

Financial Statements of

COLUMBIA BIBLE COLLEGE

Years ended April 30, 2013 and April 30, 2012



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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 statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, the statements of operations and changes in net assets and cash flows for the years ended April 30, 2013 and April 30, 2012, 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 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 audits. We conducted our audits 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, 2013, April 30, 2012 and May 1, 2011, the results of its operations and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

September 19, 2013

Abbotsford, British Columbia

COLUMBIA BIBLE COLLEGE

Statement of Financial Position

April 30, 2013, April 30, 2012 and May 1, 2011

	April 30, 2013	April 30, 2012	May 1, 2011
Assets			
Current assets:			
Cash	\$ 415,575	\$ 232,757	\$ 460,615
Investments and marketable securities	21,371	19,508	6,237
Accounts receivable	23,377	29,298	42,617
Inventories	43,448	53,094	38,855
Prepaid expenses and deposits	137,665	89,172	94,732
	<u>641,436</u>	<u>423,829</u>	<u>643,056</u>
Restricted assets (note 2):			
Cash and short-term deposits	2,764,995	673,390	1,775,013
Marketable securities	332,083	307,048	224,862
Accounts receivable	-	26,033	-
Property held for sale	-	-	40,000
	<u>3,097,078</u>	<u>1,006,471</u>	<u>2,039,875</u>
Life insurance cash surrender value	24,770	24,387	24,806
Capital assets (note 3)	11,596,129	12,053,268	9,323,931
	<u>\$ 15,359,413</u>	<u>\$ 13,507,955</u>	<u>\$ 12,031,668</u>

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities	\$ 195,204	\$ 211,849	\$ 188,405
Accrued holiday pay	152,107	230,747	222,923
Scholarships payable	44,760	45,700	52,200
Refundable deposits and unearned revenue	330,419	323,311	430,281
Deferred revenue (note 4)	162,857	155,606	194,630
	<u>885,347</u>	<u>967,213</u>	<u>1,088,439</u>
Deferred operating contributions (note 5)	1,937,833	-	-
Deferred capital contributions (note 6):			
Unspent capital contributions - residence (note 6(b))	39,140	40,482	1,136,856
Capital assets (note 6(a))	10,130,563	10,459,780	7,669,878
	<u>10,169,703</u>	<u>10,500,262</u>	<u>8,806,734</u>
Net assets:			
Invested in capital assets (note 7(a))	1,465,566	1,593,488	1,654,053
Scholarship endowment principal	779,910	758,680	638,611
Internally restricted - capital reserve (note 9)	177,338	51,703	69,778
Unrestricted deficiency	(56,284)	(363,391)	(225,947)
	<u>2,366,530</u>	<u>2,040,480</u>	<u>2,136,495</u>
Commitments (note 10)			
Contingencies (note 11)			
	<u>\$ 15,359,413</u>	<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

Years ended April 30, 2013 and April 30, 2012

	2013	2012
Student revenue:		
Course Fees	\$ 3,355,041	\$ 3,734,248
Other student revenue	234,553	277,585
	<u>3,589,594</u>	<u>4,011,833</u>
Constituency support:		
Conference support (note 8)	518,768	468,687
Donations and net fundraising	609,005	339,333
Programs assisting students (note 4)	165,413	99,575
	<u>1,293,186</u>	<u>907,595</u>
Other income:		
Lease, investment and miscellaneous income	168,657	167,199
Ancillary services (Schedule)	1,152,933	1,461,647
	<u>1,321,590</u>	<u>1,628,846</u>
	<u>6,204,370</u>	<u>6,548,274</u>
Expenses:		
Academic programs	2,062,917	2,312,230
Administration	1,286,387	1,400,378
Ancillary services (Schedule)	1,006,355	1,155,081
Development and advancement	933,558	1,129,729
Student development	463,291	481,491
Programs assisting students (note 4)	165,413	99,575
	<u>5,917,921</u>	<u>6,578,484</u>
Excess (deficiency) of revenues over expenses before the undernoted	286,449	(30,210)
Amortization of deferred operating contributions (note 5)	215,315	-
Amortization of capital assets	(527,503)	(475,071)
Amortization of deferred capital contributions	330,559	289,197
	<u>(196,944)</u>	<u>(185,874)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 304,820</u>	<u>\$ (216,084)</u>

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Changes in Net Assets

Years ended April 30, 2013 and April 30, 2012

March 31, 2013	Invested in capital assets (note 7)	Scholarship endowment restricted	Internally restricted (note 9)	Unrestricted	Total
Balance, beginning of year	\$ 1,593,488	\$ 758,680	\$ 51,703	\$ (363,391)	\$ 2,040,480
Excess (deficiency) of revenues over expenses (note 7(b))	(196,944)	-	-	501,764	\$ 304,820
Endowment contributions	-	21,230	-	-	21,230
Net change in invested in capital assets (note 7(b))	69,022	-	-	(69,022)	-
Transfers (note 9)	-	-	125,635	(125,635)	-
Net assets, end of year	\$ 1,465,566	\$ 779,910	\$ 177,338	\$ (56,284)	\$ 2,366,530

March 31, 2012	Invested in capital assets (note 7)	Scholarship endowment restricted	Internally restricted (note 9)	Unrestricted	Total
Balance, beginning of year	\$ 1,654,053	\$ 638,611	\$ 69,778	\$ (225,947)	\$ 2,136,495
Deficiency of revenues over expenses (note 7(b))	(185,874)	-	-	(30,210)	(216,084)
Endowment contributions	-	120,069	-	-	120,069
Net change in invested in capital assets (note 7(b))	125,309	-	-	(125,309)	-
Transfers (note 9)	-	-	(18,075)	18,075	-
Net assets, end of year	\$ 1,593,488	\$ 758,680	\$ 51,703	\$ (363,391)	\$ 2,040,480

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Cash Flows

Years ended April 30, 2013 and April 30, 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 304,820	\$ (216,084)
Items not involving cash:		
Amortization of capital assets	527,503	475,071
Amortization of deferred capital contributions	(330,559)	(289,197)
Amortization of deferred operating contributions	(215,315)	-
Revenue recognized on programs (note 4)	(165,413)	(100,246)
Decrease (increase) in life insurance cash surrender value	(383)	419
Increase in unrealized gain in investments and marketable securities	(1,863)	(13,271)
Changes in non-cash operating working capital:		
Accounts receivable	5,921	13,319
Inventories	9,646	(14,239)
Prepaid expenses and deposits	(48,493)	5,560
Accounts payable and accrued liabilities	(16,644)	23,444
Accrued holiday pay	(78,640)	7,824
Scholarship payable	(940)	(6,500)
Refundable deposits	7,108	(106,970)
Net increase in deferred contributions	172,663	61,222
	169,411	(159,648)
Financing:		
Net receipts of deferred operating contributions	2,153,148	-
Net receipts of deferred capital contributions	-	1,982,725
Endowment contributions	21,230	120,069
	2,174,378	2,102,794
Investments:		
Purchase of capital assets	(70,364)	(3,204,408)
Decrease (increase) in restricted assets	(2,090,607)	1,033,404
	(2,160,971)	(2,171,004)
Increase (decrease) in cash position	182,818	(227,858)
Cash position, beginning of year	232,757	460,615
Cash position, end of year	\$ 415,575	\$ 232,757

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Years ended April 30, 2013 and April 30, 2012

General:

Columbia Bible College (the "College") is incorporated as a corporation without share capital under the Corporations 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 organization 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.

On May 1, 2012, the College adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook ("not-for-profit standards"). These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the College has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is May 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

There were no adjustments to net assets as at May 1, 2011 or excess of revenue over expenses for the year ended April 30, 2012 as a result of the transition to not-for-profit standards.

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 donations. 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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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.

(b) Inventory:

Inventory, consisting of food, bookstore, office and general supplies, is recorded at the lower of cost (which is the original purchase price of the product) and replacement cost.

(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 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 valuation of accounts receivable, the carrying amount of capital assets, accounts payable and accrued liabilities, and accrued holiday pay. Actual results could differ from those estimates.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

1. Significant accounting policies (continued):

(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 its 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)

Years ended April 30, 2013 and April 30, 2012

2. Restricted assets:

	April 30, 2013	April 30, 2012	May 1, 2012
Deferred operating contributions	\$ 1,937,833	\$ -	\$ -
Scholarship endowment principal	779,910	758,680	638,611
Programs assisting students (note 4)	162,857	155,606	194,630
Internally restricted - capital reserve	177,338	51,703	69,778
Unspent capital contributions - residence	39,140	40,482	1,136,856
	<u>\$ 3,097,078</u>	<u>\$ 1,006,471</u>	<u>\$ 2,039,875</u>
Represented by:			
Cash	\$ 2,764,995	\$ 673,390	\$ 1,775,013
Marketable securities	332,083	307,048	224,862
Accounts receivable	-	26,033	-
Property	-	-	40,000
	<u>\$ 3,097,078</u>	<u>\$ 1,006,471</u>	<u>\$ 2,039,875</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, 2013 (2012 - nil) there was no amount drawn on this facility.

3. Capital assets:

April 30, 2013	Cost	Accumulated amortization	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291
Buildings and improvements	14,294,024	4,515,859	9,778,165
Furniture, equipment and vehicles	1,561,014	1,237,341	323,673
	<u>\$ 17,349,329</u>	<u>\$ 5,753,200</u>	<u>\$ 11,596,129</u>

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

3. Capital assets (continued):

April 30, 2012	Cost	Accumulated amortization	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291
Buildings and improvements	14,292,682	4,158,509	10,134,173
Furniture, equipment and vehicles	1,491,992	1,067,188	424,804
	<u>\$ 17,278,965</u>	<u>\$ 5,225,697</u>	<u>\$ 12,053,268</u>

May 1, 2011	Cost	Accumulated amortization	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291
Buildings and improvements	10,801,712	3,844,837	6,956,875
Furniture, equipment and vehicles	1,287,850	905,789	382,061
Capital assets in process	490,704	-	490,704
	<u>\$ 14,074,557</u>	<u>\$ 4,750,626</u>	<u>\$ 9,323,931</u>

With the exception of Redekop Hall 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.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

4. 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.

	April 30, 2013	April 30, 2012	May 1, 2011
Balance, beginning of year	\$ 155,606	\$ 194,630	\$ 179,616
Add amounts received:			
Donations	117,837	37,183	98,107
Investment gains	54,827	24,039	28,375
	328,270	255,852	306,098
Less amounts recognized as revenue in the year, used for:			
Bursaries and scholarships awarded	(165,413)	(99,575)	(108,366)
Transfer to General Endowments	-	(671)	(3,102)
	\$ 162,857	\$ 155,606	\$ 194,630

5. Deferred operating contributions:

Deferred operating contributions are funds received from the sale of property for the purposes of maintaining a collection for a minimum term of 10 years.

	2013
Balance, beginning of year	\$ -
Funds received in the year	2,153,148
Amounts amortized during the year	(215,315)
	\$ 1,937,833

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

6. Deferred capital contributions:

(a) Capital assets:

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.

	April 30, 2013	April 30, 2012	May 1, 2011
Balance, beginning of year	\$ 10,459,780	\$ 7,669,878	\$ 7,600,739
Transfer from unspent capital contributions	1,342	3,079,099	317,864
	10,461,122	10,748,977	7,918,603
Less:			
Amounts amortized to revenue	(330,559)	(289,197)	(248,725)
	\$ 10,130,563	\$ 10,459,780	\$ 7,669,878

(b) Unspent capital contributions - residence:

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

	April 30, 2013	April 30, 2012	May 1, 2011
Balance, beginning of year	\$ 40,482	\$ 1,136,856	\$ 794,807
Capital donations received in the year	-	1,982,725	659,913
Amounts spent on capital assets	(1,342)	(3,079,099)	(317,864)
	\$ 39,140	\$ 40,482	\$ 1,136,856

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

7. Invested in capital assets:

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

	April 30, 2013	April 30, 2012	May 1, 2011
Capital assets - net book value	\$ 11,596,129	\$ 12,053,268	\$ 9,323,931
Amounts financed by:			
Deferred contributions	(10,130,563)	(10,459,780)	(7,669,878)
	<u>\$ 1,465,566</u>	<u>\$ 1,593,488</u>	<u>1,654,053</u>

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

	April 30, 2013	April 30, 2012	May 1, 2011
Deficiency of revenue over expenses:			
Amortization of deferred capital contributions	\$ 330,559	\$ 289,197	248,725
Amortization of capital assets	(527,503)	(475,071)	(413,694)
	<u>\$ (196,944)</u>	<u>\$ (185,874)</u>	<u>(164,969)</u>

	April 30, 2013	April 30, 2012	May 1, 2011
Net change in invested in capital assets:			
Purchase of capital assets	\$ 70,364	\$ 3,204,408	505,381
Amounts funded by deferred capital contributions	(1,342)	(3,079,099)	(317,864)
	<u>\$ 69,022</u>	<u>\$ 125,309</u>	<u>187,517</u>

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

8. 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	2013 Total	MCBC	BCMBC	2012 Total
Operating subsidies	\$ 120,000	\$ 398,768	\$ 518,768	\$ 120,000	\$ 348,687	\$ 468,687

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

9. Internally restricted:

During the year, the College was released from its previous commitment with CCDS. The Board of Directors has internally restricted \$177,338 (2012 - \$51,703) of the College's net assets as a capital reserve. These internally restricted funds are not available for other purposes without the approval of the Board of Directors.

	April 30, 2013	April 30, 2012	May 1, 2011
Balance, beginning of the year	\$ 51,703	\$ 69,778	\$ 157,982
Permitted expenditures	-	(18,075)	(78,204)
2.5% of operating revenues requirement	125,635	-	(10,000)
Balance, end of year	\$ 177,338	\$ 51,703	69,778

The balance of internally restricted funds consists of the following:

	April 30, 2013	April 30, 2012	May 1, 2011
Capital reserve	\$ 177,338	\$ -	\$ -
Capital fund - CCDS restriction	-	51,703	69,778
	\$ 177,338	\$ 51,703	69,778

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and April 30, 2012

10. Commitments:

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

2014	\$	19,333
2015		12,112
		<hr/>
		\$ 31,445

11. Contingencies:

Columbia Bible College has two bank guarantees totalling \$7,796 (2012 - \$36,236) issued to the City of Abbotsford for development purposes.

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. There has been no change to the risk exposures from 2012.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College is exposed to credit risk with respect to the accounts receivable. The College assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

COLUMBIA BIBLE COLLEGE

Schedule of Ancillary Services

Years ended April 30, 2013 and April 30, 2012

April 30, 2013	Residence	Food Services	Hospitality	Catering	Bookstore	Globe quest	Biblical Museum	Total
Revenues	\$ 360,095	\$ 369,570	\$ 182,832	\$ 131,908	\$ 90,828	\$ 17,700	\$ -	\$ 1,152,933
Expenses	(244,014)	(352,562)	(110,566)	(90,179)	(80,876)	(28,208)	(99,950)	(1,006,355)
	\$ 116,081	\$ 17,008	\$ 72,266	\$ 41,729	\$ 9,952	\$ (10,508)	\$ (99,950)	\$ 146,578

April 30, 2012	Residence	Food Services	Hospitality	Catering	Bookstore	Globe quest	Biblical Museum	Total
Revenues	\$ 472,315	\$ 406,571	\$ 182,316	\$ 161,183	\$ 120,162	\$ 119,100	\$ -	\$ 1,461,647
Expenses	(321,647)	(364,615)	(123,678)	(102,377)	(99,900)	(142,864)	-	(1,155,081)
	\$ 150,668	\$ 41,956	\$ 58,638	\$ 58,806	\$ 20,262	\$ (23,764)	\$ -	\$ 306,566