

Financial Statements of

COLUMBIA BIBLE COLLEGE

Year ended April 30, 2010



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AUDITORS' REPORT

To the Members of Columbia Bible College

We have audited the statement of financial position of Columbia Bible College as at April 30, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the donations referred to above, these financial statements present fairly, in all material respects, the financial position of the College as at April 30, 2010 and the results of its operations and 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The current year's supplementary information included in the schedule of ancillary services 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

Abbotsford, British Columbia
July 16, 2010

COLUMBIA BIBLE COLLEGE

Statement of Financial Position

April 30, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 171,048	\$ 191,627
Investments and marketable securities	402,174	386,128
Accounts receivable	193,575	136,834
Inventories	59,597	62,464
Prepaid expenses and deposits	93,432	123,798
	<u>919,826</u>	<u>900,851</u>
Restricted assets (Note 2):		
Cash and short-term deposits	1,404,496	844,997
Marketable securities	135,251	251,040
	<u>1,539,747</u>	<u>1,096,037</u>
Life insurance cash surrender value	23,281	23,965
Property, buildings and equipment (Note 3)	9,232,244	9,231,241
	<u>\$ 11,715,098</u>	<u>\$ 11,252,094</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 224,664	\$ 109,693
Accrued holiday pay	191,019	200,822
Scholarships payable	63,160	57,650
Refundable deposits and unearned revenue	397,002	457,811
	<u>875,845</u>	<u>825,976</u>
Deferred contributions (Note 4):		
Expenditures of future periods	179,616	69,967
Unspent capital contributions - residence	794,807	502,586
Property, buildings and equipment	7,600,739	7,757,827
	<u>8,575,162</u>	<u>8,330,380</u>
Net assets:		
Invested in property, buildings and equipment (Note 5(a))	1,631,505	1,473,413
Scholarship endowment principal	556,224	514,484
General endowment principal	9,000	9,000
Internally restricted - capital reserve (Note 7)	147,982	367,621
Internally restricted - endowment (Note 7)	10,000	10,000
Unrestricted	(90,620)	(278,780)
	<u>2,264,091</u>	<u>2,095,738</u>
Capital disclosures (Note 10)		
	<u>\$ 11,715,098</u>	<u>\$ 11,252,094</u>

On behalf of the Board

_____ Director

_____ Director See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Operations

Year ended April 30, 2010, with comparative figures for 2009

	2010	2009
Student revenue:		
Course fees	\$ 3,779,030	\$ 3,545,945
Other student revenue	169,293	172,347
	<u>3,948,323</u>	<u>3,718,292</u>
Constituency support:		
Conference support (Note 6)	453,290	501,500
Donations and net fundraising	495,092	642,476
Programs assisting students (Note 4(a))	93,360	89,600
	<u>1,041,742</u>	<u>1,233,576</u>
Other income:		
Lease, investment and miscellaneous income	202,132	141,196
Ancillary services, net (Schedule)	500,908	462,877
	<u>703,040</u>	<u>604,073</u>
	<u>5,693,105</u>	<u>5,555,941</u>
Expenditures:		
Academic programs	2,445,646	2,687,641
Administration	1,414,115	1,379,152
Development and advancement	976,277	915,627
Student development	479,324	503,537
Programs assisting students (Note 4(a))	93,360	89,600
Capital	-	825
	<u>5,408,722</u>	<u>5,576,382</u>
Excess (deficiency) of revenues over expenditures before the undernoted	284,383	(20,441)
Amortization of property, buildings and equipment	(409,495)	(353,652)
Amortization of deferred contributions related to property, buildings and equipment	251,725	251,725
	<u>(157,770)</u>	<u>(101,927)</u>
Excess (deficiency) of revenues over expenditures	\$ 126,613	\$ (122,368)

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Changes in Net Assets

Year ended April 30, 2010, with comparative figures for 2009

						2010	2009
	Invested in property, buildings and equipment (Note 5(a))	Scholarship endowment principal	General endowment principal	Internally restricted (Note 7)	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,473,413	\$ 514,484	\$ 9,000	\$ 377,621	\$ (278,780)	\$ 2,095,738	\$ 2,005,161
Excess (deficiency) of revenues over expenditures	(157,770)	-	-	-	284,383	126,613	(122,368)
Endowment contributions	-	41,740	-	-	-	41,740	212,945
Net change in invested in property, buildings and equipment	315,862	-	-	-	(315,862)	-	-
Transfers	-	-	-	(219,639)	219,639	-	-
Balance, end of year	\$ 1,631,505	\$ 556,224	\$ 9,000	\$ 157,982	\$ (90,620)	\$ 2,264,091	\$ 2,095,738

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Statement of Cash Flows

Year ended April 30, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenditures	\$ 126,613	\$ (122,368)
Items not involving cash:		
Amortization of property, buildings and equipment	409,495	353,652
Amortization of deferred contributions	(251,725)	(251,725)
Decrease in life insurance cash surrender value	683	1,414
Net change in non-cash operating working capital	26,363	(949)
<u>Net increase in deferred contributions</u>	<u>109,649</u>	<u>(17,304)</u>
	421,078	(37,280)
Financing:		
Net receipts of deferred contributions related to property, buildings and equipment	386,858	134,223
<u>Endowment contributions</u>	<u>41,740</u>	<u>212,945</u>
	428,598	347,168
Investments:		
Purchase of property, buildings and equipment	(410,499)	(181,855)
Increase in restricted assets	(443,710)	(328,864)
Decrease (increase) in investments and marketable securities	(16,046)	139,479
	(870,255)	(371,240)
Decrease in cash position	(20,579)	(61,352)
Cash position, beginning of year	191,627	252,979
<u>Cash position, end of year</u>	<u>\$ 171,048</u>	<u>\$ 191,627</u>

See accompanying notes to financial statements.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements

Year ended April 30, 2010

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 if the amount can be reasonably estimated and ultimate collection is reasonably assured.

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, 2010

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, 2010

1. Significant accounting policies (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.
- (f) Future changes accounting standards:

The Accounting Standards Board and the Public Sector Accounting Board have recently approved for release an exposure draft suggesting Not-for-Profit enterprises (NFPs) in Canada that are not in the public sector be given a choice to adopt either International Financial Reporting Standards (IFRS) or a private company framework with not-for-profit oriented specific areas, similar to what is currently in use in Canada. The final status of GAAP for NFPs in Canada is pending comments received on the exposure draft and an eventual final standard. For those entities that do adopt IFRS, the changeover will require the following:

IFRS balance sheet and profit and loss information to be available for the "comparative period". As such, the opening balance sheet as at the January 1, 2010 transition date will need to be converted to IFRS.

IFRS disclosures (which are considered to be much more extensive than current Canadian GAAP).

Based on this exposure draft, the College will be required to adopt one of these accounting frameworks for the year beginning May 1, 2012. Until that date, no change in the accounting standards currently used would occur.

The College is currently evaluating their options and will finalize their decision once the final accounting standards for NFPs are released.

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2010

2. Restricted cash and investments:

	2010		2009	
Scholarship endowment principal	\$	556,224	\$	514,484
Programs assisting students funds unspent		179,616		69,967
General endowment principal		9,000		9,000
Unspent capital contributions - residence		794,907		502,586
	\$	1,539,747	\$	1,096,037
Represented by:				
Cash	\$	1,404,496	\$	844,997
Marketable securities		135,251		251,040
	\$	1,539,747	\$	1,096,037

The original cost of the restricted marketable securities is \$114,824.

The College has a credit facility with the HSBC Bank of Canada for \$375,000. As at April 30, 2010, there was no amount drawn on this facility.

3. Property, buildings and equipment:

	2010		2009	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,494,291	\$ -	\$ 1,494,291	\$ 1,494,291
Buildings and improvements	10,895,717	3,574,810	7,320,907	7,502,012
Furniture, equipment and vehicles	1,179,168	762,122	417,046	234,938
	\$ 13,569,176	\$ 4,336,932	\$ 9,232,244	\$ 9,231,241

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, 2010

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.

	2010	2009
Balance, beginning of year	\$ 69,967	\$ 87,271
Add amounts received:		
Donations	158,229	105,529
Investment gains (loss)	44,780	(33,233)
	272,976	159,567
Less amounts recognized as revenue in the year, used for:		
Bursaries and scholarships awarded	(93,360)	(89,600)
	\$ 179,616	\$ 69,967

(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.

	2010	2009
Balance, beginning of year	\$ 7,757,827	\$ 8,008,552
Additional contributions received:		
Donations to be used to purchase assets	94,637	1,000
	7,852,464	8,009,552
Less:		
Amounts amortized to revenue	(251,725)	(251,725)
	\$ 7,600,739	\$ 7,757,827

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2010

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:

	2010	2009
Balance, beginning of year	\$ 502,586	\$ 369,363
Capital donations received in the year	386,858	133,223
Amounts spent on property, buildings and equipment	(94,637)	-
	<u>\$ 794,807</u>	<u>\$ 502,586</u>

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2010

5. Invested in property, buildings and equipment:

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

	2010	2009
Property, buildings and equipment - net book value	\$ 9,232,244	\$ 9,231,241
Amounts financed by:		
Deferred contributions	(7,600,739)	(7,757,828)
	\$ 1,631,505	\$ 1,473,413

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

	2010	2009
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to property, buildings and equipment	\$ 251,725	\$ 251,725
Amortization of property, buildings and equipment	(409,495)	(353,652)
	\$ (157,770)	\$ (101,927)

	2010	2009
Net change in invested in property, buildings and equipment:		
Purchase of property, buildings and equipment	\$ 410,499	\$ 181,855
Amounts funded by deferred contributions	(94,637)	(1,000)
	\$ 315,862	\$ 180,855

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2010

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	2010 Total	MCBC	BCMBC	2009 Total
Operating subsidies	\$ 120,000	\$ 333,290	\$ 453,290	\$ 120,000	\$ 381,500	\$ 501,500

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 \$157,982 (2008 - \$377,621) 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.

	2010	2009
Balance, beginning of the year	\$ 377,621	\$ 245,028
Permitted expenditures	(219,639)	-
Capital fund - CCDS restriction (Note 8)	-	132,593
Balance, end of year	\$ 157,982	\$ 377,621

The balance of internally restricted funds consists of the following:

	2010	2009
General endowment principal	\$ 10,000	\$ 10,000
Capital fund - CCDS restriction	147,982	367,621
	\$ 157,982	\$ 377,621

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2010

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:

	2010	2009
Balance, beginning of year	\$ 367,621	\$ 235,028
Add:		
5% of operating revenues requirement	323,000	305,142
Excess contributions	63,858	-
Less:		
Capital campaign funds received	(386,858)	(133,223)
Eligible expenditures made during the year	(219,639)	-
Application of prior year carry-forward excess	-	(39,326)
	(606,497)	(172,549)
Balance, end of year	\$ 147,982	\$ 367,621

Cumulative funds restricted under this agreement are \$942,789, which is comprised of unspent capital contributions of the \$794,807, as described in Note 5(c), and internally restricted capital fund of \$147,982

COLUMBIA BIBLE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2010

9. Commitments:

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

2011	\$	7,221
2012		19,333
2013		19,333
2014		19,333
2015		19,333
	\$	84,553

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, 2010, with comparative figures for 2009

	Residence	Food Services	Hospitality	Catering	Bookstore	2010	2009
Revenues	\$ 546,680	\$ 494,214	\$ 389,928	\$ 83,375	\$ 148,798	\$ 1,662,995	\$ 1,636,119
Expenses	(392,679)	(384,828)	(196,812)	(57,614)	(130,154)	(1,162,087)	(1,173,242)
	\$ 154,001	\$ 109,386	\$ 193,116	\$ 25,761	\$ 18,644	\$ 500,908	\$ 462,877