

Financial Statements of

**COLUMBIA BIBLE COLLEGE**

Year ended April 30, 2012



**KPMG LLP**  
**Chartered Accountants**  
32575 Simon Avenue  
Abbotsford BC V2T 4W6  
Canada

Telephone (604) 854-2200  
Fax (604) 853-2756  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Members of Columbia Bible College

We have audited the accompanying financial statements of Columbia Bible College (the "College") which comprise the statements of financial position as at April 30, 2012, 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 generally accepted accounting principles, 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 qualified audit opinion.



*Basis for Qualified Opinion*

In common with many charitable organizations, the College derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the College and we were not able to determine whether any adjustments might be necessary to donation revenue, excess or deficiency of revenues over expenditures and assets and net assets.

*Qualified Opinion*

In our opinion, except for the possible effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the College as at April 30, 2012 and the results of its operations its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

August 8, 2012

Abbotsford, British Columbia

# COLUMBIA BIBLE COLLEGE

## Statement of Financial Position

April 30, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 128,304	\$ 530,393
Investments and marketable securities	175,664	6,237
Accounts receivable	29,298	42,617
Inventories	53,094	38,855
Prepaid expenses and deposits	89,172	94,732
	<u>475,532</u>	<u>712,834</u>
Restricted assets (Note 3):		
Cash and short-term deposits	621,687	1,705,235
Marketable securities	307,048	224,862
Accounts receivable	26,033	-
Property held for sale	-	40,000
	<u>954,768</u>	<u>1,970,097</u>
Life insurance cash surrender value	24,387	24,806
Property, buildings and equipment (Note 4)	12,053,268	9,323,931
	<u>\$ 13,507,955</u>	<u>\$ 12,031,668</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 211,849	\$ 188,405
Accrued holiday pay	230,747	222,923
Scholarships payable	45,700	52,200
Refundable deposits and unearned revenue	323,311	430,281
Deferred revenue (Note 5(a))	155,606	194,630
	<u>967,213</u>	<u>1,088,439</u>
Deferred capital contributions (Note 5):		
Unspent capital contributions - residence (Note 5(c))	40,482	1,136,856
Property, buildings and equipment (Note 5(b))	10,459,780	7,669,878
	<u>10,500,262</u>	<u>8,806,734</u>
Net assets:		
Invested in property, buildings and equipment (Note 6(a))	1,593,488	1,654,054
Scholarship endowment principal	758,680	638,611
Internally restricted - capital reserve (Note 8)	51,703	69,778
Unrestricted	(363,391)	(225,948)
	<u>2,040,480</u>	<u>2,136,495</u>
Capital disclosures (Note 14)		
	<u>\$ 13,507,955</u>	<u>\$ 12,031,668</u>

On behalf of the Board

 Director

Director

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

## Statement of Operations

Year ended April 30, 2012, with comparative figures for 2011

	2012	2011
Student revenue:		
Course Fees	\$ 3,734,248	\$ 3,607,612
Other student revenue	277,585	201,465
	<u>4,011,833</u>	<u>3,809,077</u>
Constituency support:		
Conference support (Note 7)	468,687	468,278
Donations and net fundraising	339,333	418,346
Programs assisting students (Note 5(a))	99,575	108,366
	<u>907,595</u>	<u>994,990</u>
Other income:		
Lease, investment and miscellaneous income	167,199	198,219
Ancillary services (Schedule)	1,461,647	1,522,607
	<u>1,628,846</u>	<u>1,720,826</u>
	<u>6,548,274</u>	<u>6,524,893</u>
Expenses:		
Academic programs	2,312,230	2,354,973
Administration	1,400,378	1,418,985
Ancillary services (Schedule)	1,155,081	1,129,959
Development and advancement	1,129,729	1,030,278
Student development	481,491	508,346
Programs assisting students (Note 5(a))	99,575	108,366
	<u>6,578,484</u>	<u>6,550,907</u>
Deficiency of revenues over expenses before the undernoted	(30,210)	(26,014)
Amortization of property, buildings and equipment	(475,071)	(413,694)
Amortization of deferred contributions related to property, buildings and equipment	289,197	248,725
	<u>(185,874)</u>	<u>(164,969)</u>
Deficiency of revenues over expenses	\$ (216,084)	\$ (190,983)

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

## Statement of Changes in Net Assets

Year ended April 30, 2012, with comparative figures for 2011

	2012			2011		
	Invested in property, buildings and equipment (Note 6)	Scholarship endowment principal	Internally restricted (Note 8)	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,654,054	\$ 638,611	\$ 69,778	\$ (225,948)	\$ 2,136,495	\$ 2,264,091
Deficiency of revenues over expenses	(185,874)	-	-	(30,210)	(216,084)	(190,983)
Endowment contributions	-	120,069	-	-	120,069	63,387
Net change in invested in property, buildings and equipment	125,308	-	-	(125,308)	-	-
Transfers (Note 8)	-	-	(18,075)	18,075	-	-
Balance, end of year	\$ 1,593,488	\$ 758,680	\$ 51,703	\$ (363,391)	\$ 2,040,480	\$ 2,136,495

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

## Statement of Cash Flows

Year ended April 30, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (216,084)	\$ (190,983)
Items not involving cash:		
Amortization of property, buildings and equipment	475,071	413,694
Amortization of deferred contributions	(289,197)	(248,725)
Revenue recognized on programs (Note 5(a))	(100,246)	(111,468)
Decrease (increase) in life insurance cash surrender value	419	(1,525)
Changes in non-cash operating working capital:		
Accounts receivable	13,319	150,958
Inventories	(14,239)	20,742
Prepaid expenses and deposits	5,560	(1,300)
Accounts payable and accrued liabilities	23,444	(35,449)
Accrued holiday pay	7,824	31,094
Scholarship payable	(6,500)	(10,960)
Refundable deposits and unearned revenue	(106,970)	33,279
Net increase (decrease) in deferred contributions	61,222	126,482
	<u>(146,377)</u>	<u>175,839</u>
Financing:		
Net receipts of deferred contributions related to property, buildings and equipment	1,982,725	659,913
Endowment contributions	120,069	63,387
	<u>2,102,794</u>	<u>723,300</u>
Investments:		
Purchase of property, buildings and equipment	(3,204,408)	(505,381)
Decrease (increase) in restricted assets	1,015,329	(430,350)
Decrease (increase) in investments and marketable securities	(169,427)	395,937
	<u>(2,358,506)</u>	<u>(539,794)</u>
Increase (decrease) in cash position	(402,089)	359,345
Cash position, beginning of year	530,393	171,048
Cash position, end of year	<u>\$ 128,304</u>	<u>\$ 530,393</u>

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Year ended April 30, 2012

---

Columbia Bible College (the "College") is incorporated as a corporation without share capital under the Columbia Bible College Act of British Columbia. The organization provides post-secondary education, including Bachelor of Arts degrees, Diplomas, and Certificates to students drawn from Canada and other parts of the world.

The organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

### (a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

### (b) Revenue recognition:

The College follows the deferral method of accounting for donations. This method recognizes unrestricted donations as revenue when received and externally restricted donations other than endowments as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of property, buildings and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property, buildings and equipment.

Pledges are recognized on a cash basis, recorded as pledges when received.

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

Restricted investment income is 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 recorded when received.

Course fees and ancillary revenues are recorded as earned.

### (c) Inventory:

Inventory, consisting of food, bookstore, office and general supplies, is valued at the lower of actual cost and net realizable value.



# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

---

## 1. Significant accounting policies (continued):

### (d) Property, buildings and equipment:

Property, buildings and equipment are recorded at values agreed upon by the two member conferences for assets transferred to the College on September 1, 1982. New additions are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When property, building and equipment no longer contribute to the College's ability to provide services, its carrying amount is written down to its residual value.

Buildings and equipment are amortized on a straight-line basis as follows:

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

### (e) Use of estimates:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### (f) Financial instruments:

Financial assets and liabilities have been designated to be classified as follows:

- (i) Cash, life insurance policies, and investments in marketable securities as held-for-trading, being measured at fair value. Gain or losses are recorded as income in the current year.
- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities, accrued holiday pay, and scholarships payable are classified as other financial liabilities, which are measured at amortized cost.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

## 2. Future change in accounting standards:

The College is currently classified as a not-for-profit organization. The Accounting Standards Board ("AcSB") has approved new accounting standards for non-government controlled not-for-profit organizations (NPOs). These accounting standards provide NPOs the option of adopting International Financial Reporting Standards or Accounting Standards for Not-For-Profit Organizations, supplemented by Accounting Standards for Private Enterprises ("ASPE"), where required. NPOs must adopt one of these two accounting frameworks for fiscal years beginning on or after January 1, 2012. The College intends to adopt the Accounting Standards for Not-For-Profit Organizations, supplemented by ASPE.

The College is evaluating the impact of adopting the new accounting standards for not-for-profit organizations.

## 3. Restricted assets:

	2012	2011
Scholarship endowment principal	\$ 758,680	\$ 638,611
Programs assisting students	155,606	194,630
Unspent capital contributions - residence	40,482	1,136,856
	<u>\$ 954,768</u>	<u>\$ 1,970,097</u>
Represented by:		
Cash	\$ 621,687	\$ 1,705,235
Marketable securities	307,048	224,862
Accounts receivable	26,033	-
Property	-	40,000
	<u>\$ 954,768</u>	<u>\$ 1,970,097</u>

The original cost of the restricted marketable securities is \$264,824.

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, 2012 (2011 - nil) there was no amount drawn on this facility.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

## 4. Property, buildings and equipment:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	14,292,682	4,158,509	10,134,173	6,956,875
Furniture, equipment, and vehicles	1,491,992	1,067,188	424,804	382,061
Capital assets in process	-	-	-	490,704
	<u>\$ 17,278,965</u>	<u>\$ 5,225,697</u>	<u>\$ 12,053,268</u>	<u>\$ 9,323,931</u>

With exception of the new residence, 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.

## 5. Deferred contributions:

### (a) Deferred revenue:

Deferred revenue related to expenditures of future periods represent unspent externally restricted donations and interest for designated purposes.

Programs assisting students:

A fund that establishes endowments and receives donations for the purpose of distributing student scholarships and bursaries.

	2012	2011
Balance, beginning of year	\$ 194,630	\$ 179,616
Add amounts received:		
Donations	37,183	98,107
Investment gains	24,039	28,375
	<u>255,852</u>	<u>306,098</u>
Less amounts recognized as revenue in the year, used for:		
Bursaries and scholarships awarded	(99,575)	(108,366)
Transfer to General Endowments	(671)	(3,102)
	<u>\$ 155,606</u>	<u>\$ 194,630</u>

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

## 5. Deferred contributions (continued):

### (b) Property, buildings and equipment:

Deferred capital contributions related to property, buildings and equipment represent the unamortized amount of donations received for the purchase of property, buildings and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2012	2011
Balance, beginning of year	\$ 7,669,878	\$ 7,600,739
Transfer from unspent capital contributions	3,079,099	317,864
	10,748,977	7,918,603
Less:		
Amounts amortized to revenue	(289,197)	(248,725)
	\$ 10,459,780	\$ 7,669,878

### (c) Unspent capital contributions - residence:

The balance of unspent capital contributions relate to the new residence capital campaign:

	2012	2011
Balance, beginning of year	\$ 1,136,856	\$ 794,807
Capital donations received in the year	1,982,725	659,913
Amounts spent on property, buildings and equipment	(3,079,099)	(317,864)
	\$ 40,482	\$ 1,136,856

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

## 6. Invested in property, buildings and equipment:

(a) Invested in property, buildings and equipment is calculated as follows:

	2012	2011
Property, buildings and equipment - net book value	\$ 12,053,268	\$ 9,323,931
Amounts financed by:		
Deferred contributions	(10,459,780)	(7,669,877)
	\$ 1,593,488	\$ 1,654,054

(b) Change in invested in property, buildings and equipment is calculated as follows:

	2012	2011
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to property, buildings and equipment	\$ 289,197	\$ 248,725
Amortization of property, buildings and equipment	(475,071)	(413,694)
	\$ (185,874)	\$ (164,969)

	2012	2011
Net change in invested in property, buildings and equipment:		
Purchase of property, buildings and equipment	\$ 3,204,407	\$ 505,381
Amounts funded by deferred contributions	(3,079,099)	(317,863)
	\$ 125,308	\$ 187,518

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

## 7. Economic dependence:

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

	MCBC	BCMBC	2012 Total	MCBC	BCMBC	2011 Total
Operating subsidies	\$ 120,000	\$ 348,687	\$ 468,687	\$ 120,000	\$ 348,278	\$ 468,278

Future operations of the College depend upon the continued support of the two conferences and donors.

## 8. Internally restricted:

The Board of Directors has internally restricted \$51,703 (2011 - \$69,778) of the College's net assets for its commitment under the CCDS letter of understanding. These internally restricted funds are not available for other purposes without the approval of the Board of Directors in consultation with CCDS.

	2012		2011	
Balance, beginning of the year	\$	69,778	\$	157,982
Permitted expenditures		(18,075)		(78,204)
Transfer to Endowment Fund		-		(10,000)
Balance, end of year	\$	51,703	\$	69,778

The balance of internally restricted funds consists of the following:

	2012		2011	
Capital fund - CCDS restriction	\$	51,703	\$	69,778

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

---

## 9. Contingencies:

Columbia Campus Development Society:

Letter of Understanding:

The College has signed a Letter of Understanding (the "Letter") with the CCDS as of November 14, 2003. This Letter requires that the College, for a period of 10 years commencing May 1, 2004, set aside 5% of operating revenues, as defined in the Letter, into a Capital Fund. This Capital Fund will be used for purposes of funding the Student Services Centre, constructing future capital projects and completing major structural repairs. Any funds that are collected by the College in its Capital Campaign can be used as a credit against the 5% requirement and any excess can be carried forward and applied to future years 5% requirements. Based on the terms of the Letter, management estimates that the total funds collected by the College as at April 30, 2012 through its Capital Campaign are sufficient to meet all remaining funding requirements under the terms of the Letter. Accordingly, management believes there is no longer an obligation for the College to set aside any portion of operating revenues into a Capital Fund under the terms of the Letter.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

---

## 10. Commitments:

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

---

2013	\$	19,333
2014		19,333
2015		12,112
	\$	50,778

---

## 11. Contingencies:

Columbia Bible College has two bank guarantees totalling \$36,236 (2011 - Nil) issued to the City of Abbotsford for development purposes.

## 12. Subsequent events:

Subsequent to year end the College received a transfer of land and building with an approximate value of \$2,649,000 from Biblical Museum of Canada in exchange for meeting certain criteria as set out in the agreement for a period of 10 years.

## 13. Financial instruments:

The fair value of the College's cash, restricted cash and short-term deposits, investments and marketable securities, accounts receivable, accounts payable and accrued liabilities approximate their carrying value. It is managements' opinion that the College is not exposed to significant interest rate or credit risk from these financial interests.

## 14. Capital disclosures:

The College receives its principal source of capital funds from tuition receipts, constituency support and other ancillary revenues. The College defines capital to be net assets and deferred capital contributions. The College's objective when managing capital is to fund its operations and provide reserves for future capital expenditures as described in Note 9.



# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2012

---

## **15. Comparative figures:**

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

# COLUMBIA BIBLE COLLEGE

## Schedule of Ancillary Services

Year ended April 30, 2012, with comparative figures for 2011

	Residence	Food Services	Hospitality	Catering	Bookstore	Globe quest	2012	2011
Revenues	\$ 472,315	\$ 406,571	\$ 182,316	\$ 161,183	\$ 120,162	\$ 119,100	\$ 1,461,647	\$ 1,522,607
Expenses	(321,647)	(364,615)	(123,678)	(102,377)	(99,900)	(142,864)	(1,155,081)	(1,129,959)
	\$ 150,668	\$ 41,956	\$ 58,638	\$ 58,806	\$ 20,262	\$ (23,764)	\$ 306,566	\$ 392,648