

Financial Statements of

# **COLUMBIA BIBLE COLLEGE**

Year ended April 30, 2016



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## INDEPENDENT AUDITORS' REPORT

To the Members of Columbia Bible College

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

We have audited the accompanying financial statements of Columbia Bible College (the "College") which comprise the statement of financial position as at April 30, 2016, the statements of operations and 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion the financial statements present fairly, in all material respects, the financial position of the College as at April 30, 2016, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Other Legal Regulatory Requirements*

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

*KPMG LLP*

Chartered Professional Accountants

September 15, 2016

Abbotsford, Canada

# COLUMBIA BIBLE COLLEGE

## Statement of Financial Position

April 30, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash (note 2) (note 3)	\$ 2,332,936	\$ 2,454,459
Investments and marketable securities (note 3)	754,448	778,572
Accounts receivable	52,533	59,997
Inventory	40,741	32,521
Prepaid expenses and deposits	112,081	204,998
	<u>3,292,739</u>	<u>3,530,547</u>
Life insurance cash surrender value	30,186	26,414
Capital assets (note 4)	10,925,967	11,328,410
	<u>\$ 14,248,892</u>	<u>\$ 14,885,371</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 195,512	\$ 187,751
Accrued holiday pay	181,366	181,855
Scholarships payable	105,123	63,623
Refundable deposits and unearned revenue	341,142	379,998
Current portion of deferred operating contribution (note 6)	165,148	165,148
Deferred revenue (note 5)	215,701	289,336
	<u>1,203,992</u>	<u>1,267,711</u>
Deferred operating contributions (note 6)	825,739	990,887
Deferred capital contributions (note 7)	9,639,304	9,982,664
Net assets (deficiency):		
Invested in capital assets (note 8(a))	1,286,663	1,345,746
Scholarship endowment principal	980,785	949,860
Internally restricted - capital reserve (note 10)	378,662	337,388
Unrestricted	(66,253)	11,115
	<u>2,579,857</u>	<u>2,644,109</u>
Commitments (note 11)		
	<u>\$ 14,248,892</u>	<u>\$ 14,885,371</u>

See accompanying notes to financial statements.

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

# COLUMBIA BIBLE COLLEGE

## Statement of Operations

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Student revenue:		
Course fees	\$ 3,299,930	\$ 3,262,374
Other student revenue	211,597	197,845
	<u>3,511,527</u>	<u>3,460,219</u>
Constituency support:		
Donations	761,075	709,702
Conference support (note 9)	505,164	493,765
Programs assisting students (note 5)	153,764	88,673
	<u>1,420,003</u>	<u>1,292,140</u>
Other income:		
Ancillary services (Schedule)	1,491,322	1,373,401
Lease, investment and miscellaneous income	139,970	194,527
	<u>1,631,292</u>	<u>1,567,928</u>
	<u>6,562,822</u>	<u>6,320,287</u>
Expenses:		
Academic programs	2,420,380	2,255,763
Administration	1,283,922	1,300,036
Ancillary services (Schedule)	1,101,007	990,029
Development and advancement	1,055,819	994,524
Student development	505,298	488,234
Programs assisting students (note 5)	153,764	88,673
	<u>6,520,190</u>	<u>6,117,259</u>
Excess of revenues over expenses before the undernoted	42,632	203,028
Amortization of capital assets	(481,169)	(467,596)
Amortization of deferred capital contributions	343,360	336,868
	<u>(137,809)</u>	<u>(130,728)</u>
Excess (deficiency) of revenues over expenses	\$ (95,177)	\$ 72,300

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

## Statement of Changes in Net Assets

Year ended April 30, 2016, with comparative information for 2015

	Invested in capital assets (note 8)	Scholarship endowment principal	Internally restricted (note 10)	Unrestricted	2016 Total	2015 Total
Net assets, beginning of year	\$ 1,345,746	\$ 949,860	\$ 337,388	\$ 11,115	\$ 2,644,109	\$ 2,408,467
Excess (deficiency) of revenues over expenses (note 8(b))	(137,809)	-	-	42,632	\$ (95,177)	72,300
Endowment contributions	-	30,925	-	-	30,925	163,342
Net change in invested in capital assets (note 8(b))	78,726	-	(78,726)	-	-	-
Interfund transfers (note 10)	-	-	120,000	(120,000)	-	-
<b>Net assets (deficiency), end of year</b>	<b>\$ 1,286,663</b>	<b>\$ 980,785</b>	<b>\$ 378,662</b>	<b>\$ (66,253)</b>	<b>\$ 2,579,857</b>	<b>\$ 2,644,109</b>

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

## Statement of Cash Flows

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ (95,177)	\$ 72,300
Items not involving cash:		
Amortization of capital assets	481,169	467,596
Amortization of deferred capital contributions	(343,360)	(336,868)
Revenue recognized on programs assisting students	(153,764)	(88,673)
Increase in life insurance cash surrender value	(3,772)	(669)
Unrealized gain (loss) on investments and marketable securities	5,610	(2,608)
Amortization of deferred operating contributions included in ancillary income	(165,148)	(165,148)
Changes in non-cash operating working capital:		
Accounts receivable	7,464	(46,326)
Inventory	(8,220)	(1,163)
Prepaid expenses and deposits	92,917	(114,924)
Accounts payable and accrued liabilities	7,761	43,781
Accrued holiday pay	(489)	16,427
Scholarships payable	41,500	16,963
Refundable deposits and unearned revenue	(38,856)	61,393
Deferred revenue	80,129	153,834
	(92,236)	75,915
Financing:		
Endowment contributions	30,925	163,342
Investments:		
Purchase of capital assets	(78,726)	(317,413)
Increase (decrease) in investments and marketable securities	18,514	(220,817)
	(60,212)	(538,230)
Decrease in cash position	(121,523)	(298,973)
Cash position, beginning of year	2,454,459	2,753,432
Cash position, end of year	\$ 2,332,936	\$ 2,454,459

See accompanying notes to financial statements.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Year ended April 30, 2016

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## General:

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

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

## 1. Significant accounting policies:

### Basis of presentation:

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

#### (a) Revenue recognition:

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

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

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

Operating subsidies are recognized as revenue when received.

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

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

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

#### (b) Inventory:

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



# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2016

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

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

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

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

### (d) Use of estimates:

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

### (e) Financial instruments:

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

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

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

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2016

## 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, 2016 (2015 - \$nil) there was no amount drawn on this facility.

## 3. Restricted assets:

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

	2016	2015
Deferred operating contributions	\$ 990,886	\$ 1,156,035
Scholarship endowment principal	980,785	949,860
Deferred revenue	215,701	289,336
Internally restricted - capital reserve	378,662	337,388
	<b>\$ 2,566,034</b>	<b>\$ 2,732,619</b>
Represented by:		
Cash and short-term deposits	\$ 1,838,300	\$ 1,986,371
Marketable securities	727,734	746,248
	<b>\$ 2,566,034</b>	<b>\$ 2,732,619</b>

The original cost of the restricted marketable securities is \$594,824 (2015 - \$594,824).

## 4. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	14,813,369	5,607,436	9,205,933	9,576,284
Furniture, equipment and vehicles	1,826,968	1,601,225	225,743	257,835
	<b>\$ 18,134,628</b>	<b>\$ 7,208,661</b>	<b>\$ 10,925,967</b>	<b>\$ 11,328,410</b>

With the exception of Redekop Hall residence, with a net book value of \$3,100,069 (2015 - \$3,187,393), 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, 2016

## 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.

	2016	2015
Balance, beginning of year	\$ 289,336	\$ 224,175
Add amounts received:		
Donations	106,897	107,366
Investment income (loss)	(26,768)	46,468
	369,465	378,009
Less amounts recognized as revenue in the year, used for:		
Bursaries and scholarships awarded	(153,764)	(88,673)
	\$ 215,701	\$ 289,336

## 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.

	2016	2015
Balance, beginning of year	\$ 1,156,035	\$ 1,537,820
Amounts transferred to deferred capital contributions	-	(216,637)
Amounts amortized to revenue (Schedule)	(165,148)	(165,148)
	990,887	1,156,035
Current portion	(165,148)	(165,148)
	\$ 825,739	\$ 990,887

The College transferred nil (2015 - \$216,637) deferred operating funds related to the Metzger fund museum project to deferred capital contributions for construction of the museum.

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2016

## 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.

	2016	2015
Balance, beginning of year	\$ 9,982,664	\$ 10,102,895
Transfer from deferred operating contributions	-	216,637
	9,982,664	10,319,532
Less:		
Amounts amortized to revenue	(343,360)	(336,868)
Balance, end of year	\$ 9,639,304	\$ 9,982,664

## 8. Invested in capital assets:

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

	2016	2015
Capital assets - net book value	\$ 10,925,967	\$ 11,328,410
Amounts financed by:		
Deferred capital contributions	(9,639,304)	(9,982,664)
	\$ 1,286,663	\$ 1,345,746

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

	2016	2015
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 343,360	\$ 336,868
Amortization of capital assets	(481,169)	(467,596)
	\$ (137,809)	\$ (130,728)
	2016	2015
Net change in invested in capital assets:		
Purchase of capital assets	\$ 78,726	\$ 317,413
Amounts funded by deferred capital contributions	-	(216,637)
	\$ 78,726	\$ 100,776

# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2016

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## 9. Related parties:

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

	MCBC	BCMBC	2016 Total	MCBC	BCMBC	2015 Total
Operating subsidies	\$ 120,000	\$ 385,164	\$ 505,164	\$ 120,525	\$ 373,240	\$ 493,765

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

## 10. Internally restricted:

On an annual basis, the Board of Directors will internally restrict up to 2.5% of operating revenues as a capital reserve. These internally restricted funds are not available for other purposes without the approval of the Board of Directors.

	2016		2015	
Balance, beginning of the year	\$	337,388	\$	247,625
Annual allocation		120,000		120,000
Permitted expenditures		(78,726)		(80,000)
Additional allocation		-		49,763
Balance, end of year	\$	378,662	\$	337,388

## 11. Commitments:

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

2017	\$	16,922
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# COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2016

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## 12. Comparative figures:

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

## 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 2015.

### (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, 2016, with comparative information for 2015

	Residence	Food Services	Hospitality	Catering	Bookstore	GlobeQuest	Biblical Museum	2016 Total	2015 Total
Revenues	\$ 402,980	\$ 455,459	\$ 208,808	\$ 77,983	\$ 84,265	\$ 96,679	\$ 165,148	\$ 1,491,322	\$ 1,373,401
Expenses	(238,940)	(445,106)	(149,008)	(74,960)	(65,719)	(94,023)	(33,251)	(1,101,007)	(990,029)
	\$ 164,040	\$ 10,353	\$ 59,800	\$ 3,023	\$ 18,546	\$ 2,656	\$ 131,897	\$ 390,315	\$ 383,372

# COLUMBIA BIBLE COLLEGE

## Schedule of PCTIA tuition

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
PCTIA tuition earned	\$ 143,961	\$ 198,709