Financial Statements

April 30, 2023

And Independent Auditor's Report therein

KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB T2P 4B9
Tel 403-691-8000
Fax 403-691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S 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, 2023;
- 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, 2023, 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 ''Auditor's Responsibilities for the Audit of the Financial Statements'' section of our auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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 19, 2023

Ambrose University

Statement of Financial Position

As at April 30, 2023 with comparative information for 2022

		2023		2022
Assets				
Current assets				
Cash	$	**3,095,242**	$	2,581,471
Accounts receivable *(notes 3 and 16)*		**289,916**		525,732
Inventory		**97,874**		105,832
Prepaid expenses		**217,512**		158,695
Total current assets		**3,700,544**		3,371,730
Non-current assets				
Investments *(note 4)*		**10,271,832**		12,600,101
Capital assets *(note 5)*		**32,547,457**		32,714,799
	$	**46,519,833**	$	48,686,630
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities *(note 6)*		**1,063,122**		1,384,359
Deferred contributions and deposits *(note 7)*		**2,669,880**		2,714,037
Deposit received on land sale *(note 15(a))*		**1,300,000**		1,300,000
Current portion of loans and borrowings *(note 8)*		**14,062,449**		15,082,361
Total current liabilities		**19,095,451**		20,480,757
Non-current liabilities				
Loans and borrowings *(note 8)*		**747,356**		614,717
Deferred contributions				
Annuity contracts *(note 9)*		**1,024,933**		2,204,933
Deferred capital contributions *(note 10)*		**15,960,597**		14,997,491
		16,985,530		17,202,424
Net Assets				
Accumulated operating deficit		**(2,877,736)**		(2,090,297)
Reserve for institutes *(note 20)*		**356,333**		
Endowments *(note 11)*		**9,333,357**		10,258,056
Invested in capital assets *(note 12)*		**2,879,542**		2,220,973
		9,691,496		10,388,732
	$	**46,519,833**	$	48,686,630

Commitments *(note 17)*
Subsequent events *(notes 8, 15 and 21)*

The accompanying notes are an integral part of these financial statements

Approved by the Board of Governors

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Ambrose University
Statement of Operations
For the year ended April 30, 2023 with comparative information for 2022

	2023	2022
Revenue		
Tuition and student fees	**$ 8,849,611**	$ 8,483,740
Donations and constituent support *(note 13)*	**2,539,352**	3,495,776
Government grants	**3,136,687**	3,104,208
Sales, rent and ancillary, net *(note 14)*	**792,088**	505,448
Government relief *(note 16)*	**4,483**	513,437
Endowment and other	**1,874,638**	1,405,244
	17,196,859	17,507,853
Expenses		
Employee compensation, benefits and other	**12,088,638**	11,540,299
Operating supplies	**1,143,491**	1,189,251
Scholarships and bursaries	**1,303,416**	1,255,110
Interest *(note 8)*	**855,318**	918,303
Communications, advertising and events	**396,668**	381,622
Facilities	**1,016,726**	937,684
Travel and hospitality	**297,834**	247,059
Professional fees	**271,407**	382,914
Annuity payments *(notes 8 and 9)*	**72,811**	148,211
Other expenses	**107,136**	14,146
	17,553,445	17,014,599
(Deficiency) excess of revenue over expenses before the following	**(356,586)**	493,254
Amortization of capital assets	**(1,611,077)**	(1,579,887)
Amortization of deferred capital contributions *(note 10)*	**633,207**	630,177
Gain on annuity contract maturities *(note 9)*	**1,180,000**	15,000
Change in fair value of interest rate swap *(note 8)*	**192,172**	1,518,171
Excess of revenue over expenses	**$ 37,716**	$ 1,076,715

The accompanying notes are an integral part of these financial statements

Ambrose University
Statement of Cash Flows
For the year ended April 30, 2023 with comparative information for 2022

	2023	2022
Cash flow from operating activities:		
Cash received for tuition and student fees	**$ 8,708,028**	$ 8,045,276
Cash received from donors and constituents	**2,227,721**	3,582,609
Government funding received	**3,258,750**	3,117,935
Cash received from customers, tenants and others	**2,725,911**	2,444,200
Cash paid to and on behalf of employees, suppliers and annuitants	**(16,812,581)**	(15,210,068)
Interest received	**62,004**	2,696
Interest paid	**(764,316)**	(831,152)
Net cash flow from operating activities	**(594,483)**	1,151,496
Cash flow from financing activities:		
Capital contributions received	**1,610,000**	69,000
Restricted contributions received	**-**	85,800
Advances of loans and borrowings	**215,795**	-
Repayment of loans and borrowings	**(1,092,805)**	(2,031,393)
Net cash flow from financing activities	**732,990**	(1,876,593)
Cash flow from investing activities:		
Capital expenditures	**(1,443,732)**	(830,302)
Deposit on sale of land	**-**	1,300,000
Proceeds on sale of investments	**3,220,605**	-
Purchases of investments	**(1,401,609)**	(1,053,787)
Net cash flow from investing activities	**375,264**	(584,089)
Increase (decrease) in cash	**513,771**	(1,309,186)
Cash, beginning of year	**2,581,471**	3,890,657
Cash, end of year	$ 3,095,242	$ 2,581,471

The accompanying notes are an integral part of these financial statements

Ambrose University

Statement of Changes in Net Assets

For the year ended April 30, 2023 with comparative information for 2022

	Year ended April 30, 2023				
	Accumulated operating deficit	Reserve for Institutes	Endowments	Invested in capital assets	Total
Balance, May 1, 2022	$(2,090,297)		$ 10,258,056	$ 2,220,973	**$ 10,388,732**
Excess of revenue over expenses	37,716	-	-		**37,716**
Direct changes in net assets:					
Restricted contributions received	-		77,375	-	**77,375**
Net investment income	189,747		665,996	-	**855,743**
Change in fair market value of investments			(173,305)	-	**(173,305)**
Endowment distributions	-		(1,494,765)	-	**(1,494,765)**
Transfers of net assets:					
Reserve for Institutes *(note 20)*	(356,333)	356,333	-		
Net assets invested in capital assets *(note 12)*	(658,569)	-	-	658,569	-
Balance, April 30, 2023	$(2,877,736)	356,333	$ 9,333,357	$2,879,542	**$ 9,691,496**

	Year ended April 30, 2022				
	Accumulated operating deficit		Endowments	Invested in capital assets	Total
Balance, May 1, 2021	$(1,212,148)		$ 11,320,414	$ 318,032	**$ 10,426,298**
Excess of revenue over expenses	1,076,715	-	-		**1,076,715**
Direct changes in net assets:					
Restricted contributions received	-		420,452	-	**420,452**
Net investment income	-		988,577	-	**988,577**
Change in fair market value of investments	(51,923)		(1,555,079)	-	**(1,607,002)**
Endowment distributions	-		(916,308)	-	**(916,308)**
Transfers of net assets:					
Net assets invested in capital assets *(note 12)*	(1,902,941)	-	-	1,902,941	-
Balance, April 30, 2022	$(2,090,297)		$ 10,258,056	$2,220,973	**$ 10,388,732**

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. Significant accounting policies

The financial statements of Ambrose have been prepared by management in accordance with 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.

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 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.

2. Significant accounting policies (continued)

b. Revenue recognition (continued)

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.

Rent 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

Cash includes chequing accounts 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 sold through in the year.

e. Investments

Investments are recorded at market value, which is determined from published price quotations. 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 are 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.

2. Significant accounting policies (continued)

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 expenses and revenue is included in the determination of excess of revenue over expenses for the period.

3. Accounts receivable

	2023	2022
Student accounts receivable	**$ 221,913**	$ 296,078
Trade and other receivables	**45,667**	207,052
Goods and Services Tax recoverable	**22,336**	22,602
	$ 289,916	$ 525,732

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.

	2023	2022
Investments at cost	**$10,698,705**	$12,943,657
Unrealized (loss) gain	**(426,873)**	(343,556)
	$10,271,832	$12,600,101

5. Capital assets

	2023			**2022**
	Cost	**Accumulated amortization**	**Net book value**	**Net book value**
Land	$ 3,796,769	$ -	**$ 3,796,769**	$ 3,602,942
Buildings	43,650,386	17,172,226	**26,478,160**	27,671,568
Library materials	3,840,304	3,400,783	**439,521**	451,783
Equipment and computers	3,795,971	1,998,059	**1,797,912**	951,010
Land improvements	1,236,515	1,236,515	**-**	-
Furnishings	1,104,193	1,087,098	**17,095**	19,496
Mineral rights	18,000	-	**18,000**	18,000
	$ 57,442,138	$ 24,894,681	**$ 32,547,457**	$ 32,714,799

6. Accounts payable and accrued liabilities

	2023	**2022**
Trade accounts payable	**$ 893,613**	$ 1,194,124
Government payroll remittances payable	**142,455**	148,414
Accrued annuity payments	**27,054**	41,821
	$ 1,063,122	$ 1,384,359

7. Deferred contributions and deposits

	2023	**2022**
Student deposits and other prepayments	**$ 1,053,368**	$ 1,050,757
Deferred scholarships	**1,080,745**	882,702
Deferred donations	**341,738**	647,497
Deferred non-government grant funding	**115,183**	53,081
Deferred government grant funding	**78,846**	80,000
	$ 2,669,880	$ 2,714,037

8. Loans and borrowings

	Note	2023	2022
Current liabilities			
Bank financing	*a,e)*	**$13,046,768**	$13,820,619
Loan with Canadian Baptist Foundation	*b)*	**902,248**	1,200,000
Capital lease obligations (note 19)		**51,431**	
Constituent loans	*c)*	**62,002**	61,742
		14,062,449	15,082,361
Non-current liabilities			
Bank financing	*a)*	**$ -**	$ -
Capital lease obligations (note 19)		**132,639**	
Third party annuity contracts	*d)*	**614,717**	614,717
		747,356	614,717
		$ 14,809,805	$ 15,697,078

a) Bank financing

	2023	2022
Current portion[1] of bank term loan	**$ 701,359**	**$** 672,327
Bank term loan, with monthly payments of $109,600 to August 2038, bearing interest at 4.24% per annum until August 2028	**14,113,646**	14,815,004
Deferred financing costs, net of accumulated amortization	**(1,997,477)**	(2,088,126)
Fair value of interest rate swap	**229,242**	421,414
Non-current portion of bank term loan[1]	**$ 12,345,411**	$ 13,148,292

Deferred financing costs are amortized over the repayment term of the bank term loan, $90,649 (2022 - $86,896) 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 2023 with an option to renew 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 and a General Security Agreement over net assets.

Notwithstanding the demand right of the lender as a result of covenant non-compliance, scheduled annual repayments of the bank term loan is as follows:

Years ending April 30	Amount
2024	$ 701,359
2025	731,645
2026	763,239
2027	796,197
2028	830,578
Thereafter	10,991,987
	$ 14,815,005

[1] Notwithstanding the demand right of the lender as a result of covenant non-compliance

8. Loans and borrowings (continued)

a) Bank financing (continued)

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, 2023. Subsequent to year end, this bank financing was settled in full (note 21).

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 bears interest at the Bank of Canada's prime rate plus 2% per annum. The loan is secured by a $4.5 million first charge on land. Subsequent to year end, this financing was settled in full (note 21).

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% per annum. The effective annual interest rate at April 30, 2023 is 1.5% (2022 – 1.5%).

d) Third party 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 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, 2023 is 5.25% (2022 – 5.19%). Scheduled annual annuity payments to third parties at April 30, 2023, assuming no annuity contracts mature, total $31,254 (2022 – $31,875).

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 3.5% per annum April 30, 2023 – 10.2% (2022 – 6.7%). No amount is outstanding at year end (2022 - $nil).

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, 2023 is 5.17% (2022 – 5.19%). Scheduled annual annuity payments at April 30, 2023, assuming no annuity contracts mature, total $54,381.

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

	2023	2022
Balance, beginning of year	$ 2,204,933	$ 2,229,933
Matured annuity contracts recognized as:		
Gain on annuity contract maturities	(1,180,000)	(15,000)
Deferred capital contributions		(10,000)
Balance, end of year	$ 1,024,933	$ 2,204,933

b) *Annuity contract maturity*

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

	2023	2022
Gain on annuity contract maturities	**$ 875,650**	$ 1,055,650
Deferred capital contributions	**45,833**	1,045,833
Externally restricted net assets - scholarships	**103,450**	103,450
	$ 1,024,933	$ 2,204,933

10. Deferred capital contributions

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

	2023	2022
Balance, beginning of year	**$ 14,997,491**	$ 15,548,669
Capital contributions received	**1,596,313**	78,999
Amortization of deferred capital contributions	**(633,207)**	(630,177)
Balance, end of year	**$ 15,960,597**	$ 14,997,491

11. Endowments

	2023	2022
Endowed scholarships	**$ 7,130,405**	**$ 7,648,179**
Other endowments	**2,202,952**	**2,609,877**
	$ 9,333,357	**$ 10,258,056**

12. Investment in capital assets

		2023		2022
Capital assets	**$**	**32,547,457**	$	32,714,799
Amounts financed by:				
Loans and borrowings		**(13,661,485)**		(14,450,502)
Annuity contracts		**(45,833)**		(1,045,833)
Deferred capital contributions		**(15,960,597)**		(14,997,491)
	$	**2,879,542**	$	2,220,973

13. Related party transactions

During the year ended April 30, 2023, Ambrose received contributions of $907,193 (2022 – $1,089,839) 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.

14. Sales, rent and ancillary revenue, net

		2023		2022
Revenue				
Sales	**$**	**899,522**	$	675,418
Rent		**849,142**		600,933
Events		**167,247**		121,434
		1,915,911		1,397,785
Expenses				
Cost of goods sold		**486,476**		352,418
Contract services		**452,117**		355,050
Other		**185,230**		184,869
		1,123,823		892,337
Sales, rent and ancillary revenue, net	**$**	**792,088**	$	505,448

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 and a deposit of $1,300,000 had been obtained. At April 30, 2023, the sale of land was subject only to clearance through land titles and registration.

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

a) Liquidity risk (continued):

Subsequent to year end, the transaction closed for total proceeds of $15,296,693 with $8,900,000 of such utilized in the reduction of Ambrose's existing debt (note 21). In addition, Ambrose has entered into a new debt facility agreement with a new lender (note 21).

b) Credit risk:

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Ambrose. Credit risk arises principally from Ambrose's cash deposits, and receivable accounts. 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.

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 swap contracts. 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.

There have been no changes to Ambrose's risk exposure from 2022, other than as outlined above with respect to liquidity risk.

16. Government assistance

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

Ambrose received $4,483 (2022 – $513,437) for the CEWS program. The entire amount is non-repayable and has been recognized as government relief on the statement of operations for the year ended April 30, 2023.

17. Commitments

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

Years ending April 30	Amount
2024	$ 416,000
2025	423,000
2026	431,000
2027	29,000
2028	190

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:

	2023	2022
Donations	**$ 2,969,247**	$ 1,819,248
Total direct expenses incurred for soliciting contributions	**132,739**	162,809
Remuneration to employees whose principal duties involved fundraising	**531,943**	488,647

19. Capital lease obligations

During the current year, Ambrose entered into lease agreements on computer equipment. The following is a schedule of future minimum lease payments over the life of the leases. Interest expense related to the capital lease obligations amounted to $11,262 for the year ended 2023.

	2023
2024	**64,869**
2025	**64,869**
2026	**64,869**
2027	**16,217**
	210,824
Interest rate at 8.35%	**26,754**
Balance of obligation	**184,070**
Current portion	**51,431**
	$132,639

20. Reserve for Ambrose Institutes

Ambrose has established internally restricted net assets for Ambrose Institutes effective for fiscal year ended April 30, 2023. Ambrose Institutes are dedicated to research that simultaneously contributes to current academic discussions and directly benefits external stakeholders, organizations, industries and communities that intersect with Ambrose's scholarly work.

	2023	2022
Canadian Poverty Institute	$ (13,286)	-
Flourishing Congregations Institute	(3,997)	-
Jaffray Centre For Global Initiatives	373,616	-
	$ 356,333	-

21. Subsequent events

(a) Ambrose finalized the sale of vacant land in June of 2023 for proceeds of approximately $15.3 million resulting in an estimated gain of $13.0 million.

(b) On August 1, 2023, Ambrose executed a facility agreement for $3 million with a new lender. The new bank loan bears interest at the bank's prime rate plus 1% per annum. Ambrose is required to pay interest only during first 6 months. Thereafter, any principal amount remaining at the expiry of the 6 months will be repaid by way of monthly blended principal and interest payments based on a 20 year amortization. Under the new bank loan, Ambrose is required to comply with certain covenants. Financial covenant requires a debt service coverage ratio to be not less than 1.15 to 1.00. Utilizing funds received on the sale of vacant land and amounts available through its new lending facility, Ambrose settled its existing debt financing in full, both bank financing and Canadian Baptist Foundation financing (note 8(a) and (b)).

22. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.