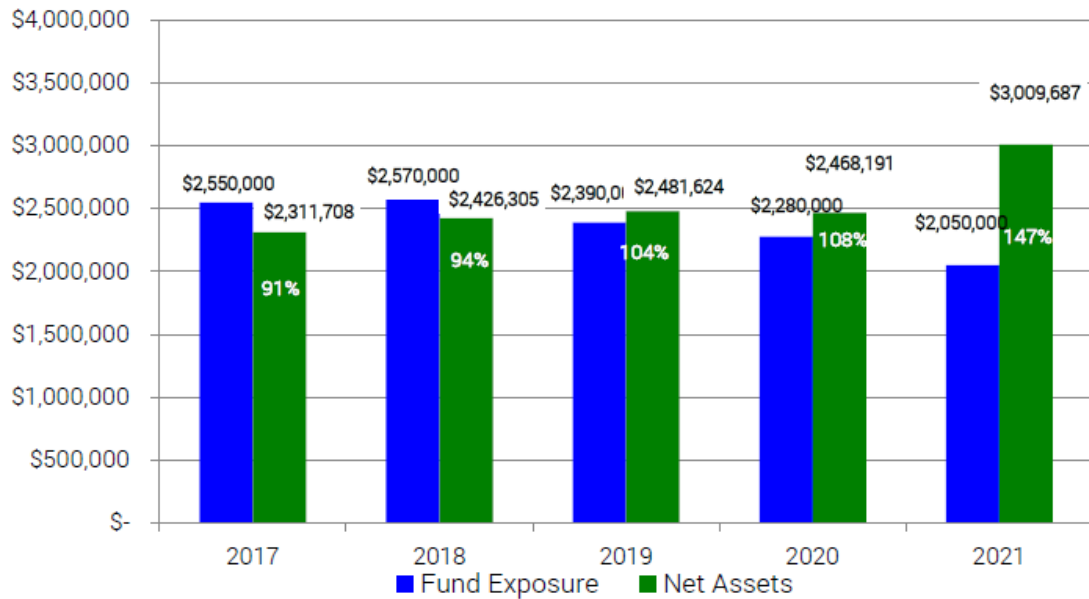


Pennsylvania Training Assurance Fund

The Commonwealth of Pennsylvania currently requires privately licensed schools to maintain surety coverage to protect a student's prepaid and unearned tuition. In the wake of the rising costs of obtaining surety coverage, the Pennsylvania Training Assurance Fund (PTAF) was established in the early 1990s from a collaboration of privately licensed schools seeking to provide affordable surety coverage to its members.

PTAF currently provides surety coverage to over 40 licensed schools, providing \$10,000 of surety coverage per \$500,000 of gross tuition (with a maximum coverage of \$500,000). Over the course of its history, PTAF has built a strong financial foundation for its members, with the current fund balance at June 30, 2021 being approximately 147% of its total loss exposure. A history of PTAF's loss exposure to its net assets available to fund such losses is presented below.



PTAF is a legally established Pennsylvania 501(c)(3) corporation, and is governed by a Board of Trustees that consists of school owners and professionals with significant experience with the Pennsylvania privately licensed school industry. It is managed by the accounting professionals of Wilke & Associates..

Obtaining Membership

To apply for membership, please reach out to Wilke & Associates, who will provide an application package to complete. Contact information is at the end of this document.

As a condition to the acceptance of a school for participation, the Board of Trustees shall examine the financial statements of the applicant school to determine the school's financial stability. Additionally, all membership approvals will be contingent upon the applicant school maintaining or obtaining state licensure.

The following documentation will be required for a **newly licensed school** to be accepted into the fund:

- Business plan
- Payment of a one-time \$500 entrance fee
- Financial statement (externally produced), if already in operation.
- Most recent PA State Licensing Board financial statement, if already in operation
- Payment of annual assessment fee
- Signed Participation Agreement
- A copy of a resolution authorizing the School to enter into the Participation Agreement.

Annual Review

After an applicant's PTAF membership approval, each member school will be required to submit its annual financial statements and an annual assessment fee within six months of its fiscal year end to continue membership. A member school will have its financial condition annually review, and is asked to conform to the following financial criteria:

- a) **Current Ratio:** Each school must maintain at least a one-to-one current ratio (current assets must equal or exceed current liabilities). Current assets include cash and other assets expected to be converted to cash within one year (such as accounts receivable and textbook inventories). Current liabilities are those which are required to be paid within one year.
- b) **Net Worth:** Each member school is required to maintain a positive net worth (total assets exceed total liabilities).
- c) **Net Losses:** Member schools shall not have more than three (3) consecutive years of net losses.

If a school fails to meet any of the above requirements, collateralization will be required. Collateralization can be in the form of cash or an additional surety bond in the name of PTAF. The amount of Collateralization for schools failing to meet the required criteria is based upon the gross tuition of the school and the type of financial criteria it failed to meet, as follows:

- a) Current ratio criteria - \$5,000 per \$500,000 of gross tuition
- b) Net worth criteria - \$3,000 per \$500,000 of gross tuition
- c) Net loss criteria - \$2,000 per \$500,000 of gross tuition

Reaching "Charter" School Status

After seven (7) years of membership in PTAF, a school obtains a Charter status, and its membership fees shall be reduced to a flat fee (currently \$150 annually). The continuation of the fee reduction shall be evaluated annually by the Board of Trustees, and can be modified with the discretion of the Trustees.

Annual Fee

A member school's annual fee is dependent on the length of time it is a member of PTAF, as follows:

- a) In the first year of membership, each PTAF member school shall be charged \$600 per each \$500,000 of gross tuition (with a maximum fee of \$6,000).
- b) In years 2 through 7, each member school shall be charged an annual membership fee of \$300 per each \$500,000 of gross tuition income (with a maximum fee of \$3,000).
- c) After year 7, a member school shall be granted to Charter status, and charged an annual fee of \$150.

For additional information, please contact us at:

Pennsylvania Training Assurance Fund
c/o Wilke & Associates

Peter Fleming
pfl Fleming@wilkecpa.com

"This document is provided for informational purposes only. The Pennsylvania Department of Education, including the State Board of Private Licensed Schools, does not endorse any specific fund or surety provider."