

Financial Statements of

# **COLUMBIA BIBLE COLLEGE**

Year ended April 30, 2015



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Columbia Bible College

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Columbia Bible College (the "College") which comprise the statement of financial position as at April 30, 2015, the statements of operations and changes in net assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the College'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 College'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 the College as at April 30, 2015, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Other Legal Regulatory Requirements*

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

### *Other Matters*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

September 17, 2015

Abbotsford, British Columbia

# COLUMBIA BIBLE COLLEGE

## Statement of Operations

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Student revenue:		
Course fees	\$ 3,262,374	\$ 3,429,138
Other student revenue	197,845	224,352
	<u>3,460,219</u>	<u>3,653,490</u>
Constituency support:		
Donations	709,702	570,055
Conference support (note 9)	493,765	469,198
Programs assisting students (note 5)	88,673	84,325
	<u>1,292,140</u>	<u>1,123,578</u>
Other income:		
Ancillary services (Schedule)	1,373,401	1,364,066
Lease, investment and miscellaneous income	194,527	132,971
	<u>1,567,928</u>	<u>1,497,037</u>
	<u>6,320,287</u>	<u>6,274,105</u>
Expenses:		
Academic programs	2,255,763	2,219,586
Administration	1,300,036	1,248,624
Ancillary services (Schedule)	990,029	1,095,895
Development and advancement	994,524	935,286
Student development	488,234	478,740
Programs assisting students (note 5)	88,673	84,325
	<u>6,117,259</u>	<u>6,062,456</u>
Excess of revenues over expenses before the undernoted	203,028	211,649
Amortization of capital assets	(467,596)	(506,696)
Amortization of deferred capital contributions	336,868	330,376
	<u>(130,728)</u>	<u>(176,320)</u>
Excess of revenues over expenses	\$ 72,300	\$ 35,329

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

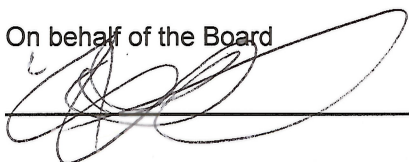
## Statement of Financial Position

April 30, 2015, with comparative information for 2014


	2015	2014
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 468,088	\$ 482,725
Investments and marketable securities	32,324	29,716
Accounts receivable	59,997	13,671
Inventory	32,521	31,358
Prepaid expenses and deposits	204,998	90,074
	<u>797,928</u>	<u>647,544</u>
Restricted assets (note 3):		
Cash and short-term deposits	1,986,371	2,270,707
Marketable securities	746,248	525,431
	<u>2,732,619</u>	<u>2,796,138</u>
Life insurance cash surrender value	26,414	25,745
Capital assets (note 4)	11,328,410	11,478,593
	<u>\$ 14,885,371</u>	<u>\$ 14,948,020</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 212,103	\$ 168,322
Accrued holiday pay	181,855	165,428
Scholarships payable	63,623	46,660
Refundable deposits and unearned revenue	355,646	294,253
Deferred revenue (note 5)	289,336	224,175
	<u>1,102,563</u>	<u>898,838</u>
Deferred operating contributions (note 6)	1,156,035	1,537,820
Deferred capital contributions (note 7)	9,982,664	10,102,895
Net assets (deficiency):		
Invested in capital assets (note 8(a))	1,345,746	1,375,698
Scholarship endowment principal	949,860	786,518
Internally restricted - capital reserve (note 10)	337,388	247,625
Unrestricted	11,115	(1,374)
	<u>2,644,109</u>	<u>2,408,467</u>
Commitments (note 11)		
Contingencies (note 12)		
	<u>\$ 14,885,371</u>	<u>\$ 14,948,020</u>

See accompanying notes to financial statements.

On behalf of the Board



Director



Director

# COLUMBIA BIBLE COLLEGE

## Statement of Changes in Net Assets

Year ended April 30, 2015, with comparative information for 2014

	Invested in capital assets (note 8)	Scholarship endowment principal	Internally restricted (note 10)	Unrestricted	2015 Total	2014 Total
Net assets (deficiency), beginning of year	\$ 1,375,698	\$ 786,518	\$ 247,625	\$ (1,374)	\$ 2,408,467	\$ 2,366,530
Excess (deficiency) of revenues over expenses (note 8(b))	(130,728)	-	-	203,028	\$ 72,300	35,329
Endowment contributions	-	163,342	-	-	163,342	6,608
Net change in invested in capital assets (note 8(b))	100,776	-	-	(100,776)	-	-
Interfund transfers (note 10)	-	-	89,763	(89,763)	-	-
Net assets, end of year	\$ 1,345,746	\$ 949,860	\$ 337,388	\$ 11,115	\$ 2,644,109	\$ 2,408,467

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

## Statement of Cash Flows

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 72,300	\$ 35,329
Items not involving cash:		
Amortization of capital assets	467,596	506,696
Amortization of deferred capital contributions	(336,868)	(330,376)
Revenue recognized on programs assisting students	(88,673)	(84,325)
Increase in life insurance cash surrender value	(669)	(975)
Increase in unrealized gain in investments and marketable securities	(2,608)	(8,345)
Amortization of deferred operating contributions included in ancillary income	(165,148)	(97,305)
Changes in non-cash operating working capital:		
Accounts receivable	(46,326)	9,706
Inventory	(1,163)	12,090
Prepaid expenses and deposits	(114,924)	47,591
Accounts payable and accrued liabilities	43,781	(26,882)
Accrued holiday pay	16,427	13,321
Scholarships payable	16,963	1,900
Refundable deposits and unearned revenue	61,393	(36,166)
Net increase in deferred revenue	153,834	145,643
	75,915	187,902
Financing:		
Use of deferred capital contributions	-	(39,140)
Endowment contributions	163,342	6,608
	163,342	(32,532)
Investments:		
Purchase of capital assets	(317,413)	(389,160)
Decrease in restricted assets	63,519	300,940
	(253,894)	(88,220)
Increase (decrease) in cash position	(14,637)	67,150
Cash position, beginning of year	482,725	415,575
Cash position, end of year	\$ 468,088	\$ 482,725

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

## Notes to Financial Statements

Year ended April 30, 2015

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### **General:**

Columbia Bible College (the "College") is incorporated under the Society Act (British Columbia). The College provides post-secondary education, including Bachelor of Arts degrees, Diplomas, and Certificates to students drawn from Canada and other parts of the world.

The College is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under Paragraph 149(1)(l) of the Income Tax Act.

### **1. Significant accounting policies:**

#### **Basis of presentation:**

The financial statements have been prepared by management in accordance with the Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

#### **(a) Revenue recognition:**

The College follows the deferral method of accounting for revenue recognition. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions and pledges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is deferred and recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Operating subsidies are recognized as revenue when received.

Course fees and ancillary revenues are recognized as revenue when earned.

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Gifts-in-kind ("GIK") are valued at their estimated fair value at their time of contribution when a fair value can be determined and the College would otherwise have purchased the items.

#### **(b) Inventory:**

Inventory, consisting of food, bookstore merchandise, office and general supplies, is recorded at the lower of actual cost and replacement cost.



# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value, if any.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings and improvements	40 years
Furniture, equipment and vehicles	5 years

### (d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, accrued liabilities, and accrued holiday pay. Actual results could differ from those estimates.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The College has elected to carry investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the College expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 2. Cash:

The College has a credit facility with the HSBC Bank of Canada for \$375,000 bearing interest at prime plus 0.5%. As at April 30, 2015 (2014 - \$nil) there was no amount drawn on this facility.

## 3. Restricted assets:

Restricted assets are segregated and held for the purpose of funding the following obligations:

	2015	2014
Deferred operating contributions	\$ 1,156,035	\$ 1,537,820
Scholarship endowment principal	949,860	786,518
Deferred revenue (note 5)	289,336	224,175
Internally restricted - capital reserve	337,388	247,625
	<b>\$ 2,732,619</b>	<b>\$ 2,796,138</b>
Represented by:		
Cash and short-term deposits	\$ 1,986,371	\$ 2,270,707
Marketable securities	746,248	525,431
	<b>\$ 2,732,619</b>	<b>\$ 2,796,138</b>

The original cost of the restricted marketable securities is \$594,824 (2014 - \$424,824).

## 4. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	14,813,369	5,237,085	9,576,284	9,420,798
Furniture, equipment and vehicles	1,748,242	1,490,407	257,835	260,796
Construction in progress	-	-	-	302,708
	\$ 18,055,902	\$ 6,727,492	\$ 11,328,410	\$ 11,478,593

With the exception of Redekop Hall residence, with a net book value of \$3,187,393 (2014 - \$3,274,717), title to land and buildings is held in escrow with Columbia Campus Development Society ("CCDS") for a period of 50 years, ending on January 1, 2050, at which time title shall be returned to the College.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 5. Deferred revenue:

Deferred revenue represents externally restricted donations and restricted investment income received for the purpose of programs assisting students. Specifically, the distribution of student scholarships and bursaries.

	2015	2014
Balance, beginning of year	\$ 224,175	\$ 162,857
Add amounts received:		
Donations	107,366	79,152
Investment income	46,468	66,491
	378,009	308,500
Less amounts recognized as revenue in the year, used for:		
Bursaries and scholarships awarded	(88,673)	(84,325)
	\$ 289,336	\$ 224,175

## 6. Deferred operating contributions:

Deferred operating contributions are funds received for the purposes of maintaining a museum collection for a minimum term of 10 years.

	2015	2014
Balance, beginning of year	\$ 1,537,820	\$ 1,937,833
Amounts transferred to deferred capital contributions	(216,637)	(302,708)
Amounts amortized to revenue (Schedule)	(165,148)	(97,305)
	\$ 1,156,035	\$ 1,537,820

The College transferred \$216,637 (2014 - \$302,708) of deferred operating funds related to the Metzger fund museum project to deferred capital contributions for construction of the museum.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 7. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	\$ 10,102,895	\$ 10,130,563
Transfer from deferred operating contributions	216,637	302,708
	10,319,532	10,433,271
Less:		
Amounts amortized to revenue	(336,868)	(330,376)
Balance, end of year	\$ 9,982,664	\$ 10,102,895

## 8. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2015	2014
Capital assets - net book value	\$ 11,328,410	\$ 11,478,593
Amounts financed by:		
Deferred capital contributions	(9,982,664)	(10,102,895)
	\$ 1,345,746	\$ 1,375,698

(b) Change in invested in capital assets is calculated as follows:

	2015	2014
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 336,868	\$ 330,376
Amortization of capital assets	(467,596)	(506,696)
	\$ (130,728)	\$ (176,320)
Net change in invested in capital assets:		
Purchase of capital assets	\$ 317,413	\$ 389,160
Amounts funded by deferred capital contributions	(216,637)	(302,708)
	\$ 100,776	\$ 86,452

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 9. Related parties:

During the year, the College received subsidies from the Mennonite Church BC (MCBC) and the B.C. Conference of Mennonite Brethren Churches (BCMBC) as follows:

	MCBC	BCMBC	2015 Total	MCBC	BCMBC	2014 Total
Operating subsidies	\$ 120,525	\$ 373,240	\$ 493,765	\$ 120,000	\$ 349,198	\$ 469,198

MCBC and BCMBC are related parties by virtue of their ability to elect members to the College's Board. Future operations of the College depend upon the continued support of the MCBC and BCMBC.

## 10. Internally restricted:

On an annual basis, the Board of Directors will internally restrict up to 2.5% of operating revenues as a capital reserve. These internally restricted funds are not available for other purposes without the approval of the Board of Directors. For the year ended April 30, 2015, the Board approved an additional allocation of \$49,763 to make up for the previous year's shortfall.

	2015	2014
Balance, beginning of the year	\$ 247,625	\$ 177,338
Annual allocation	120,000	70,287
Permitted expenditures	(80,000)	-
Additional allocation	49,763	-
Balance, end of year	\$ 337,388	\$ 247,625

## 11. Commitments:

The College is committed to minimum annual lease payments under various photocopier leases as follows:

2016	\$ 20,980
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## 12. Contingencies:

The College has one bank guarantee in the amount of \$5,000 (2014 - two bank guarantees totalling \$6,398) issued to the City of Abbotsford for development purposes.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

## 14. Financial risks and concentration of risk:

### (a) Liquidity risk:

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College manages its liquidity risk by monitoring its operating requirements. The College prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2014.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Management does not believe there is a significant credit risk. The College monitors on a regular basis the credit risk to which the College is exposed in relation to its financial assets and takes steps to minimize the risk of loss.

### (c) Investment risk:

The College manages its investment portfolio to earn investment income and invests according to an Investment Policy Statement approved by the Board. The College is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The College manages interest-rate risk, market, credit and cash flow risk from its investments by investing in a diversified portfolio.

Additionally, the College believes it is not exposed to significant liquidity risk as all investments are held in pooled fund instruments that are highly liquid.

# COLUMBIA BIBLE COLLEGE

## Schedule of Ancillary Services

Year ended April 30, 2015, with comparative information for 2014

	Residence	Food Services	Hospitality	Catering	Bookstore	Biblical Museum	2015 Total	2014 Total
Revenues	\$ 377,380	\$ 413,104	\$ 237,283	\$ 105,083	\$ 75,403	\$ 165,148	\$ 1,373,401	\$ 1,364,066
Expenses	(232,713)	(397,509)	(145,734)	(84,762)	(63,846)	(65,465)	(990,029)	(1,095,895)
	\$ 144,667	\$ 15,595	\$ 91,549	\$ 20,321	\$ 11,557	\$ 99,683	\$ 383,372	\$ 268,171

# COLUMBIA BIBLE COLLEGE

## Schedule of PCTIA tuition

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
PCTIA tuition earned	\$ 1,439,439	\$ 1,476,844
PCTIA tuition accounts receivable	\$ -	\$ -
PCTIA deferred tuition revenue	\$ 14,953	\$ 15,736