THE LUTHERAN COLLEGIATE BIBLE INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

HEAGY LLP
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, 2024 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, 2024 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.

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 17, 2024

HEAGY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

THE LUTHERAN COLLEGIATE BIBLE INSTITUTE

STATEMENT OF FINANCIAL POSITION **AS AT JUNE 30**

	Current Fund $	Capital Fund $	Trust Fund $	Total 2024 $	Total 2023 $
		ASSETS (note 7)			
CURRENT ASSETS					
Cash	149,930	-	1,782	151,712	293,212
Accounts receivable (note 3)	35,815	-	-	35,815	17,197
Inventory	3,150	-	-	3,150	3,150
Prepaid expenses	33,798	-	-	33,798	38,053
	222,693	-	1,782	224,475	351,612
LONG-TERM INVESTMENTS (note 4)	-	-	910,532	910,532	863,458
OTHER INVESTMENTS (note 5)	57,901	-	-	57,901	56,401
TANGIBLE CAPITAL ASSETS (notes 6 and 8)	-	948,864	-	948,864	1,013,415
	280,594	948,864	912,314	2,141,772	2,284,886
		LIABILITIES			
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	241,702	-	-	241,702	227,461
Government remittances payable	33,147	-	-	33,147	31,272
Deferred revenue	76,621	-	-	76,621	101,769
Current portion of long-term debt	36,900	-	10,000	46,900	85,400
Interfund balance	(85,172)	-	85,172	-	-
	303,198	-	95,172	398,370	445,902
LONG-TERM DEBT (note 8)	502,427	-	-	502,427	545,006
	805,625	-	95,172	900,797	990,908
		FUND BALANCES			
FUND BALANCES	(525,031)	948,864	817,142	1,240,975	1,293,978
	280,594	948,864	912,314	2,141,772	2,284,886

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 2024 $	Total 2023 $
BALANCE (DEFICIT) - BEGINNING OF YEAR	(528,987)	1,013,415	809,550	1,293,978	1,384,647
Excess (deficiency) of revenue over expenses for the year	(40,181)	(74,164)	61,342	(53,003)	(90,669)
	(569,168)	939,251	870,892	1,240,975	1,293,978
Interfund transfers -					
Interfund transfer (note 13)	53,750	-	(53,750)	-	-
Purchase of tangible capital assets	(9,613)	9,613	-	-	-
	44,137	9,613	(53,750)	-	-
BALANCE (DEFICIT) - END OF YEAR	(525,031)	948,864	817,142	1,240,975	1,293,978
FUND BALANCES CONSIST OF:					
Unrestricted	(525,031)	-	-	(525,031)	(528,987)
Invested in tangible capital assets	-	948,864	-	948,864	1,013,415
Externally restricted	-	-	817,142	817,142	809,550
	(525,031)	948,864	817,142	1,240,975	1,293,978

THE LUTHERAN COLLEGIATE BIBLE INSTITUTE

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

	Current Fund $	Capital Fund $	Trust Fund $	Total 2024 $	Total 2023 $
REVENUE					
Min. of Education grant	821,368	-	-	821,368	799,171
Donations and bequests	560,480	-	54,200	614,680	747,427
Tuition and other fees	289,600	-	-	289,600	188,737
Dining and other meals	260,748	-	-	260,748	200,152
Room rentals	211,333	-	-	211,333	144,049
Fund raising and self-financing activities	152,039	-	-	152,039	94,982
Investment income	6,558	-	41,640	48,198	41,011
Other rentals	41,801	-	-	41,801	32,239
Miscellaneous grants	32,266	-	-	32,266	15,741
Interest and miscellaneous	20,446	-	1,328	21,774	23,992
Foreign exchange gain on portfolio investments	-	-	-	-	3,768
Unrealized gain (loss) on portfolio investments	-	-	47,722	47,722	(24,994)
Loss on disposal of portfolio investments	-	-	(3,588)	(3,588)	(3,095)
	2,396,639	-	141,302	2,537,941	2,263,180
EXPENSES					
Salaries, benefits and related party contractor (note 12)	1,570,807	-	-	1,570,807	1,502,504
Repairs and maintenance	191,678	-	-	191,678	117,579
Food and food services	133,456	-	-	133,456	113,360
Utilities	131,447	-	-	131,447	136,236
Fund raising and program activities	87,637	-	-	87,637	52,654
Office and miscellaneous	71,948	-	6,335	78,283	73,174
Depreciation	-	74,164	-	74,164	92,263
Classroom supplies	72,310	-	-	72,310	65,777
Scholarships and bursaries	-	-	39,985	39,985	36,292
Insurance	37,200	-	-	37,200	37,315
Mission and outreach	1,028	-	33,640	34,668	652
Travel	24,478	-	-	24,478	19,989
Professional fees	21,412	-	-	21,412	22,798
Promotion	19,732	-	-	19,732	19,520
Interest on long-term debt	18,256	-	-	18,256	18,780
Graduation and yearbook	11,519	-	-	11,519	10,563
Telephone	11,118	-	-	11,118	10,154
Interest and bank charges	9,782	-	-	9,782	5,814
Property taxes	9,271	-	-	9,271	8,006
Discounts	7,063	-	-	7,063	2,000
Associate school admin. fees	4,927	-	-	4,927	7,831
Bad debts	1,751	-	-	1,751	588
	2,436,820	74,164	79,960	2,590,944	2,353,849
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(40,181)	(74,164)	61,342	(53,003)	(90,669)

THE LUTHERAN COLLEGIATE BIBLE INSTITUTE

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

	Current Fund $	Capital Fund $	Trust Fund $	Total 2024 $	Total 2023 $
OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenses for the year	(40,181)	(74,164)	61,342	(53,003)	(90,669)
Items not affecting cash -					
Depreciation	-	74,164	-	74,164	92,263
Foreign exchange gain on portfolio investments	-	-	-	-	(3,768)
Loss on disposal of portfolio investments	-	-	3,588	3,588	3,095
Unrealized loss (gain) on portfolio investments	-	-	(47,722)	(47,722)	24,994
	(40,181)	-	17,208	(22,973)	25,915
Changes in non-cash working capital items (note 10)	(59,268)	-	35,873	(23,395)	90,318
Cash Provided By (Used In) Operating Activities	(99,449)	-	53,081	(46,368)	116,233
FINANCING ACTIVITIES					
Repayment of long-term debt	(81,079)	-	-	(81,079)	(39,737)
Cash Used In Financing Activities	(81,079)	-	-	(81,079)	(39,737)
INVESTING ACTIVITIES					
Purchase of tangible capital assets	-	(9,613)	-	(9,613)	(50,314)
Increase in cash surrender value of life insurance	(1,500)	-	-	(1,500)	(601)
Proceeds on disposal of portfolio investments	39,031	-	233,228	272,259	243,912
Purchase of portfolio investments	-	-	(233,066)	(233,066)	(187,980)
Investment income re-invested	(39,031)	-	(3,102)	(42,133)	(3,797)
Cash Provided By (Used In) Investing Activities	(1,500)	(9,613)	(2,940)	(14,053)	1,220
INTERFUND TRANSFERS	44,137	9,613	(53,750)	-	-
INCREASE (DECREASE) IN CASH POSITION	(137,891)	-	(3,609)	(141,500)	77,716
CASH POSITION - BEGINNING OF YEAR	287,821	-	5,391	293,212	215,496
CASH POSITION - END OF YEAR	149,930	-	1,782	151,712	293,212

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, accounts receivable and Guaranteed Investment Certificates and savings.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and long-term debt.

The institute's financial assets measured at fair value include other investments and portfolio 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	40 years
Land improvements	20 years
Furniture and equipment	5 - 10 years
Automotive equipment	5 years

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.

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 general 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)

Revenue from student fees is recognized as revenue of the current fund as services are provided if the amount to be received can be reasonably estimated and collection is reasonably assured. Fees received for services not yet rendered are recorded as deferred revenue.

Grant revenue is recognized based on the terms of the granting agreement.

Investment income is recognized as revenue of the related fund when it is earned by the underlying investment. Unrealized gains or losses are recognized based upon fair value at year end for all investments where fair value can be determined by published price quotations in an active market.

Donated Material and Services

The institute benefits from the donation of materials and services from its members and other members of the community. These financial statements reflect the value of donations in kind when goods are received both for operational and capital purposes when fair value can be reasonably estimated. Where the value cannot be determined or when the donations are for services, no gift in kind has been recorded.

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 the estimated useful lives of tangible capital assets. Actual results could differ from estimates.

3. ACCOUNTS RECEIVABLE

	2024 $	2023 $
Tuition fees receivable	33,208	13,978
GST receivable	4,863	3,724
Miscellaneous receivables	500	500
Less: allowance for doubtful accounts	(2,756)	(1,005)
	35,815	17,197

4. LONG-TERM INVESTMENTS

	2024 $	2023 $
Portfolio investments	678,532	838,458
Guaranteed Investment Certificates and savings	232,000	25,000
	910,532	863,458

5. OTHER INVESTMENTS

In a prior year, the institute 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 2024	Net Book Value 2023
	$	$	$	$
Land	4,130	-	4,130	4,130
Old Main building	511,535	428,310	83,225	92,403
Administration building	212,933	185,321	27,612	28,894
Gymnasium	463,975	456,860	7,115	7,594
Auditorium and Chapel	166,239	132,771	33,468	36,566
Dean's residence	18,273	14,966	3,307	3,764
Dining hall and lower residence	59,903	59,627	276	550
Custodial house	127,702	44,637	83,065	85,528
President's residence	54,330	43,556	10,774	11,372
Garage	1,000	1,000	-	-
Shop	46,551	25,605	20,946	22,110
Boys' dormitory	415,772	386,308	29,464	31,132
Classroom complex	1,234,975	832,851	402,124	432,998
Rental houses	296,831	118,680	178,151	185,572
Land improvements	43,456	42,801	655	1,192
Furniture and equipment	903,024	838,472	64,552	69,610
Automotive equipment	277,714	277,714	-	-
	4,838,343	3,889,479	948,864	1,013,415

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 (2023 - $150,000). The terms of the overdraft are renegotiated from time to time.

The prime rate at June 30, 2024 was 6.95%.

8. LONG-TERM DEBT

	2024 $	2023 $
3.3% Prairie Centre Credit Union Ltd. mortgage, payable in blended bi-weekly instalments of $2,076, maturing January, 2027, secured by land	539,327	580,406
Certificate of Deposit loan, non-interest bearing, repayable upon maturity of contract, due for renewal	10,000	10,000
Non-interest bearing Canada Emergency Business Account (CEBA) loan through Prairie Centre Credit Union Ltd.	-	40,000
	549,327	630,406
Less: current portion	46,900	85,400
	502,427	545,006

Assuming the loans will be renewed under terms similar to the existing repayment terms, 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, 2025	46,900
2026	39,600
2027	39,400
2028	40,700
2029	42,100

9. LEASE OBLIGATIONS

The institute leases equipment under a monthly lease expiring in fiscal year end 2026. The fixed minimum annual rental payments in each of the next two years are as follows:

	$
Year ending June 30, 2025	6,390
2026	6,390

10. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Current Fund $	Capital Fund $	Trust Fund $	Total 2024 $	Total 2023 $
Accounts receivable	(18,618)	-	-	(18,618)	10,234
Prepaid expenses	4,255	-	-	4,255	(6,325)
Interfund balance	(35,873)	-	35,873	-	-
Accounts payable and accrued liabilities	14,241	-	-	14,241	38,073
Government remittances payable	1,875	-	-	1,875	(2,221)
Deferred revenue	(25,148)	-	-	(25,148)	50,557
	(59,268)	-	35,873	(23,395)	90,318

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

The institute contracted services to a spouse of senior management in the amount of nil (2023 - $32,400) 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 transfers of $53,750 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 RISKS

Liquidity Risk

Liquidity risk is the risk that the school 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 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 the continuation of government grants. There has been no change in risk exposure from the prior year.

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 market risk on its portfolio investments. There has been no change in risk exposure from the prior year.

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. Numerous increases in the prime rate has caused an increase in risk exposure from the prior year.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The institute is subject to currency risk on its marketable securities that are denominated in a currency other than Canadian dollars. There has been no change in risk exposure from the prior year.