
MENNONITE BRETHREN BIBLICAL SEMINARY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Brethren Biblical Seminary

Opinion

We have audited the financial statements of Mennonite Brethren Biblical Seminary (the "Seminary"), which comprise the statement of financial position as at May 31, 2024, and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Seminary as at May 31, 2024, and the results of its operations and 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. 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 Seminary in accordance with 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 Seminary'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 Seminary or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Seminary'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.

INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Seminary'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 Seminary'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 Seminary 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.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
November 7, 2024

MENNONITE BRETHREN BIBLICAL SEMINARY
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2024

	General Fund	Restricted Fund	Endowment Fund	2024 Total	2023 Total
ASSETS					
CURRENT					
Cash and cash equivalents	\$ 420,019	\$ 361,421	\$ -	\$ 781,440	\$ 449,781
Accounts receivable (Note 11)	13,002	-	-	13,002	78,217
Interest receivable (Note 4)	-	1,201	-	1,201	1,149
GST recoverable	1,408	-	-	1,408	3,848
Investments (Note 5)	478,025	1,347,979	498,480	2,324,484	2,088,487
Due from The Canadian Conference of the Mennonite Brethren Church of North America (Notes 4, 11)	355,651	57,730	-	413,381	393,783
Due from Associated Canadian Theological Schools (Note 11)	14,462	-	-	14,462	14,462
Current portion of loans receivable (Note 6)	-	3,536	-	3,536	5,200
	1,282,567	1,771,867	498,480	3,552,914	3,034,927
LOANS RECEIVABLE (Note 6)	-	4,450	-	4,450	7,986
PROPERTY AND EQUIPMENT (Note 7)	22,706	-	-	22,706	25,949
	\$ 1,305,273	\$ 1,776,317	\$ 498,480	\$ 3,580,070	\$ 3,068,862
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities (Note 11)	\$ 27,040	\$ -	\$ -	\$ 27,040	\$ 96,482
Deferred revenue (Note 9)	8,801	-	-	8,801	8,801
	35,841	-	-	35,841	105,283
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	17,500	-	-	17,500	20,000
	53,341	-	-	53,341	125,283
FUND BALANCES					
Restricted Funds					
Internally restricted (Note 12)	-	1,485,206	-	1,485,206	1,040,418
Externally restricted (Note 12)	-	291,111	-	291,111	305,480
Endowment Fund (Note 13)	-	-	498,480	498,480	498,480
Unrestricted	1,251,932	-	-	1,251,932	1,099,201
	1,251,932	1,776,317	498,480	3,526,729	2,943,579
	\$ 1,305,273	\$ 1,776,317	\$ 498,480	\$ 3,580,070	\$ 3,068,862

COMMITMENTS (Note 14)
CONTINGENT LIABILITY (Note 15)
Approved by the Board

Director

Director

MENNONITE BRETHREN BIBLICAL SEMINARY
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2024

	General Fund	Restricted Fund	Endowment Fund	2024 Balance
FUND BALANCES, BEGINNING OF YEAR	\$ 1,099,201	\$ 1,345,898	\$ 498,480	\$ 2,943,579
Excess of revenues over expenses for the year	472,853	110,297	-	583,150
Interfund transfers (Note 2(a), Note 12)	(320,122)	320,122	-	-
FUND BALANCES, END OF YEAR	\$ 1,251,932	\$ 1,776,317	\$ 498,480	\$ 3,526,729
	General Fund	Restricted Fund	Endowment Fund	2023 Balance
FUND BALANCES, BEGINNING OF YEAR	\$ 1,119,267	\$ 1,274,095	\$ 498,480	\$ 2,891,842
(Deficiency) excess of revenues over expenses for the year	(20,066)	71,803	-	51,737
FUND BALANCES, END OF YEAR	\$ 1,099,201	\$ 1,345,898	\$ 498,480	\$ 2,943,579

MENNONITE BRETHREN BIBLICAL SEMINARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MAY 31, 2024

	General Fund	Restricted Fund	Endowment Fund	2024 Total	2023 Total
REVENUES					
Donations					
General	\$ 773,678	\$ 5,051	\$ -	\$ 778,729	\$ 476,923
Congregations	233,712	-	-	233,712	236,193
Denomination support (Note 11)	140,000	-	-	140,000	160,000
Legacy/Estates	19,409	-	-	19,409	-
Programs					
Associated Canadian Theological Schools (Note 11)	219,535	-	-	219,535	211,730
Associated Canadian Theological Schools World Campus (Note 11)	113,453	-	-	113,453	128,708
Teaching Church Initiative	78,485	-	-	78,485	49,348
Other	9,902	-	-	9,902	6,700
Continuing Education	-	-	-	-	13,500
Grants	-	-	-	-	10,135
	1,588,174	5,051	-	1,593,225	1,293,237
EXPENSES (Schedule 1)					
Shared Graduate Education Costs					
Associated Canadian Theological Schools (Note 11)	449,873	-	-	449,873	422,142
Associated Canadian Theological Schools World Campus (Note 11)	113,891	-	-	113,891	138,987
Canadian Mennonite University (Note 11)	30,000	-	-	30,000	30,000
Executive Administration	171,470	3,942	-	175,412	169,749
Advancement	162,305	-	-	162,305	159,654
Other administrative charges	127,851	25,268	-	153,119	198,718
Teaching Church Initiative	63,512	65,763	-	129,275	112,738
Rent (Note 11)	40,192	-	-	40,192	37,318
Student financial aid	-	15,496	-	15,496	17,557
Leadership development	5,686	-	-	5,686	18,620
Board related expenses	3,877	-	-	3,877	3,675
Graduate education costs	1,284	-	-	1,284	1,641
Student recruitment	500	-	-	500	127
Associated Canadian Theological Schools special payment	-	-	-	-	50,000
Bad debts (recovery)	-	-	-	-	(5,460)
	1,170,441	110,469	-	1,280,910	1,355,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS					
	417,733	(105,418)	-	312,315	(62,229)
OTHER INCOME (EXPENSE)					
Investment income (Note 11)	33,942	133,911	-	167,853	89,750
Change in fair market value of investments	18,330	70,803	-	89,133	(28,745)
Gain on foreign exchange	2,848	11,001	-	13,849	52,961
	55,120	215,715	-	270,835	113,966
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 472,853	\$ 110,297	\$ -	\$ 583,150	\$ 51,737

MENNONITE BRETHREN BIBLICAL SEMINARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2024

	General Fund	Restricted Fund	Endowment Fund	2024 Total	2023 Total
OPERATING ACTIVITIES					
Excess of revenues over expenses for the year	\$ 472,853	\$ 110,297	\$ -	\$ 583,150	\$ 51,737
Items not affecting cash:					
Amortization of property and equipment	3,243	-	-	3,243	3,244
Amortization of deferred capital contributions	(2,500)	-	-	(2,500)	(2,500)
Change in fair market value of investments	(18,330)	(70,803)	-	(89,133)	28,745
Gain on foreign exchange	(2,848)	(11,001)	-	(13,849)	(52,961)
	452,418	28,493	-	480,911	28,265
Changes in non-cash working capital	(1,787)	(52)	-	(1,839)	54,497
	450,631	28,441	-	479,072	82,762
INVESTING ACTIVITIES					
Proceeds from loans receivable	-	5,200	-	5,200	5,561
Net changes in investments	(106,583)	(26,432)	-	(133,015)	(61,529)
Due from The Canadian Conference of Mennonite Brethren Church of North America	(16,847)	(2,751)	-	(19,598)	(8,628)
	(123,430)	(23,983)	-	(147,413)	(64,596)
FINANCING ACTIVITY					
Interfund transfers	(320,122)	320,122	-	-	-
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR					
	7,079	324,580	-	331,659	18,166
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR					
	412,940	36,841	-	449,781	431,615
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 420,019	\$ 361,421	\$ -	\$ 781,440	\$ 449,781

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

1. NATURE OF OPERATIONS

Mennonite Brethren Biblical Seminary (the "Seminary") is a graduate theological school of The Canadian Conference of the Mennonite Brethren Church of North America ("CCMBC").

The Seminary was incorporated under the authority of the Mennonite Brethren Biblical Seminary Act of the Province of B.C.

The Seminary participates as a partner in a society of four members known as the Associated Canadian Theological Schools Society ("ACTS") on the campus of Trinity Western University ("TWU"). The four members of ACTS are the Seminary, Northwest Baptist Seminary, Canadian Baptist Seminary and TWU.

The consortium is accredited by the Association of Theological Schools ("ATS") and offers one diploma program, seven masters degree programs and a doctor of ministry program, all in theological studies. These programs are designed to provide personal and spiritual enrichment that equip people for professional Christian service and enable research in biblical and theological studies.

The Seminary is affiliated with Canadian Mennonite University ("CMU") in Winnipeg, Manitoba, Tyndale Seminary in Toronto, Ontario and Horizon Seminary in Saskatoon, Saskatchewan.

The Seminary is a registered charity under the Income Tax Act of Canada and is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Fund accounting

The Seminary presents its financial statements using the following funds:

The General Fund accounts for the Seminary's general and administrative activities and reports unrestricted funds.

The Restricted Fund reports the Seminary's restricted assets and restricted fund balances.

The Endowment Fund reports the endowments of the Seminary.

Transfers between the funds are made when they are considered appropriate and when they are authorized by the Board. These interfund transfers are reporting in the statement of changes in fund balances.

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Revenue recognition

The Seminary follows the restricted fund method of accounting for contributions. Restricted, unrestricted and endowment contributions are recognized as revenue of the appropriate funds when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for which there is no corresponding restricted fund are deferred and recognized as revenue in the general fund in the year in which the related expenses are incurred, in accordance with the deferral method of accounting for contributions.

Deferred capital contributions include contributions that are restricted for the purchase of property and equipment. These contributions are amortized and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

Investment and other income are recognized in the appropriate fund when earned.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and guaranteed investment certificates with maturity dates of less than 90 days from the date that they were acquired.

(d) Financial instruments

(i) Measurement

The Seminary's financial instruments consist of cash and cash equivalents, accounts receivable, interest receivable, investments, amounts due from The Canadian Conference of the Mennonite Brethren Church of North America, amounts due from Associated Canadian Theological Schools, loans receivable and accounts payable.

The Seminary initially measures all of its financial instruments at fair value. The Seminary subsequently measures all of its financial instruments 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 the statement of operations in the period incurred.

(ii) Transaction costs

Transaction costs that are directly attributable to the origination, issuance or assumption of a financial instrument that is subsequently measured at amortized cost are assigned to those financial instruments. All other transaction costs are recognized in the statement of operations in the period incurred.

(iii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, 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 the statement of operations in the period in which it is determined.

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property and equipment

Property and equipment are recorded at historical cost and amortization has been provided on a straight-line basis as follows:

Furniture and equipment	10 years
Leasehold improvements	10 years

The Seminary's policy is to record a write-down to a property and equipment's fair value or replacement cost when conditions indicate that a property and equipment is impaired. Such conditions include when the property and equipment no longer contributes to the Seminary's ability to provide goods and services or when the value of future economic benefits or service potential associated with the property and equipment is less than its net carrying amount. Write-downs are recognized as an expense in the statement of operations and are not reversed. To May 31, 2024, no impairments have been recorded.

(f) Foreign currency transactions

The Seminary uses the temporal method to translate its foreign currency transactions. Under this method, monetary statement of financial position items are translated at the exchange rates in effect at year-end and non-monetary items are translated at historical exchange rates. Revenues and expenses are translated at the exchange rates in effect on the transaction dates or at the average exchange rates of the period. Translation gains or losses are included in the statement of operations.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses at the end of, or during the reporting period. Management believes that the estimates used are reasonable and prudent; however actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable and loans receivable, the determination of the useful lives of property and equipment used for calculating amortization, measurement of deferred revenue and deferred capital contributions, amounts recorded as accrued liabilities, and disclosures about commitments and contingencies at the date of the financial statements.

(h) Contributed services and materials

The Seminary benefits from contributed services in the form of volunteer time and contributed materials. Contributed services are not recognized in the financial statements. Contributed materials are recorded at the fair market value only when a realizable value of the related benefit can be reasonably estimated and the materials are used in the normal course of operations and would otherwise have been purchased.

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

3. FINANCIAL INSTRUMENTS RISKS

The Seminary is exposed to various risks through its financial instruments (Note 2(d)) and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Seminary's risk exposure and concentration as of May 31, 2024. In management's opinion, the Seminary is not exposed to significant credit, liquidity, market, currency, interest rate or other price risk, except as noted below. In addition, the Seminary is not exposed to any material concentrations of risk and there has been no significant change in risk exposures from the prior year.

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Seminary's main credit risk relates to its accounts receivable, amounts due from the Canadian Conference of the Mennonite Brethren Church of North America, amounts due from Associated Canadian Theological Schools and loans receivable. The Seminary maintains, if deemed necessary, provision for potential credit losses, and any such losses to date have been within management's expectations. At May 31, 2024 and 2023, an allowance for doubtful accounts was not considered necessary by management.

Liquidity risk:

Liquidity risk is the risk that the Seminary will encounter difficulty in meeting obligations associated with liabilities. The Seminary is exposed to this risk mainly in respect of its accounts payable. The Seminary's ability to meet obligations depends on the receipt of donations, the collection of its accounts receivable and loans receivable and the liquidity of its investments. The Seminary controls liquidity risk by managing its working capital and cash flows.

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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. Consequently, certain assets and liabilities are subject to foreign exchange fluctuations.

As at May 31, 2024, the Seminary has cash and cash equivalents of \$52,043 CAD (2023 – \$62,706 CAD) and equity investments of \$1,087,225 CAD (2023 – \$1,063,416 CAD) that are denominated in U.S. dollars, resulting in currency risk. The Seminary regularly monitors foreign currency fluctuations to manage currency risk.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Seminary is exposed to interest rate risk on its amounts due from The Canadian Conference of the Mennonite Brethren Church of North America, and loans receivable. The Seminary mitigates the risk through its normal operating and financing activities

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

3. FINANCIAL INSTRUMENTS RISKS *(continued)*

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 (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Seminary is exposed to other price risk through its equity investments. The Seminary mitigates the risk through controls to monitor and limit concentration in these investments and through the use of an investment advisor.

4. DUE FROM THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Amounts due from The Canadian Conference of the Mennonite Brethren Church of North America bear interest at rates ranging from 4.75% to 5.00% (2023 - 5.00%) per annum. Interest is payable semi-annually and the investments are redeemable at any time without penalty.

5. INVESTMENTS

	2024	2023
General Fund		
Equity investments	\$ 478,025	\$ 350,264
Restricted Fund		
Equity investments	1,347,979	1,239,743
Endowment Fund		
Equity investments	498,480	498,480
	\$ 2,324,484	\$ 2,088,487

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

6. LOANS RECEIVABLE

	2024	2023
Loans:		
Interest free	\$ 7,986	\$ 13,186
	7,986	13,186
Current portion	(3,536)	(5,200)
	\$ 4,450	\$ 7,986

The loans receivable are from Canadian and American students who were enrolled prior to 2011 in the Fresno Pacific Biblical Seminary (formerly the Fresno campus of the Mennonite Brethren Biblical Seminary Inc.) graduate program. Student loan repayments begin six months after graduation or upon termination of their student status.

Students have one to ten years to repay these loans based on the individual loan amounts. The loans made to students who belong to the Mennonite Brethren denomination are interest free, while other student loans bear interest between 3.00% and 6.00% per annum. The interest free loans have been discounted using a 2.00% interest rate.

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Furniture and equipment	\$ 5,403	\$ 5,403	\$ -	\$ -
Leasehold improvements	32,437	9,731	22,706	25,949
	\$ 37,840	\$ 15,134	\$ 22,706	\$ 25,949

8. BANK LINE OF CREDIT

The Seminary has an operating line of credit to a maximum of \$100,000 (2023 - \$100,000) with VanCity. Funds advanced under this line of credit bear interest at 1.25% (2023 - 1.25%) over VanCity's prime lending rate. The line of credit is secured by a general security agreement providing a charge over all assets of the Seminary. As at May 31, 2024 and 2023, no amounts were drawn on the line of credit.

9. DEFERRED REVENUE

In fiscal 2023, the Society received \$18,936 from the In Trust Center for Theological Schools of which \$10,135 was recognized as revenue for the Navigate Bible Conferences held during the 2023 fiscal year. As at May 31, 2024 and 2023, \$8,801 has been deferred in accordance with the Seminary's revenue recognition policy as described in Note 2(b).

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions that have been used to purchase property and equipment. These contributions are amortized at the same rate as the underlying property and equipment.

	2024	2023
Balance, beginning of year	\$ 20,000	\$ 22,500
Amount recognized as revenue during the year	(2,500)	(2,500)
Balance, end of year	\$ 17,500	\$ 20,000

11. RELATED PARTY TRANSACTIONS

The Seminary is related to the Associated Canadian Theological Schools Society ("ACTS") through its membership in ACTS and is related to the Canadian Mennonite University ("CMU") through an affiliation agreement. The Seminary is also related to The Canadian Conference of the Mennonite Brethren Church of North America ("CCMBC") through the CCMBC's right to appoint a majority of the Seminary's board of directors.

Unless otherwise stated, the advances and loans with these related organizations are unsecured, without interest and are due on demand.

As at May 31, 2024, the Seminary had the following balances and during the year engaged in the following transactions with these related parties, including the disclosure in Note 15. These transactions were made in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed upon by the related parties.

	2024	2023
Associated Canadian Theological Schools Society		
Accounts receivable	\$ 1,638	\$ 41,764
Due from Associated Canadian Theological Schools	14,462	14,462
Program revenues - ACTS	219,535	211,730
Program revenues - ACTS World Campus	113,453	128,708
Shared graduate education costs - ACTS	449,873	422,142
Shared graduate education costs - ACTS World Campus	113,891	138,987
Rent	40,192	37,318
The Canadian Conference of the Mennonite Brethren Church of North America		
Due from The Canadian Conference of the Mennonite Brethren Church of North America	\$ 413,381	\$ 393,783
Denomination support	140,000	140,000
Interest income	19,598	16,765
The Canadian Mennonite University		
Accounts payable	\$ -	\$ 4,583
Shared graduate education costs	30,000	30,000

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

12. FUND BALANCES - RESTRICTED

	2024	2023
Internally Restricted		
Student financial aid	\$ 1,061,856	\$ 940,418
Administrative	223,350	-
The Centre for Education and Advancement of Spiritual Care	100,000	-
Student tuition protection fund (in compliance with BC Ministry of Advanced Education tuition protection requirements)	100,000	100,000
	\$ 1,485,206	\$ 1,040,418

During the year \$320,122 (2023 - \$Nil) was transferred from the general fund to the internally restricted fund to cover administrative expenses of the internally restricted fund as well as increase the amounts held for student financial aid and the Centre for Education and Advancement of Spiritual Care.

Externally Restricted		
Theological Education	\$ 121,229	\$ 172,839
International Pastoral Leadership	58,523	56,983
Scholarships	98,734	62,471
Other	11,355	12,000
Benevolence	1,270	1,187
	\$ 291,111	\$ 305,480

13. FUND BALANCES - ENDOWMENT

	2024	2023
Endowment Fund balances are restricted as follows:		
a) John and Kathryn Froese – The investment income shall be used to honour outstanding communicators of the Gospel at Mennonite Brethren Biblical Seminary.	\$ 44,832	\$ 44,832
b) Nathan Paul Toews Fund – The investment income shall be used for student scholarships for those preparing for a career in the Christian ministry through the Mennonite Brethren denomination.	53,510	53,510
c) Rueben and Emma Baerg Estate – The investment income shall be used for the development and ministry of the Seminary.	51,454	51,454
d) Student Aid – The Seminary has received endowments to be used for student aid from the following donors: Cornelius J. Martens, Jacob D. Friesen, J. A. Toews, Sam and Elizabeth Willems, J. J. Toews, J. J. and Lena Toews, Peter and Mina Pauls, Laurence and Leona Hiebert.	348,684	348,684
	\$ 498,480	\$ 498,480

MENNONITE BRETHREN BIBLICAL SEMINARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2024

14. COMMITMENTS

The Seminary is part of the ACTS consortium from whom it also leases its office space. The Seminary is committed to provide eighteen months written notice to ACTS in the event the Seminary decides to withdraw from the consortium. Withdrawing from ACTS would also end the Seminary's lease agreement. The Seminary has also agreed to help fund a theological education program at the Canadian Mennonite University over the year. The anticipated payments during the next five years are as follows:

2025	\$	38,869
2026		39,646
2027		40,439
2028		41,248
2029		42,073
		<hr/>
	\$	<u>202,275</u>

15. CONTINGENT LIABILITY

The Seminary guaranteed a one-third portion of a \$300,000 line of credit for the Associated Canadian Theological Schools Society. As at May 31, 2024 the balance drawn on this line of credit was \$Nil (2023 - \$Nil).

16. ALLOCATION OF EXPENSES

The Seminary allocates costs, not directly attributable to a program, based on the time spent.

MENNONITE BRETHREN BIBLICAL SEMINARY
SCHEDULE OF EXPENSES BY CATEGORY
FOR THE YEAR ENDED MAY 31, 2024

(Schedule 1)

	General Fund	Restricted Fund	Endowment Fund	2024 Total	2023 Total
EXPENSES					
Salaries and benefits	\$ 813,494	\$ 68,263	\$ -	\$ 881,757	\$ 854,871
Shared costs of Associated Canadian Theological Schools	162,240	-	-	162,240	156,520
Professional fees	22,310	26,710	-	49,020	78,936
Rental	40,192	-	-	40,192	37,318
Shared costs of Canadian Mennonite University	30,000	-	-	30,000	30,000
Travel	19,720	-	-	19,720	24,271
Investment management fees	18,355	-	-	18,355	17,386
Student financial aid	-	15,496	-	15,496	17,557
Course development	12,716	-	-	12,716	14,444
Office supplies	12,029	-	-	12,029	12,976
Miscellaneous	10,194	-	-	10,194	55,252
Advertising and promotion	7,046	-	-	7,046	29,066
Interest and bank charges	6,437	-	-	6,437	5,606
Insurance	5,497	-	-	5,497	4,934
Office furniture and equipment	4,312	-	-	4,312	9,862
Amortization of property and equipment	3,243	-	-	3,243	3,244
Professional development	2,656	-	-	2,656	8,683
Bad debts (recovery)	-	-	-	-	(5,460)
TOTAL	\$ 1,170,441	\$ 110,469	\$ -	\$ 1,280,910	\$ 1,355,466