



AMBROSE
UNIVERSITY

Annual Report 2020-2021

Prepared for the Ministry
of Advanced Education



AMBROSE

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AMBROSE

Annual Report Academic Year 2020-2021

For Alberta Advanced Education

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1. Accountability Statement

Ambrose University's Annual Report for the year ended April 30, 2021 was prepared under the Board's direction in accordance with ministerial guidelines. All material economic, environmental, or fiscal implications of which we are aware have been considered in the preparation of this report.

Debi Mills
Chair, Board of Governors

2. Management's Responsibility for Reporting

Ambrose University's management is responsible for the preparation, accuracy, objectivity, and integrity of the information contained in the Annual Report, including the financial statements, performance results, and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations, and policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Annual Report has been approved by the Board of Governors and is prepared in accordance with Ministerial guidelines.

Gordon T. Smith, PhD
President

3. Message from the President

Ambrose University (Ambrose) is an active participant in Campus Alberta as one of the Independent Academic Institutions. We appreciate our partnership with the Ministry and with the other 25 post-secondary institutions in the province. As an Independent Academic Institution, Ambrose does not receive a mandate statement from the Minister of Advanced Education. This report speaks to the institution's steady progress towards its goals even during this ongoing, extraordinary season of the global pandemic.

The 2020-2021 academic year was again characterized by our institutional responses to the COVID-19 pandemic. Students, faculty, and staff demonstrated resiliency and persistence throughout the year to provide learning experiences for as many students as possible. Course delivery was evenly distributed between in-person classes, online delivery, and a hybrid of the two methods. Throughout the year, students who were in isolation because of COVID-19 had access to in-person classes using the Zoom platform. During the summer of 2021, a donation supported ongoing installation of hardware in each classroom to support remote delivery. The pandemic limited our collaborative opportunities with other PSI's who had moved entirely online. Cancellation of athletic activities, including practices, games, and tournaments, also contributed to a drop in student interactions with students from other campuses.

There was a 5% increase in Arts and Science student headcount (4% increase in credit hours and FLE). This was the first year of an additional cohort in the Education program. Plans are in place to admit this additional group of 40 students every other year.

Initiatives funded by the Post-Secondary Mental Health grant and the Students with Disabilities grant continue to provide students with critical services that support their academic success and their experience of thriving on our campus.

In the spring of 2020, the institution appointed an Executive Director of Advancement, Marketing, and Communications after being without an incumbent for most of the 2019-2020 academic year. A new Director of Human Resources was appointed in December 2020 and then was appointed as Executive Director of Operations in August 2021.

Ambrose's financial situation in the last year was better than in previous years. The total revenue for the year was higher than the budget. The pandemic restrictions limited revenues from sales, rent, and ancillary services, however the impact was offset by the Canada Emergency Wage Subsidy. The removal of the Going Concern note on the Audited Financial Statement for the year ended April 30, 2020 is reflective of the positive results shown in 2020-2021. An anticipated land sale in 2022 will further strengthen the balance sheet. Even though our programs are strong and we are able to draw quality faculty to Alberta and serve students, we still wait for a resolution of our funding formula with the Ministry. We are hopeful that the whole question of "equitable funding" will be addressed in the near future.

We appreciate our inclusion in Campus Alberta and the government's commitment to providing Albertans options for post-secondary education. Approximately 80% of our student body is from Alberta. We are pleased to provide additional access and capacity for the province.

4. Public Interest Disclosure (Whistleblower Protection) Act

As a private, independent Academic Institution, Ambrose University is not subject to this legislation.

5. Operational Overview

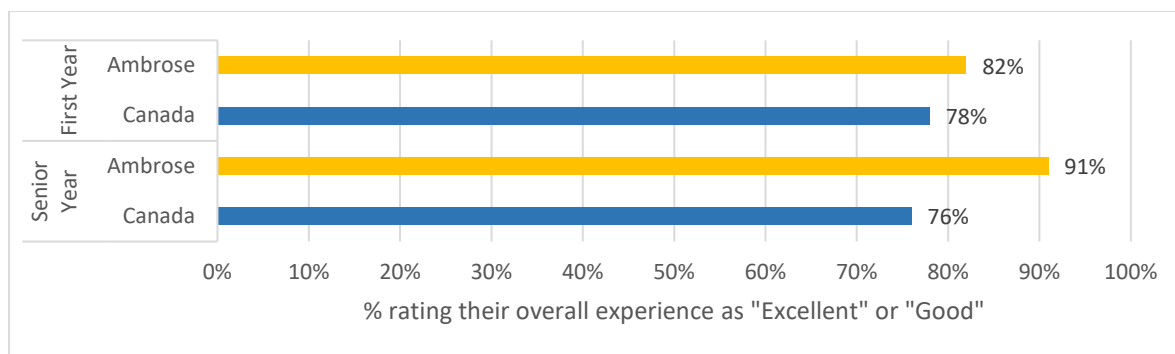
This annual report highlights areas of institutional success and challenge in a year marked by a global pandemic. Ambrose continued to make progress towards the goals articulated in the Master Academic Plan, even during a time of financial challenges and limitations related to the pandemic.

We began the Fall 2020 semester with face to face classes that included physically separated classes and the wearing of masks. By November we were in our one and only outbreak that required all classes to go online for 2 weeks. We returned with a third of classes in person, a third online, and a third used a combination of in-person and online learning (a hybrid model). This distribution of course delivery continued in the winter semester. We ended the year with an online graduation ceremony.

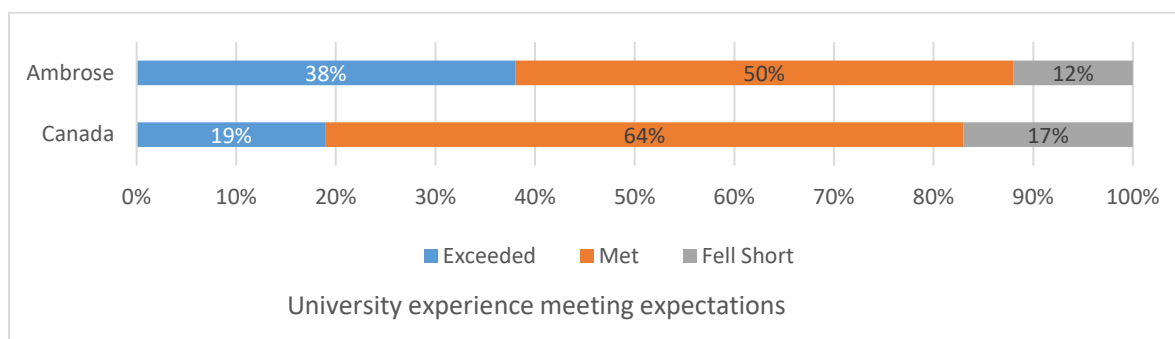
Faculty were actively engaged in institutional governance during the 2020-2021 academic year. The General Faculties Council (GFC) oversaw the completion of quality assurance measures in four degree programs by approving the program cyclical reviews for degrees in Behavioural Science, English, Christian Studies, and General Studies. The reviews were submitted to CAQC. The review process provided substantial feedback from external peers, students, and alumni, which faculty have implemented to further strengthen what were assessed as strong, current, and relevant undergraduate programs in each of these disciplines. The subsequent action plans provided direction for future programmatic development. GFC also completed and implemented policy work in the areas of experiential learning, examinations and assessments, appointment of adjunct faculty, and clarification of non-teaching roles (i.e., technology assistant, marker, teaching assistant, laboratory instructor, and teaching assistant). This work supported consistent policy application across the academic programs. No new academic programs were introduced during this academic year.

Indicators of progress towards achievement of our mission are reflected in the results of the 2020 National Survey of Student Engagement (NSSE). These results reflect student perspectives during the pandemic. Strong performance is reflected in several areas: service learning and research with faculty, quality of interactions with faculty, and the institution's emphasis on providing support to help students succeed academically. According to the NSSE survey, the majority (86%) of Ambrose senior students have participated in high-impact learning opportunities, which is comparable to the national average of 81%. The distinction, however, is that 62% of senior students indicated they had had two or more high impact learning opportunities as compared to 53% of senior Canadian students. High-impact learning opportunities are included in the institution's definition of experiential learning experiences. Also, included in the same definition is Work-Integrated Learning (WIL) experiences. During the year, the collaborative effort continued among Calgary post-secondary institutions to develop a standard set of WIL definitions with Ambrose a participant in those discussions.

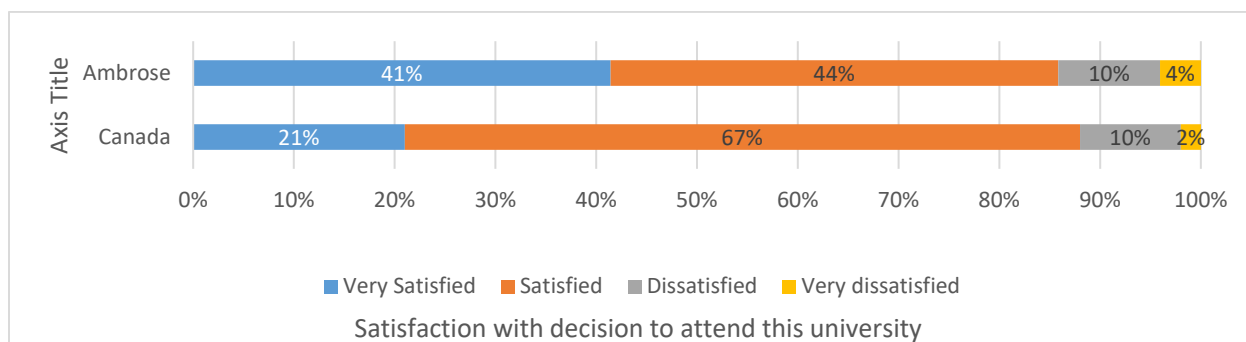
In response to questions about the quality of their overall experience at Ambrose, 91% of our senior students and 82% of our first year students rated their Ambrose experience as "Excellent" or "Good" (both measures are above the national average).



On the 2021 Canadian University Survey Consortium (CUSC) survey of middle year students, the institutional results on average were comparable to national results, but the distinction was in the number of students who felt strongly about their experiences. For example, 50% of Ambrose students indicated the university experience was meeting their expectations, compared to the national average of 64%. However, 38% of Ambrose students indicated the university was exceeding their expectations compared to 19% of the national respondents. The measure of satisfaction with quality of education is similar.



Overall, 44% of Ambrose students are satisfied with their decision to attend Ambrose and 67% of the nation's students surveyed are satisfied. But, 41% of Ambrose students are very satisfied with their decision compared to the 21% national average for this measure. Taken together, Ambrose appears to be delivering education programs that meet the needs of our students at a level they value.



The pandemic challenged the way we offer most of our credit programming. We moved from predominantly onsite classroom teaching to include online and a hybrid model: a mix of classroom and online delivery. This change was made possible in part by the installation of hardware that supports

offsite students participating in synchronous learning opportunities. While there are some classes that are not suitable to online delivery, several faculty members adjusted their courses to incorporate alternate delivery methods on a more permanent basis. Ambrose places a high value on community experiences and transformative learning, so while there have been some long-term adjustments to course delivery it is most likely that in-person classes will continue to be preferred.

Science students continue to benefit from the innovative faculty work in the area of green chemistry. The focus of this emerging science is to develop new products that are not harmful to humans or the earth. Ambrose is the third Canadian university (the other two being the University of Toronto and Vancouver Island University) to join this international group of chemistry academies.

Enrolment numbers reversed an overall year-over-year downward trend. There was a 5% increase in Arts and Science student headcount (4% increase in credit hours and FLE). Two programs experienced decreased enrolments (Biology and Behavioural Science) but overall admission numbers were buoyed by significant increases in Business and Humanities programs. This was the first year of an additional cohort in the Education program. Plans are in place to admit this additional group of 40 students every other year. This accounts for Education's increase of 18% in headcount this year, and institutional anticipation of a decrease in intake next year.

Ambrose continues to build capacity for scholarship and research which supports student learning and benefits our community. Even though the pandemic altered plans for data collection and dissemination of research, there was still a significant level of publications and presentations. The pandemic has built our capacity to host large groups online, so we were able to hold our annual research showcase, Ambrose Research Conference (ARC). We had cancelled ARC the year before because of the pandemic restrictions on large group gatherings. Significant scholarly activities continue to occur within our three research institutes. This work helps locate us as an important contributor to the understanding of pressing concerns related to contemporary life in Alberta. Our research activity broadens networking between researchers, policy makers, and frontline workers, and, together with knowledge dissemination, supports healthy Albertans and communities.

Ambrose's financial situation was more positive than in previous years. Overall, the financial results for 2020-2021 compare favorably with budget. Surplus for 2020-2021, before financing expenses and non-cash items was above budget, as a result of both higher than budget revenue and lower than budget operating expenses. The surplus after financing expenses was similarly above budget. Operating expenses were below budget primarily because there were limitations on team sport activities and lower needs for operating supplies because the campus was closed or operating at reduced levels for portions of the year. Total scholarships were 1% higher than the 2019-2020 academic year. The institution is aware that the current financial picture (both revenues and expenses) relates to the impacts of COVID-19 on operations and attention will need to be paid on how the "new normal" will affect future results. We are grateful to donors who sponsored the installation of additional technology in classrooms to support online learning.

6. Goals and Performance Measures

Ambrose University Master Academic Plan (2019-2024)

The Master Academic Plan provides a roadmap that will guide us as we strive to achieve the vision and mission of Ambrose University.

The Master Academic Plan contains three priorities:

- Foster a healthy campus
- Focus on teaching and scholarship excellence
- Impact the community.

The strategies and goals in this plan are supported by an implementation scheme that identifies relevant timelines and appropriate metrics so that we can gauge our progress.

Together these priorities will drive human, capital, and financial resource allocations for the next five years. The goals and objectives are ambitious and will be implemented systematically through our collective action.

This report represents progress on this plan to Winter Semester 2021.



Priorities, Strategies and Goals

A: Foster a Healthy Campus

Strategy 1: Support a safe culture of learning

Goals	Progress toward Goals
1.1. Continue to implement the Sexual Violence Prevention Policies	1.1 Ongoing implementation
1.2. Implement the Mental Health Strategy	1.2 Ongoing implementation <i>See Thriving Quotient Scores below</i>
1.3. Implement the recommendations of the President's committee on the response to the Truth and Reconciliation Commission	1.3 GFC standing sub-committee reports progressive actions on recommendations from President's Commission
1.4. Monitor student access to learning strategies and support services	1.4 <i>See NSSE Results below</i>
1.5. Promote engagement of students, faculty, and staff in co-curricular activities that are missional, intentionally build community, and enrich the learning experience	1.5 <i>See NSSE Scores below</i>
1.6. Review current internship, field trip and international study excursions for safe practices in the context of risk management	1.6 Internship, field trip, and international study excursions follow institution approved standard safe practices for orienting, conducting, monitoring, and debriefing experiences

Outcomes & Performance Measures:

1.2. Thriving Quotient Scores

Enhanced levels of psychological thriving for Ambrose students as measured by the Thriving Quotient survey:

	2017	2018	2020
<i>Thriving Quotient (Mean)</i>	4.59	4.69	4.56

1.4. NSSE Results

Increased student use of support services. This is measured by questions 14b, 14c, and "Supportive Environment" Engagement Indicator for first year and senior students.

Ambrose emphasis on the following:

% responding "Quite a bit" or "Very much"		2018	2019	2020	2021
14b Providing support to help students succeed academically	FY	78%	82%	82%	76%
	SR	79%	87%	72%	79%
14c Using learning support services (tutoring services, writing center, etc.)	FY	70%	75%	77%	62%
	SR	63%	75%	78%	75%

<i>Supportive Environment</i>		2018	2019	2020	2021
<i>Engagement Indicator</i>	FY	31.8	33.8	34.1	30.5
	SR	31.5	30.6	31.5	32.2

1.5. NSSE Scores

Consistent participation in High Impact Practices:

	2018	2019	2020	2021
<i>Seniors participating in at least 2 HIPs</i>	72%	50%	70%	62%

Strategy 2: Develop an enrolment management plan that optimizes student access and experience

Goals	Progress toward Goals
2.1 Annual admission target of 300 new students for Fall 2019 & 360 for Fall 2020	2.1 <i>See Enrolment Results below</i>
2.2 Review recruitment processes to attract and retain talented students	2.2 Recruitment focused on “mission fit” students targeting faith-based communities and connecting with denominations <i>See Retention Rates below</i>
2.3 All co-curricular activities focused on recruitment	2.3 Youth conference and program outreach events include recruitment focus
2.4 Identify which programs will have open admissions or selective admissions	2.4 All programs except the BEd (after degree) have open admission
2.5 Identify target caps on seats for each program	2.5 Education has an enrolment cap at 25 per cohort
2.6 Implement retention strategies that include advising and mechanisms to track early exits	2.6 Increased attention to connections with students during advising weeks Ambrose Aware implement to identify students as risk and connection with Student Success for those withdrawing
2.7 Enhance scholarship support for students	
2.7.1 Continue the Finish Free program in the Master of Divinity program	2.7.1 Finish Free program funded
2.7.2 Apply for ministerial approval of Theater Diploma to allow student loan access	2.7.2 Application process underway

Outcomes & Performance Measures:

2.1 Enrolment Results

Admission targets will be achieved.

<i>Total New Students</i>	2017	2018	2019	2020
<i>Arts & Science</i>	153	131	130	171
<i>School of Ministry</i>	19	27	9	10
<i>Seminary</i>	78	49	56	57
<i>Total New Students Enrolled</i>	318	286	276	327
<i>Difference from previous year</i>		-10%	-3%	18%

2.2 Retention rates will exceed 75%.

	2017 to 2018	2018 to 2019	2019 to 2020
First to second year retention rates	73%	79%	75%

Strategy 3: Establish a flexible, accountable, and innovative organizational structure

Goals	Progress toward Goals
3.1 Finalize the integration of Enrolment Management into Academic Affairs	3.1 Integration is complete
3.2 Articulate the relationship of the School of Ministry with Arts and Science more clearly	3.2 School of Ministry faculty integration with the Humanities department as increased cooperation in areas of shared interest and responsibility
3.3 Develop and adhere to a comprehensive records management plan for paper and electronic documents and artifacts	3.3 SharePoint has been developed as the official repository for Ambrose policy and procedures documents

Outcomes & Performance Measures:

3.1 Clarity of organizational relationships and roles has facilitated increased operational effectiveness.

3.3 95% of all documents sought for the purposes of research into the history or operations of Ambrose can now be found on SharePoint (current files and documents) or in institutional archive.

Strategy 4: Attract and retain qualified, mission focused faculty and staff

Goals	Progress toward Goals
4.1 Create a staffing plan that includes upcoming retirements, succession planning, and program growth	4.1 The faculty in each department collaborate to ensure coverage for sabbaticals and Chair duties
4.2 Implement maximum number of faculty on sabbatical and scholarship support each semester	4.2 Ongoing monitoring and negotiation to facilitate continuing scholarship
4.3 Conduct a review of the PT pay grid and make changes where warranted	4.3 All salary and wage grids have been reviewed Improvements to visibility, structure, and implementation have been made The sessional grid was reviewed and adjusted in the spring to better meet the local market
4.4 Review policies that impact workload (e.g., overload policy, consider policy on notification of secondary employment)	4.4 Policy review will begin in 2022
4.5 Review policy on intellectual property	4.5 Policy review underway, led by Provost

Outcomes & Performance Measures:

4.1 Employee Wellness Survey will reflect increasing levels of engagement

The implementation of an Employee Wellness Survey will begin in mid-2022

Strategy 5: Steward resources to support sustainability

Goals	Progress toward Goals
5.1. Work with local, provincial, and federal governments to leverage and optimize resources and advocate for the university	5.1 Ongoing
5.2. Collaborate with Information Technology to develop and implement a plan with sufficient resources for the renewal of key institutional software systems/programs (e.g., library/science/music resources, scheduling, academic reporting, enrolment management, faculty annual reports, etc.)	5.2 This led to the purchase and implementation of a new Student Information System to be completed out in 2022 All classrooms have technology installed to facilitate online and hybrid teaching and learning
5.3. Obtain required science lab certifications (WHMIS, animal care, etc.)	5.3 Completed in 2019-2020
5.4. Analyze current spaces to create environments that ensure space for thinking, interacting, and learning	5.4 Community spaces have been closed since March 2020 and energy has been focused on creating virtual environments

Outcomes & Performance Measures:

- 5.2. COVID-19 accelerated developments in the roll out of classroom technology and considerable attention has been given to preparing faculty and staff to continue to work in at-home and virtual environments.

B: Focus on Teaching and Scholarship Excellence

Strategy 6: Teaching Excellence

Goals	Progress toward Goals
6.1 Monitor the teaching and learning environment by responding to student feedback 6.1.1 Reconcile the number of annual student surveys conducted	6.1 CUSC and NSSE are used to monitor annually, NSSE National project provides comparative data for program reviews in 3-year cycles
6.2 Continue to support curriculum review processes (cyclical reviews, accreditations, etc.) to support continuous improvement/Quality Assurance	6.2 Processes are being refined, five program reviews complete, one underway Accreditation reviews with ATS and ABHE to be completed in 2022
6.3 Continue academic policy development related to learning outcomes and core curriculum 6.3.1 Scope and sequence document for the Bachelor of Education	6.3 Work continues on policy development 6.3.1 Bachelor of Education scope and sequence completed
6.4 Continue to develop innovative new credit programs (e.g., stackable certificates)	6.4 Chaplaincy certification has been completed and a Theatre diploma is in development
6.5 Where appropriate and within available resources obtain program certifications that indicate excellence	6.5 The BBA curriculum has been approved to meet requirements for certification with CPHR AB – Chartered Professionals in Human

6.5.1 Business – Chartered Professionals in Human Resources Canada (CPHR)	Resources Alberta and CPA Alberta – Chartered Professional Accountants Alberta
6.6 Continue to implement experiential learning activities for all students with an emphasis on <i>Work Integrated Learning</i> opportunities	6.6 All but three programs have WIL components. Two more programs to be added in 2021-2022
6.6.1 Investigate internship and co-op experiences to support access within existing resources	6.6.1 COVID-19 has sidelined this work as efforts went into preparing for hybrid and online learning
6.7 Develop pedagogies that enhance learning environments	6.7 COVID-19 accelerated this and professional development has been provided for teaching and learning in hybrid environments
6.7.1 Arts & Science online hybrid instruction	

Outcomes & Performance Measures:

6.1 NSSE Engagement Indicators Comparison of Means for Ambrose and Canada (Seniors)

	2021		2020		2019	
	Ambrose	Canada	Ambrose	Canada	Ambrose	Canada
<i>Higher-Order Learning</i>	38.8	37.1	35.7	37.1	36.6	38.1
<i>Reflective & Integrative Learning</i>	39.9	36	39.2	36.1	38.5	37.4

Participation in High Impact Practices (Seniors)

	2021		2020		2019	
	Ambrose	Canada	Ambrose	Canada	Ambrose	Canada
<i>High Impact Practices (Seniors)</i>						
<i>% of students participating in at least one HIP</i>	86%	81%	87%	81%	71%	85%

NSSE Engagement Indicators Comparison of Means for Ambrose and Canada (Seniors)

	2021		2020		2019	
	Ambrose	Canada	Ambrose	Canada	Ambrose	Canada
<i>Student-Faculty Interaction</i>	22.4	17.6	23.5	17.7	22.1	19.7
<i>Effective Teaching Practices</i>	38	35	38.5	35	36.1	34.5

Strategy 7: Scholarship Excellence

Goals	Progress toward Goals
7.1 Continue the ARC program as a means to showcase undergraduate research	7.1 ARC was cancelled in 2020 due to COVID-19. It ran as a virtual conference in 2021
7.2 Establish an Office of Research Services 7.2.1 Aim for resourced office by 2024	7.2 Plans continue to develop
7.3 Clarify accountability parameters for Research Institutes	7.3 Work on this to begin in 2022
7.4 Continue to provide strong financial support for the library's collections and services	7.4 Biology databases identified as needing reinforcement, funding invested to improve access
7.5 Celebrate scholarly achievement	7.5 Hosts annual Scholars' Corner in April

Outcomes & Performance Measures:

7.5 Faculty Scholarship as presented at Scholars' Corner:

	2021		2020		2019	
	Peer-Rev	Not P-R	Peer-Rev	Not P-R	Peer-Rev	Not P-R
<i>Book</i>	4	2	7	4	1	1
<i>Article/book chapter</i>	20	4	14	7	31	16
<i>Book Review</i>	1	1		2	2	11
<i>Conference Paper</i>	1		21	4	10	2
<i>Total</i>	26	7	42	17	44	30

C: Impact the Community

Strategy 8: Create collaborative partnerships to optimize resources and increase accessibility for students

Goals	Progress toward Goals
8.1 Explore and develop new learning pathways in partnership with regional school boards	8.1 Progress on dual credit has been stalled with COVID-19 New initiatives are planned once the campus opens
8.2 Through collaboration with partners implement the next phase of CCSTAS	8.2 A new model for Chinese language seminary programing was completed in 2020-2021

Outcomes and Performance Measures:

8.1 Expectations for dual credits enrolments were not realized. It is expected that new initiatives in Business and Music will begin when we are able to invite high school students to campus again.

8.2 The Theological Studies in Chinese at Ambrose Seminary has a growing enrolment.

Strategy 9: Encourage non-credit programming that anticipates and responds to our communities

Goals	Progress toward Goals
9.1 Develop programs/courses/initiatives that map onto denominational and professional needs and opportunities	9.1 Many workshops and focused programming was canceled over the last year although some has effectively moved online
9.2 Develop a framework for non-credit programming, including certificates and micro-credentials	9.2 “Front Porch” framework has been adopted and is being implemented as restrictions ease
9.3 Chaplaincy Education	9.3 MOA for Chaplaincy completed
9.4 Develop tuition model for Continuing Education courses	9.4 Tuition model under development

Outcomes & Performance Measures:

9.1 Continuing education offerings were to be an area of growth in 2020-2021. Many initiatives to engage with external communities were wound down during COVID-19. It is anticipated that these will restart, perhaps with more online and hybrid element in 2022.

Strategy 10: Contribute to the shaping of faith based higher education

Goals	Progress toward Goals
10.1 Pursue and maintain membership in professional organizations relevant to our program base	10.1 Ongoing
10.2 Collaborate with denominational constituencies to advance liberal arts based education	10.2 New relationships with faith communities continue to be developed
10.3 Participate in Campus Alberta initiatives	10.3 Ambrose is active the Calgary consortium to facilitate Work Integrated Learning Ambrose has negotiated a MOA with the Mount Royal Conservatory to move students into a BMus degree

Outcomes & Performance Measures:

10.3 The Calgary Consortium has secured funding to launch a project to develop a portal that allows students access to WIL learning opportunities that are offered by Calgary businesses, non-profits, and government agencies. A memorandum of understanding has been signed by all seven Calgary PSI's.

Strategy 11: Collaborate with Advancement to implement the Alumni Strategy

Goals	Progress toward Goals
11.1 Alumni are invited to participate in surveys and Advisory Committees	11.1 Alumni are invited to participate in survey about both alumni programing and their student experiences

Outcomes & Performance Measures:

11.1 Alumni surveys have been completed for six programs and two accreditation processes over the past year.

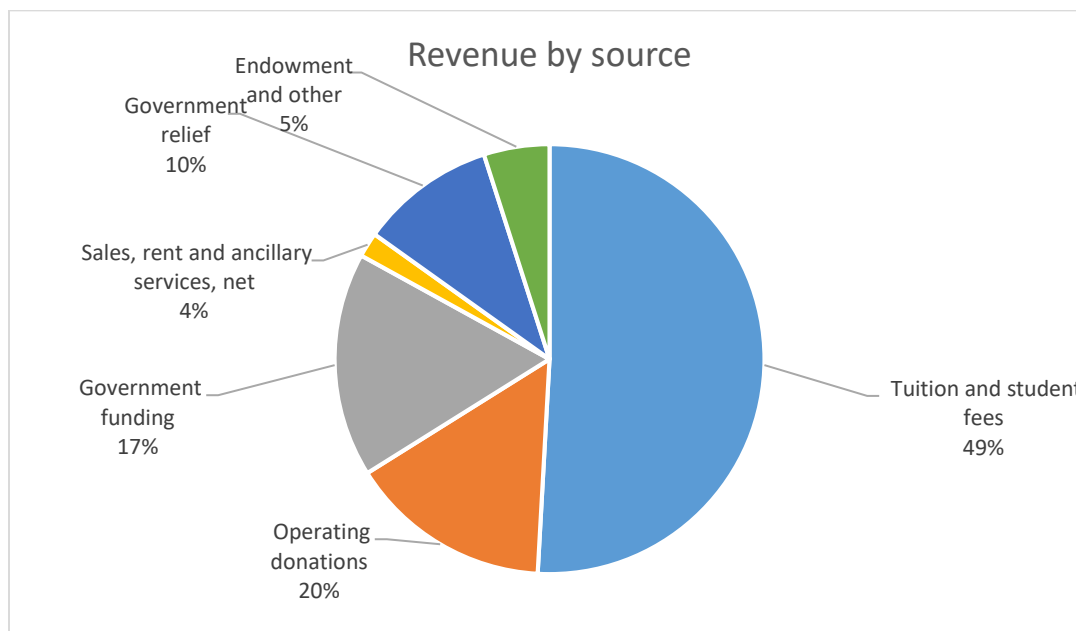
7. Financial Information

The following table compares actual and budgeted operating results for Ambrose's fiscal year ended April 30, 2021. Additional information, including Ambrose's financial position at April 30, 2021, revenue, and expenses compared to the previous fiscal year, and cash flows, is included in the Ambrose audited financial statements (see Appendix A).

	Year ended April 30, 2021			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
			<i>favourable (unfavourable)</i>	
Revenue				
Tuition and student fees	\$ 8,880,888	\$ 8,933,167	\$ (52,279)	-0.6%
Operating donations	2,657,236	2,873,428	(216,192)	-7.5%
Government funding	2,949,922	2,869,237	80,685	2.8%
Sales, rent and ancillary services, net	324,559	1,613,320	(1,288,761)	-79.9%
Government Relief	1,779,583	-	1,779,583	
Endowment and other	861,987	190,000	671,987	353.7%
Total revenue	17,454,175	16,479,152	975,023	5.9%
Operating expenses				
Employee compensation and benefits	10,537,992	10,243,670	(294,322)	-2.9%
Operating supplies	1,421,759	2,206,236	784,477	35.6%
Scholarships and bursaries	1,092,909	422,000	(670,909)	-159.0%
Facilities	706,502	1,295,850	589,348	45.5%
Communications, advertising and events	350,526	586,180	235,654	40.2%
Total operating expenses	14,109,688	14,753,936	644,248	4.4%
Surplus before financing expenses and non-cash items	3,344,487	1,725,216	1,619,271	93.9%
Financing expenses				
Interest	940,866	938,293	(2,573)	-0.3%
Annuity payments	148,629	155,000	6,371	4.1%
Total financing expenses	1,089,495	1,093,293	3,798	0.3%
Surplus (deficit) before non-cash items	2,254,992	631,923	1,623,069	-256.8%
Non-cash revenue (expenses)				
Amortization of deferred capital contributions	653,501	600,000	53,501	8.9%
Amortization expense	(1,538,837)	(1,500,000)	(38,837)	2.6%
Gain on annuity contract maturities	-	-	-	
Change in fair value of interest rate swap	1,206,147	-	1,206,147	-100.0%
	320,811	(900,000)	1,220,811	135.6%
Net surplus (deficit)	\$2,575,803	(268,077)	2,843,880	1060.8%

Revenue

The share of revenue by source is as follows:



Total revenue for the year ended April 30, 2021 was higher than budget. Variances to budget include:

Tuition and Student Fees:

Tuition rates were increased in the 2020-2021 as budgeted:

Tuition rate per credit hour	<u>2019-2020</u>	<u>2020-2021</u>	<u>Increase</u>	
Arts & Science and School of Ministry	\$ 395	\$405	\$10	2.5%
School of Education	\$400	\$410	\$10	2.5%
Seminary	\$435	\$445	\$10	2.3%

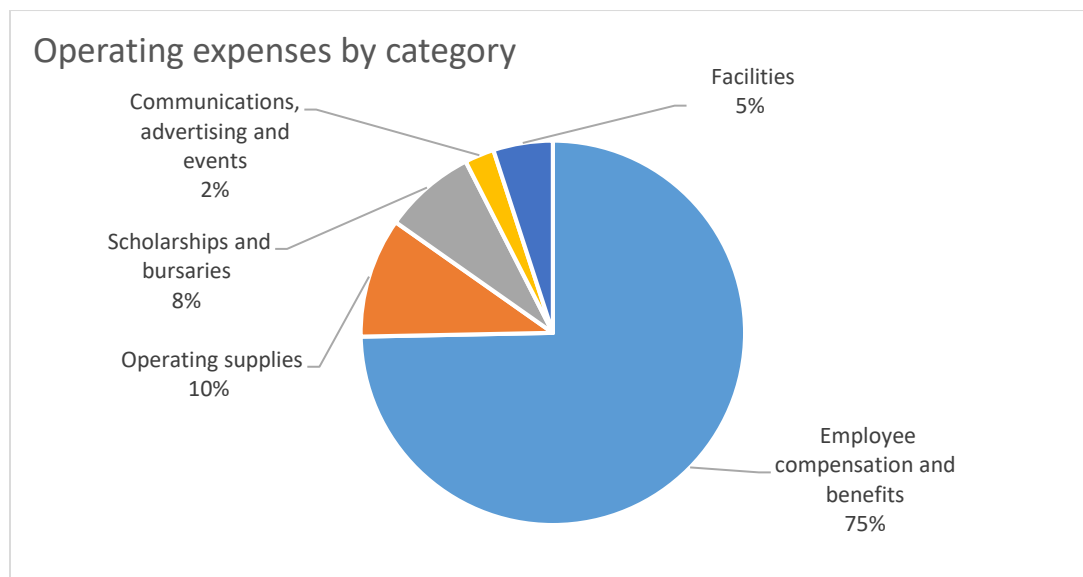
Enrolment, as measured in net paid credit hours, increased 1.0% from 2019-2020 and was 4.9% below budget for 2020-2021. Net paid credit hours compared to budget are as follows:

Net paid credit hours	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
			<i>Favourable (Unfavourable)</i>	
Arts & Science and School of Ministry	13,502	15,413	(1,911)	(12.4)%
School of Education	3,144	2,672	472	17.7%
Seminary	1,848	1,360	488	35.9%
Total	18,494	19,445	(951)	-4.9%

- The decrease in net paid credit hours resulted in a negative \$52,279 budget variance in tuition but a 4.5% increase from the 2019-2020 fiscal year due to increased tuition rates.
- Sales, Rent, and Ancillary Services Revenue:
 - COVID-19 closures negatively impacted both bookstore revenue and food services income. Catering and conference revenue was \$388,669 under budget due to COVID-19 limitations. Bookstore sales were also below budget and were 40.7% lower than 2019-2020. Total sales revenue was \$494,414 (47.1%) below budget.
 - Reduced facility use due to COVID-19 resulted in facilities expenses that were \$589,348 lower than budget. However, this was offset by rental and events revenue, which was \$523,571 less than budget.
 - Overall, the total revenue for sales, rent, and ancillary services was \$1,288,761 less than budget, driven primarily by COVID-19 limitations. The overall negative impact to budget from lower third party use and sales was offset by the Canada Emergency Wage Subsidy in the amount of \$1,779,583. We expect an increase in revenue for sales, rent, and ancillary services in future years and a corresponding removal of the wage subsidy program, once the impact of COVID-19 has normalized.
- Endowment and Other:
 - During the year, we met the eligibility requirements for the Canada Emergency Wage Subsidy program. We received \$1,779,583 for the CEWS program, which is an increase of \$989,834 over the amount received in the prior year of \$789,749.
 - During the year ended April 30, 2021, Ambrose received contributions of \$1,125,000 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. This is a decrease of \$500,000 from prior year.

Operating Expenses

Operating expenses for 2020-2021, excluding both financing expenses and non-cash expenses, by category are as follows:



Total operating expenses for 2020-2021 were (9.5%) below budget. Variances to budget include:

- Athletics revenue was \$101,837.38 under budget due to COVID-19 limitations on team sports. Likewise, trip and retreat fees were \$12,725 under budget.
- Operating supplies, facilities and communications expenditures were lower than budget as the campus was closed or operating at reduced levels for parts of the year, due to COVID-19.
- Unfunded Scholarship expenditures were \$91,577.50, or 21.7%, higher than budget and Funded Scholarships were \$579,331.85 higher than budget. Total scholarships were 1% higher than the 2019-2020 academic year.

Operating expenses by function are as follows:

Operating Expenses by Function	<u>Actual</u>	<u>Budget</u>		<u>Variance</u>
<i>(excluding non-cash items)</i>				<i>Favourable (Unfavourable)</i>
Academic	\$ 5,289,883	\$ 5,480,100	\$ 190,217	3.5%
Institutional support	2,112,985	2,016,575	(96,409)	-4.8%
Student services, including scholarships	2,395,934	2,875,193	479,259	16.7%
Facilities	2,308,283	2,940,584	632,301	21.5%
Academic support	693,955	839,792	145,837	17.4%
Total Operating Expenses	\$12,801,040	\$14,152,244	\$1,351,204	9.5%

Surplus (Deficit) – Before and After Financing Expenses

Surplus for 2020-2021, before financing expenses and non-cash items, was above budget, as a result of both higher than budget revenue and lower than budget operating expenses. The surplus after financing expenses was similarly above budget.

Non-Cash Revenue (Expenses)

Net non-cash revenue (expenses) was \$1.22 million above budget. Included in this is the change in fair market value of interest rate swap of \$1.21 million gain from the previous year. This amount interest rate swap secures a term bank loan and the change in value is an unbudgeted accounting gain and arises as a result of long-term market interest rates. Unless the interest rate swap agreement is settled prior to its maturity in 2028, it will have no current or future cash flow impact on Ambrose during the term of the mortgage. The fair value of the interest rate swap at the end of the 2020-2021 fiscal year was \$1.9 million, which may reverse in future years. Additional information is provided in the Audited Financial Statement (see Appendix A).

Net Surplus (Deficit) and Cash Flows

Overall, Ambrose's financial results for 2020-2021 compare favorably with budget. It must be noted that included in this surplus are the impacts of COVID-19 on operations and attention will need to be paid on how the "new normal" will affect results. For example, the wage subsidy will end and sales revenue and expenses will begin to increase. Ambrose's net cash position increased by \$1.64 million in 2020-2021, and this will need to be monitored closely over the near term as the long term impacts of COVID-19 are realized.

Ambrose's accumulated deficit at April 30, 2021 is \$1.42 million, representing 8.1% of annual revenue. This is a significant improvement over the fiscal year ending April 2020, where Ambrose's accumulated deficit represented 21.2% of annual revenue.

Going Concern Risk

Although Ambrose's Audited Financial Statement for the year ended April 30, 2020 included discussion of the risks associated with Ambrose's ability to continue as a going concern, this note was removed in Ambrose's Audited Financial Statements for the year ended April 30, 2021. The removal of the Going Concern note is reflective of the positive results shown in both 2020 and 2021. Ambrose has remained in compliance with its Bank Covenant for the last two fiscal years and forecasts remaining in compliance. In addition, Operating Cash flow was again positive for 2020-2021 and is forecasted to be positive for 2021-2022. An anticipated land sale in 2022 will also strengthen the Balance Sheet and continue to ease pressure on cash flow. If we can continue to achieve these objectives, we do not anticipate a re-instatement of a Going Concern note.

8. Capital Report

Ambrose tracks self-generated revenue by the following categories. Self-generated revenue decreased by 37.3% from the prior year, due largely to decreased third party revenue resulting from COVID 19 restrictions.

Direct, attributable costs of \$1.14 million are associated with the applicable revenue. Direct costs for the other categories are not tracked, but would mostly comprise amortization of Capital Assets.

Self-Generated Revenue for Year ended April 30, 2021:

<u>Revenue Type</u>	<u>Description</u>	<u>Revenue – Fiscal 2021</u>	<u>Revenue – Fiscal 2020</u>
Auxiliary Services:			
Meal Plans	Meals plans for students in residence	336,000	265,328
Catering	Food for non-students and 3rd parties	49,331	331,430
Bookstore	Textbooks, books, and apparel	173,875	212,834
Student Services	Misc. such as printing, laundry	(5,501)	5,004
Residence	Dorm fees for students in residence	342,235	401,395
Facilities	Facility & AV equipment rentals	(2,909)	88,889
Accommodation	Dorm fees for non-students	14,550	66,570
Parking	Parking for students, employees, and visitors	122,966	167,350
Events	On campus events for students and community groups	10,385	163,205
		1,040,932	1,702,005
Commercial Enterprises:			
Cell Tower	Rental fee for cell tower on Ambrose land	35,600	33,100
Security	Security services provided to neighboring businesses	24,527	20,075
		60,127	53,175
Total Self-Generated Revenue		\$1,101,059	\$1,755,180

Type of Project and Funding Source					
Type: Proposed New Expansion Maintenance	Project Description	Total Project Cost	Funding Sources: % GoA % GoC % PSI Funds % Donations % Foundation % Industry	Funding Received to Date and Source	Revised Funding Sources
Priority Projects (Top 3 Capital Priorities)					
Information Technology	Student Information System replacement	\$0.65 million implementation \$0.40 million annual licensing	100% Donation	Donation funding received for implementation costs Annual licensing costs of \$0.4 million a year funded through operating revenue	No change
Expansion	Breezeway addition to main campus building	\$1 million	100% Donation	Funds to be raised at a future date	No change
Maintenance	Maintenance shop and storage build	\$0.3 million	100% Donation	Funds to be raised at a future date	No change
Project Timelines and Status					
Project Descriptions	Project Timelines	Expected Project Status	Expected Project Completion	Project Status	Progress Made in Last 12 months
Student Information System Replacement	Estimated July 2021 – August 2022	On time	Estimated August 2022	Funded and in implementation process	Implementation initiated
Breezeway	TBD	TBD	TBD	Preliminary design initiated	Preliminary design initiated
Maintenance Shop and Storage Build	TBD	TBD	TBD	Preliminary design initiated	Preliminary design initiated

Appendix A: Audited Financial Statements



AMBROSE

UNIVERSITY

Financial Statements

April 30, 2021

And Independent Auditors' Report therein



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Ambrose University

Opinion

We have audited the financial statements of Ambrose University (the Entity), which comprise:

- the statement of financial position as at April 30, 2021;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in net assets for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2021, 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.

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 auditors' report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

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 Entity'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 Entity'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 Entity's 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.
- 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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

September 22, 2021

Ambrose University

Statement of Financial Position

As at April 30, 2021 with comparative information for 2020

	2021	2020
Assets		
Current assets		
Cash	\$ 3,890,657	\$ 2,246,004
Accounts receivable (note 3)	881,012	1,127,210
Inventory	49,362	47,418
Prepaid expenses	302,959	404,981
Total current assets	5,123,990	3,825,613
Non-current assets		
Investments (note 4)	12,298,674	9,698,481
Capital assets (note 5)	33,464,384	34,462,259
	\$ 50,887,048	\$ 47,986,353
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	1,146,251	973,030
Deferred contributions and deposits (note 7)	2,060,232	1,911,565
Current portion of loans and borrowings (note 8)	3,205,984	3,179,054
Total current liabilities	6,412,467	6,063,649
Non-current liabilities		
Loans and borrowings (note 8)	15,866,612	17,633,955
Deferred contributions		
Annuity contracts (note 9)	2,229,933	2,229,933
Deferred capital contributions (note 10)	15,548,669	15,076,866
	17,778,602	17,306,799
Net Assets		
Accumulated operating deficit	(1,416,201)	(3,721,759)
Endowments (note 11)	11,927,536	10,655,923
Invested in capital assets (note 12)	318,032	47,786
	10,829,367	6,981,950
	\$ 50,887,048	\$ 47,986,353

Commitments (note 17)

Subsequent event (note 19)

The accompanying notes are an integral part of these financial statements

Approved by the Board of Governors

Ambrose University
Statement of Operations
As at April 30, 2021 with comparative information for 2020

	2021	2020
Revenue		
Tuition and student fees	\$ 8,880,888	\$ 8,498,965
Donations and constituent support (note 13)	2,657,236	3,516,480
Government grants	2,949,922	3,020,030
Sales, rent and ancillary, net (note 14)	324,559	698,747
Government relief (note 16)	1,779,583	789,749
Endowment and other	861,987	1,066,313
	17,454,175	17,590,284
Expenses		
Employee compensation, benefits and other	10,537,992	10,373,730
Operating supplies	1,046,747	1,562,794
Scholarships and bursaries	1,092,909	1,082,800
Interest	940,866	989,771
Communications, advertising and events	350,526	527,273
Facilities	706,502	651,317
Travel and hospitality	90,575	271,035
Professional fees	228,123	341,073
Annuity payments (notes 8 and 9)	148,629	152,591
Other expenses (recoveries)	56,314	(18,872)
	15,199,183	15,933,512
Surplus of revenue over expenses before the following	2,254,992	1,656,772
Amortization of capital assets	(1,538,837)	(1,512,159)
Amortization of deferred capital contributions (note 10)	653,501	598,149
Gain on annuity contract maturities (note 9)	-	125,000
Change in fair value of interest rate swap (note 8)	1,206,147	(1,218,018)
Excess (deficiency) of revenue over expenses	\$ 2,575,805	\$ (350,256)

The accompanying notes are an integral part of these financial statements

Ambrose University

Statement of Cash Flows

As at April 30, 2021 with comparative information for 2020

	2021	2020
Cash flow from operating activities:		
Cash received for tuition and student fees	\$ 8,786,542	\$ 8,114,444
Cash received from donors and constituents	2,635,664	3,414,872
Government funding received	3,016,072	2,914,500
Cash received from customers, tenants and others	3,816,435	3,544,283
Cash paid to and on behalf of employees, suppliers and annuitants	(13,874,485)	(16,918,076)
Interest received	1,909	5,316
Interest paid	(857,316)	(909,673)
Net cash flow from operating activities	3,524,821	165,666
Cash flow from financing activities:		
Capital contributions received	1,225,304	298,520
Restricted contributions received	653,501	598,149
Repayment of loans and borrowings	(617,818)	(592,244)
Advances of loans and borrowings	-	2,500,000
Net cash flow from financing activities	1,260,987	2,804,425
Cash flow from investing activities:		
Capital expenditures	(540,962)	(718,879)
Net change in investments	(2,600,193)	121,367
Net cash flow from investing activities	(3,141,155)	(597,512)
Increase in cash	1,644,653	2,372,579
Cash (bank overdraft), beginning of year	2,246,004	(126,575)
Cash ,end of year	\$ 3,890,657	\$ 2,246,004

The accompanying notes are an integral part of these financial statements

Ambrose University

Statement of Changes in Net Assets

As at April 30, 2021 with comparative information for 2020

	Year ended April 30, 2021			
	Accumulated operating deficit	Endowments	Invested in capital assets	Total
Balance, May 1, 2020	\$(3,721,759)	\$ 10,655,923	\$ 47,786	\$ 6,981,950
Surplus (deficiency) of revenue over expenses (note 12)	3,088,329	-	(512,524)	2,575,805
Direct changes in net assets:				
Restricted contributions received	-	401,826	-	401,826
Net investment income	-	733,572	-	733,572
Change in fair market value of investments	-	805,370	-	805,370
Endowment distributions	-	(669,154)	-	(669,154)
Transfers of net assets:				
Net investment in capital assets (note 12)	(782,771)	-	782,771	-
Balance, April 30, 2021	\$(1,416,201)	\$ 11,927,536	\$ 318,032	\$ 10,829,367

	Year ended April 30, 2020			
	Accumulated operating deficit	Endowments	Invested in capital assets	Total
Balance, May 1, 2019	\$(4,570,780)	\$ 9,765,523	\$1,247,063	\$ 6,441,806
Surplus (deficiency) of revenue over expenses (note 12)	2,637,932	-	(2,988,188)	(350,256)
Direct changes in net assets:				
Restricted contributions received	-	1,066,579	-	1,066,579
Gain on annuity contract maturities (note 9)	-	-	-	-
Net investment income	-	475,075	-	475,075
Change in fair market value of investments	-	(223,213)	-	(223,213)
Endowment distributions	-	(428,041)	-	(428,041)
Transfers of net assets:				
Net investment in capital assets (note 12)	(1,788,911)	-	1,788,911	-
Balance, April 30, 2020	\$(3,721,759)	\$ 10,655,923	\$ 47,786	\$ 6,981,950

The accompanying notes are an integral part of these financial statements

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

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. 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.

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, caused material disruption to businesses in Calgary resulting in an economic slowdown. Governments and central banks reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

Ambrose had experienced declines in ancillary sales revenue and related expenses, received government relief in the form of the Canada Emergency Wage Subsidy, expenses related to safety protocols, etc. in relation to the COVID-19 pandemic. The ultimate duration and magnitude of the impact on the economy and the financial effect on Ambrose's future revenues, operating results and overall financial performance is not certain at this time.

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

2. Significant accounting policies (continued)

a. *Use of estimates and judgement (continued)*

For the year ended April 30, 2021, Ambrose has determined that COVID-19 has had no impact on its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. Management has assessed the financial impacts of the COVID-19 pandemic and did not identify any impacts on its financial statements as at April 30, 2021.

Ambrose continues to use its tangible capital assets and management has not assessed any impairment that needs to be recognized on these assets at April 30, 2021. Ambrose also continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis (note 17(a)). As at April 30, 2021, Ambrose continues to meet its contractual obligations within normal payment terms and its exposure to credit risk has improved from the prior year.

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.

Tuition and student fees are recognized as revenue in the academic year to which they relate. Registration deposits and tuition payments 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.

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

c. *Cash and bank overdraft*

Cash and bank overdrafts include chequing accounts and bank overdrafts held with Canadian financial institutions.

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.

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

2. Significant accounting policies (continued)

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.

i. Government assistance

Government assistance related to current expense and revenue is included in the determination of excess of revenue over expenses for the period (note 16).

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

3. Accounts receivable

	2021	2020
Student accounts receivable	\$ 152,496	\$ 168,942
Trade and other receivables	718,686	947,838
Goods and Services Tax recoverable	9,830	10,430
	\$ 881,012	\$1,127,210

4. Investments

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

	2021	2020
Investments at cost	\$10,878,547	\$ 9,083,723
Unrealized gains	1,420,127	614,758
	\$12,298,674	\$ 9,698,481

5. Capital assets

	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 3,602,942	\$ -	\$ 3,602,942	\$ 3,602,942
Buildings	43,546,271	14,541,663	29,004,608	30,117,117
Library materials	3,683,863	3,188,369	495,494	507,530
Equipment and computers	1,995,314	1,699,125	296,189	136,112
Land improvements	1,236,515	1,235,264	1,251	3,755
Furnishings	1,085,199	1,039,299	45,900	76,803
Mineral rights	18,000	-	18,000	18,000
	\$ 55,168,104	\$ 21,703,720	\$ 33,464,384	\$ 34,462,259

6. Accounts payable and accrued liabilities

	2021	2020
Trade accounts payable	\$ 966,914	\$ 802,724
Government payroll remittances payable	137,349	127,970
Accrued annuity payments	41,988	42,336
	\$ 1,146,251	\$ 973,030

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

7. Deferred contributions and deposits

	2021	2020
Student deposits and other prepayments	\$ 1,174,918	\$ 1,146,311
Deferred donations	496,114	510,747
Deferred non-government grant funding	322,927	254,384
Deferred government grant funding	66,273	123
	\$ 2,060,232	\$ 1,911,565

8. Loans and borrowings

	Note	2021	2020
Current liabilities			
Bank financing	a,e)	\$ 644,496	\$ 617,818
Loan with Canadian Baptist Foundation	b)	2,500,000	2,500,000
Constituent loans	c)	61,488	61,236
		3,205,984	3,179,054
Non-current liabilities			
Bank financing	a)	\$ 15,251,894	17,019,238
Third party annuity contracts	d)	614,718	614,717
		15,866,612	17,633,955
		\$ 19,072,595	\$ 20,813,009

a) Bank financing

	2021	2020
Current portion of Bank Term Loan	644,496	617,818
Bank term loan, with monthly payments of \$109,600 to August 2038, bearing interest at 4.24% per annum until August 2028	\$ 15,487,330	\$ 16,131,826
Deferred financing costs, net of accumulated amortization	(2,175,022)	(2,258,321)
Fair value of interest rate swap	1,939,585	3,145,733
	\$ 15,251,894	\$ 17,019,238

Deferred financing costs are amortized over the repayment term of the bank term loan and \$83,299 (2020 - \$79,851) 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 at April 30, 2021 of \$28.1 million (2020 - \$29.2million) and a General Security Agreement over net assets.

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

8 Loans and borrowings (continued)

a) Bank financing (continued)

Scheduled annual principal repayment of the bank term loan is as follows:

Years ending April 30	Amount
2022	\$ 644,496
2023	672,326
2024	701,359
2025	731,645
2026	763,239
Thereafter	12,618,761
	<u>\$ 16,131,826</u>

b) Canadian Baptist Foundation financing

Financing was obtained through Canadian Baptist Foundation to provide cash for operating purposes. The loan is repayable upon demand and bear interest at a rate of the Bank of Canada's prime plus 2%. The loan is secured by a \$4.5 million first charge on land.

c) 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 the rate of 1.5%. The effective annual rate of interest at April 30, 2021 is 1.5% (2020 – 1.5%).

d) Annuity contracts – Third Party

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 stipulated in the annuity contracts. 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, 2021 is 5.19% (2020 – 5.20%). Scheduled annual annuity payments to third parties at April 30, 2021, assuming no annuity contracts mature, total \$31,875 (2020 - \$32,000).

e) Bank Overdraft

Ambrose has a \$0.5 million demand 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% April 30, 2021 – 2.95% (2020 – 2.95%). No amount is outstanding at year end.

f) Financial covenant

Ambrose is required to comply with certain covenants under its bank financing. Ambrose was in compliance with a financial covenant that requires a minimum debt service coverage ratio of 110% for the year ended April 30, 2021.

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

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 12% per annum. The weighted-average annuity payment rate at April 30, 2021 is 5.19% (2020 - 5.20%). Scheduled annual annuity payments at April 30, 2021, assuming no annuity contracts mature, total \$117,102.

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

	2021	2020
Balance, beginning of year	\$ 2,229,933	\$ 2,375,932
New annuity contracts	-	10,001
Matured annuity contracts recognized as:		
Gain on annuity contract maturities	-	(125,000)
Deferred capital contributions	-	(31,000)
Balance, end of year	\$ 2,229,933	\$ 2,229,933

b) Annuity contract maturity

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

	2021	2020
Gain on annuity contract maturities	\$ 1,070,650	\$ 1,070,650
Deferred capital contributions	1,055,833	1,055,833
Externally restricted net assets - scholarships	103,450	103,450
	\$ 2,229,933	\$ 2,229,933

10. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of restricted funds received for capital purposes.

	2021	2020
Balance, beginning of year	\$ 15,076,866	\$ 15,345,494
Capital contributions received	1,125,304	329,521
Recognized upon annuity contract maturities	-	-
Amortization of deferred capital contributions recognized	(653,501)	(598,149)
Balance, end of year	\$ 15,548,669	\$ 15,076,866

11. Endowments

	2021	2020
Endowed scholarships	\$ 8,942,045	\$ 8,009,347
Other endowments	2,985,491	2,646,576
	\$ 11,927,536	\$ 10,655,923

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

12. Investment in capital assets

	2021	2020
Capital assets	\$ 33,464,384	\$ 34,462,259
Amounts financed by:		
Loans and borrowings	(16,541,850)	(18,281,774)
Annuity contracts	(1,055,833)	(1,055,833)
Deferred capital contributions	(15,548,669)	(15,076,866)
	\$ 318,032	\$ 47,786

a) *Change in net assets invested in capital assets resulting from deficiency of revenue over expenses for the years ended April 30:*

	2021	2020
Interest	\$ (780,745)	\$ (802,847)
Annuity payments	(52,591)	(53,312)
Amortization of capital assets	(1,538,837)	(1,512,159)
Amortization of deferred capital contributions	653,501	598,149
Change in fair value of interest rate swap	1,206,148	(1,218,018)
	\$ (512,524)	\$ (2,988,188)

b) *Net investment in capital assets for the years ended April 30:*

	2021	2020
Capital expenditures	\$ 540,962	\$ 718,879
Payments of principal and interest on loans and borrowings	1,315,635	1,346,240
Annuity payments made	52,591	53,312
Financing provided by capital contributions received	(1,125,304)	(329,520)
	\$ 783,884	\$ 1,788,911

13. Related party transactions

During the year ended April 30, 2021, Ambrose received contributions of \$1,125,000 (2020 – \$1,625,000) 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. Each of these parties is 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.

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

14. Sales, rent and ancillary revenue, net

	2021	2020
Revenue		
Sales	\$ 554,114	\$ 895,936
Rental	536,968	777,377
Events	10,385	163,205
	1,101,467	1,836,518
Expenses		
Cost of goods sold	299,832	539,118
Contract services	300,849	430,325
Other	176,227	168,328
	776,908	1,137,771
Sales, rent and ancillary revenue, net	\$ 324,559	\$ 698,747

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.

Management has entered into a conditional sale agreement for vacant land. The sale of land is subject to certain conditions that are required to be met. As at the date of this report the conditions have not been met. If the transaction closes, proceeds are anticipated as early as April 30, 2022.

Ambrose has secured borrowing to meet its anticipated cash flow needs until the conditional land sale is completed (note 8).

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. The events described in note 3(a) have increased 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 including exposure relating to interest rate forward contracts. There has been no change to interest rate risk exposure during the year.

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

15. Financial risks and concentration of credit risk (continued)

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.

There have been no changes to Organizations risk exposure from 2020 other than the potential ongoing impact of COVID-19 as described in note 3.

16. Government Assistance

The Government of Canada created the Canada Emergency Wage Subsidy ("CEWS") to provide financial assistance to entities who experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Organization met the eligibility requirements for this program.

The Organization received \$1,779,583 (2020 – \$789,749) for the CEWS program. Of this, \$669,917 is included in accounts receivable at April 30, 2021 (2020 - \$786,289). The entire amount is non-repayable and has been recognized as government relief on the statement of operations for the year ended April 30, 2021.

17. Commitments

Ambrose has entered into various equipment operating leases that require the following annual payments:

Years ending April 30	Amount
2022	\$ 78,000
2023	16,000

Ambrose University

Notes to the Financial Statements

Year ended April 30, 2021 with comparative information for 2020

18. 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:

	2021	2020
Donations	\$ 2,372,388	\$ 2,075,907
Total direct expenses incurred for soliciting contributions	66,812	116,074
Remuneration to employees whose principal duties involved fundraising	395,892	240,201

19. Subsequent Event

Management entered into a purchase agreement in July 2021 to acquire a new Student Information System. The system will be implemented in August 2022 and will require \$900,000 of implementation costs and ongoing licensing costs of \$300,000.



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