

MERIT AWARD BURSARY PROGRAM
INCORPORATED

FINANCIAL STATEMENTS

APRIL 30, 2016

PALMER REED
CHARTERED ACCOUNTANTS

439 University Avenue, Suite 1550, Toronto, Ontario M5G 1Y8
Telephone: (416) 599-9186 Fax: (416) 599-9189 Email: Palmerreed@palmerreed.com

INDEPENDENT AUDITOR'S REPORT

**To the Directors of
Merit Award Bursary Program Incorporated**

We have audited the accompanying financial statements of Merit Award Bursary Program Incorporated, which comprise the statement of financial position as at April 30, 2016, and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Merit Award Bursary Program Incorporated as at April 30, 2016 and its financial performance and, cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

TORONTO, CANADA

October 26, 2016

A handwritten signature in black ink, appearing to read "Palmer Reed". The signature is fluid and cursive, with a large initial "P" and "R".

**Chartered Accountants
Licensed Public Accountants**

MERIT AWARD BURSARY PROGRAM INCORPORATED

TABLE OF CONTENTS

APRIL 30, 2016

	<u>Page</u>
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Operations	3
Statement of Cash Flows	4
Schedule 1 – Schedule of Deferred Contributions	5
Notes to the Financial Statements	6 – 9

MERIT AWARD BURSARY PROGRAM INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2016

(with comparative figures as at April 30, 2015)

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
Current		
Cash	\$ 98,046	\$ 80,149
GST/HST receivable	2,291	2,237
Prepaid expenses	<u>6,339</u>	<u>6,198</u>
Total assets	<u>\$ 106,676</u>	<u>\$ 88,584</u>

	<u>LIABILITIES</u>	
Current		
Accounts payable & accrued expenses	\$ 15,849	\$ 10,632
Deferred Contributions – Schedule 1 (Note 4)		
Restricted	23,250	-
Unrestricted	<u>27,600</u>	<u>32,375</u>
	\$ 66,699	\$ 43,007

	<u>NET ASSETS</u>	
Unrestricted – per attached	<u>39,977</u>	<u>45,577</u>
Total liabilities and net assets	<u>\$ 106,676</u>	<u>\$ 88,584</u>

The attached notes form an integral part of these financial statements.

Approved: 

MERIT AWARD BURSARY PROGRAM INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2016

(with comparative figures for the year ended April 30, 2015)

	<u>2016</u>	<u>2015</u>
Balance – beginning of year	\$ 45,577	\$ 20,028
Excess (deficiency) of revenues over expenses	<u>(5,600)</u>	<u>25,549</u>
Balance – end of year	<u>\$ 39,977</u>	<u>\$ 45,577</u>

The attached notes form an integral part of these financial statements.

MERIT AWARD BURSARY PROGRAM INCORPORATED

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2016

(with comparative figures for the year ended April 30, 2015)

	<u>2016</u>	<u>2015</u>
Revenue		
Individual gifts	\$ 25,765	\$ 26,295
Gifts from registered charities	23,436	24,895
Corporate gifts	19,797	3,500
Foundation grants	17,000	39,388
Fundraising event	<u>54,225</u>	<u>66,450</u>
	<u>\$ 140,223</u>	<u>\$ 160,528</u>
Expenses		
Awards & bursaries paid	\$ 117,500	\$ 108,000
Administration expenses	9,007	8,250
Professional fees	3,278	3,155
Fundraising expenses	<u>16,038</u>	<u>15,574</u>
	<u>\$ 145,823</u>	<u>\$ 134,979</u>
Excess of revenue (deficiency) over expenses for the year	<u>\$ (5,600)</u>	<u>\$ 25,549</u>

The attached notes form an integral part of these financial statements.

MERIT AWARD BURSARY PROGRAM INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2016

(with comparative figures for the year ended April 30, 2015)

	<u>2016</u>	<u>2015</u>
Operating Activities		
Excess (deficiency) of revenues over expenses	\$ (5,600)	\$ 25,549
Net change in non-cash working capital items:		
GST/HST receivable	(54)	12,763
Prepaid expenses	(141)	-
Accounts payable & accrued expenses	5,217	(12,064)
Deferred revenue	<u>18,475</u>	<u>(2,013)</u>
	<u>\$ 17,897</u>	<u>\$ 24,235</u>
Net change in cash for the year	\$ 17,897	\$ 24,235
Cash – beginning of year	<u>80,149</u>	<u>55,914</u>
Cash – end of year	<u>\$ 98,046</u>	<u>\$ 80,149</u>

The attached notes form an integral part of these financial statements.

MERIT AWARD BURSARY PROGRAM INCORPORATED**SCHEDULE OF DEFERRED CONTRIBUTIONS****FOR THE YEAR ENDED APRIL 30, 2016**

(with comparative figures for the year ended April 30, 2015)

		<u>2016</u>		<u>2015</u>
	Restricted – Cadillac Fairview	Unrestricted – Bowling for bursaries Fundraising Event	<u>Total</u>	<u>Total</u>
Balance – beginning of year	\$ -	\$ 32,375	\$ 32,375	\$ 34,388
Contributions received	25,000	27,600	52,600	32,375
Bursaries paid	(1,750)	-	(1,750)	(7,388)
Contributions recognized	<u>-</u>	<u>(32,375)</u>	<u>(32,375)</u>	<u>(27,000)</u>
Balance – end of year	<u>\$ 23,250</u>	<u>\$ 27,600</u>	<u>\$ 50,850</u>	<u>\$ 32,375</u>

MERIT AWARD BURSARY PROGRAM INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

1. Description of Charity

Merit Award Bursary Program Incorporated ("Merit") was incorporated under the Canadian Not-for-Profit Corporation Act on May 1, 2012 and became a registered charity under the Income Tax Act on July 16, 2012 (BN/Registration # 814537882RR0001). The objective of the program is to provide bursaries, scholarships or other forms of financial support to students who are in secondary school or have recently completed their secondary school programs, who intend to pursue post-secondary educational programs and who merit such financial support based on the following criteria:

- (i) a demonstrated commitment to the pursuit of academic excellence;
- (ii) participation in school and community organized sports and other extra-curricular activities;
- (iii) a demonstrated commitment to the well-being of others and of their community through volunteering and participation in community activities; and
- (iv) a demonstrated commitment to acting as role model in their community.

2. Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

Fund Accounting

Merit follows the restricted fund method of accounting for contributions. Merit ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. Merit does not currently have any restricted funds.

Revenue Recognition

Merit follows the deferred method of accounting for revenue recognition. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

MERIT AWARD BURSARY PROGRAM INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

2. Accounting Policies - continued

Measurement Uncertainties

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets at the date of the financial statements and the reported revenues over expenses during the reporting year. Actual results could differ from those amounts.

Cash and Cash Equivalents

Merit's policy is to present bank balances under cash and cash equivalents.

Contributed Materials and Services

Contributed materials and services are not recognized in the financial statements.

Financial Instruments

Measurement of Financial Instruments

Merit measures its financial assets and financial liabilities at fair value except for GST/HST receivable and accounts payable & accrued expenses which are recorded at amortized cost. Changes in fair value are recognized in the statement of operations.

Impairment

Financial assets are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

MERIT AWARD BURSARY PROGRAM INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

Transaction Costs

Merit allocates its investment management fees by allocating them to restricted and unrestricted funds proportionately based on the fair value in each of the restricted and operating funds at the beginning of the year.

3. Financial Risk Management Policy

Merit is exposed to various financial risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Company's risk exposure at the statement of financial position date, April 30, 2016.

Price Risk

Merit is exposed to price risk in the form of market risk. There is no concentration of price risk in investments held.

Interest Risk

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The exposure of Merit to interest rate risk arises from investments in interest-bearing assets.

Market Risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The exposure of Merit to market risk arises from investments in trusts that trade marketable securities.

4. Capital Management

In managing capital, Merit focuses on the following objectives:

- safeguarding its ability to continue to support expenses
- funding current and future operations
- ensuring that the program is able to meet its financial obligations as they come due

As at April 30, 2016, Merit has met these objectives.

MERIT AWARD BURSARY PROGRAM INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

5. Deferred Contributions

Unrestricted deferred contributions consist of funds raised related to the bowling for bursaries fundraising event to take place after year end.

Restricted deferred contributions consist of a donation made by Cadillac Fairview. The use of these funds is restricted to bursaries for Toronto students. It is expected that these bursaries will be fully paid out within the twelve months following the current fiscal year.