

MERIT AWARD BURSARY PROGRAM INCORPORATED
FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2023

MERIT AWARD BURSARY PROGRAM INCORPORATED
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YEAR ENDED APRIL 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2023, 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, 2023, 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.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which describes a restatement of the statement of financial position as at April 30, 2022, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, which are presented as comparative figures to these financial statements. Neither our opinion over the financial statements of the organization for the year ended April 30, 2023 nor the financial statements for the year ended April 30, 2022 are modified in respect of this matter.

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.

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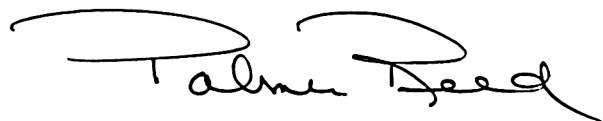
Auditor's Responsibilities for the Audit of the Financial Statements

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:

- 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
October 24, 2023

Chartered Professional Accountants
Licensed Public Accountants

MERIT AWARD BURSARY PROGRAM INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2023

	2023	2022 <i>(Restated)</i>
ASSETS		
Current		
Cash in bank	\$ 286,086	\$ 343,893
GST/HST receivable	11,991	10,462
Prepaid expenses	10,773	9,882
Total assets	\$ 308,850	\$ 364,237
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 62,951	\$ 44,748
Deferred revenue (Notes 2, 5)	50,000	100,000
	112,951	144,748
NET ASSETS		
Unrestricted fund	<u>195,899</u>	<u>219,489</u>
Total liabilities and net assets	\$ 308,850	\$ 364,237

CONTINGENT LIABILITY (Note 4)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

MERIT AWARD BURSARY PROGRAM INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2023

	2023	2022 <i>(Restated)</i>
Net assets - beginning of year		
As previously reported	\$ 319,489	\$ 244,086
Prior period adjustment <i>(Note 2)</i>	<u>(100,000)</u>	<u>-</u>
As restated	219,489	244,086
Deficiency of revenues over expenses	<u>(23,590)</u>	<u>(24,597)</u>
Net assets - end of year	<u>\$ 195,899</u>	<u>\$ 219,489</u>

See notes to financial statements

MERIT AWARD BURSARY PROGRAM INCORPORATED
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2023

	2023	2022 <i>(Restated)</i>
Revenues		
Corporate gifts	\$ 143,273	\$ 92,776
Foundation grants	196,501	125,000
Gifts from registered charities	8,251	9,687
Individual gifts	121,104	183,445
Wine raffle	17,540	30,700
	<u>486,669</u>	<u>441,608</u>
Expenses		
Administrative expenses <i>(Schedule 1)</i>	180,086	126,785
Awards and bursaries paid	326,500	286,500
Professional fees	4,170	37,842
Wine raffle expenses	10,562	16,783
	<u>521,318</u>	<u>467,910</u>
Deficiency of revenues over expenses from operations	<u>(34,649)</u>	<u>(26,302)</u>
Other income		
Interest income	2,559	705
Unclaimed bursaries	8,500	1,000
	<u>11,059</u>	<u>1,705</u>
Deficiency of revenues over expenses	<u>\$ (23,590)</u>	<u>\$ (24,597)</u>

See notes to financial statements

MERIT AWARD BURSARY PROGRAM INCORPORATED
ADMINISTRATIVE EXPENSES
(Schedule 1)
YEAR ENDED APRIL 30, 2023

	2023	2022
Administrative Expenses		
Administrative	\$ 148,470	\$ 96,837
Banking and online transaction fees	2,234	2,770
Events and awards	3,924	2,593
Insurance	842	702
Meeting expenses	1,970	2,900
Miscellaneous	10,026	6,989
Office	12,620	13,994
	<u>\$ 180,086</u>	<u>\$ 126,785</u>

See notes to financial statements

MERIT AWARD BURSARY PROGRAM INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2023

	2023	2022 <i>(Restated)</i>
Operating activities		
Deficiency of revenues over expenses	<u>\$ (23,590)</u>	<u>\$ (24,597)</u>
Changes in non-cash working capital:		
GST/HST receivable	(1,529)	(8,649)
Prepaid expenses	(891)	(681)
Accounts payable and accrued expenses	18,203	614
Deferred revenue	<u>(50,000)</u>	<u>100,000</u>
	<u>(34,217)</u>	<u>91,284</u>
Increase (decrease) in cash flow	(57,807)	66,687
Cash - beginning of year	<u>343,893</u>	<u>277,206</u>
Cash - end of year	<u>\$ 286,086</u>	<u>\$ 343,893</u>

See notes to financial statements

MERIT AWARD BURSARY PROGRAM INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2023

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 organization 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 qualify for 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. Prior period restatement

During the year ended April 30, 2023, management determined that sufficient information was available as at April 30, 2022 related to a contribution received of \$100,000 to conclude that it was intended for a restricted purpose and should therefore be accounted for as deferred revenue on the statement of financial position as at April 30, 2022. Management has corrected this identified error by making the following adjustments to the comparative period of these financial statements: deferred revenue as at April 30, 2022 has been increased by \$100,000, individual gifts revenue for the year ended April 30, 2022 has been decreased by \$100,000, and opening equity for the year ended April 30, 2023 has been decreased by \$100,000.

3. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The organization 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

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

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MERIT AWARD BURSARY PROGRAM INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2023

3. Significant accounting policies (*continued*)

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

4. Contingent liability

The organization's liability to pay bursaries awarded during the fiscal year ended April 30, 2023 is contingent upon the recipients providing proof of enrolment in an eligible school program. As of the reporting date of these financial statements for the year ended April 30, 2023, the organization is contingently liable to pay bursaries in the amount of \$34,000 (2022 - \$8,500). Management considers the likelihood that the recipients will provide proof of enrolment in eligible school programs to be likely, therefore this contingent liability has been included in accounts payable and accrued liabilities on the statement of financial position.

5. Deferred revenue

During the year ended April 30, 2023, the organization received a \$nil (2022 - \$100,000) contribution restricted for the payment of future bursaries in accordance with the specific provisions of a donor agreement established with the contributor (the "Donor Agreement"). During the year ended April 30, 2023, \$nil bursaries were paid out in compliance with the terms of the Donor Agreement (2022 - \$nil) and therefore \$nil has been recognized as revenue in the current period (2022 - \$nil). During the year ended April 30, 2023, the organization contributed an amount of \$50,000 (2022 - \$nil) to a community foundation to establish an endowment fund, which has been accounted for as a reduction of deferred revenue (see Note 6).

6. Community foundation endowment fund

During the year ended April 30, 2023, Merit contributed an amount of \$50,000 (2022 - \$nil) to a community foundation named Toronto Foundation (the "Foundation") to establish the Merit Award Bursary Program Permanent Endowment Fund (the "Fund"). The contribution to the Foundation was in compliance with the terms of the Donor Agreement as the Fund will generate returns that will fund the bursary payments purposed by the Donor Agreement (see Note 5). Per the terms of Merit's endowment agreement with the Foundation, the Foundation will manage the Fund's capital to generate investment returns subject to administration fees and in doing so, entitle Merit to an annual grant from the Fund's accumulated capital. The amount of the annual grant is to be determined at the discretion of the Board of Directors of the Foundation (the "Approved Granting Rate"). The current Approved Granting Rate is 4% of the Fund's accumulated capital with the first grant to be paid out in April 2024 and continuing annually in perpetuity. Each grant received from the Foundation will initially be recognized as deferred revenue until the funds are used toward bursaries in compliance with the terms of the Donor Agreement, at which time a corresponding amount of the deferred revenue will be recognized as revenue.

MERIT AWARD BURSARY PROGRAM INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2023

7. 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, 2023.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

(b) 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. The organization is mainly exposed to interest rate risk.

(c) 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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its cash held in an interest savings account.

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

8. Capital Management

In managing capital, the organization 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, 2023, the organization had met these objectives.

9. Comparative figures

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