

Financial Statements of

COLUMBIA BIBLE COLLEGE

Year ended April 30, 2018



KPMG LLP
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada
Tel (604) 854-2200
Fax (604) 853-2756

INDEPENDENT AUDITORS' REPORT

To the Members of Columbia Bible College

We have audited the accompanying financial statements of Columbia Bible College, which comprise the statement of financial position as at April 30, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes and schedules, 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained in our audit 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 Columbia Bible College as at April 30, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

September 13, 2018

COLUMBIA BIBLE COLLEGE

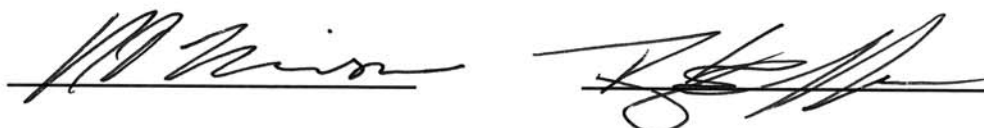
Statement of Financial Position

April 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash (note 2 and 3)	\$ 2,825,452	\$ 2,596,497
Investments and marketable securities (note 3)	1,013,018	1,022,245
Accounts receivable	54,007	33,097
Inventories	28,116	31,151
Prepaid expenses	168,027	112,976
	<u>4,088,620</u>	<u>3,795,966</u>
Life insurance cash surrender value	40,924	32,209
Capital assets (note 4)	10,107,829	10,495,894
	<u>\$ 14,237,373</u>	<u>\$ 14,324,069</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 158,128	\$ 183,843
Accrued holiday pay	199,516	205,259
Scholarships payable	115,289	109,023
Refundable deposits and unearned revenue	675,147	409,460
Current portion of deferred operating contribution (note 6)	165,148	165,148
Deferred revenue (note 5)	423,626	374,037
	<u>1,736,854</u>	<u>1,446,770</u>
Deferred operating contributions (note 6)	495,443	660,591
Deferred capital contributions (note 7)	9,052,584	9,395,944
Net assets:		
Invested in capital assets (note 8(a))	1,137,861	1,199,950
Scholarship endowment principal	1,020,989	1,011,735
Internally restricted - capital reserve (note 10)	676,238	572,876
Unrestricted	117,404	36,203
	<u>2,952,492</u>	<u>2,820,764</u>
Contingencies		
	<u>\$ 14,237,373</u>	<u>\$ 14,324,069</u>

See accompanying notes to financial statements.

On behalf of the Board:



COLUMBIA BIBLE COLLEGE

Statement of Operations

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Student revenue:		
Course fees	\$ 3,568,484	\$ 3,443,951
Other Student Revenue	240,538	225,184
	<u>3,809,022</u>	<u>3,669,135</u>
Constituency support:		
Donations	733,938	771,685
Conference support revenue (note 9)	488,230	450,935
Programs to assist students (note 5)	163,637	171,959
	<u>1,385,805</u>	<u>1,394,579</u>
Other income:		
Ancillary income	1,676,136	1,655,723
Lease, investment, and miscellaneous income	169,569	207,120
	<u>1,845,705</u>	<u>1,862,843</u>
	7,040,532	6,926,557
Expenses:		
Academic programs	2,461,384	2,351,398
Administration	1,397,464	1,371,486
Ancillary services	1,184,148	1,127,606
Development and advancement	1,070,707	1,045,225
Programs to assist students (note 5)	163,637	171,959
Student development	544,861	531,449
	<u>6,822,201</u>	<u>6,599,123</u>
Excess of revenues over expenses before the undernoted	218,331	327,434
Amortization of capital assets	(439,217)	(460,837)
Amortization of deferred capital contributions	343,360	343,360
	95,857	117,477
Excess of revenues over expenses	\$ 122,474	\$ 209,957

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Changes in Net Assets

Year ended April 30, 2018, with comparative information for 2017

	Invested in capital assets	Scholarship endowment principal	Internally restricted	Unrestricted	2018 Total	2017 Total
Net assets, beginning of year	\$ 1,199,950	\$ 1,011,735	\$ 572,876	\$ 36,203	\$ 2,820,764	\$ 2,579,857
Excess (deficiency) of revenues over expenses (note 8(b))	(95,857)	-	-	218,331	122,474	209,957
Endowment contributions	-	9,254	-	-	9,254	30,950
Net change in invested in capital assets (note 8(b))	33,768	-	-	(33,768)	-	-
Interfund transfers (note 10)	-	-	103,362	(103,362)	-	-
	\$ 1,137,861	\$ 1,020,989	\$ 676,238	\$ 117,404	\$ 2,952,492	\$ 2,820,764

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Cash Flows

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 122,474	\$ 209,957
Items not involving cash:		
Amortization of capital assets	439,217	460,837
Amortization of deferred capital contributions	(343,360)	(343,360)
Revenue recognized on programs assisting students	(163,637)	(171,959)
Increase in life insurance cash surrender value	(8,715)	(2,023)
Unrealized (gain) loss on investments and marketable securities	9,227	(7,855)
Amortization of deferred operating contributions included in ancillary income	(165,148)	(165,148)
Changes in non-cash operating working capital:		
Accounts receivable	(20,910)	19,436
Inventories	3,035	9,590
Prepaid expenses	(55,051)	(895)
Accounts payable and accrued liabilities	(25,715)	(58,968)
Accrued holiday pay	(5,743)	23,893
Scholarships payable	6,266	3,900
Refundable deposits and unearned revenue	265,687	115,617
Deferred revenue	213,226	330,295
	270,853	423,317
Financing:		
Endowment contributions	9,254	30,950
Capital contributions	-	100,000
	9,254	130,950
Investing:		
Purchase of capital assets	(51,152)	(30,764)
Increase in investments and marketable securities	-	(259,942)
	(51,152)	(290,706)
Increase in cash	228,955	263,561
Cash, beginning of year	2,596,497	2,332,936
Cash, end of year	\$ 2,825,452	\$ 2,596,497

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Year ended April 30, 2018

General:

Columbia Bible College (the "College") is incorporated under the Columbia Bible College Act, S.B.C. 1987. 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:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The College's 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.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

1. Significant accounting policies (continued):

(b) Inventory:

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

(c) Life insurance policies:

Life insurance policies are recorded at fair value which is equal to the cash surrender value. Premiums are expensed as incurred. Any final pay-out received is recognized as revenue when realized.

(d) 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:

Asset	Rate
Buildings and improvements	40 years
Furniture, equipment and vehicles	4-10 years

(e) Use of estimates:

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

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

1. Significant accounting policies (continued):

(f) 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.

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, 2017 (2016 - nil), there was no amount drawn on this facility.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

3. Restricted assets:

Included within cash and investments and marketable securities are the following restricted assets which are segregated and held for the purpose of funding the following obligations:

	2018	2017
Deferred operating contributions	\$ 660,591	\$ 825,739
Scholarship endowment principal	1,020,989	1,011,735
Deferred revenue	423,626	374,037
Internally restricted - capital reserve	676,238	572,876
	<u>\$ 2,781,444</u>	<u>\$ 2,784,387</u>
Represented by:		
Cash	\$ 1,803,500	\$ 1,796,711
Marketable securities	977,944	987,676
	<u>\$ 2,781,444</u>	<u>\$ 2,784,387</u>

4. Capital assets:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	14,830,753	6,348,138	8,482,615	8,835,581
Furniture, equipment and vehicles	1,891,501	1,760,578	130,923	166,022
	<u>\$ 18,216,545</u>	<u>\$ 8,108,716</u>	<u>\$ 10,107,829</u>	<u>\$ 10,495,894</u>

With the exception of Redekop Hall residence, with a net book value of \$2,925,370 (2017 - \$3,012,694), 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, 2018

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.

Additionally, a portion of student recreation fees is externally restricted for the purpose of gym maintenance.

	Gym maintenance reserve	Programs assisting students	2018 total	2017 total
Balance, beginning of year	\$ 45,445	\$ 328,592	\$ 374,037	\$ 262,999
Add amounts received:			-	-
Donations	-	182,074	182,074	196,491
Investment income (loss)	-	(2,381)	(2,381)	88,359
Student fees	37,854	-	37,854	34,325
	83,299	508,285	591,584	582,174
Less amounts recognized as revenue in the year, used for:			-	-
Bursaries and scholarships awarded	-	(163,637)	(163,637)	(171,959)
Gym maintenance	(4,321)	-	(4,321)	(36,178)
	\$ 78,978	\$ 344,648	\$ 423,626	\$ 374,037

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

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.

	2018	2017
Balance, beginning of year	\$ 825,739	\$ 990,887
Amounts amortized to revenue (Schedule)	(165,148)	(165,148)
	660,591	825,739
Current portion	(165,148)	(165,148)
	\$ 495,443	\$ 660,591

7. Deferred capital contributions:

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

	Unspent amount	Unamortized capital contributions	2018 total	2017 total
Balance, beginning of year	\$ 100,000	\$ 9,295,944	\$ 9,395,944	\$ 9,639,304
Capital contribution	-	-	-	100,000
Transfers from unspent capital contributions	(17,384)	17,384	-	-
	82,616	9,313,328	9,395,944	9,739,304
Less: amounts amortized to revenue	-	(343,360)	(343,360)	(343,360)
Balance, end of year	\$ 82,616	\$ 8,969,968	\$ 9,052,584	\$ 9,395,944

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

8. Invested in capital assets:

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

	2018	2017
Capital assets - net book value	\$ 10,107,829	\$ 10,495,894
Amounts financed by:		
Deferred capital contributions	(8,969,968)	(9,295,944)
	<u>\$ 1,137,861</u>	<u>\$ 1,199,950</u>

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

	2018	2017
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 343,360	\$ 343,360
Amortization of capital assets	(439,217)	(460,837)
	<u>\$ (95,857)</u>	<u>\$ (117,477)</u>
	2018	2017
Net change in invested in capital assets:		
Purchase of capital assets	\$ 51,152	\$ 30,764
Purchased with deferred capital contributions	(17,384)	-
	<u>\$ 33,768</u>	<u>\$ 30,764</u>

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

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:

	2018		2017			
	MCBC	BCMBC	Total	MCBC	BCMBC	Total
Operating subsidies \$	111,667	\$ 376,563	\$ 488,230	\$ 125,000	\$ 325,935	\$ 450,935

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.

In addition \$34,317 (2017 - \$20,431) of equipment purchases related to information technology was purchased through a company under the control of management.

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.

	2018		2017	
Balance, beginning of year	\$	572,876	\$	378,662
Annual allocation		120,000		120,000
Permitted expenditures		(116,638)		(30,765)
Additional allocation		100,000		104,979
Balance, end of year	\$	676,238	\$	572,876

The Board of Directors approved a recommendation from the Finance Committee to make an extra allocation to the capital reserve from the year-end operating surplus.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

11. Commitments:

The College is committed to minimum lease payments for office equipment and vehicles as follows:

- (a) The College is committed to lease postage equipment under an operating lease that expires in April 2023; quarterly payments are \$2,392.
- (b) The College is committed to lease photocopiers under operating leases that expire on September 2023; quarterly payments are \$1,921.
- (c) The College is committed to lease a vehicle under an operating lease that expires November 2021; monthly payments are \$622.

The total estimated lease payments up to the end of the lease terms are as follows:

2019	\$	24,718
2020		24,718
2021		22,229
2022		17,252
2023		14,229

12. Comparative information:

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

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2018

13. 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 2017.

(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.

COLUMBIA BIBLE COLLEGE

Schedule of Ancillary Services

Year ended April 30, 2018, with comparative information for 2017

	Residence	Food services	Hospitality	Catering	Bookstore	Biblical museum	2018 Total	2017 Total
Revenues	\$ 517,390	\$ 456,235	\$ 281,948	\$ 145,931	\$ 104,693	\$ 169,939	\$ 1,676,136	\$ 1,655,723
Expenses	(266,940)	(465,803)	(190,190)	(124,856)	(93,296)	(43,063)	(1,184,148)	(1,127,606)
	\$ 250,450	\$ (9,568)	\$ 91,758	\$ 21,075	\$ 11,397	\$ 126,876	\$ 491,888	\$ 528,117

COLUMBIA BIBLE COLLEGE

Schedule of PTA tuition

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
PTA tuition revenue from approved programs	\$ 311,669	\$ 176,393
PTA tuition receivable from approved programs	0	0
PTA unearned tuition from approved programs	14,284	6,780