

Financial Statements of

COLUMBIA BIBLE COLLEGE

Year ended April 30, 2011



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INDEPENDENT AUDITORS' REPORT

To the Members of Columbia Bible College

We have audited the accompanying financial statements of Columbia Bible College which comprise the balance sheet as at April 30, 2011, the statements of revenues and expenditures and 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 consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained 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 Qualification Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the College as at April 30, 2011 and the results of its operations its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chartered Accountants

August 9, 2011

Abbotsford, British Columbia

COLUMBIA BIBLE COLLEGE

Statement of Financial Position

April 30, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ 530,393	\$ 171,048
Investments and marketable securities	6,237	402,174
Accounts receivable	42,617	193,575
Inventories	38,855	59,597
Prepaid expenses and deposits	94,732	93,432
	<u>712,834</u>	<u>919,826</u>
Restricted assets (Note 2):		
Cash and short-term deposits	1,705,235	1,404,496
Marketable securities	224,862	135,251
Property held for sale	40,000	-
	<u>1,970,097</u>	<u>1,539,747</u>
Life insurance cash surrender value	24,806	23,281
Property, buildings and equipment (Note 3)	9,323,931	9,232,244
	<u>\$ 12,031,668</u>	<u>\$ 11,715,098</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 188,405	\$ 224,664
Accrued holiday pay	222,923	191,019
Scholarships payable	52,200	63,160
Refundable deposits and unearned revenue	430,281	397,002
	<u>893,809</u>	<u>875,845</u>
Deferred contributions (Note 4):		
Expenditures of future periods	194,630	179,616
Unspent capital contributions - residence	1,136,856	794,807
Property, buildings and equipment	7,669,878	7,600,739
	<u>9,001,364</u>	<u>8,575,162</u>
Net assets:		
Invested in property, buildings and equipment (Note 5(a))	1,654,054	1,631,505
Scholarship endowment principal	638,611	556,224
General endowment principal	-	9,000
Internally restricted - capital reserve (Note 7)	69,778	147,982
Internally restricted - endowment	-	10,000
Unrestricted	(225,948)	(90,620)
	<u>2,136,495</u>	<u>2,264,091</u>
Capital disclosures (Note 9)		
	<u>\$ 12,031,668</u>	<u>\$ 11,715,098</u>

On behalf of the Board

 Director

 Director

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Operations

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
Student revenue:		
Course Fees	\$ 3,607,612	\$ 3,779,030
Other student revenue	201,465	169,293
	<u>3,809,077</u>	<u>3,948,323</u>
Constituency support:		
Conference support (Note 6)	468,278	453,290
Donations and net fundraising	418,346	495,092
Programs assisting students (Note 4(a))	108,366	93,360
	<u>994,990</u>	<u>1,041,742</u>
Other income:		
Lease, investment and miscellaneous income	198,219	202,132
Ancillary services, net (Schedule)	392,648	500,908
	<u>590,867</u>	<u>703,040</u>
	<u>5,394,934</u>	<u>5,693,105</u>
Expenditures:		
Academic programs	2,354,973	2,445,646
Administration	1,418,985	1,414,115
Development and advancement	1,030,278	976,277
Student development	508,346	479,324
Programs assisting students (Note 4(a))	108,366	93,360
	<u>5,420,948</u>	<u>5,408,722</u>
Excess (deficiency) of revenues over expenditures before the undernoted	(26,014)	284,383
Amortization of property, buildings and equipment	(413,694)	(409,495)
Amortization of deferred contributions related to property, buildings and equipment	248,725	251,725
	<u>(164,969)</u>	<u>(157,770)</u>
Excess (deficiency) of revenues over expenditures	\$ (190,983)	\$ 126,613

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Changes in Net Assets

Year ended April 30, 2011, with comparative figures for 2010

	2011				2010	
	Invested in property, buildings and equipment (Note 5(a))	Scholarship endowment principal	General endowment principal	Internally restricted (Note 7)	Unrestricted	Total
Balance, beginning of year	\$ 1,631,505	\$ 556,224	\$ 9,000	\$ 157,982	\$ (90,620)	\$ 2,264,091
Excess (deficiency) of revenues over expenditures	(164,969)	-	-	-	(26,014)	(190,983)
Endowment contributions	-	63,387	-	-	-	63,387
Net change in invested in property, buildings and equipment	187,518	-	-	-	(187,518)	-
Transfers	-	19,000	(9,000)	(88,204)	78,204	-
Balance, end of year	\$ 1,654,054	\$ 638,611	\$ -	\$ 69,778	\$ (225,948)	\$ 2,136,495
						\$ 2,264,091

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Cash Flows

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenditures	\$ (190,983)	\$ 126,613
Items not involving cash:		
Amortization of property, buildings and equipment	413,694	409,495
Amortization of deferred contributions	(248,725)	(251,725)
Decrease in life insurance cash surrender value	(1,525)	683
Net change in non-cash operating working capital	188,364	26,363
Net increase in deferred contributions	15,014	109,649
	<u>175,839</u>	<u>421,078</u>
Financing:		
Net receipts of deferred contributions related to property, buildings and equipment	659,913	386,858
Endowment contributions	63,387	41,740
	<u>723,300</u>	<u>428,598</u>
Investments:		
Purchase of property, buildings and equipment	(427,176)	(410,499)
Purchase of software	(78,205)	-
Increase in restricted assets	(430,350)	(443,710)
Decrease (increase) in investments and marketable securities	395,937	(16,046)
	<u>(539,794)</u>	<u>(870,255)</u>
Increase (decrease) in cash position	359,345	(20,579)
Cash position, beginning of year	171,048	191,627
Cash position, end of year	<u>\$ 530,393</u>	<u>\$ 171,048</u>

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Year ended April 30, 2011

General:

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) 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.

(b) Inventory:

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

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

1. Significant accounting policies (continued):

(c) 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 and at cost for subsequent additions. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a property, buildings and equipment no longer contributes 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

(d) 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.

(e) Financial instruments:

The College accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles. Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

In accordance with the Canadian generally accepted accounting principles, the College has undertaken the following:

- (i) Designated cash, life insurance policies, and investments in marketable securities as held-for-trading, being measured at fair value.
- (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.

(g) Revisions to Not-for-Profit accounting standards:

Effective January 1, 2012, the College's current accounting framework will no longer exist. In December 2010 the Canadian Institute of Chartered Accountants ("CICA") in conjunction with the Accounting Standards Board ("AcSB") issued Part III – Accounting Standards for Not-for-Profit Organizations ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The College has the option to apply International Financial Reporting Standards (IFRS) or the newly approved accounting standards for Not-for-Profit Organizations.

The College has elected to adopt the new accounting standards for not-for-profit organizations effective May 1, 2012.

The College is evaluating the impact of adopting the new accounting standards for not-for-profit organizations; differences on adoption are expected to be minimal

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

2. Restricted cash and investments:

	2011	2010
Scholarship endowment principal	\$ 638,611	\$ 556,224
Programs assisting students funds unspent	194,630	179,616
General endowment principal	-	9,000
Unspent capital contributions - residence	1,136,856	794,907
	\$ 1,970,097	\$ 1,539,747
Represented by:		
Cash	\$ 1,705,235	\$ 1,404,496
Marketable securities	224,862	135,251
Property	40,000	-
	\$ 1,970,097	\$ 1,539,747

The original cost of the restricted marketable securities is \$189,824.

The College has a credit facility with the HSBC Bank of Canada for \$375,000. As at April 30, 2011 there was no amount drawn on this facility.

3. Property, buildings and equipment:

	2011		2010	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	10,801,712	3,844,837	6,956,875	7,226,270
Furniture, equipment, and vehicles	1,287,850	905,789	382,061	417,046
Capital assets in process	490,704	-	490,704	94,637
	\$ 14,074,557	\$ 4,750,626	\$ 9,323,931	\$ 9,232,244

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, 2011

4. Deferred contributions:

(a) Expenditures of future periods:

Deferred contributions 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.

	2011	2010
Balance, beginning of year	\$ 179,616	\$ 69,967
Add amounts received:		
Donations	98,107	158,229
Investment gains (loss)	28,375	44,780
	306,098	272,976
Less amounts recognized as revenue in the year, used for:		
Bursaries and scholarships awarded	(108,366)	(93,360)
Transfer to General Endowments	(3,102)	-
	\$ 194,630	\$ 179,616

(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.

	2011	2010
Balance, beginning of year	\$ 7,600,739	\$ 7,757,827
Additional contributions received:		
Donations to be used to purchase assets	317,864	94,637
	7,918,603	7,852,464
Less:		
Amounts amortized to revenue	(248,725)	(251,725)
	\$ 7,669,878	\$ 7,600,739

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

4. Deferred contributions (continued):

(c) Unspent capital contributions - residence:

The balance of unspent capital contributions, which relates to the residence capital campaign consists of the following:

	2011	2010
Balance, beginning of year	\$ 794,807	\$ 502,586
Capital donations received in the year	659,913	386,858
Amounts spent on property, buildings and equipment	(317,864)	(94,637)
	<u>\$ 1,136,856</u>	<u>\$ 794,807</u>

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

5. Invested in property, buildings and equipment:

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

	2011	2010
Property, buildings and equipment - net book value	\$ 9,323,931	\$ 9,232,244
Amounts financed by:		
Deferred contributions	(7,669,877)	(7,600,739)
	\$ 1,654,054	\$ 1,631,505

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

	2011	2010
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to property, buildings and equipment	\$ 248,725	\$ 251,725
Amortization of property, buildings and equipment	(413,694)	(409,495)
	\$ (164,969)	\$ (157,770)

	2011	2010
Net change in invested in property, buildings and equipment:		
Purchase of property, buildings and equipment	\$ 505,381	\$ 410,499
Amounts funded by deferred contributions	(317,863)	(94,637)
	\$ 187,518	\$ 315,862

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

6. 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	2011 Total	MCBC	BCMBC	2010 Total
Operating subsidies	\$ 120,000	\$ 348,278	\$ 468,278	\$ 120,000	\$ 333,290	\$ 453,290

Operating subsidies are recorded when received.

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

7. Internally restricted:

The Board of Directors has internally restricted \$69,778 (2010 - \$157,982) of the College's net assets for general endowments and 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.

	2011	2010
Balance, beginning of the year	\$ 157,982	\$ 377,621
Permitted expenditures	(78,204)	(219,639)
Transfer to Endowment Fund	(10,000)	-
Balance, end of year	\$ 69,778	\$ 157,982

The balance of internally restricted funds consists of the following:

	2011	2010
General endowment principal	\$ -	\$ 10,000
Capital fund - CCDS restriction	69,778	147,982
	\$ 69,778	\$ 157,982

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

8. 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. The balance required to be set aside from operations for the Capital Fund is calculated as follows:

	2011	2010
Balance, beginning of year	\$ 147,982	\$ 367,621
Add:		
5% of operating revenues requirement	307,000	323,000
Excess contributions	352,812	63,858
Less:		
Capital campaign funds received	(659,812)	(386,858)
Eligible expenditures made during the year	(78,204)	(219,639)
	(738,016)	(606,497)
Balance, end of year	\$ 69,778	\$ 147,982

Cumulative funds restricted under this agreement are \$1,206,634 which is comprised of unspent capital contributions of the \$1,136,856 as described in Note 4(c), and internally restricted capital fund of \$69,778

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2011

9. Commitments:

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

2012	\$	19,333
2013		19,333
2014		19,333
2015		12,112
		<hr/>
		\$ 70,111

The College is currently constructing a new residence building and has entered into a construction contract not to exceed \$2,680,000, expecting completion in the 2012 fiscal year.

10. 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 8.

COLUMBIA BIBLE COLLEGE

Schedule of Ancillary Services

Year ended April 30, 2011, with comparative figures for 2010

	Residence	Food Services	Hospitality	Catering	Bookstore	Globe quest	2011	2010
Revenues	\$ 497,108	\$ 467,445	\$ 324,153	\$ 122,734	\$ 111,167	\$ -	\$ 1,522,607	\$ 1,662,995
Expenses	(406,564)	(386,730)	(139,313)	(83,841)	(96,262)	(17,249)	(1,129,959)	(1,162,087)
	\$ 90,544	\$ 80,715	\$ 184,840	\$ 38,893	\$ 14,905	\$ (17,249)	\$ 392,648	\$ 500,908