

Financial Statements of

**COLUMBIA BIBLE
COLLEGE**

And Independent Auditor's Report thereon

Year ended April 30, 2023



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

INDEPENDENT AUDITOR'S 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, 2023
- 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 schedules 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, 2023 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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 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 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

September 7, 2023

COLUMBIA BIBLE COLLEGE


Statement of Financial Position

April 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash (notes 2 and 3)	\$ 2,094,425	\$ 2,825,929
Investments and marketable securities (note 3)	1,149,256	1,132,714
Accounts receivable	198,768	49,371
Inventories	18,391	11,794
Prepaid expenses	168,953	142,642
	<u>3,629,793</u>	<u>4,162,450</u>
Life insurance cash surrender value	47,891	46,699
Capital assets (note 4)	8,737,319	9,019,876
	<u>\$ 12,415,003</u>	<u>\$ 13,229,025</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 260,497	\$ 190,924
Accrued holiday pay	200,075	210,378
Scholarships payable	85,650	106,410
Refundable deposits and unearned revenue	393,545	408,084
Deferred revenue (note 6)	447,421	444,245
	<u>1,387,188</u>	<u>1,360,041</u>
Deferred capital contributions (note 7)	7,246,525	7,596,135
Net assets:		
Invested in capital assets (note 8(a))	1,490,794	1,423,741
Scholarship endowment principal	1,443,540	1,413,351
Internally restricted (note 10)	438,300	683,989
Unrestricted	408,656	751,768
	<u>3,781,290</u>	<u>4,272,849</u>
Commitments (note 11)		
	<u>\$ 12,415,003</u>	<u>\$ 13,229,025</u>

See accompanying notes to financial statements.

On behalf of the Board:


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COLUMBIA BIBLE COLLEGE

Statements of Operations

Years ended April 30, 2023 and 2022

	2023	2022
Student revenue:		
Course fees	\$ 2,829,945	\$ 3,090,675
Other student revenue	305,911	338,221
	<u>3,135,856</u>	<u>3,428,896</u>
Constituency support:		
Donations	1,234,343	1,135,043
Conference support revenue (note 9)	338,514	332,379
Programs to assist students (note 6)	131,142	124,560
	<u>1,703,999</u>	<u>1,591,982</u>
Other income:		
Ancillary income (Schedule 1)	1,125,775	1,248,206
Lease, investment, and miscellaneous income	366,006	488,411
	<u>1,491,781</u>	<u>1,736,617</u>
	<u>6,331,636</u>	<u>6,757,495</u>
Expenses:		
Academic programs	2,288,842	2,276,624
Administration	1,580,579	1,563,407
Ancillary services (Schedule 1)	969,030	905,419
Development and advancement	853,736	757,575
Operating Scholarships	231,203	247,807
Programs to assist students (note 6)	131,142	124,560
Student development	717,025	673,779
	<u>6,771,557</u>	<u>6,549,171</u>
Excess (deficiency) of revenues over expenses before the undernoted	(439,921)	208,324
Amortization of capital assets	(431,437)	(418,419)
Amortization of deferred capital contributions (note 7)	349,610	349,610
	<u>(81,827)</u>	<u>(68,809)</u>
Excess (deficiency) of revenues over expenses	\$ (521,748)	\$ 139,515

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statements of Changes in Net Assets

Years ended April 30, 2023 and 2022

	Invested in capital assets	Scholarship endowment principal	Internally restricted	Unrestricted	2023	2022
Net assets, beginning of year	\$ 1,423,741	\$ 1,413,351	\$ 683,989	\$ 751,768	\$ 4,272,849	\$ 4,013,607
Excess (deficiency) of revenues over expenses (note 9(b))	(81,827)	-	-	(439,921)	(521,748)	139,515
Endowment contributions	-	30,189	-	-	30,189	119,727
Net change in invested in capital assets (note 9(b))	148,880	-	-	(148,880)	-	-
Interfund transfers (note 11)	-	-	(245,689)	245,689	-	-
	\$ 1,490,794	\$ 1,443,540	\$ 438,300	\$ 408,656	\$ 3,781,290	\$ 4,272,849

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statements of Cash Flows

Years ended April 30, 2023 and 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ (521,748)	\$ 139,515
Items not involving cash:		
Amortization of capital assets	431,437	418,419
Amortization of deferred capital contributions	(349,610)	(349,610)
Increase in life insurance cash surrender value	(1,192)	771
Unrealized loss (gain) on investments and marketable securities	(16,542)	47,035
Amortization of deferred operating contributions included in ancillary income	-	(165,147)
Changes in non-cash operating working capital:		
Accounts receivable	(149,397)	(8,412)
Inventories	(6,597)	8,407
Prepaid expenses	(26,311)	(20,042)
Accounts payable and accrued liabilities	69,573	(11,746)
Accrued holiday pay	(10,303)	(13,578)
Scholarships payable	(20,760)	(10,700)
Refundable deposits and unearned revenue	(14,539)	(100,243)
Deferred revenue	3,176	(77,846)
	(612,813)	(143,177)
Financing:		
Endowment contributions	30,189	119,727
Investing:		
Purchase of capital assets	(148,880)	(424,238)
Decrease in cash	(731,504)	(447,688)
Cash, beginning of year	2,825,929	3,273,617
Cash, end of year	\$ 2,094,425	\$ 2,825,929

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Years ended April 30, 2023 and 2022

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 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 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, 2023 and 2022

1. Significant accounting policies (continued):

(b) Inventory:

Inventory consisting of food, bookstore merchandise, office and general supplies, is valued at the lower of actual 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 is recognized as revenue when received.

(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 Colleges' 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	40 years
Furniture, fixtures, and equipment	8 years
Vehicles	5 years

In the year of acquisition, amortization is taken at one-half of the above rates.

(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, 2023 and 2022

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, 2023, there was no amount drawn on this facility (2022 - nil).

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2023 and 2022

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:

	2023	2022
Scholarship endowment principal	\$ 1,443,540	\$ 1,413,351
Deferred revenue	447,421	444,245
Internally restricted	438,300	683,989
	\$ 2,329,261	\$ 2,541,585
Represented by:		
Cash	\$ 1,218,668	\$ 1,445,058
Investments and marketable securities	1,110,593	1,096,527
	\$ 2,329,261	\$ 2,541,585

4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	15,144,709	8,224,064	6,920,645	7,309,985
Furniture, equipment and vehicles	2,316,776	1,994,393	322,383	215,600
	\$ 18,955,776	\$ 10,218,457	\$ 8,737,319	\$ 9,019,876

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, 2023 and 2022

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$68,319 (2022 - \$62,755), which includes amounts payable for payroll related taxes and employer health taxes.

6. 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	2023	2022
Balance, beginning of year	\$ 98,855	\$ 345,390	\$ 444,245	\$ 522,091
Add amounts received:				
Donations	-	103,955	103,955	84,206
Investment income	-	27,683	27,683	(36,576)
Student fees	26,550	-	26,550	33,105
	125,405	477,028	602,433	602,826
Less amounts recognized as revenue in the year, used for:				
Bursaries and scholarships awarded	-	(131,142)	(131,142)	(124,560)
Gym maintenance	(23,870)	-	(23,870)	(34,021)
	\$ 101,535	\$ 345,886	\$ 447,421	\$ 444,245

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.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2023 and 2022

7. Deferred capital contributions (continued):

	2023	2022
Balance, beginning of year	\$ 7,596,135	\$ 7,945,745
Less: amounts amortized to revenue	(349,610)	(349,610)
Balance, end of year	\$ 7,246,525	\$ 7,596,135

8. Invested in capital assets:

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

	2023	2022
Capital assets - net book value	\$ 8,737,319	\$ 9,019,876
Amounts financed by:		
Deferred capital contributions	(7,246,525)	(7,596,135)
	\$ 1,490,794	\$ 1,423,741

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

	2023	2022
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 349,610	\$ 349,610
Amortization of capital assets	(431,437)	(418,419)
	\$ (81,827)	\$ (68,809)
Net change in invested in capital assets:		
Purchase of capital assets	\$ 148,880	\$ 424,238

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2023 and 2022

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:

	2023	2022
Mennonite Church BC	\$ 100,000	\$ 100,000
B.C. Conference of Mennonite Brethren Churches	238,514	232,379
	<u>\$ 338,514</u>	<u>\$ 332,379</u>

MCBC and BCMBC are related parties by virtue of their ability to elect members to the College's Board.

In addition there were no (2022 - \$42,815) equipment purchases related to information technology 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.

	2023	2022
Balance, beginning of year	\$ 683,989	\$ 1,006,238
Additions to capital reserve	-	139,500
Permitted expenditures	(245,689)	(461,749)
Balance, end of year	<u>\$ 438,300</u>	<u>\$ 683,989</u>

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2023 and 2022

11. Commitments:

The College is committed to minimum lease payments for office equipment. The estimated lease payments up to the end of the lease terms are as follows:

2024	\$	16,548
2025		16,548
2026		16,548
2027		16,548
2028		16,548
2029		3,119

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 financial risk exposure from prior year.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2023 and 2022

13. Comparative information:

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

COLUMBIA BIBLE COLLEGE

Schedule 1 - Ancillary Services

Years ended April 30, 2023 and 2022

	Residence	Food services	Hospitality	Bookstore	Biblical museum	2023 Total	2022 Total
Revenues	\$ 517,228	\$ 436,164	\$ 126,591	\$ 44,485	\$ 1,307	1,125,775	1,248,206
Expenses	(289,032)	(515,415)	(91,424)	(40,996)	(32,163)	(969,030)	(905,419)
	\$ 228,196	\$ (79,251)	\$ 35,167	\$ 3,489	\$ (30,856)	156,745	342,787

COLUMBIA BIBLE COLLEGE

Schedule of PTA tuition

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
PTA tuition revenue from approved programs	\$ 230,582	\$ 153,400
PTA unearned tuition from approved programs	750	2,055