

Financial Statements of

**COLUMBIA BIBLE
COLLEGE**

And Independent Auditors' Report thereon

Year ended April 30, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Columbia Bible College

Opinion

We have audited the financial statements of Columbia Bible College (the Entity), which comprise:

- the statement of financial position as at April 30, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2019 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.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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:

- 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 Entity'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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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
- 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.



Chartered Professional Accountants

Abbotsford, Canada

September 12, 2019

COLUMBIA BIBLE COLLEGE

Statement of Financial Position

April 30, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash (notes 2 and 3)	\$ 3,013,653	\$ 2,825,452
Investments and marketable securities (note 3)	1,054,474	1,013,018
Accounts receivable	87,395	54,007
Inventories	25,807	28,116
Prepaid expenses	134,302	168,027
	<u>4,315,631</u>	<u>4,088,620</u>
Life insurance cash surrender value	43,102	40,924
Capital assets (note 4)	9,725,594	10,107,829
	<u>\$ 14,084,327</u>	<u>\$ 14,237,373</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 171,632	\$ 158,128
Accrued holiday pay	212,776	199,516
Scholarships payable	109,810	115,289
Refundable deposits and unearned revenue	817,704	675,147
Current portion of deferred operating contribution (note 6)	165,148	165,148
Deferred revenue (note 5)	412,956	423,626
	<u>1,890,026</u>	<u>1,736,854</u>
Deferred operating contributions (note 6)	330,295	495,443
Deferred capital contributions (note 7)	8,720,613	9,052,584
Net assets:		
Invested in capital assets (note 8(a))	1,076,208	1,137,861
Scholarship endowment principal	1,148,990	1,020,989
Internally restricted - capital reserve (note 10)	676,238	676,238
Unrestricted	241,957	117,404
	<u>3,143,393</u>	<u>2,952,492</u>
Commitments (note 11)		
	<u>\$ 14,084,327</u>	<u>\$ 14,237,373</u>

See accompanying notes to financial statements.

On behalf of the Board:



COLUMBIA BIBLE COLLEGE

Statement of Operations

Years ended April 30, 2019, with comparative information for 2018

	2019	2018
Student revenue:		
Course fees	\$ 3,448,159	\$ 3,568,484
Other student revenue	281,004	240,538
	<u>3,729,163</u>	<u>3,809,022</u>
Constituency support:		
Donations	815,558	733,938
Conference support revenue (note 9)	422,000	488,230
Programs to assist students (note 5)	158,496	163,637
	<u>1,396,054</u>	<u>1,385,805</u>
Other income:		
Ancillary income (Schedule 1)	1,831,983	1,676,136
Lease, investment, and miscellaneous income	168,339	169,569
	<u>2,000,322</u>	<u>1,845,705</u>
	<u>7,125,539</u>	<u>7,040,532</u>
Expenses:		
Academic programs	2,424,280	2,461,384
Administration	1,443,452	1,397,464
Ancillary services (Schedule 1)	1,272,910	1,184,148
Development and advancement	1,063,052	1,070,707
Student development	602,338	544,861
Programs to assist students (note 5)	158,496	163,637
	<u>6,964,528</u>	<u>6,822,201</u>
Excess of revenues over expenses before the undernoted	161,011	218,331
Amortization of capital assets	(430,082)	(439,217)
Amortization of deferred capital contributions (note 7)	331,971	343,360
	<u>98,111</u>	<u>95,857</u>
<u>Excess of revenues over expenses</u>	<u>\$ 62,900</u>	<u>\$ 122,474</u>

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Changes in Net Assets

Years ended April 30, 2019, with comparative information for 2018

	Invested in capital assets	Scholarship endowment principal	Internally restricted (note 10)	Unrestricted	2019	2018
Net assets, beginning of year	\$ 1,137,861	\$ 1,020,989	\$ 676,238	\$ 117,404	\$ 2,952,492	\$ 2,820,764
Excess (deficiency) of revenues over expenses (note 8(b))	(98,111)	-	(141,531)	302,542	62,900	122,474
Endowment contributions	-	128,001	-	-	128,001	9,254
Net change in invested in capital assets (note 8(b))	36,458	-	-	(36,458)	-	-
Interfund transfers (note 10)	-	-	141,531	(141,531)	-	-
Net assets, end of year	\$ 1,076,208	\$ 1,148,990	\$ 676,238	\$ 241,957	\$ 3,143,393	\$ 2,952,492

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Cash Flows

Years ended April 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 62,900	\$ 122,474
Items not involving cash:		
Amortization of capital assets	430,082	439,217
Amortization of deferred capital contributions	(331,971)	(343,360)
Revenue recognized on programs assisting students	(158,496)	(163,637)
Increase in life insurance cash surrender value	(2,178)	(8,715)
Unrealized (gain) loss on investments and marketable securities	(41,456)	9,227
Amortization of deferred operating contributions included in ancillary income	(165,148)	(165,148)
Changes in non-cash operating working capital:		
Accounts receivable	(33,388)	(20,910)
Inventories	2,309	3,035
Prepaid expenses	33,725	(55,051)
Accounts payable and accrued liabilities	13,501	(25,715)
Accrued holiday pay	13,260	(5,743)
Scholarships payable	(5,479)	6,266
Refundable deposits and unearned revenue	142,557	265,687
Deferred revenue	147,829	213,226
	108,047	270,853
Financing:		
Endowment contributions	128,001	9,254
Investing:		
Purchase of capital assets	(47,847)	(51,152)
Increase in cash	188,201	228,955
Cash, beginning of year	2,825,452	2,596,497
Cash, end of year	\$ 3,013,653	\$ 2,825,452

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Years ended April 30, 2019

General:

Columbia Bible College (the "College") is incorporated as a corporation without share capital under the Columbia Bible College Act of 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:

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 contributions. 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)

Years ended April 30, 2019

1. Significant accounting policies (continued):

(b) Inventory:

Inventory consisting of food and bookstore merchandise is valued at the lower of cost and net realizable value, with cost being actual cost and net realizable value being the estimated selling price less costs to sell. Inventory consisting of office and general supplies is valued 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 and equipment	8 years
Vehicles	5 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)

Years ended April 30, 2019

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 BMO Bank of Montreal for \$500,000 bearing interest at prime plus 0.5%. As at April 30, 2019, there was no amount drawn on this facility (2018 - nil).

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2019

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:

	2019	2018
Deferred operating contributions	\$ 495,443	\$ 660,591
Scholarship endowment principal	1,148,990	1,020,989
Deferred revenue	412,956	423,626
Internally restricted - capital reserve	676,238	676,238
	\$ 2,733,627	\$ 2,781,444
Represented by:		
Cash	\$ 1,714,777	\$ 1,803,500
Investments and marketable securities	1,018,850	977,944
	\$ 2,733,627	\$ 2,781,444

4. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	14,842,142	6,718,489	8,123,653	8,482,615
Furniture, equipment and vehicles	1,927,959	1,820,309	107,650	130,923
	\$ 18,264,392	\$ 8,538,798	\$ 9,725,594	\$ 10,107,829

The Certificate of Title for the land on which the College operates is held in escrow for a period of 50 years, ending on January 1, 2050.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2019

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.

	Gym maintenance reserve	Programs assisting students	2019	2018
Balance, beginning of year	\$ 78,978	\$ 344,648	\$ 423,626	\$ 374,037
Add amounts received:				
Donations	-	126,746	126,746	182,074
Investment income (loss)	-	41,195	41,195	(2,381)
Student fees	10,731	-	10,731	37,854
	89,709	512,589	602,298	591,584
Less amounts recognized as revenue in the year, used for:				
Bursaries and scholarships awarded	-	(158,496)	(158,496)	(163,637)
Gym maintenance	(30,846)	-	(30,846)	(4,321)
	\$ 58,863	\$ 354,093	\$ 412,956	\$ 423,626

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2019

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.

	2019	2018
Balance, beginning of year	\$ 660,591	\$ 825,739
Amounts amortized to revenue	(165,148)	(165,148)
	495,443	660,591
Current portion	(165,148)	(165,148)
	\$ 330,295	\$ 495,443

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	2019	2018
Balance, beginning of year	\$ 82,616	\$ 8,969,968	\$ 9,052,584	\$ 9,395,944
Transfers from unspent capital contributions	(11,389)	11,389	-	-
	71,227	8,981,357	9,052,584	9,395,944
Less: amounts amortized to revenue	-	(331,971)	(331,971)	(343,360)
Balance, end of year	\$ 71,227	\$ 8,649,386	\$ 8,720,613	\$ 9,052,584

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2019

8. Invested in capital assets:

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

	2019	2018
Capital assets - net book value	\$ 9,725,594	\$ 10,107,829
Amounts financed by:		
Deferred capital contributions	(8,649,386)	(8,969,968)
	\$ 1,076,208	\$ 1,137,861

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

	2019	2018
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 331,971	\$ 343,360
Amortization of capital assets	(430,082)	(439,217)
	\$ (98,111)	\$ (95,857)
	2019	2018
Net change in invested in capital assets:		
Purchase of capital assets	\$ 47,847	\$ 51,152
Purchased with deferred capital contributions	(11,389)	(17,384)
	\$ 36,458	\$ 33,768

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2019

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), which are recognized as conference support revenue, as follows:

	MCBC	BCMBC	2019 Total	MCBC	BCMBC	2018 Total
Operating subsidies \$	100,000	\$ 322,000	\$ 422,000	\$ 111,667	\$ 376,563	\$ 488,230

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 \$19,786 (2018 - \$34,317) 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.

	2019	2018
Balance, beginning of year	\$ 676,238	\$ 572,876
Additions to capital reserve	141,531	120,000
Permitted expenditures	(141,531)	(116,638)
Additional allocation	-	100,000
Balance, end of year	\$ 676,238	\$ 676,238

In 2018 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)

Years ended April 30, 2019

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:

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

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2019

12. 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.

(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.

There has been no change to the risk exposures from 2018.

COLUMBIA BIBLE COLLEGE

Schedule 1 - Ancillary Services

Year ended April 30, 2019, with comparative information for 2018

	Residence	Food services	Hospitality	Catering	Bookstore	Biblical museum	2019 Total	2018 Total
Revenues	\$ 518,277	\$ 463,472	\$ 345,408	\$ 252,720	\$ 85,392	\$ 166,714	\$ 1,831,983	\$ 1,676,136
Expenses	(248,313)	(476,856)	(204,463)	(228,433)	(72,242)	(42,603)	(1,272,910)	(1,184,148)
	\$ 269,963	\$ (13,384)	\$ 140,945	\$ 24,287	\$ 13,150	\$ 124,111	\$ 559,073	\$ 491,888

COLUMBIA BIBLE COLLEGE

Schedule of PTA tuition

Year ended April 30, 2019, with comparative information for 2018

	2019	2018
PTA tuition revenue from approved programs	\$ 253,071	\$ 311,669
PTA tuition receivable from approved programs	-	-
PTA unearned tuition from approved programs	4,043	14,284