THE LUTHERAN COLLEGIATE BIBLE INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

HEAGY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Regents of
The Lutheran Collegiate Bible Institute

Qualified Opinion

We have audited the accompanying financial statements of The Lutheran Collegiate Bible Institute, which comprise the statement of financial position as at June 30, 2020 and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, along with the summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects 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 Lutheran Collegiate Bible Institute as at June 30, 2020 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the institute derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenue was limited to the amounts recorded in the records of the institute and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses for the year, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Lutheran Collegiate Bible Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 17 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that cast doubt about the institute's ability to continue as a going concern.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing The Lutheran Collegiate Bible Institute's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate The Lutheran Collegiate Bible Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Lutheran Collegiate Bible Institute's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Lutheran Collegiate Bible Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Lutheran Collegiate Bible Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Lutheran Collegiate Bible Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Heagy LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Saskatoon, SK
December 5, 2020

THE LUTHERAN COLLEGIATE BIBLE INSTITUTE

STATEMENT OF FINANCIAL POSITION — AS AT JUNE 30

	Current Fund $	Capital Fund $	Trust Fund $	Total 2020 $	Total 2019 $
ASSETS (note 7)					
CURRENT ASSETS					
Cash	115,064	-	25,765	140,829	221,336
Accounts receivable (note 3)	3,499	-	-	3,499	11,087
Inventory	3,720	-	-	3,720	3,456
Prepaid expenses	24,629	-	-	24,629	8,126
	146,912	-	25,765	172,677	244,005
LONG-TERM INVESTMENTS (note 4)	-	-	762,188	762,188	616,612
OTHER INVESTMENTS (note 5)	55,800	-	-	55,800	55,800
TANGIBLE CAPITAL ASSETS (notes 6 and 8)	-	1,124,464	-	1,124,464	1,211,616
	202,712	1,124,464	787,953	2,115,129	2,128,033
LIABILITIES					
CURRENT LIABILITIES					
Bank overdraft (note 7)	-	-	-	-	108,645
Accounts payable and accrued liabilities	154,222	-	-	154,222	170,792
Payroll remittances payable	24,276	-	-	24,276	23,066
Deferred revenue	21,289	-	-	21,289	458
Current portion of long-term debt	29,200	7,100	10,000	46,300	48,300
Interfund balance	322	-	(322)	-	-
Current liabilities before callable debt	229,309	7,100	9,678	246,087	351,261
Callable debt (note 8)	677,536	-	-	677,536	711,103
	906,845	7,100	9,678	923,623	1,062,364
LONG-TERM DEBT (note 8)	40,000	45,092	-	85,092	72,316
	946,845	52,192	9,678	1,008,715	1,134,680
FUND BALANCES					
FUND BALANCES	(744,133)	1,072,272	778,275	1,106,414	993,353
	202,712	1,124,464	787,953	2,115,129	2,128,033

SIGNED ON BEHALF OF THE BOARD

________________________ Director

________________________ Director

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30

	Current Fund $	Capital Fund $	Trust Fund $	Total 2020 $	Total 2019 $
BALANCE (DEFICIT) - BEGINNING OF YEAR	(963,507)	1,124,200	832,660	993,353	812,567
Excess (deficiency) of revenue over expenses for the year	253,598	(90,652)	(49,885)	113,061	180,786
	(709,909)	1,033,548	782,775	1,106,414	993,353
Interfund transfers -					
Interfund transfer (note 13)	4,500	-	(4,500)	-	-
Repayment of long-term debt	(35,224)	35,224	-	-	-
Purchase of tangible capital assets	(3,500)	3,500	-	-	-
	(34,224)	38,724	(4,500)	-	-
BALANCE (DEFICIT) - END OF YEAR	(744,133)	1,072,272	778,275	1,106,414	993,353
FUND BALANCES CONSIST OF:					
Unrestricted	(744,133)	-	-	(744,133)	(963,507)
Invested in tangible capital assets	-	1,072,272	-	1,072,272	1,124,200
Externally restricted	-	-	778,275	778,275	832,660
	(744,133)	1,072,272	778,275	1,106,414	993,353

STATEMENT OF REVENUE AND EXPENSES — **FOR THE YEAR ENDED JUNE 30**

	Current Fund $	Capital Fund $	Trust Fund $	Total 2020 $	Total 2019 $
REVENUE					
Donations and bequests	973,433	-	500	973,933	868,444
Min. of Education grant	547,135	-	-	547,135	583,207
Dining and other meals	106,628	-	-	106,628	176,167
Canada Emergency Wage Subsidy	92,977	-	-	92,977	-
Room rentals	89,440	-	-	89,440	144,570
Tuition and other fees	83,210	-	-	83,210	73,495
Investment income	-	-	39,058	39,058	29,803
Fund raising and self-financing activities	31,972	-	1,130	33,102	42,905
Gain on disposal of portfolio investments	-	-	22,604	22,604	-
Other rentals	19,612	-	-	19,612	30,289
Miscellaneous grants	10,000	-	-	10,000	210
Interest and miscellaneous	4,951	-	-	4,951	3,878
Unrealized loss on portfolio investments	-	-	(92,087)	(92,087)	(7,274)
	1,959,358	-	(28,795)	1,930,563	1,945,694
EXPENSES					
Salaries and benefits	1,233,128	-	-	1,233,128	1,167,726
Utilities	101,441	-	-	101,441	100,695
Depreciation	-	90,652	-	90,652	95,502
Office and miscellaneous	55,688	-	5,720	61,408	52,070
Repairs and maintenance	50,946	-	-	50,946	46,253
Interest on long-term debt	50,483	-	-	50,483	50,012
Food and food services	49,609	-	-	49,609	77,471
Promotion (note 12)	30,355	-	-	30,355	25,406
Classroom supplies	24,844	-	-	24,844	15,415
Fund raising and self-financing activities	23,668	-	-	23,668	8,786
Insurance	22,279	-	-	22,279	21,502
Travel	16,855	-	-	16,855	20,219
Scholarships and bursaries	-	-	15,370	15,370	17,887
Professional fees	14,230	-	-	14,230	10,168
Telephone	9,900	-	-	9,900	13,008
Property taxes	8,814	-	-	8,814	12,458
Associate school admin. fees	5,784	-	-	5,784	6,072
Interest and bank charges	4,844	-	-	4,844	9,542
Graduation and yearbook	4,539	-	-	4,539	8,567
Discounts	1,930	-	-	1,930	-
Mission and outreach	638	-	-	638	528
Board of Regents	-	-	-	-	2,032
Bad debts (recovery)	(4,215)	-	-	(4,215)	3,589
	1,705,760	90,652	21,090	1,817,502	1,764,908
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	253,598	(90,652)	(49,885)	113,061	180,786

STATEMENT OF CASH FLOWS — **FOR THE YEAR ENDED JUNE 30**

	Current Fund $	Capital Fund $	Trust Fund $	Total 2020 $	Total 2019 $
OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenses for the year	253,598	(90,652)	(49,885)	113,061	180,786
Items not affecting cash -					
Depreciation	-	90,652	-	90,652	95,502
Gain on disposal of portfolio investments	-	-	(22,604)	(22,604)	-
Unrealized loss on portfolio investments	-	-	92,087	92,087	7,274
	253,598	-	19,598	273,196	283,562
Changes in non-cash working capital items (note 10)	(8,098)	-	4,390	(3,708)	(154,005)
Cash Provided By Operating Activities	245,500	-	23,988	269,488	129,557
FINANCING ACTIVITIES					
Proceeds of long-term debt	40,000	-	-	40,000	91,290
Repayment of long-term debt	(27,567)	(35,224)	-	(62,791)	(25,111)
Cash Provided By (Used In) Financing Activities	12,433	(35,224)	-	(22,791)	66,179
INVESTING ACTIVITIES					
Purchase of tangible capital assets	-	(3,500)	-	(3,500)	(109,760)
Increase in cash surrender value of life insurance	-	-	-	-	(55,800)
Proceeds on disposal of portfolio investments	-	-	651,198	651,198	-
Purchase of portfolio investments	-	-	(862,201)	(862,201)	(17,415)
Investment income re-invested	-	-	(4,056)	(4,056)	-
Cash Used In Investing Activities	-	(3,500)	(215,059)	(218,559)	(182,975)
INTERFUND TRANSFERS	(34,224)	38,724	(4,500)	-	-
INCREASE (DECREASE) IN CASH POSITION	223,709	-	(195,571)	28,138	12,761
CASH POSITION (DEFICIENCY) - BEGINNING OF YEAR	(108,645)	-	221,336	112,691	99,930
CASH POSITION - END OF YEAR	115,064	-	25,765	140,829	112,691

1. THE ORGANIZATION

The Lutheran Collegiate Bible Institute, incorporated under a special act of the Legislative Assembly of Saskatchewan, operates as a non-profit co-educational school in Outlook, Saskatchewan for the educational, recreational and religious training of pupils therein. The institute is a registered charitable organization and is exempt from income taxes under provisions of the Canadian Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Instruments

The institute initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The institute subsequently measures all financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses for the year.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include bank overdraft, accounts payable and accrued liabilities, payroll remittances payable, callable debt and long-term debt.

The institute's financial assets measured at fair value include long-term investments.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess (deficiency) of revenue over expenses for the year. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses for the year.

Inventory

Inventory is valued at the lower of cost and net realizable value using the first-in, first-out method. The value of inventory is regularly reviewed and written down when necessary. If inventory write-downs are subsequently determined recoverable, inventory is written up to its previous cost value, provided the realizable value exceeds its original cost. Otherwise, inventory is written up to its new realizable value. Any write-downs or subsequent reversals of these write-downs are to be disclosed in the financial statements in the period such adjustment is determined.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible Capital Assets and Depreciation

Tangible capital assets are recorded at cost and amortized over their estimated useful lives. This requires estimation of the useful life of the asset and its salvage and residual value. When management considers that a tangible capital asset no longer contributes to the institute's ability to provide services, its carrying amount is written down to its residual value. As is true of all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

Depreciation of tangible capital assets is calculated using the straight-line method at the following annual rates:

Buildings	2.5%
Land improvements	5.0%
Furniture and equipment	10.0%
Automotive equipment	20.0%

Depreciation on assets acquired during the year is recorded at the full annual rate. There is no depreciation recorded in the year of disposal.

Fund Accounting

Current Fund

The current fund reflects the primary operations of the institute including revenue from tuition and government grants for provision of services. Expenses are for the delivery of services.

Capital Fund

The capital fund is a restricted fund that reflects the equity of the institute in tangible capital assets after taking into consideration any associated long-term debt. Expenses consist primarily of depreciation of tangible capital assets and interest on long-term debt.

Trust Fund

The trust fund is an externally restricted fund maintained for the payment of scholarships, bursaries and designated building or other projects in accordance with the conditions of the trust.

Revenue Recognition

The Lutheran Collegiate Bible Institute follows the restricted fund method for accounting for contributions. Restricted contributions related to primary operations are recognized as revenue of the current fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate fund. Unrestricted contributions are recognized as revenue of the current fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tuition fees, Ministry of Education grants, room and other rentals and dining meals are recognized over the two teaching semesters as services are rendered. Donations, fundraising and self-financing activities are recognized when funds are received.

Donated Material and Services

The institute benefits from the donation of food, materials and services from its members and other members of the community. Only when the fair value of donated materials can be reasonably estimated and would have otherwise been purchased are the amounts recorded. These financial statements do not reflect the value of donated services since a fair value cannot be reasonably estimated. Donations of tangible capital assets are recorded as donations and capitalized at estimated fair market value when the fair market value is readily determinable.

Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of 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 estimate and assumption include valuation of accounts receivable, net realizable value of inventory and the estimated useful lives of tangible capital assets. Actual results could differ from estimates.

3. ACCOUNTS RECEIVABLE

	2020 $	2019 $
Tuition fees receivable	22,121	33,896
GST receivable	1,433	1,997
Miscellaneous receivables	1,036	500
Less: allowance for doubtful accounts	(21,091)	(25,306)
	3,499	11,087

4. LONG-TERM INVESTMENTS

	2020 $	2019 $
Portfolio investments	762,188	616,612

5. OTHER INVESTMENTS

In the prior year, the board became the beneficiary on a $100,000 life insurance policy. At the time it was donated the estimated fair market value was $55,800.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value 2020	Net Book Value 2019
	$	$	$	$
Land	4,130	-	4,130	4,130
Old Main building	511,535	391,619	119,916	129,379
Administration building	212,933	180,184	32,749	34,151
Gymnasium	463,975	455,464	8,511	9,514
Auditorium and Chapel	166,239	120,496	45,743	48,947
Dean's residence	18,273	13,138	5,135	5,591
Dining hall and lower residence	59,903	58,496	1,407	1,716
Custodial house	45,458	36,461	8,997	9,797
President's residence	54,330	41,163	13,167	13,781
Garage	1,000	1,000	-	-
Shop	46,551	20,950	25,601	26,763
Boys' dormitory	415,772	379,633	36,139	37,856
Classroom complex	1,234,975	709,354	525,621	556,496
Rental houses	296,831	88,996	207,835	215,255
Land improvements	43,456	39,896	3,560	4,602
Furniture and equipment	821,283	798,038	23,245	28,761
Automotive equipment	277,714	215,006	62,708	84,877
	4,674,358	3,549,894	1,124,464	1,211,616

7. BANK OVERDRAFT

The bank overdraft is secured by a general security agreement and bears interest at a floating rate based on bank prime plus 0.55 percent. The institute's total available overdraft is $150,000 (2019 - $150,000). The terms of the overdraft are renegotiated from time to time.

The prime rate at June 30, 2020 was 2.45%.

8. LONG-TERM DEBT

	2020 $	2019 $
6.1% Prairie Centre Credit Union Ltd. mortgage, payable in blended bi-weekly instalments of $2,750, maturing September, 2022, secured by land	706,736	734,303
4.79% private loan, payable in blended monthly instalments of $788	52,192	87,416
Non-interest bearing Canada Emergency Business Account (CEBA) loan, with $10,000 forgivable if $30,000 is paid by December 31, 2022	40,000	-
Certificate of Deposit loan, non-interest bearing, repayable upon maturity of contract, due for renewal	10,000	10,000
	808,928	831,719
Less: current portion	46,300	48,300
	762,628	783,419
Less: callable debt	677,536	711,103
	85,092	72,316

Callable debt represents demand loans, net of current portion.

The principal payments required in each of the next five years to meet retirement provisions based on current loan terms are as follows:

	$
Year ending June 30, 2021	46,300
2022	68,500
2023	40,900
2024	43,300
2025	45,900

9. LEASE OBLIGATIONS

The institute leases equipment under a 48 month lease expiring March, 2022 and a 48 month lease expiring October, 2023. The fixed minimum annual rental payments in each of the next five years are as follows:

	$
Year ending June 30, 2021	8,549
2022	8,549
2023	474
2024	-
2025	-

10. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Current Fund $	Capital Fund $	Trust Fund $	Total 2020 $	Total 2019 $
Accounts receivable	7,588	-	-	7,588	(655)
Prepaid expenses	(16,503)	-	-	(16,503)	2,034
Inventory	(264)	-	-	(264)	-
Interfund balance	(4,390)	-	4,390	-	-
Accounts payable and accrued liabilities	(16,570)	-	-	(16,570)	(178,580)
Payroll remittances payable	1,210	-	-	1,210	23,066
Deferred revenue	20,831	-	-	20,831	130
	(8,098)	-	4,390	(3,708)	(154,005)

11. EMPLOYEE FUTURE BENEFITS

The institute participates in the Evangelical Lutheran Church in Canada (ELCIC) pension plan, a multi-employer defined contribution plan covering its permanent employees (excluding teachers who are covered with their own government subsidized STF pension plan). Contributions are accumulated in individual accounts. The accounts of all plan members are invested together in a balanced fund where investment returns are allocated to individual accounts.

The institute accrues its obligations under the defined contribution pension plan at the rate of 8% of salary for every 7% contributed by its permanent employees and settles its obligations monthly. The institute has no pension liability beyond the matching amounts noted above.

12. RELATED PARTY TRANSACTIONS

During the year, the institute contracted services to a spouse of senior management in the amount of $18,130 (2019 - $19,200) for assistance with database, website and research work. Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. INTERFUND TRANSFERS

During the year, the Board of Directors approved a transfer of $4,500 from the trust fund to the current fund to account for the portion of funds that were designated and restricted to the payment of scholarships and bursaries.

14. ECONOMIC DEPENDENCE

The institute receives significant funding from the Saskatchewan Government - Ministry of Education. The institute's ability to continue viable operations are dependent upon continued receipt of this funding.

15. FINANCIAL RISK

Liquidity Risk

Liquidity risk is the risk that the institute will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The institute is subject to liquidity risk mainly with respect to its accounts payable and accrued liabilities, payroll remittances payable and long-term debt. This risk is offset by a history of strong support within the community in terms of donations and student enrolment as well as continuation of government grants. This risk has increased due to the COVID-19 health issue as detailed in note 16 and the new long-term debt taken on.

Credit Risk

Credit risk is the risk that financial instrument future cash flows will fluctuate due to changes in the financial position of entities that possess credit with the institute. The institute is subject to credit risk on its accounts receivable. Management has attempted to minimize this risk by maintaining relationships with past students as well as adjusting the balance to reflect expected collectability. There has been no change in risk exposure from the prior year.

Market Risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The institute is subject to interest rate risk on its portfolio investments. Management has attempted to minimize this risk by investing in high-quality securities and by selecting a diverse portfolio of investments.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The institute is subject to interest rate risk on its debt obligations. Management has attempted to minimize this risk by negotiating the best possible interest rates. There has been no change in risk exposure from the prior year.

16. UNCERTAINTY DUE TO THE COVID-19 HEALTH ISSUE

In March, 2020 the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As at December 5, 2020, the institute is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of the school in March, 2020 for the remainder of the 2019/2020 school year as well as not allowing any facility rentals during this time. The school opened as scheduled for the 2020/2021 school year.

Management has utilized grants and loan programs created by the Government of Canada to offset the financial impact that has been created by the COVID-19 virus. These programs along with existing cash resources and a successful donation appeal has enabled The Lutheran Collegiate Bible Institute to maintain the teaching and business staff throughout the process.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

17. GOING CONCERN

These financial statements have been prepared on a going concern basis which assumes that the institute will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The institute's ability to continue as a going concern is dependent upon its ability to attract students, attain profitable operations and generate funds and/or borrowings from third parties sufficient to meet current and future obligations. Management has continued to be actively engaged in the review and due diligence of cost savings and recruitment opportunities and is seeking to raise additional capital to meet its funding requirements through increased donations. There can be no assurance that management's plan will be successful.

These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the institute be unable to continue in existence.