AMBROSE
UNIVERSITY

Financial Statements

April 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Ambrose University

We have audited the accompanying financial statements of Ambrose University, which comprise the statement of financial position as at April 30, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ambrose University as at April 30, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 in the financial statements which indicates that Ambrose University's ability to continue as a going concern is dependent on its ability to generate sufficient cash flows from operations, service its existing debt obligations, and the continued support of its lender. These conditions, along with other matters as set forth in note 2 in the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Ambrose University's ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants

September 15, 2017

Calgary, Canada

Ambrose University
Statement of Financial Position
As at April 30, 2017, with comparative information for 2016

		2017		2016
Assets				
Current assets				
Cash	**$**	**1,541,751**	$	1,376,231
Accounts receivable *(note 4)*		**320,575**		658,199
Inventory		**204,165**		257,997
Prepaid expenses		**249,030**		252,582
Total current assets		**2,315,521**		2,545,009
Non-current assets				
Investments *(note 5)*		**8,353,642**		7,357,513
Capital assets *(note 6)*		**37,784,934**		39,203,893
	$	**48,454,097**	$	49,106,415
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities *(note 7)*	**$**	**1,090,477**	$	996,945
Student deposits and deferred contributions		**1,602,033**		1,575,125
Current portion of loans and borrowings *(note 8)*		**18,990,528**		604,593
Total current liabilities		**21,683,038**		3,176,663
Non-current liabilities				
Loans and borrowings *(note 8)*		**655,718**		20,064,162
Deferred contributions				
Annuity contracts *(note 9)*		**5,493,932**		5,355,099
Deferred capital contributions *(note 10)*		**14,065,364**		14,517,055
		19,559,296		19,872,154
Net Assets				
Unrestricted (deficit)		**(2,654,112)**		(2,291,135)
Externally restricted *(note 11)*		**8,514,161**		7,621,326
Invested in capital assets *(note 12)*		**695,996**		663,245
		6,556,045		5,993,436
	$	**48,454,097**	$	49,106,415

Going concern assumption *(note 2)*
Subsequent events *(note 8)*

The accompanying notes are an integral part of these financial statements

Approved by the Board of Governors

Ambrose University
Statement of Operations
Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Revenue		
Tuition and student fees	**$ 8,407,181**	$ 8,054,060
Donations and constituent support *(notes 9 and 14)*	**3,336,467**	3,596,993
Government grants	**2,864,003**	3,049,756
Sales, rent and ancillary, net *(note 13)*	**981,587**	1,061,597
Endowment and other	**503,869**	413,400
	16,093,107	16,175,806
Expenses		
Employee compensation, benefits and other	**10,118,877**	9,804,297
Operating supplies	**1,313,693**	1,460,460
Scholarships and bursaries	**1,012,505**	906,024
Interest	**866,704**	901,622
Communications, advertising and events	**680,550**	849,367
Facilities	**628,844**	624,713
Travel and hospitality	**381,492**	381,750
Annuity payments *(notes 8 and 9)*	**369,165**	374,941
Professional and other fees	**263,212**	391,399
	15,635,042	15,694,573
Surplus of revenue over expenses before the following	**458,065**	481,233
Amortization of capital assets	**(1,673,356)**	(1,794,642)
Amortization of deferred capital contributions *(note 10)*	**549,831**	551,464
Change in fair value of interest rate swap *(note 8)*	**335,234**	(581,138)
Deficiency of revenue over expenses	**$ (330,226)**	$ (1,343,083)

The accompanying notes are an integral part of these financial statements

Ambrose University

Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Cash flow from operating activities:		
Cash received for tuition and student fees	**$ 7,894,346**	$ 7,742,907
Cash received from donors and constituents	**3,639,574**	3,409,454
Government funding received	**2,773,872**	2,709,887
Cash received from customers, tenants and others	**3,035,957**	3,098,716
Cash paid to and on behalf of employees, suppliers and annuitants	**(15,564,888)**	(15,773,310)
Interest received	**11,956**	9,260
Interest paid	**(795,667)**	(821,034)
Net cash flow from operating activities	**995,150**	375,880
Cash flow from financing activities:		
Capital contributions received	**98,140**	238,971
Restricted contributions received	**307,308**	364,708
Cash received from annuitants	**-**	20,000
Repayment of loans and borrowings	**(584,680)**	(639,210)
Advances of loans and borrowings	**4,200**	7,200
Net cash flow from financing activities	**(175,032)**	(8,331)
Cash flow from investing activities:		
Capital expenditures	**(254,397)**	(565,269)
Net change in investments	**(400,201)**	(100,323)
Net cash flow from investing activities	**(654,598)**	(665,592)
Increase (decrease) in cash	**165,520**	(298,043)
Cash, beginning of year	**1,376,231**	1,674,274
Cash, end of year	**$ 1,541,751**	$ 1,376,231

The accompanying notes are an integral part of these financial statements

Ambrose University
Statement of Changes in Net Assets

	Year ended April 30, 2017			
	Unrestricted	Externally restricted	Invested in capital assets	Total
Balance, May 1, 2016	(2,291,135)	$ 7,621,326	$ 663,245	**$ 5,993,436**
Excess (deficiency) of revenue over expenses	1,580,069	-	(1,910,295)	**(330,226)**
Direct changes in net assets:				
Restricted contributions received	-	447,232	-	**447,232**
Net investment income	-	353,660	-	**353,660**
Change in fair market value of investments	-	595,928	-	**595,928**
Endowment distributions	-	(503,985)	-	**(503,985)**
Transfers of net assets:				
Net change in investment in capital assets *(note 12)*	(1,943,046)	-	1,943,046	-
Balance, April 30, 2017	(2,654,112)	$ 8,514,161	$ 695,996	**$ 6,556,045**

	Year ended April 30, 2016			
	Unrestricted	Externally restricted	Invested in capital assets	Total
Balance, May 1, 2015	(1,876,930)	$ 7,580,477	$ 1,592,123	**$ 7,295,670**
Excess (deficiency) of revenue over expenses	1,639,069	-	(2,982,152)	**(1,343,083)**
Direct changes in net assets:				
Restricted contributions received	-	199,860	-	**199,860**
Net investment income	-	558,510	-	**558,510**
Change in fair market value of investments	-	(333,859)	-	**(333,859)**
Endowment distributions	-	(383,662)	-	**(383,662)**
Transfers of net assets:				
Net change in investment in capital assets *(note 12)*	(2,053,274)	-	2,053,274	-
Balance, April 30, 2016	(2,291,135)	$ 7,621,326	$ 663,245	**$ 5,993,436**

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

Ambrose University ("Ambrose") is a Christian university offering provincially accredited undergraduate arts and science degrees, and undergraduate and post-graduate degrees in ministry and theology. Ambrose was incorporated in Alberta on September 12, 2003 as Canadian Bible College/Canadian Theological Seminary Ltd. On March 24, 2004, after receiving accreditation by the Province of Alberta, the name was changed to Alliance University College Ltd. On May 2, 2007, the name was changed to Ambrose University College Ltd. after Canadian Nazarene University College Ltd., a separately accredited institution, transferred all of its net assets, operations and degree granting authority to Ambrose. On November 26, 2014 the name was changed to Ambrose University.

The financial statements of Ambrose include 1282185 Alberta Ltd., a wholly-owned bare trustee corporation that holds title to certain real property. There are no operations in 1282185 Alberta Ltd.

Ambrose is a registered charity under the *Income Tax Act*, Canada. Ambrose is not subject to income taxes under the *Income Tax Act* and, as such, no provision for income taxes is included in these financial statements.

2. Basis of presentation and going concern basis of accounting

The financial statements of Ambrose have been prepared by management on a going concern basis which assumes Ambrose will realize its assets and discharge its liabilities in the normal course of operations for at least 12 months from the date of issuance of the financial statements.

Ambrose has operated outside of compliance with a debt covenant requiring a minimum debt service coverage ratio for the 2015, 2016 and 2017 fiscal years (note 8). Non-compliance with the covenant gives the lender the right to demand immediate repayment of the outstanding term loan balance. Management has estimated that it is probable that Ambrose will continue to operate outside of compliance with this covenant for the next year, and will be required to request a waiver of compliance with the covenant for the year ending April 30, 2018. The granting of the waiver is at the discretion of the lender. Repayment of the loan would also require settlement of the interest rate swap agreement at potentially unfavourable terms (note 8). Should Ambrose be required to repay the term loan and settle the interest rate swap agreement as a result of demand by the lender, Ambrose will need to secure alternative financing. As a result of anticipated future non-compliance with the covenant, the bank financing scheduled to be repaid to 2038 has been included in the statement of financial position as a current liability.

Excluding the reclassification of bank financing not scheduled to be repaid in the year ending April 30, 2018 as a result of the above, as at April 30, 2017, Ambrose's current liabilities exceed current assets by $1.6 million. Ambrose has reported deficiencies of revenue over expenses for each of the last three years and has an accumulated operating deficit of $2.6 million at April 30, 2017. Ambrose's ability to continue as a going concern requires cash flows sufficient to meet its operating and debt servicing requirements, and the continued support of its lender, or access to new sources of financing.

As a result of the foregoing there is a material uncertainty that Ambrose will be able to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the going concern assumption were not appropriate, including adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

3. Significant accounting policies

The financial statements of Ambrose have been prepared by management in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Handbook (the "Standards"). The following is a summary of significant accounting policies followed in preparation of the financial statements.

a. Use of estimates and judgement

The preparation of financial statements in accordance with the Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the recorded amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing the financial statements, the significant judgments made by management in applying Ambrose's accounting policies and the key sources of estimation were the allowance for doubtful accounts, amortization rates and useful lives of capital assets, and impairment of long-lived assets.

b. Revenue recognition

Ambrose follows the deferral method of accounting for contributions, which include donations and government grants.

i. Unrestricted contributions are recognized when received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured.
ii. Contributions externally restricted for purposes other than scholarships, endowments and capital assets are deferred and recognized as revenue in the year in which related expenses are recognized.
iii. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Investment income on endowment net assets is recognized as revenue in the year in which related expenses are recognized.
iv. Contributions restricted for the acquisition of capital assets are recognized as revenue in amounts that match the amortization expense of the related capital assets purchased with the contributions.

Student tuition and non-academic fees are recognized as revenue in the academic year to which they relate. Registration deposits and tuition fees for future academic terms are deferred.

Sales and ancillary revenue is recognized when goods are sold or services are performed.

Rental revenue is recognized in the period during which occupancy took place.

Revenue resulting from the maturity of annuity contracts designated for operating purposes is recognized upon maturity of the annuity. Annuity contracts designated for capital purposes are recognized as deferred capital contributions upon maturity of the annuity contract.

c. *Cash and cash equivalents*

Cash and cash equivalents include bank deposits.

d. *Inventory*

Inventory of bookstore merchandise is recorded at the lower of cost and net realizable value, determined on a first-in, first-out basis. Cost of goods sold is comprised of inventory expensed in the year.

e. *Investments*

Investments are recorded at market value, which is determined from published price quotations, and corresponding unrealized gains or losses that occur due to changes in market values are reported on the statement of operations for unrestricted funds and as direct changes in net assets for restricted funds.

f. *Capital assets*

Capital assets, except land and mineral rights, are measured at cost less accumulated amortization. Land and mineral rights are carried at cost and not amortized. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset category	Term
Buildings	30 - 40 years
Library materials	10 - 12 years
Equipment and computers	3 - 10 years
Land improvements	7 years
Furnishings	3 - 10 years

Estimated useful lives of capital assets are reviewed annually and adjusted if appropriate. Any changes are accounted for prospectively. Capital assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. An impairment loss is recognized in the period it is determined impairment exists and is calculated as the excess of the carrying value of the asset over its fair value.

g. *Annuity contracts*

Annuity contracts are recorded at the amount received at the inception of the annuity contract. Until the annuity matures, the difference between the face value of the contracts and the estimated actuarial liability is treated as deferred revenue. Annuity contracts wherein Ambrose is not the beneficiary upon maturity are recorded as loans and borrowings. Periodic annuity payments are recorded as expenses on the statement of operations.

h. Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Ambrose has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Ambrose determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Ambrose expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

4. Accounts receivable

Accounts receivable at April 30 comprises the following:

	2017	**2016**
Student accounts receivable	**$ 84,763**	$ 68,912
Government receivables	**101,893**	149,334
Trade and other receivables	**114,619**	104,429
Bequest contributions	**-**	316,295
Goods and Services Tax recoverable	**19,300**	19,229
	$ 320,575	$ 658,199

5. Investments

Investments comprise pooled mutual funds professionally managed in accordance with the Investment Policy adopted by the Board of Governors. Fair values of investments are based on quoted market prices on the date of the statement of financial position.

The carrying amount of investments at April 30 is as follows:

	2017	**2016**
Investments at cost	**$ 7,542,507**	$ 7,142,306
Unrealized gains	**811,135**	215,207
	$ 8,353,642	$ 7,357,513

6. Capital assets

The net carrying amount of capital assets at April 30 is as follows:

	2017			2016
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 3,493,741	$ -	**$ 3,493,741**	$ 3,493,741
Buildings	42,705,660	9,552,834	**33,152,826**	34,338,299
Library materials	3,308,828	2,549,270	**759,558**	884,355
Equipment and computers	1,528,478	1,241,165	**287,313**	313,592
Land improvements	1,236,515	1,225,248	**11,267**	14,508
Furnishings	953,186	890,957	**62,229**	141,398
Mineral rights	18,000	-	**18,000**	18,000
	$ 53,244,408	$ 15,459,474	**$ 37,784,934**	$ 39,203,893

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at April 30 comprise the following:

	2017	2016
Trade accounts payable	**$ 912,635**	$ 799,308
Government payroll remittances payable	**123,197**	142,221
Accrued annuity payments	**54,645**	55,416
	$ 1,090,477	$ 996,945

8. Loans and borrowings

Loans and borrowings at April 30 comprise the following:

	Note	2017	2016
Current liabilities			
Constituent loans	*a)*	**$ 123,150**	$ 145,179
Current portion of other loans and borrowings		**18,867,378**	459,414
		18,990,528	604,593
Non-current liabilities			
Annuity contracts	*b)*	**655,718**	869,607
Bank financing	*c)*	**-**	19,194,555
		655,718	20,064,162
		$ 19,646,246	$ 20,668,755

a) Constituent loans

Various constituents have advanced funds to Ambrose to provide cash for capital and operating purposes. The loans are repayable upon demand, unsecured and bear interest at rates from 1.5% to 3.5%. The effective annual rate of interest at April 30, 2017 is 2.1%.

b) Annuity contracts

Ambrose has entered into annuity contracts which pay the annuitants a periodic fixed amount for the lifetime of the annuitant, in exchange for an amount received from the annuitant upon inception of the contract. In accordance with the terms of the annuity contracts, any residual amount upon maturity of the annuity must be paid to third parties over the time period stipulated in the annuity contract. Annuity payment rates vary depending on the anticipated time to maturity at the inception of the contract, and range from 2.6% to 12.0% per annum. The effective annual rate on the contracts at April 30, 2017 is 5.5%. Scheduled annual annuity payments at April 30, 2017, assuming no annuity contracts mature, total $36,000.

	2017	2016
Annuity contracts not yet matured	**$ 655,718**	$ 861,551
Matured annuity contracts	**8,058**	16,110
	663,776	877,661
Current portion of matured annuity contracts	**(8,058)**	(8,054)
	$ 655,718	$ 869,607

c) Bank financing

	2017	2016
Bank term loan, with monthly payments of $109,600 to August 2038, bearing interest at 4.24% per annum until August 2028	**$ 18,453,844**	$ 18,975,543
Deferred financing costs, net of accumulated amortization	**(2,488,095)**	(2,558,434)
Fair value of interest rate swap	**2,893,572**	3,228,806
	18,859,321	19,645,915
Current portion:		
Principal amount of bank term loan due in the next year, net of amortization of deferred financing costs	**(470,850)**	(451,360)
Classification of bank term loan and fair value of interest rate swap, net of deferred financing costs as a current liability (note 2)	**(18,388,471)**	-
Non-current portion	**$ -**	$ 19,194,555

Deferred financing costs are amortized over the repayment term of the bank term loan and $70,000 is included in interest expense on the statement of operations.

The bank term loan bears interest at the bank's prime rate. Ambrose has entered into an interest rate swap arrangement that secures an interest rate of 4.24% on the bank term loan until August 2028. The change in the fair market value of the interest rate swap is included on the statement of operations.

The bank term loan is secured by a mortgage providing a first charge on land and buildings with a net carrying amount of $37 million and a General Security Agreement over net assets.

Annual scheduled repayment of the bank term loan is as follows:

Years ending April 30	Amount
2018	$ 544,000
2019	568,000
2020	592,000
2021	618,000
2022	644,000
Thereafter	15,487,844
	$ 18,453,844

d) *Financial covenant*

Ambrose is required to comply with certain covenants under its bank financing. Ambrose was not in compliance with a financial covenant that requires a minimum debt service coverage ratio of 110% for the year ended April 30, 2017. Subsequent to April 30, 2017, Ambrose received a written communication from the bank in which it acknowledged the non-compliance with the covenant, and confirmed that there were no proposals to accelerate the payment of principal and interest for the year ending April 30, 2018 as a result of this default.

e) *Available borrowing*

Ambrose has a $0.5 million bank line of credit that may be used to fund short-term cash deficiencies. Advances on this facility bear interest at the bank's prime rate plus 0.5%. This facility was unutilized at April 30, 2017. Subsequent to April 30, 2017, Ambrose utilized advances on this line of credit to fund operating activities.

9. Annuity contracts

Ambrose has entered into annuity contracts which pay the annuitants a periodic fixed amount for the lifetime of the annuitant, in exchange for an amount received from the annuitant upon inception of the contract. Annuity payment rates vary depending on the anticipated time to maturity at inception of the contract and range from 2.6% to 13.0% per annum. The weighted-average annuity payment rate at April 30, 2017 is 6.1%. Scheduled annual annuity payments at April 30, 2017, assuming no annuity contracts mature, total $332,000.

a) *Changes in annuity contracts for the years ended April 30 comprise:*

	2017	2016
Balance, beginning of year	**$ 5,355,099**	$ 5,366,099
New annuity contracts	**-**	20,000
Annuity contracts amended	**175,833**	-
Matured annuity contracts recognized as:		
Donations and constituent support revenue	**(37,000)**	(21,000)
Externally restricted net assets - scholarships	**-**	(10,000)
Balance, end of year	**$ 5,493,932**	$ 5,355,099

b) *Annuity contracts amended*

During the year ended April 30, 2017, an annuitant and Ambrose agreed to amend certain existing annuity contracts, altering the beneficiary of the residual annuity amount from third parties to Ambrose. As a result these annuity contract amounts have been reclassified from loans and borrowings to annuity contracts.

c) *Annuity contract maturity*

Annuity contracts at April 30 will be derecognized upon maturity based on the terms of the annuity contracts as follows:

		2017		2016
Donation and constituent support revenue	**$**	**1,832,149**	$	1,693,316
Deferred capital contributions		**3,421,833**		3,421,833
Externally restricted net assets - scholarships		**239,950**		239,950
	$	**5,493,932**	$	5,355,099

10. Deferred capital contributions

Deferred capital contributions represent restricted funds received and designated to be used for capital purposes. Changes in deferred capital contributions for the years ended April 30 comprise the following:

		2017		2016
Balance, beginning of year	**$**	**14,517,055**	$	14,829,548
Capital contributions received		**98,140**		238,971
Amortization of deferred capital contributions recognized		**(549,831)**		(551,464)
Balance, end of year	**$**	**14,065,364**	$	14,517,055

11. Externally restricted net assets

Externally restricted net assets at April 30 comprise the following:

		2017		2016
Endowed scholarships	**$**	**6,421,111**	$	5,899,215
Other endowments		**2,093,050**		1,722,111
	$	**8,514,161**	$	7,621,326

12. Investment in capital assets

Net assets invested in capital assets at April 30 comprise the following:

		2017		2016
Capital assets	**$**	**37,784,934**	$	39,203,893
Amounts financed by:				
Loans and borrowings		**(19,601,741)**		(20,601,760)
Annuity contracts		**(3,421,833)**		(3,421,833)
Deferred capital contributions		**(14,065,364)**		(14,517,055)
	$	**695,996**	$	663,245

Net change in investment in capital assets for the years ended April 30 comprises:

		2017		2016
Capital expenditures	**$**	**254,397**	$	565,269
Payments of principal and interest on loans and borrowings		**1,354,743**		1,470,763
Annuity payments made		**256,213**		256,213
Annuity contracts amended		**175,833**		-
Financing provided by capital contributions received		**(98,140)**		(238,971)
	$	**1,943,046**	$	2,053,274

13. Sales, rent and ancillary revenue, net

Sales, rent and ancillary net revenue for the years ended April 30 is comprised of the following:

		2017		2016
Revenue				
Sales	**$**	**1,320,279**	$	1,302,743
Rental		**1,060,349**		1,150,407
Events		**130,919**		136,855
		2,511,547		2,590,005
Expenses				
Cost of goods sold		**679,391**		707,497
Contract services		**667,928**		652,481
Other		**182,641**		168,430
		1,529,960		1,528,408
Sales, rent and ancillary revenue, net	**$**	**981,587**	$	1,061,597

14. Related party transactions

During the year ended April 30, 2017, Ambrose received contributions of $1.46 million from district and national offices within the denominations of the Christian and Missionary Alliance in Canada and the Church of the Nazarene in Canada and in the United States, which are affiliated with Ambrose. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

15. Financial risks and concentration of credit risk

a) *Liquidity risk:*

Liquidity risk is the risk that Ambrose will be unable to fulfill its financial obligations on a timely basis or at a reasonable cost. Ambrose manages its liquidity risk by monitoring its operating cash flow requirements, and by preparing budgets and cash flow forecasts to ensure it has sufficient funds to meet its obligations. Ambrose has a $0.5 million line of credit available upon which it can draw upon at any time to cover any short-term liquidity needs. Liquidity risk exposure has increased in 2017 as discussed in note 2.

b) *Credit risk:*

Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss to Ambrose. Credit risk arises principally from Ambrose's cash deposits, and receivables from students and third parties. Ambrose holds its cash deposits in a large Canadian financial institution. Management monitors its accounts receivable regularly and makes a provision for any amounts that are not collectible. There has been no change to credit risk exposure during the year.

c) *Interest rate risk:*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Ambrose is exposed to interest rate risk on interest-bearing investments and cash deposits, and certain loans and borrowings that bear interest at rates that fluctuate with market interest rates. There has been no change to interest rate risk exposure during the year.

d) *Currency risk:*

Currency risk is the risk associated with transacting in and holding balances that are denominated in foreign currencies. In the normal course of operations, Ambrose purchases goods and services and receives revenue denominated in foreign currencies and at times a portion of investments may be denominated in a foreign currency. There has been no change to currency risk exposure during the year.

e) *Market risk:*

Market risk is the risk that the value of financial assets will change resulting in a financial loss. Ambrose is exposed to market risk on its investments. Ambrose manages its investment portfolio to earn investment income and invests according to guidelines established by the Board of Governors. Ambrose is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. There has been no change to market risk exposure during the year.

16. Financial Information Return for purposes of the Charitable Fund-raising Act of Alberta

In accordance with Section 8 of the *Charitable Fund-raising Act* of Alberta the following amounts are disclosed in addition to those disclosures reflected elsewhere in these financial statements which together comprise the Financial Information Return of Ambrose:

		2017		2016
Donations	**$**	**2,125,835**	$	2,567,234
Total direct expenses incurred for soliciting contributions		**349,581**		501,259
Remuneration to employees whose principal duties involved fundraising		**227,706**		336,796

17. Comparative figures

Certain comparative figures for the year ended April 30, 2016, have been reclassified to conform to the financial statement presentation adopted in the current year.