

**BRIERCREST COLLEGE AND
SEMINARY**

FINANCIAL STATEMENTS

June 30, 2021

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, 2021, 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, 2021, and the results of its operations 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 audit 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 5, 2021

Briercrest College and Seminary


STATEMENT OF FINANCIAL POSITION

As at June 30


	-----2021-----						2020	
	Operating Fund	Capital Asset Fund	Educational Projects Fund	Mission Trust Fund	Annuity Fund	Endowment Fund		Total
	\$	\$	\$	\$	\$	\$	\$	
ASSETS								
Current								
Cash	2,379,738	116,992	431,498	66,759	28,727	215,320	3,239,034	1,680,003
Accounts receivable [note 3]	878,353	4,050	3,356	-	-	-	885,759	676,796
Inventory	80,327	-	-	-	-	-	80,327	121,678
Investments [note 4]	2,012,826	-	831,198	-	-	-	2,844,024	1,280,000
Prepaid expenses and supplies	180,472	-	-	-	-	-	180,472	322,877
Assets held for sale [note 17]	-	-	-	-	-	-	-	286,490
Total current assets	5,531,716	121,042	1,266,052	66,759	28,727	215,320	7,229,616	4,367,844
Loans receivable	40,020	-	-	-	-	-	40,020	36,768
Equities in co-operatives	5	-	-	-	-	-	5	5
Investments [note 4]	-	-	-	-	-	2,902,181	2,902,181	2,486,255
Capital assets [note 5]	-	6,886,072	-	-	-	-	6,886,072	7,411,894
	5,571,741	7,007,114	1,266,052	66,759	28,727	3,117,501	17,057,894	14,302,766
LIABILITIES AND FUND BALANCES								
Current								
Accounts payable and accrued charges	1,106,730	-	-	-	755	-	1,107,485	1,186,716
Deferred revenue and deposits [note 6]	128,520	78,750	-	-	-	-	207,270	190,442
Due to (from) other funds	1,598,609	(1,603,968)	(247,993)	-	-	253,352	-	-
Demand loans [note 7]	-	-	-	-	-	-	-	2,450,000
Current portion of capital lease obligations [note 9]	-	33,764	-	-	-	-	33,764	54,789
Liabilities held for sale [notes 8 and 17]	-	-	-	-	-	-	-	314,669
Total current liabilities	2,833,859	(1,491,454)	(247,993)	-	755	253,352	1,348,519	4,196,616
Capital lease obligations [note 9]	-	30,923	-	-	-	-	30,923	76,194
Life annuity bond agreements [note 10]	-	-	-	-	57,000	-	57,000	57,000
Total liabilities	2,833,859	(1,460,531)	(247,993)	-	57,755	253,352	1,436,442	4,329,810
Fund balances								
Invested in capital assets	-	8,467,645	-	-	-	-	8,467,645	6,441,448
Externally restricted	-	-	1,514,045	66,759	-	2,584,671	4,165,475	3,455,375
Internally restricted	-	-	-	-	(29,028)	279,478	250,450	86,215
Unrestricted	2,737,882	-	-	-	-	-	2,737,882	(10,082)
Total fund balances	2,737,882	8,467,645	1,514,045	66,759	(29,028)	2,864,149	15,621,452	9,972,956
	5,571,741	7,007,114	1,266,052	66,759	28,727	3,117,501	17,057,894	14,302,766

See accompanying notes

Approved on behalf of the Board of Directors:



 HOWARD WIENS



 Vice chair

Briercrest College and Seminary

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended June 30

	Operating Fund		Restricted Funds				Endowment Fund			
	2021	2020	Capital	Educational	Mission	Total	Total	2021	2020	
			Asset	Projects	Trust					Annuity
	\$	\$	Fund	Fund	Fund	Fund	2021	2020	\$	\$
REVENUES										
Tuition and fees	6,884,422	6,973,247	-	-	-	-	-	-	-	-
Donations	2,419,349	3,580,947	81,397	648,906	2,770	-	733,073	440,115	58,062	105,421
Government grants and assistance	4,086,759	4,286,123	-	-	-	-	-	-	-	-
Investment income	43,088	19,798	-	425,597	-	-	425,597	37,236	-	-
Ancillary operations	199,202	476,801	-	-	-	-	-	-	-	-
General sales	440,916	936,485	-	-	-	-	-	-	-	-
Rentals	1,162,194	1,098,514	-	-	-	-	-	-	-	-
Miscellaneous	63,272	50,525	2,596,569	-	-	-	2,596,569	28,087	-	-
	15,299,202	17,422,440	2,677,966	1,074,503	2,770	-	3,755,239	505,438	58,062	105,421
EXPENSES										
Operating expenses	5,412,436	6,061,827	-	-	-	-	-	-	-	-
Salaries and benefits	6,504,571	6,556,421	-	-	-	-	-	-	-	-
Ancillary cost of goods sold	560,982	639,672	-	-	-	-	-	-	-	-
Amortization	-	-	967,921	-	-	-	967,921	907,069	-	-
Interest	62,992	109,157	2,735	-	-	-	2,735	4,046	-	-
Scholarships and annuity payments	-	-	-	179,880	-	6,230	186,110	219,953	-	-
Program development expenses	-	-	-	87,790	-	-	87,790	246,232	-	-
Miscellaneous	13,016	12,710	576	-	-	-	576	-	-	-
	12,553,997	13,379,787	971,232	267,670	-	6,230	1,245,132	1,377,300	-	-
Excess (deficiency) of revenues over expenses before discontinued operations	2,745,205	4,042,653	1,706,734	806,833	2,770	(6,230)	2,510,107	(871,862)	58,062	105,421
DISCONTINUED OPERATIONS										
Gain on disposal of capital assets	-	-	319,463	-	-	-	319,463	-	-	-
Excess (deficiency) of revenues over expenses from discontinued operations [note 17]	15,659	(65,799)	-	-	-	-	-	(75,536)	-	-
Excess (deficiency) of revenues over expenses	2,760,864	3,976,854	2,026,197	806,833	2,770	(6,230)	2,829,570	(947,398)	58,062	105,421
Fund balances, beginning of year	(10,082)	(3,991,594)	6,441,448	863,759	63,989	(22,798)	7,346,398	8,290,983	2,636,640	2,538,690
Interfund transfers [note 13]	(12,900)	4,658	-	(156,547)	-	-	(156,547)	2,813	169,447	(7,471)
Fund balances, end of year	2,737,882	(10,082)	8,467,645	1,514,045	66,759	(29,028)	10,019,421	7,346,398	2,864,149	2,636,640

See accompanying notes

Briercrest College and Seminary

STATEMENT OF CASH FLOWS

Year ended June 30

	Operating Fund 2021 \$	Capital Asset Fund 2021 \$	Educational Projects Fund 2021 \$	Mission Trust Fund 2021 \$	Annuity Fund 2021 \$	Endowment Fund 2021 \$	Total 2021 \$	Total 2020 \$
OPERATING ACTIVITIES								
Excess (deficiency) of revenues over expenses before discontinued operations	2,745,205	1,706,734	806,833	2,770	(6,230)	58,062	5,313,374	3,276,212
Add charges to operations not requiring a current cash payment								
Net (gain) loss on investments	(11,523)	-	(922)	-	-	(381,087)	(393,532)	32,743
Amortization of capital assets	-	967,921	-	-	-	-	967,921	907,069
Contributed capital assets	-	(8,123)	-	-	-	-	(8,123)	(15,643)
Gain on disposal of capital assets	-	(2,588,490)	-	-	-	-	(2,588,490)	(4,940)
	2,733,682	78,042	805,911	2,770	(6,230)	(323,025)	3,291,150	4,195,441
Net change in non-cash working capital balances related to operations [note 14]	(88,594)	(196,258)	5,034	-	-	-	(279,818)	(896,454)
Cash provided by (used in) operating activities	2,645,088	(118,216)	810,945	2,770	(6,230)	(323,025)	3,011,332	3,298,987
INVESTING ACTIVITIES								
Purchase of investments	(2,001,501)	-	(350,315)	-	-	(1,979,527)	(4,331,343)	(295,615)
Proceeds on disposal of investments	800,198	-	39	-	-	1,944,688	2,744,925	139,915
Purchase of capital assets	-	(492,779)	-	-	-	-	(492,779)	(346,149)
Proceeds on disposal of capital assets	-	3,216,981	-	-	-	-	3,216,981	47,218
	(1,201,303)	2,724,202	(350,276)	-	-	(34,839)	1,137,784	(454,631)
Cash provided by (used in) discontinued operations	(70,537)	-	-	-	-	-	(70,537)	20,397
Cash provided by (used in) investing activities	(1,271,840)	2,724,202	(350,276)	-	-	(34,839)	1,067,247	(434,234)
FINANCING ACTIVITIES								
Addition of demand loans	-	-	-	-	-	-	-	2,450,000
Repayment of demand loans	(2,450,000)	-	-	-	-	-	(2,450,000)	(1,500,000)
Addition of loans receivable	(3,252)	-	-	-	-	-	(3,252)	(23,848)
Repayment of forgivable loan	-	-	-	-	-	-	-	(23,147)
Addition of capital lease obligations	-	-	-	-	-	-	-	18,370
Repayment of capital lease obligations	-	(66,296)	-	-	-	-	(66,296)	(52,919)
Repayment of amounts due to (from) other funds	2,457,213	(2,462,572)	(224,347)	-	-	229,706	-	-
Reduction of life annuity bond agreements	-	-	-	-	-	-	-	(10,000)
Cash (used in) provided by financing activities	3,961	(2,528,868)	(224,347)	-	-	229,706	(2,519,548)	858,456
Net increase (decrease) in cash during the year	1,377,209	77,118	236,322	2,770	(6,230)	(128,158)	1,559,031	3,723,209
Cash and bank indebtedness, beginning of year	1,015,429	39,874	351,723	63,989	34,957	174,031	1,680,003	(2,043,206)
Interfund transfers	(12,900)	-	(156,547)	-	-	169,447	-	-
Cash and bank indebtedness, end of year	2,379,738	116,992	431,498	66,759	28,727	215,320	3,239,034	1,680,003

See accompanying notes

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

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 permanently endowed contributions and investment income to be held 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 contributions for future awards.

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.

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The COVID-19 pandemic has resulted in an economic slowdown. The duration and impact of the COVID-19 pandemic are unknown at this time. Estimates to the extent which the COVID-19 pandemic may, directly or indirectly, impact the Organization's operations, financial results, and conditions in future periods are also subject to uncertainty.

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 \$8,123 (\$15,643 - 2020) are recorded at their fair value.

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

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 equivalents

Cash and cash equivalents 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.

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

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 a capital asset no longer contributes to the Organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

Employee future benefits

The Organization has made contributions of \$112,000 (\$101,894 - 2020) to a defined contribution employee future benefit plan. These contributions are expensed as incurred.

3. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Trade	50,730	2,920
Student	45,890	87,452
Rent	16,461	23,926
Government assistance	560,676	493,621
Other	248,930	103,474
	922,687	711,393
Allowance for doubtful accounts	36,928	34,597
	885,759	676,796

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

4. INVESTMENTS

	2021		2020	
	Cost \$	Carrying Value \$	Cost \$	Carrying Value \$
GIC - CAD	480,000	480,000	1,280,000	1,280,000
Mutual Funds – CAD	3,556,073	3,713,314	1,169,871	1,246,933
Mutual Funds – International	613,400	696,674	561,487	609,680
Mutual Funds – USD	724,963	856,217	591,895	629,642
	5,374,436	5,746,205	3,603,253	3,766,255
Less current portion	2,831,579	2,844,024	1,280,000	1,280,000
	2,542,858	2,902,181	2,323,253	2,486,255

Investments included a guaranteed investment certificate with interest rate of 0.80% and maturing August 2021 (2020: 1.70% to 2.00%, maturing August 2020 and March 2021).

5. CAPITAL ASSETS

	2021		2020	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Land	214,120	-	230,582	-
Land improvements	306,175	76,550	268,689	60,200
Buildings	24,024,316	18,844,787	24,080,179	18,457,222
Electrical distribution system	21,326	18,239	21,326	17,386
Furniture and equipment	1,530,234	969,888	1,336,412	767,246
Library resources	1,487,658	949,663	1,530,668	956,759
Vehicles	527,657	417,132	438,545	354,824
Equip./Veh. under capital lease	175,665	124,821	291,856	172,726
	28,287,151	21,401,079	28,198,257	20,786,363
Less:				
Accumulated amortization	21,401,079		20,786,363	
Net book value	6,886,072		7,411,894	

6. DEFERRED REVENUE AND DEPOSITS

	2021 \$	2020 \$
Advance fees	57,150	35,950
Damage fee deposits	71,370	75,742
Capital Asset Fund Deposit	78,750	78,750
	207,270	190,442

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

7. DEMAND LOANS

	2021 \$	2020 \$
Bank loan with interest rate of prime plus 0.5%, prime rate is at 2.45 %, interest is capitalized for 6 months, interest-only payments for next 6 months, then repayable in principal and interest payments, maturing in May 2026, secured by first mortgage on various properties and assignment of rents	-	2,450,000
	-	2,450,000

8. FORGIVABLE LOAN

	2021 \$	2020 \$
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	-	192,208
	-	192,208
Less: current portion	-	23,147
	-	169,061

9. CAPITAL LEASE OBLIGATIONS

	2021 \$	2020 \$
Capital lease obligations repayable to Davlyn Corporation at rates of 2.70%, repayable in monthly installments of \$1,862, maturing in August 2021.	-	33,604
Capital lease obligations repayable to Davlyn Corporation at rates of 3.45%, repayable in monthly installments of \$2,136, maturing in September 2022.	40,352	65,403
Capital lease obligations repayable to Toyota Credit Canada Inc. at rates of 3.45 %, repayable in monthly installments of \$351, maturing in September 2022.	12,675	16,633
Capital lease obligations repayable to Hyundai Capital Lease Inc. at rates of 1.49 %, repayable in monthly installments of \$324, maturing in July 2024.	11,660	15,343
	64,687	130,983
Less: current portion	33,764	54,789
	30,923	76,194

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

9. CAPITAL LEASE OBLIGATIONS (continued)

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

	\$
2022	33,764
2023	26,796
2024	3,851
2025	276

10. 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 (\$6,230 - 2020) of annuity payments were made. No external actuarial estimate of the annuity liability has been made.

11. INTEREST ON AMOUNTS HELD IN THE ENDOWMENT FUND

Interest for the year on amounts held in the Endowment Fund of \$417,088 (2020: \$20,140) was allocated to the Educational Projects Fund.

12. GOVERNMENT ASSISTANCE

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria, including demonstration of revenue declines as a result of COVID-19. The Organization has assessed its eligibility related to CEWS and determined it has qualified for the subsidy. Government assistance specifically from CEWS in the amount of \$3,756,099 (\$1,058,323 - 2020) is included in government grants and assistance on the statement of operations and changes in fund balances. The Organization intends to apply for the CEWS in subsequent application periods, subject to continuing to meet the applicable qualification criteria.

As at June 30, 2021, \$560,676 (\$493,621 - 2020) related to CEWS was receivable and is included in accounts receivable on the statement of financial position.

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

13. INTERFUND TRANSACTIONS

During the year, the Board of Directors authorized the transfer of \$12,900 from the Operating Fund to the Educational Projects Fund to finance the provision of scholarships.

The Educational Projects Fund transferred \$169,447 to the Endowment Fund to be preserved and applied towards financing future provision of scholarships.

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

	2021 \$	2020 \$
(INCREASE) DECREASE IN		
Accounts receivable	(208,963)	(369,484)
Inventory	41,351	22,781
Prepaid expenses and supplies	142,405	(84,357)
(DECREASE) INCREASE IN		
Accounts payable and accrued charges	(79,231)	(460,774)
Deferred revenue and deposits	16,828	(4,620)
Forgivable loan	(192,208)	-
	(279,818)	(896,454)

15. LEASE COMMITMENTS

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

	\$
2022	28,453
2023	28,265

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, 2021.

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

BRIERCREST COLLEGE AND SEMINARY

Notes to Financial Statements

Year Ended June 30, 2021

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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. 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, 2021, the most significant financial liabilities are: accounts payable and accrued charges, and capital lease obligations.

17. DISCONTINUED OPERATIONS

On November 20, 2019, the Organization resolved to dispose of its land and building for the Pilgrim Centre. The planned disposal was affected in order to obtain excess cash flow. As the fair value less cost to sell exceeds the carrying value, no impairment loss was recorded at June 30, 2020.

On May 25, 2020, the Organization accepted a conditional offer to sell its land and building for the Pilgrim Centre. The conditional offer is subject to certain terms and conditions. The conditions of the offer were lifted on September 1, 2020. The closing date of the sale was November 19, 2020.

The results of the discontinued operations, which have been included in the statement of operations and changes in fund balances were as follows:

	2021 \$	2020 \$
Revenues	838,877	2,002,171
Operating expenses	90,581	171,173
Salaries and benefits	71,336	348,591
Ancillary cost of goods sold	661,301	1,548,206
Amortization	-	75,536

BRIERCREST COLLEGE AND SEMINARY
Notes to Financial Statements

Year Ended June 30, 2021

17. DISCONTINUED OPERATIONS (continued)

	823,218	2,143,506
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Excess (deficiency) of revenues over expenses from discontinued operations	15,659	(141,335)
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Assets and liabilities held for sale	\$	\$
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Current assets		
Accounts receivable	-	10,904
Inventory	-	25,361
	-	36,265
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Capital assets	-	250,225
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Assets held for sale	-	286,490
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Current liabilities		
Accounts payable	-	122,461
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Forgivable loan <i>[note 9]</i>	-	192,208
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Liabilities held for sale	-	314,669
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