BRIERCREST COLLEGE AND SEMINARY

FINANCIAL STATEMENTS

June 30, 2019

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Independent Auditor's Report

To the Board of Directors of
Briercrest College and Seminary

Opinion

We have audited the financial statements of Briercrest College and Seminary (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 the 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's 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 auditor's 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 GAAS 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 GAAS, we exercise professional judgment 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 Organization’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 Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Organization 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.

Deloitte LLP

Chartered Professional Accountants
Regina, Saskatchewan
November 1, 2019

Briercrest College and Seminary

STATEMENT OF FINANCIAL POSITION

As at June 30

	2019								2018
	Operating Fund $	**Capital Asset Fund $**	**Educational Projects Fund $**	**Mission Trust Fund $**	**Annuity Fund $**	**Capital Campaign Fund $**	**Endowment Fund $**	**Total $**	Total $
ASSETS									
Current									
Cash	**-**	**182,987**	**520,444**	**60,854**	**41,187**	**-**	**143,183**	**948,655**	1,025,722
Accounts receivable *[note 3]*	**300,075**	**-**	**7,237**	**-**	**-**	**-**	**-**	**307,312**	275,619
Inventory	**144,459**	**-**	**-**	**-**	**-**	**-**	**-**	**144,459**	106,480
Investments *[note 4]*	**800,000**	**-**	**375,000**	**-**	**-**	**-**	**-**	**1,175,000**	800,000
Prepaid expenses and supplies	**238,520**	**-**	**-**	**-**	**-**	**-**	**-**	**238,520**	232,612
Total current assets	**1,483,054**	**182,987**	**902,681**	**60,854**	**41,187**	**-**	**143,183**	**2,813,946**	2,440,433
Loans receivable	**12,920**	**-**	**-**	**-**	**-**	**-**	**-**	**12,920**	1,796
Equities in co-operatives	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	5
Investments *[note 4]*	**-**	**-**	**-**	**-**	**-**	**-**	**2,468,298**	**2,468,298**	2,204,349
Capital assets *[note 5]*	**-**	**8,325,210**	**-**	**-**	**-**	**-**	**-**	**8,325,210**	8,847,624
	1,495,979	**8,508,197**	**902,681**	**60,854**	**41,187**	**-**	**2,611,481**	**13,620,379**	13,494,207
LIABILITIES AND FUND BALANCES									
Current									
Bank indebtedness *[note 6]*	**2,991,861**	**-**	**-**	**-**	**-**	**-**	**-**	**2,991,861**	1,225,065
Accounts payable and accrued charges	**1,646,735**	**-**	**-**	**-**	**755**	**-**	**-**	**1,647,490**	1,437,685
Deferred revenue and deposits *[note 7]*	**116,312**	**78,750**	**-**	**-**	**-**	**-**	**-**	**195,062**	115,947
Due to (from) other funds	**(767,335)**	**767,335**	**(72,791)**	**-**	**-**	**-**	**72,791**	**-**	-
Demand loans *[note 9]*	**1,500,000**	**-**	**-**	**-**	**-**	**-**	**-**	**1,500,000**	1,300,000
Current portion of forgivable loan [note 11]	**-**	**24,500**	**-**	**-**	**-**	**-**	**-**	**24,500**	25,600
Current portion of capital lease obligations *[note 10]*	**-**	**49,893**	**-**	**-**	**-**	**-**	**-**	**49,893**	48,714
Total current liabilities	**5,487,573**	**920,478**	**(72,791)**	**-**	**755**	**-**	**72,791**	**6,408,806**	4,153,011
Forgivable loan *[note 11]*	**-**	**190,855**	**-**	**-**	**-**	**-**	**-**	**190,855**	95,652
Capital lease obligations *[note 10]*	**-**	**115,639**	**-**	**-**	**-**	**-**	**-**	**115,639**	165,532
Life annuity bond agreements *[note 14]*	**-**	**-**	**-**	**-**	**67,000**	**-**	**-**	**67,000**	67,000
Total liabilities	**5,487,573**	**1,226,972**	**(72,791)**	**-**	**67,755**	**-**	**72,791**	**6,782,300**	4,481,195
Fund balances									
Invested in capital assets	**-**	**7,281,225**	**-**	**-**	**-**	**-**	**-**	**7,281,225**	8,149,928
Externally restricted	**-**	**-**	**975,472**	**60,854**	**-**	**-**	**2,428,808**	**3,465,134**	3,084,317
Internally restricted	**-**	**-**	**-**	**-**	**(26,568)**	**-**	**109,882**	**83,314**	77,598
Unrestricted	**(3,991,594)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,991,594)**	(2,298,832)
Total fund balances	**(3,991,594)**	**7,281,225**	**975,472**	**60,854**	**(26,568)**	**-**	**2,538,690**	**6,838,079**	9,013,012
	1,495,979	**8,508,197**	**902,681**	**60,854**	**41,187**	**-**	**2,611,481**	**13,620,379**	13,494,207

See accompanying notes

Approved on behalf of the Board of Directors:

HOWARD WIENS

Glen Hildebrand

Briercrest College and Seminary

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended June 30

	Operating Fund		Restricted Funds							Endowment Fund	
			Capital Asset Fund	Educational Projects Fund	Mission Trust Fund	Annuity Fund	Capital Campaign Fund		Total		
	2019	2018	**2019**	**2019**	**2019**	**2019**	**2019**	**2019**	2018	**2019**	2018
	$	$	**$**	**$**	**$**	**$**	**$**	**$**	$	**$**	$
REVENUES											
Tuition and fees	**7,317,898**	6,811,913	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Donations	**1,534,599**	1,612,402	**61,362**	**342,643**	**780**	**-**	**-**	**404,785**	313,652	**294,622**	153,059
Government grants	**653,140**	269,786	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Investment income	**18,731**	18,458	**-**	**124,432**	**-**	**-**	**-**	**124,432**	86,512	**-**	-
Ancillary operations	**3,288,637**	2,964,405	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
General sales	**1,045,703**	1,139,151	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Rentals	**1,228,887**	1,290,184	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Miscellaneous	**100,064**	86,940	**65,982**	**-**	**-**	**-**	**-**	**65,982**	24,748	**-**	-
	15,187,659	14,193,239	**127,344**	**467,075**	**780**	**-**	**-**	**595,199**	424,912	**294,622**	153,059
EXPENSES											
Operating expenses	**6,681,965**	6,194,848	**-**	**-**	**-**	**-**	**-**	**-**	128,045	**-**	-
Salaries and benefits	**7,235,632**	6,741,982	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Ancillary cost of goods sold	**2,825,789**	2,586,964	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Amortization	**-**	-	**991,035**	**-**	**-**	**-**	**-**	**991,035**	960,755	**-**	-
Interest	**93,521**	18,941	**5,012**	**-**	**-**	**-**	**-**	**5,012**	5,180	**-**	-
Scholarships and annuity payments	**-**	-	**-**	**204,455**	**-**	**6,230**	**-**	**210,685**	186,330	**-**	-
Program development expenses	**-**	-	**-**	**170,795**	**-**	**-**	**-**	**170,795**	161,570		
Miscellaneous	**34,911**	8,417	**-**	**-**	**3,068**	**-**	**-**	**3,068**	39,157	**-**	-
	16,871,818	15,551,152	**996,047**	**375,250**	**3,068**	**6,230**	**-**	**1,380,595**	1,481,037	**-**	-
Excess (deficiency) of revenues over expenses	**(1,684,159)**	(1,357,913)	**(868,703)**	**91,825**	**(2,288)**	**(6,230)**	**-**	**(785,396)**	(1,056,125)	**294,622**	153,059
Fund balances, beginning of year	**(2,298,832)**	(1,140,919)	**8,149,928**	**707,584**	**63,142**	**(20,338)**	**-**	**8,900,316**	10,222,071	**2,411,528**	2,192,839
Interfund transfers *[note 8]*	**(8,603)**	200,000	**-**	**176,063**	**-**	**-**	**-**	**176,063**	(265,630)	**(167,460)**	65,630
Fund balances, end of year	**(3,991,594)**	(2,298,832)	**7,281,225**	**975,472**	**60,854**	**(26,568)**	**-**	**8,290,983**	8,900,316	**2,538,690**	2,411,528

See accompanying notes

Briercrest College and Seminary

STATEMENT OF CASH FLOWS

Year ended June 30

	Operating Fund 2019 $	Capital Asset Fund 2019 $	Educational Projects Fund 2019 $	Mission Trust Fund 2019 $	Annuity Fund 2019 $	Capital Campaign Fund 2019 $	Endowment Fund 2019 $	Total 2019 $	Total 2018 $
OPERATING ACTIVITIES									
Excess (deficiency) of revenues over expenses	**(1,684,159)**	**(868,703)**	**91,825**	**(2,288)**	**(6,230)**	**-**	**294,622**	**(2,174,933)**	(2,260,979)
Add charges to operations not requiring a current cash payment									
Net gains on investments	**-**	**-**	**-**	**-**	**-**	**-**	**(83,774)**	**(83,774)**	(39,567)
Amortization of deferred charges	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Amortization of capital assets	**-**	**991,035**	**-**	**-**	**-**	**-**	**-**	**991,035**	960,755
Contributed capital assets	**-**	**(16,891)**	**-**	**-**	**-**	**-**	**-**	**(16,891)**	(164,936)
Loss (gain) on disposal of capital assets	**-**	**(12,460)**	**-**	**-**	**-**	**-**	**-**	**(12,460)**	26,415
	(1,684,159)	**92,981**	**91,825**	**(2,288)**	**(6,230)**	**-**	**210,848**	**(1,297,023)**	(1,478,312)
Net change in non-cash working capital balances related to operations *[note 13]*	**141,827**	**172,853**	**(7,237)**	**-**	**-**	**-**	**-**	**307,443**	659,762
Cash provided by (used in) operating activities	**(1,542,332)**	**265,834**	**84,588**	**(2,288)**	**(6,230)**	**-**	**210,848**	**(989,580)**	(818,550)
INVESTING ACTIVITIES									
Purchase of investments	**-**	**-**	**(375,000)**	**-**	**-**	**-**	**(790,750)**	**(1,165,750)**	(656,521)
Proceeds on disposal of investments	**-**	**-**	**-**	**-**	**-**	**-**	**610,575**	**610,575**	555,335
Purchase of capital assets	**-**	**(493,069)**	**-**	**-**	**-**	**-**	**-**	**(493,069)**	(831,337)
Proceeds on disposal of capital assets	**-**	**53,799**	**-**	**-**	**-**	**-**	**-**	**53,799**	10,667
Cash used in investing activities	**-**	**(439,270)**	**(375,000)**	**-**	**-**	**-**	**(180,175)**	**(994,445)**	(921,856)
FINANCING ACTIVITIES									
Addition of demand loans	**200,000**	**-**	**-**	**-**	**-**	**-**	**-**	**200,000**	500,000
Repayment of demand loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Addition of loans receivable	**(11,124)**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,124)**	(1,796)
Repayment of capital lease obligations	**-**	**(48,714)**	**-**	**-**	**-**	**-**	**-**	**(48,714)**	(77,261)
Repayment of amounts due to (from) other funds	**(404,737)**	**404,737**	**(62,663)**	**-**	**-**	**-**	**62,663**	**-**	-
Reduction of life annuity bond agreements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(30,000)
Cash provided by (used in) financing activities	**(215,861)**	**356,023**	**(62,663)**	**-**	**-**	**-**	**62,663**	**140,162**	390,943
Net increase (decrease) in cash during the year	**(1,758,193)**	**182,587**	**(353,075)**	**(2,288)**	**(6,230)**	**-**	**93,336**	**(1,843,863)**	(1,349,463)
Cash and bank indebtedness, beginning of year	**(1,225,065)**	**400**	**697,456**	**63,142**	**47,417**	**-**	**217,307**	**(199,343)**	1,150,120
Interfund transfers	**(8,603)**	**-**	**176,063**	**-**	**-**	**-**	**(167,460)**	**-**	-
Cash and bank indebtedness, end of year	**(2,991,861)**	**182,987**	**520,444**	**60,854**	**41,187**	**-**	**143,183**	**(2,043,206)**	(199,343)

See accompanying notes

1. PURPOSE OF THE ORGANIZATION

Briercrest College and Seminary (the "Organization") is a partnership of three Christ-centred, Bible-anchored, ministry-focused schools that thrive in the context of a vibrant spiritual community. The Organization operates as Briercrest Christian Academy, College and Seminary, together with various ancillary businesses. The Organization is incorporated under An Act to Incorporate Briercrest College and Seminary in the province of Saskatchewan and operates as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and reflect the following significant accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions. The accounts of the Organization are maintained in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources are classified for accounting and reporting purposes into funds with activities or objectives specified. For financial reporting purposes, the accounts have been classified into the following seven funds:

The **Operating Fund** records the operating revenue and expenditures of the Organization as well as the related assets and liabilities.

The **Capital Asset Fund** records capital assets, corresponding indebtedness, and the revenue and expenditures related to these assets and liabilities.

The **Endowment Fund** records endowed contributions to be held permanently for student and faculty scholarships, library resources and faculty chairs.

The **Educational Projects Fund** records donations received for the assistance and development of charitable and educational programs and investment income earned on endowed donations for student scholarships.

The **Mission Trust Fund** records donations received for mission projects as approved by the Organization.

The **Annuity Fund** records funds acquired by the Organization under the terms of life annuity bond agreements.

The **Capital Campaign Fund** records donations received for Future In Focus campaign projects as approved by the Organization.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and use assumptions that effect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Key components of the financial statements requiring management to make estimates include allowance for doubtful accounts and the useful lives of capital assets. Actual results could differ from those estimates.

Revenue and expense recognition

Donations are recorded as revenue only when received; pledges are not recorded in the accounts.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Endowment contributions are recognized as revenue in the Endowment Fund.

Tuition and ancillary revenue are recorded when services are provided.

Government assistance towards current expenditures has been included in revenue of the Operating Fund.

Investment income on Endowment Fund resources that is not endowed is recognized as revenue in the Educational Projects Fund when earned. Investment income on the resources of all other restricted funds is recognized as revenue in the respective fund when earned. Other investment income is recognized as revenue of the Operating Fund when earned.

Contributed materials

Contributed materials of $17,812 ($22,594 - 2018) are recorded at their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which the Organization has measured at fair market value.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction cost related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured as cost or amortized cost, the Organization recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Cash and cash equivalent

Cash and cash equivalent consist of cash and bank balances, including bank overdraft with a balance that fluctuate frequently from being positive to overdrawn.

Inventory

Inventory is valued at the lower of cost and net realizable value, determined on an average cost basis for the bookstore and on a first-in, first-out basis for the other inventory.

Capital assets

Capital assets are recorded at cost. When capital assets are sold or retired, the related cost and accumulated amortization are removed from the respective accounts and any gain or loss is recorded in the statement of operations and changes in fund balances. Expenditures for repairs and maintenance are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets (continued)

Capital assets are amortized over their estimated useful lives using the straight-line method at the following rates:

Land improvements	10 years
Buildings	10 – 40 years
Electrical distribution system	25 years
Furniture and equipment	4, 5, 10 or 20 years
Library resources	4 or 20 years
Vehicles	5 years

Capital assets under construction are not amortized until they are placed in service.

Impairment of capital assets

When an item included in capital assets no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations and changes in fund balances. Write-downs are not reversed.

Deferred charges

The Organization contributed toward the construction of a dike as a preventative measure against future flooding. This has been amortized in full on a straight-line over the estimated life of the dike (20 years).

Employee future benefits

The Organization has made contributions of $99,159 ($94,358 - 2018) to a defined contribution employee future benefit plan. These contributions are expensed as incurred.

3. ACCOUNTS RECEIVABLE

	2019 $	2018 $
Trade	**24,640**	35,063
Student	**196,087**	172,320
Rent	**39,114**	44,503
Other	**150,064**	147,643
	409,905	399,529
Allowance for doubtful accounts	**102,593**	123,910
	307,312	275,619

4. INVESTMENTS

	2019		2018	
	Cost $	**Carrying Value** $	Cost $	Carrying Value $
GIC	**1,175,000**	**1,175,000**	800,000	800,000
Mutual Funds	**2,272,554**	**2,468,298**	2,092,378	2,204,349
	3,447,554	**3,643,298**	2,892,378	3,004,349
Less current portion	**1,175,000**	**1,175,000**	800,000	800,000
Long-term portion	**2,272,554**	**2,468,298**	2,092,378	2,204,349

Investments included guaranteed investment certificates with interest rates from 2.1% to 2.4% maturing August 15, 2019 to March 7, 2020 (2018: 1.55% to 2.05%, maturing March 2019)

5. CAPITAL ASSETS

	2019		2018	
	Cost $	**Accumulated Amortization** $	Cost $	Accumulated Amortization $
Land	**230,582**	**-**	230,582	-
Land improvements	**243,724**	**46,714**	406,552	171,863
Buildings	**24,351,392**	**18,093,990**	24,299,787	17,511,272
Electrical distribution system	**21,326**	**16,533**	21,326	15,680
Furniture and equipment	**1,349,418**	**683,958**	1,097,938	532,871
Library resources	**1,581,246**	**982,641**	1,616,575	996,722
Vehicles	**431,063**	**333,515**	419,747	358,023
Equip./Veh. under capital lease	**419,485**	**145,675**	553,720	212,172
	28,628,236	**20,303,026**	28,646,227	19,798,603
Less:				
Accumulated amortization	**20,303,026**		19,798,603	
Net book value	**8,325,210**		8,847,624	

6. BANK INDEBTEDNESS

The Organization has a revolving operating loan facility of $3,250,000 (2018: $1,500,000) at prime plus 0.5% (2018: prime plus 0.5%). The prime rate is at 3.95% (2018: prime rate at 3.45%) and the facility is repayable in full upon demand against which general security agreement on all assets, registered mortgage on various properties and rent receivable are held as security.

BRIERCREST COLLEGE AND SEMINARY
Notes to Financial Statements

Year Ended June 30, 2019

7. DEFERRED REVENUE AND DEPOSITS

	2019 $	2018 $
Advance fees and room reservations	**38,500**	44,300
Damage fee deposits	**77,812**	71,647
Capital Asset Fund deposit	**78,750**	-
	195,062	115,947

8. INTERFUND TRANSACTIONS

During the year, the Board of Directors authorized the transfer of $8,603 from the Operating Fund to the Endowment Fund to fund an endowed scholarship.

The Endowment Fund transferred $220,645 to the Educational Projects Fund to finance the provision of scholarships.

The Educational Projects Fund transferred $44,582 to the Endowment Fund to be preserved and applied towards financing future provision of scholarships.

9. DEMAND LOANS

	2019 $	2018 $
Private loan from an individual, with an interest rate of 0% and a maturity date in 2020, repayable within 30 days of demand, no collateral.	**800,000**	800,000
Private loan from an individual, with an interest rate of 4% and a maturity date in 2019, repayable within 30 days of demand, no collateral.	**700,000**	-
Bank loan with interest rate of prime plus 0.5%, repayable on demand, secured by first mortgage on various properties and assignment of rents	**-**	500,000
Total demand loans	**1,500,000**	1,300,000

10. CAPITAL LEASE OBLIGATIONS

	2019 $	2018 $
Capital lease obligations repayable to Davlyn Corporation at rates of 2.70%, repayable in monthly installments of $1,862, maturing in August 2021.	**55,470**	77,107
Capital lease obligations repayable to Davlyn Corporation at rates of 3.45%, repayable in monthly installments of $2,136, maturing in September 2022.	**89,605**	112,988
Capital lease obligations repayable to Toyota Credit Canada Inc. at rates of 3.45 %, repayable in monthly installments of $351, maturing in September 2022.	**20,457**	24,151
	165,532	214,246
Less: current portion	**49,893**	48,714
	115,639	165,532

Principal repayments due in each of the next four years are as follows:

	$
2020	**49,893**
2021	**51,106**
2022	**33,731**
2023	**23,001**

11. FORGIVABLE LOAN

	2019 $	2018 $
Husky Oil Marketing Company's loan forgivable in annual installments based on the consumption of petroleum per litre over the term of the agreement provided the Organization complies with the Retail Facility Sales Agreement	**215,355**	121,252
	215,355	121,252
Less: current portion	**24,500**	25,600
	190,855	95,652

BRIERCREST COLLEGE AND SEMINARY
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12. INTEREST ON AMOUNTS HELD IN THE ENDOWMENT FUND

Interest for the year on amounts held in the Endowment Fund of $106,646 (2018: $75,237) was allocated to the Educational Projects Fund.

13. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

	2019 $	2018 $
(INCREASE) DECREASE IN		
Accounts receivable	**(31,693)**	(97,611)
Inventory	**(37,979)**	(1,147)
Prepaid expenses and supplies	**(5,908)**	(15,880)
INCREASE (DECREASE) IN		
Accounts payable and accrued charges	**209,805**	660,458
Deferred revenue and deposits	**79,115**	(7,310)
Forgivable loan	**94,103**	121,252
	307,443	659,762

14. COMMITMENTS AND CONTINGENT OBLIGATIONS

The Organization has established a gift annuity plan as a form of public support and, in exchange for contributions held in trust, obligates itself to pay donors fixed annual returns for life at rates varying from 5% to 13% (life annuity bond agreements). At the time of an annuitant's death, the principal balance passes to the Organization and is recorded as a donation in the Annuity Fund.

During the year $6,230 ($6,955 - 2018) of annuity payments were made. No external actuarial estimate of the annuity liability has been made.

15. LEASE COMMITMENTS

The Organization is committed to payments under term lease agreements as follows:

	$
2020	**30,036**
2021	**30,036**
2022	**30,036**
2023	**27,700**
2024	**27,700**

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Organization, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments. The following analysis provides a measurement of risk at June 30, 2019.

Credit Risk
The Organization's principal financial assets are cash, investments and accounts receivable which are subject to credit risk. The carrying amount of financial assets on the statement of financial position represents the Organization's maximum credit exposure at the statement of financial position date.

The Organization's credit risk is primarily attributable to trade and student receivables. The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated by management based on previous experience and its assessment of the current economic environment. The Organization does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year.

Interest Rate Risk
Briercrest is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest instruments subject Briercrest to fair value risk, while the floating rate instruments subject it to a cash flow risk. Briercrest is exposed to these risks as a result of investments in GIC and mutual funds as well as long term debt. Briercrest does not use derivative instruments to reduce exposure to risk.

Other Price Risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Briercrest is exposed to other price risk through its investments in mutual funds for which the value fluctuates with the quoted market price. This risk is mitigated by maintaining a mixed asset portfolio and pooled investments.

Liquidity Risk
The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balance and cash flows generated from operations to meet its requirements. As at June 30, 2019, the most significant financial liabilities are: bank indebtedness, accounts payable and accrued charges, capital lease obligations and demand loans.