

MERIT AWARD BURSARY PROGRAM INCORPORATED
FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2021

MERIT AWARD BURSARY PROGRAM INCORPORATED
INDEX TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenditures	5
Administrative expenses (<i>Schedule 1</i>)	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10

PALMER REED

CHARTERED PROFESSIONAL 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 Members of Merit Award Bursary Program Incorporated

Opinion

We have audited the financial statements of Merit Award Bursary Program Incorporated (the organization), which comprise the statement of financial position as at April 30, 2021, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at April 30, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 these 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:

(continues)

Independent Auditor's Report to the Members of Merit Award Bursary Program Incorporated *(continued)*

- 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 organization'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 organization'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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Toronto, Ontario
September 22, 2021

Chartered Professional Accountants
Licensed Public Accountants

MERIT AWARD BURSARY PROGRAM INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2021

	2021	2020
ASSETS		
Current		
Cash in bank	\$ 277,206	\$ 217,072
GST/HST receivable	1,813	1,470
Prepaid expenses	9,201	9,198
Total assets	\$ 288,220	\$ 227,740
LIABILITIES		
Current		
Accounts payable and accrued expenses	\$ 44,133	\$ 24,249
Deferred revenue	-	19,000
	44,133	43,249
NET ASSETS		
Unrestricted fund	244,087	184,491
Total liabilities and net assets	\$ 288,220	\$ 227,740

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

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

MERIT AWARD BURSARY PROGRAM INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2021

	2021	2020
Net assets - beginning of year	\$ 184,491	\$ 158,690
Excess of revenues over expenses	<u>59,596</u>	<u>25,801</u>
Net assets - end of year	<u>\$ 244,087</u>	<u>\$ 184,491</u>

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

MERIT AWARD BURSARY PROGRAM INCORPORATED
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2021

	2021	2020
Revenues		
Corporate gifts	\$ 124,280	\$ 76,777
Foundation grants	135,467	15,000
Gifts from registered charities	8,746	32,962
Individual gifts	72,463	125,063
Interest income	50	24
Rotary voucher program donation	7,020	-
Wine raffle	32,150	-
	<u>380,176</u>	<u>249,826</u>
Expenses		
Administrative expenses (<i>Schedule 1</i>)	60,141	51,612
Awards and bursaries paid	239,750	170,750
Professional fees	4,500	1,663
Rotary voucher program	7,010	-
Wine raffle expenses	9,179	-
	<u>320,580</u>	<u>224,025</u>
Excess of revenues over expenses	\$ 59,596	\$ 25,801

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

MERIT AWARD BURSARY PROGRAM INCORPORATED
ADMINISTRATIVE EXPENSES
(Schedule 1)
YEAR ENDED APRIL 30, 2021

	2021	2020
Administrative Expenses		
Administrative	\$ 45,423	\$ 27,845
Banking and online transaction fees	2,138	2,764
Events and awards	1,656	4,764
Insurance	702	702
Meeting expenses	765	4,084
Miscellaneous	2,119	5,153
Office	7,338	6,300
	<u>\$ 60,141</u>	<u>\$ 51,612</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, 2021

	2021	2020
Operating activities		
Excess of revenues over expenses	\$ 59,596	\$ 25,801
Changes in non-cash working capital:		
Pledges receivable	-	20,000
GST/HST receivable	(343)	1,140
Prepaid expenses	(3)	(7,025)
Accounts payable and accrued expenses	19,884	14,650
Deferred revenue	(19,000)	(22,328)
	<u>538</u>	<u>6,437</u>
Increase in cash flow	60,134	32,238
Cash - beginning of year	<u>217,072</u>	<u>184,834</u>
Cash - end of year	\$ 277,206	\$ 217,072

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

MERIT AWARD BURSARY PROGRAM INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2021

1. Description of Charity

The Merit Award Bursary Program Incorporated ("Merit" or "the Organization") 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:

- (a) a demonstrated commitment to the pursuit of post-secondary education;
- (b) participation in school and community organized sports and other extra-curricular activities;
- (c) a demonstrated commitment to the well-being of others and of their community through volunteering and participation in community activities; and
- (d) a demonstrated commitment to acting as role model in their community.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following 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 deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty

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 and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash and cash equivalents

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

Contributed services

Contributed materials and services are not recognized in the financial statements

(continues)

MERIT AWARD BURSARY PROGRAM INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2021

2. Summary of Significant Accounting Policies (*continued*)

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.

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.

3. Financial Risk Management Policy

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of April 30, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from donors in a form of donation receivables. The Organization has a significant number of donors which minimizes concentration of credit risk.

(b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Unless otherwise noted, the Organization is not subject to significant liquidity risk.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The exposure of Merit to interest rate risk arises from investments in interest-bearing securities.

(e) Market risk

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

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

MERIT AWARD BURSARY PROGRAM INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2021

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, 2021, Merit has met these objectives.