January 22, 2025 to December 14, 2026 with interest rates from 0.5% and a potential maximum of 15%.



April 8, 2024

Private Training Corporation  
P. O. Box 8700, Station A  
St. John's NL A1B 4J6

Attention: Eric White, Accountant/Consultant

Dear Sir:

The objective of our audit was to obtain reasonable assurance that the financial statements were free of material misstatement; our audit was not designed for the purpose of identifying matters to communicate. Accordingly, our audit would not usually identify all such matters that may be of interest to you and it is inappropriate to conclude that no such matters exist.

During the course of our audit of Private Training Corporation for the year ended December 31, 2023, we did not identify any of the following matters: misstatements, other than trivial errors; fraud; misstatements that may cause future financial statements to be materially misstated; illegal or possibly illegal acts, other than ones considered inconsequential; or significant weaknesses in internal control.

**Conclusion**

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We trust you will implement our recommendations; however, should you require further clarification or information, please contact the undersigned.

Yours very truly,

**Noseworthy Chapman**

David Howe, FCPA, FCA  
Partner



April 8, 2024

Private Training Corporation  
P. O. Box 8700, Station A  
St. John's NL A1B 4J6

Attention: Eric White, Accountant/Consultant

Dear Sir:

We have been engaged to audit the financial statements of Private Training Corporation for the year ending December 31, 2023.

The purpose of this letter is to communicate with you regarding all relationships between Private Training Corporation and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence.

The following comments have been prepared to facilitate our discussion with you regarding independence matters arising since July 3, 2020, the date of our last letter.

We hereby confirm that we:

- have complied with the requirements regarding independence in the Rules of Conduct of the Chartered Professional Accountants of Newfoundland and Labrador; and
- have disclosed all relationships and other matters between the Firm, network firm and the entity that in our opinion may reasonably be thought to bear on independence.

We are not aware of any relationships between Private Training Corporation and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence, that have occurred from July 3, 2020 to April 8, 2024.

This letter is intended solely for the use of the audit committee, the board of directors, management, and others within the organization and should not be used for any other purpose.

Should you wish to discuss this matter with us further, please contact us at your earliest convenience.

Yours very truly,

**Noseworthy Chapman**

David Howe, FCPA, FCA  
Partner



March 22, 2024

Private Training Corporation  
P. O. Box 8700, Station A  
St. John's NL A1B 4J6

Attention: Eric White, Accountant/Consultant

Dear Sir:

### **The Objective and Scope of the Audit**

You have requested that we audit the financial statements of Private Training Corporation, which comprise the statement of financial position as at December 31, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements (including a summary of significant accounting policies).

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement and all services related thereto, by means of this letter (the "Engagement").

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement (whether due to fraud or error) and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit 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. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- d. Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements (including the disclosures) and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

### **Form and Content of Audit Opinion**

Unless unanticipated difficulties are encountered, our report will be substantially in the following form contained in Appendix A to this letter.

### **The Responsibilities of Management**

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with ASNPO;
2. For the design and implementation of 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; and
3. To provide us with timely:
  - i. Access to all the information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
  - ii. Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;  
Information concerning subsequent events.
  - iii. Unrestricted access to persons within Private Training Corporation from whom we determine it necessary to obtain audit evidence.

As part of the audit process:

- b. We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management [and, where appropriate, those charged with governance] written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- c. We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

### **Use of Information**

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:



- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

### **File Inspections**

In accordance with professional regulations (and by our firm policy), our client files may be periodically reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm standards. File reviewers are required to maintain confidentiality of client information.

### **Confidentiality**

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each professional accountant must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of Private Training Corporation unless:

- a. We have been specifically authorized with prior consent;
- b. We have been ordered or expressly required by law or by the Newfoundland and Labrador *Code of Professional Conduct/Code of Ethics*; or
- c. The information requested is (or enters into) public domain.

### **Use and Distribution of Our Report**

The examination of the financial statements and the issuance of our audit report are solely for the use of Private Training Corporation and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than Private Training Corporation.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated (beyond Private Training Corporation) or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

### **Reproduction of Auditor's Report**

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information in the electronic site with the original document.

### **Preparation of Schedules**

We understand that you will prepare certain schedules and locate specified documents for our use before our Engagement is planned to commence.



The requested schedules and documents are as follows:

- a. Schedules and analyses; and
- b. Other specified documents.

This assistance will facilitate our work and help to minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and require us to suspend our services or even withdraw from the Engagement.

### **Communications**

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues, or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

### **Ownership**

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

### **Accounting Advice**

Except as outlined in this letter, this Engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and to the facts and circumstances of the entity. Such services, if requested, would be provided under a separate engagement letter.

### **Indemnity**

Private Training Corporation hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents and employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands and liabilities arising out of (or in consequence of):

- a. The breach by Private Training Corporation, or its directors, officers, agents or employees, of any of the covenants or obligations of Private Training Corporation herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b. A misrepresentation by a member of your management or those charged with governance.





### **Fees at Regular Billing Rate**

Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses and applicable HST, and are due when rendered. Fees for any additional services will be established separately.

### **Billing**

Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 45 days past the billing date may be deemed delinquent and may be subject to an interest charge of 1.50% per month or 18.00% (APR) per annum. We reserve the right to suspend our services or to withdraw from this Engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

### **Costs of Responding to Government or Legal Processes**

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable HST) incurred.

### **Termination**

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party [*not less than 30 calendar days before the effective date of termination*]. If early termination takes place, Private Training Corporation shall be responsible for all time and expenses incurred up to the termination date.

If we are unable to complete the audit or are unable to come to a conclusion on the financial statements, we may withdraw from the audit before issuing an auditor's report, or we may issue a denial of assurance on the financial statements. If this occurs, we will communicate the reasons and provide details.

### **Survival of Terms**

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

### **HST Services - Audit**

It should be noted that our audit work in the area of HST and other commodity taxes is limited to that appropriate to form an opinion regarding the financial statements. Accordingly, the audit process may not detect situations where you are incorrectly collecting HST or incorrectly claiming input tax credits. As you are aware, failure to properly account for the HST could result in you or your organization becoming liable for tax, interest or penalties. These situations may also arise for provincial sales tax, custom duties, and excise taxes.

### **Other terms of engagement**

In addition to the audit services referred to above, we will, as allowed by the Rules of Professional Conduct, carry out such bookkeeping as we find necessary prior to the audit of the financial statements; prepare your federal and provincial income tax returns; and prepare any special reports as required. Management will provide the information necessary to complete the returns / reports and will file them with the appropriate authorities on a timely basis.

Unless expressly agreed in a separate engagement letter, we will have no involvement with or responsibility for the preparation or filing of HST returns or any other (including foreign) tax returns, source deductions, information returns, slips, elections, designations, certificates or reports.





## Conclusion

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the attached copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your organization.

Yours very truly,

**Noseworthy Chapman**

David Howe, FCPA, FCA  
Partner

The services and terms set out above are as agreed to on behalf of Private Training Corporation by:

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## Appendix A - Expected Form of Report

To the Members of Private Training Corporation

### *Opinion*

We have audited the financial statements of Private Training Corporation (the organization), which comprise the statement of financial position as at December 31, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2024, and the results of its operations and cash flow for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



## Appendix A (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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# PRIVATE TRAINING CORPORATION

P. O. Box 8700, Station A  
St. John's, NL  
A1B 4J6

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March 22, 2024

Noseworthy Chapman  
516 Topsail Road, Suite 201  
St. John's, NL  
A1E 2C5

Attention: David Howe, FCPA, FCA

Dear Sir:

This representation letter is provided in connection with your audit of the financial statements of Private Training Corporation for the year ended December 31, 2023, for the purpose of you expressing an opinion as to whether the financial statements is presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated for:

- a. Preparing and fairly presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations;
- b. Providing you with:
  - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
    - A. Accounting records, supporting data and other relevant documentation,
    - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
    - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
  - ii) Additional information that you have requested from us for the purpose of the audit; and
  - iii) Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

## **Fraud and Non Compliance**

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:

(continued)

- i. Management;
  - ii. Employees who have significant roles in internal control; or
  - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
  - c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
  - d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
  - e. The results of our risk assessments regarding possible fraud or error in the financial statements.

#### **Related Parties**

We confirm that there were no related-party relationships or transactions that occurred during the period.

#### **Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

#### **Subsequent Events**

All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations requires adjustment or disclosure have been adjusted or disclosed.

#### **Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

#### **Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

#### **Misstatements**

The effects of uncorrected misstatements, if any, are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

#### **Contractual compliance**

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

#### **Direct liabilities**

We have recorded in the accounts all known liabilities of our organization as at December 31, 2023 except for trivial amounts.

#### **Fair values**

We confirm that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.

#### **Financial instruments**

We have properly recorded all financial assets of equity instruments quoted on an active market at fair value.

(continued)

Off-balance sheet derivative financial instruments (e.g., futures, options and swaps), including outstanding commitments to purchase or sell securities, assets and/or commodities under forward placement and standby commitments, and information regarding the terms and conditions, interest rate risk, credit risk and foreign exchange risk of financial instruments held at period end have been properly recorded and, when appropriate, adequately disclosed within the financial statements. We confirm that the significant assumptions used in arriving at the fair values of financial instruments, as measured and disclosed (when required) in the financial statements, are reasonable and appropriate in the circumstances.

We have evaluated whether there are indicators of impairment for all financial assets measured at cost or amortized cost, and where there has been a significant adverse change in the expected timing or amount of future cash flows from a financial asset or group of similar financial assets, we have assessed whether a reduction in the carrying value is necessary.

When an impairment is necessary, the carrying amount of the asset, or group of assets, has been reduced to the highest of the cash flows expected to be generated by holding the asset, the amount that could be realized by selling the asset and the amount that the entity expects to realize by exercising any right to collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The amount of the decline in fair value has been included in net income in the period incurred.

### **Impairment of long-lived assets**

We have evaluated long-lived assets for recoverability whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Management acknowledges that when the long-lived asset is not recoverable, an impairment loss is recognized in earnings at the amount by which the carrying amount exceeds its fair value.

### **Liabilities and contingencies**

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

### **Material measurement uncertainties**

The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

### **Receivables**

The accounts receivable reflected in the accounts constitute valid claims against customers and other debtors. They do not include amounts for goods shipped on consignment, approval or under repurchase commitments, or for goods shipped after December 31, 2023.

No abnormal returns have been made by customers since December 31, 2023 or are expected in respect of merchandise shipped prior to the close of business on December 31, 2023.

Receivables known to be uncollectible have been written off, and adequate provision has been made for anticipated adjustments or losses in connection with the collection of receivables.

### **Subsequent events**

There have been no events between the balance sheet date and the date of this letter that would require recognition or disclosure in the financial statements.

There have been no events subsequent to the balance sheet date of the comparative financial statements that would require adjustment or disclosure in the current financial statements.

Acknowledged and agreed on behalf of Private Training Corporation by:



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**Private Training Corporation**

**DFC 1**

Year End: December 31, 2023

Adjusting Journal Entries

Date: 01/01/2023 To 31/12/2023

Number	Date	Name	Account No	Debit	Credit
1	31/12/2023	Accounts payable & accrued liabilities	2000		400.00
1	31/12/2023	Professional fees	5200	400.00	
Adjust NC accrual					
				<b>400.00</b>	<b>400.00</b>

**Net Income (Loss) 368,186.00**



APPROVED BY: \_\_\_\_\_

**Private Training Corporation**

**DFC 2**

**Year End: December 31, 2023**

**Trial Balance**

**Adjusted G/L Balances**

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<b>Account</b>	<b>Prelim</b>	<b>Adj's</b>	<b>Adj</b>
1000 Cash	3,159.00	0.00	<b>3,159.00</b>
1500 Short term investments (at market)	2,877,239.00	0.00	<b>2,877,239.00</b>
1800 Accounts receivable - 1% fee	49,012.00	0.00	<b>49,012.00</b>
1900 Long term investments (at market)	4,254,211.00	0.00	<b>4,254,211.00</b>
2000 Accounts payable & accrued liabilit	(4,000.00)	(400.00)	<b>(4,400.00)</b>
3560 Retained earnings	(6,811,035.00)	0.00	<b>(6,811,035.00)</b>
4000 Revenue - 1% fee	(247,972.00)	0.00	<b>(247,972.00)</b>
4500 Investment income	(164,224.00)	0.00	<b>(164,224.00)</b>
5100 Office expense	5,410.00	0.00	<b>5,410.00</b>
5200 Professional fees	<u>38,200.00</u>	<u>400.00</u>	<u><b>38,600.00</b></u>
	<u><b>0.00</b></u>	<u><b>0.00</b></u>	<u><b>0.00</b></u>
<b>Net Income (Loss)</b>	<b>368,586.00</b>		<b>368,186.00</b>