



Financial Statements

The Canadian Merit Scholarship Foundation / La
Fondation Canadienne Des Bourses De Mérite

April 30, 2013 and April 30, 2012

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
LA FONDATION CANADIENNE DES BOURSES DE MÉRITE**
2013 and 2012 Financial Statements

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Independent Auditor's Report

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**To the Directors of
The Canadian Merit Scholarship Foundation /
La Fondation Canadienne Des Bourses De Mérite**

We have audited the accompanying financial statements of The Canadian Merit Scholarship Foundation / La Fondation Canadienne Des Bourses De Mérite (the "Foundation"), which comprise the statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, and the statements of operations, statements of changes in net assets and statements of cash flows for the years ended April 30, 2013 and April 30, 2012, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many non-profit organizations, the Foundation derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might otherwise be necessary to revenues, excess of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial positions of The Canadian Merit Scholarship Foundation / La Fondation Canadienne Des Bourses De Mérite as at April 30, 2013, April 30, 2012 and May 1, 2011 and the results of its operations and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

The logo for Grant Thornton LLP is written in a black, cursive script font. The words "Grant Thornton" are connected together, and "LLP" is written in a smaller, spaced-out font to the right.

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
September 27, 2013

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
LA FONDATION CANADIENNE DES BOURSES DE MÉRITE**

Statements of Financial Position

As at

	April 30, 2013	April 30, 2012	May 1, 2011
ASSETS			
Current assets			
Cash and cash equivalents (note 4)	\$ 451,306	\$ 544,473	\$ 746,056
Investments (note 4)	2,222,622	2,140,304	2,293,335
Accrued interest and other receivables	39,083	103,904	55,224
Prepaid expenses	37,333	38,083	38,524
	<hr/>	<hr/>	<hr/>
	2,750,344	2,826,764	3,133,139
Long-term assets			
Investments (note 4)	4,974,123	3,974,629	2,424,519
Furniture and equipment (note 5)	-	2,902	3,627
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	\$ 7,724,467	\$ 6,804,295	\$ 5,561,285
<hr/>			
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$ 81,235	\$ 89,516	\$ 220,419
Deferred contributions (note 6)	1,222,594	1,195,786	1,130,215
	<hr/>	<hr/>	<hr/>
	1,303,829	1,285,302	1,350,634
Long-term liabilities			
Deferred contributions (note 6)	1,583,737	1,497,745	1,243,556
	<hr/>	<hr/>	<hr/>
	2,887,566	2,783,047	2,594,190
Net assets			
Invested in furniture and equipment	-	2,902	3,627
Endowment (note 9)			
Externally restricted endowment	1,716,326	1,623,324	1,091,019
Internally restricted endowment	1,476,078	853,560	90,546
Unrestricted	1,644,497	1,541,462	1,781,903
	<hr/>	<hr/>	<hr/>
	4,836,901	4,021,248	2,967,095
	<hr/>	<hr/>	<hr/>
	\$ 7,724,467	\$ 6,804,295	\$ 5,561,285
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See accompanying notes

On behalf of the Board:

Director

Director

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
LA FONDATION CANADIENNE DES BOURSES DE MÉRITE**

Statements of Operations

Years ended April 30

	2013	2012
Revenue		
Donations	\$ 3,398,353	\$ 3,256,332
Investment income (note 4)	381,169	144,613
Other income	76,874	69,504
	<hr/>	<hr/>
	3,856,396	3,470,449
	<hr/>	<hr/>
Expenses		
Stipend grants	1,807,200	1,579,000
Enrichment program		
Summer	371,842	364,751
Mentorship and stewardship	165,284	168,918
Gatherings (retreat, conferences, orientation, expedition, etc.)	222,321	278,260
Selections		
University scholarship program	148,300	135,485
College scholarship program	151,340	167,671
Other scholarship programs	75,044	69,504
	<hr/>	<hr/>
	2,941,331	2,763,589
	<hr/>	<hr/>
General and administration	192,414	185,012
	<hr/>	<hr/>
	3,133,745	2,948,601
	<hr/>	<hr/>
Excess of revenue over expenses	\$ 722,651	\$ 521,848

See accompanying notes

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
LA FONDATION CANADIENNE DES BOURSES DE MÉRITE**

Statement of Changes in Net Assets

Year ended April 30, 2013

	Invested in Furniture and Equipment	Externally Restricted Endowment	Internally Restricted Endowment	Unrestricted	Total
Balance, beginning of year	\$ 2,902	\$ 1,623,324	\$ 853,560	\$ 1,541,462	\$ 4,021,248
Endowment contributions	-	22,491	-	-	22,491
Excess (deficiency) of revenue over expenses	(2,902)	-	68,555	656,998	722,651
Preservation of capital (notes 4 and 9)	-	70,511	-	-	70,511
Transfer (notes 8 and 9)	-	-	553,963	(553,963)	-
Balance, end of year	\$ -	\$ 1,716,326	\$ 1,476,078	\$ 1,644,497	\$ 4,836,901

See accompanying notes

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
LA FONDATION CANADIENNE DES BOURSES DE MÉRITE**

Statement of Changes in Net Assets

Year ended April 30, 2012

	Invested in Furniture and Equipment	Externally Restricted Endowment	Internally Restricted Endowment	Internally Restricted for Future Distribution	Unrestricted	Total
Balance, beginning of year	\$ 3,627	\$ 541,019	\$ 640,546	\$ 45,684	\$ 1,781,903	\$ 3,012,779
Prior period adjustment (note 7)	-	550,000	(550,000)	(45,684)	-	(45,684)
Balance, beginning of year as restated	3,627	1,091,019	90,546	-	1,781,903	2,967,095
Endowment contributions	-	532,305	-	-	-	532,305
Excess (deficiency) of revenue over expenses	(725)	-	(3,035)	-	525,608	521,848
Transfer (note 8)	-	-	766,049	-	(766,049)	-
Balance, end of year	\$ 2,902	\$ 1,623,324	\$ 853,560	\$ -	\$ 1,541,462	\$ 4,021,248

See accompanying notes

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
LA FONDATION CANADIENNE DES BOURSES DE MÉRITE**

Statements of Cash Flows

Years ended April 30

	2013	2012
Operating activities		
Excess of revenue over expenses	\$ 722,651	\$ 521,848
Items not involving cash		
Amortization	2,902	725
Unrealized (gains) losses on investments	(95,032)	3,412
	<u>630,521</u>	<u>525,985</u>
Net change in non-cash working capital items		
Accrued interest and other receivables	64,821	(48,680)
Prepaid expenses	750	441
Accounts payable and accrued liabilities	(8,281)	(130,903)
	<u>57,290</u>	<u>(179,142)</u>
Net change in deferred contributions	<u>112,800</u>	<u>319,760</u>
	<u>170,090</u>	<u>140,618</u>
Cash flows from operating activities	<u>800,611</u>	<u>666,603</u>
Financing activities		
Preservation of capital in endowment fund	70,511	-
Receipt of externally restricted endowments	22,491	532,305
Cash flows from financing activities	<u>93,002</u>	<u>532,305</u>
Investing activities		
Purchase of investments	(986,780)	(1,400,491)
Net change in cash during the year	(93,167)	(201,583)
Cash and cash equivalents, beginning of year	<u>544,473</u>	<u>746,056</u>
Cash and cash equivalents, end of year	<u>\$ 451,306</u>	<u>\$ 544,473</u>

See accompanying notes

THE CANADIAN MERIT SCHOLARSHIP FOUNDATION / LA FONDATION CANADIENNE DES BOURSES DE MÉRITE

Notes to the Financial Statements

Years ended April 30, 2013 and April 30, 2012

1. Purpose of the organization

The Canadian Merit Scholarship Foundation / La Fondation Canadienne Des Bourses De Mérite (the "Foundation" or "CMSF") is committed to the greatest of Canada's natural resources: our youth. The purpose of the Foundation is to identify and support talented students who show promise of leadership and a strong commitment to service in the community. The Foundation funds these students to study on Canadian university and college campuses, to the benefit of their future and ours.

The Loran Scholar program is the Foundation's main focus. It is supported annually by hundreds of donors. The Foundation also manages W. Garfield Weston Awards for college students, which are funded exclusively by The W. Garfield Weston Foundation, and other scholarship programs, which are fully funded by specific companies.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant of which are outlined below.

Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that the Foundation designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method less any provisions for impairment.

All transactions are recorded on a trade date basis.

Other financial instruments including accounts receivable and accounts payable are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Cash equivalents

Cash equivalents consist of a guaranteed investment certificate with a maturity of three months or less, or that are convertible into cash without significant penalty.

Furniture and equipment

Furniture and equipment is recorded at cost and is amortized on a straight-line basis over 5 years.

THE CANADIAN MERIT SCHOLARSHIP FOUNDATION / LA FONDATION CANADIENNE DES BOURSES DE MÉRITE

Notes to the Financial Statements

Years ended April 30, 2013 and April 30, 2012

2. Summary of significant accounting policies - continued

Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which include grants and donations. Grants and bequests are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the statement of operations, except to the extent that it is externally restricted in which case it is added to or deducted from endowment net assets or other restricted balances.

Grants and awards

Grants and awards are expensed in the academic year to which they relate.

Allocation of expenses

The costs associated with the selection of scholarship recipients and the enrichment programs include the costs of personnel, premises and other expenses that are directly related to providing the total program and are allocated to the various programs based on the proportional hours spent on each.

Donated materials and services

The value of volunteer and other services donated to the Foundation is not recorded in the financial statements as these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value. Donated materials are not recorded in the financial statements.

3. First-time adoption of Accounting Standards for Not-for-Profit Organizations

These financial statements are the Foundation's first financial statements prepared under ASNPO. The date of transition to the new accounting standards was May 1, 2011. The accounting policies presented in note 2 to the financial statements were used to prepare the financial statements for the year ended April 30, 2013, the comparative information and the opening statement of financial position as at the date of transition.

Section 1501 - First-time Adoption by Not-for-Profit Organizations, contains optional exemptions regarding the retrospective application of ASNPO which an organization may use upon transition. The Foundation elected not to use any exemptions at the date of transition to ASNPO.

The adoption of ASNPO resulted in the reclassification, retrospectively and prospectively, of unrealized gains and losses recorded in the statements of changes in net assets to the statements of operations. This change also eliminated the requirement that the cumulative net unrealized gains and losses be disclosed as a separate component of net assets.

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Notes to the Financial Statements

Years ended April 30, 2013 and April 30, 2012

3. First-time adoption of Accounting Standards for Not-for-Profit Organizations - continued

A reconciliation of the excess of revenue over expenses at April 30, 2012 as previously reported to the excess of revenue over expenses at April 30, 2012 under ASNPO is:

Excess of revenue over expenses for the year ending April 30, 2012 as previously reported	\$ 525,260
Reclassification of the unrealized loss on investment from the statement of changes in net assets to the statement of operations	(3,412)
Excess of revenue over expenses for the year ending April 30, 2012 in accordance with ASNPO	\$ 521,848

The change in the excess of revenue over expenses did not impact the net assets at the end of the period as the change to the excess of revenue over expenses was the result of a reclassification from net assets.

4. Investments

Investments, which are held for endowment fund net assets and for excess operating funds, consist of the following:

	April 30, 2013		
	Endowment Net Assets	Other	Total Investments
Money market funds	\$ -	\$ 3,055,639	\$ 3,055,639
Bond fund	-	750,720	750,720
Balanced pooled fund	3,390,386	-	3,390,386
	<u>\$ 3,390,386</u>	<u>\$ 3,806,359</u>	<u>\$ 7,196,745</u>

	April 30, 2012		
	Endowment Net Assets	Other	Total Investments
Government bonds	\$ -	\$ 1,788,700	\$ 1,788,700
Corporate bonds	-	1,744,985	1,744,985
Money market funds	-	214,445	214,445
Mutual funds			
Canadian equity	391,459	-	391,459
Preferred shares	20,020	-	20,020
Common shares	276,550	-	276,550
Index funds			
Canadian equity	464,061	-	464,061
Foreign equity	452,357	-	452,357
Fixed income	762,356	-	762,356
	<u>\$ 2,366,803</u>	<u>\$ 3,748,130</u>	<u>\$ 6,114,933</u>

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
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Notes to the Financial Statements

Years ended April 30, 2013 and April 30, 2012

4. Investments - continued

	May 1, 2011		
	Endowment Net Assets	Other	Total Investments
Government bonds	\$ -	\$ 1,485,700	\$ 1,485,700
Corporate bonds	-	1,128,700	1,128,700
Money market funds	-	922,491	922,491
Index funds			
Canadian equity	370,755	-	370,755
Foreign equity	257,606	-	257,606
Fixed income	552,602	-	552,602
	<u>\$ 1,180,963</u>	<u>\$ 3,536,891</u>	<u>\$ 4,717,854</u>

Investments held for endowment net assets can be invested in both fixed income and equity products. As at April 30, 2013, investments consist of a balanced pooled fund which invests in cash and equivalents, bonds, Canadian equities, and foreign equities within the Foundation's investment policy restrictions.

The other investments are restricted to fixed income products. Investments consist of money market instruments with the average term to maturity not exceeding 90 days. 20% of these investments may be invested in investment grade fixed income securities that help to provide some growth and/or income over the long term.

Investments are classified as follows:

	April 30, 2013	April 30, 2012	May 1, 2011
Short-term	\$ 2,222,622	\$ 2,140,304	\$ 2,293,335
Long-term	4,974,123	3,974,629	2,424,519
Total	<u>\$ 7,196,745</u>	<u>\$ 6,114,933</u>	<u>\$ 4,717,854</u>

Long-term investments represent investments held for endowment net assets and the long-term portion of future scholarship commitments.

During the year, investment income of \$451,680 (2012 – \$144,613) was earned, comprised of interest and dividend income of \$181,323 (2012 – \$148,025), realized gains on investments of \$175,325 (2012 – \$nil), and unrealized gains (losses) on investments of \$95,032 (2012 – (\$3,412)). Investment income is presented as investment income of \$381,169 (2012 - \$144,613) in the statement of operations and preservation of capital of \$70,511 (20120 – \$nil) in the statement of changes in net assets (note 9).

Short term investments – Other GIC

Included in cash and cash equivalents is a guaranteed investment certificate which must be held as a guarantee on the Foundation's corporate credit card of \$25,000 (April 30, 2012 - \$25, 000; May 1, 2011 - \$25,000).

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
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Notes to the Financial Statements

Years ended April 30, 2013 and April 30, 2012

5. Furniture and equipment

The cost, accumulated amortization and net book value of furniture and equipment is \$85,356 (April 30, 2012 - \$85,356; May 1, 2011 - \$85,356), \$85,356 (April 30, 2012 - \$82,454; May 1, 2011 - \$81,729), and \$Nil (April 1, 2012 - \$2,902; May 1, 2011 - \$3,627) respectively.

Included in general and administration expense is \$2,902 (2012 - \$725) of amortization.

6. Deferred contributions

Deferred contributions represent externally restricted amounts not disbursed.

	April 30, 2013	April 30, 2012	May 1, 2011
Balance, beginning of year	\$ 2,693,531	\$ 2,373,771	\$ 1,792,651
Contributions	1,263,582	1,404,971	1,465,876
Investment income deferred	-	37,439	104,939
Recognized as revenue	(1,150,782)	(1,122,650)	(989,695)
Balance, end of year	2,806,331	2,693,531	2,373,771
Less: current deferred contributions	1,222,594	1,195,786	1,130,215
<u>Long-term deferred contributions</u>	<u>\$ 1,583,737</u>	<u>\$ 1,497,745</u>	<u>\$ 1,243,556</u>

7. Prior period adjustment

During the fiscal year ended April 30, 2012, the Foundation concluded that the funds, originally transferred from unrestricted net assets, classified in prior years as internally restricted endowment should have been classified as an externally restricted endowment. As a result, the financial statements were restated to reflect the \$550,000 endowment as an externally restricted endowment. Investment income earned on the externally restricted capital is deferred and recognized as revenue in the year in which the related expenses are incurred. Accordingly, \$45,684 of unspent investment income on the endowment which had been previously recognized as revenue has been restated to be included as deferred revenue.

8. Transfer

The Foundation internally restricted unrestricted net assets of \$553,963 (2012 - \$766,049) to support Loran awards over the long term.

THE CANADIAN MERIT SCHOLARSHIP FOUNDATION / LA FONDATION CANADIENNE DES BOURSES DE MÉRITE

Notes to the Financial Statements

Years ended April 30, 2013 and April 30, 2012

9. Endowment net assets

Endowment net assets, which includes internally and externally restricted endowed funds, represent resources that are required by the donor or the Board of Directors to be maintained by the Foundation on a permanent basis. These funds provide a dependable and sustainable source of income to support the Loran awards for scholars.

Effective May 1, 2012, the Foundation adopted a capital preservation policy. This policy has the objective of protecting the real value of the endowments by limiting the amount of income available for spending and requiring the reinvestment of any income earned in excess of this limit. The amount of income currently made available for spending is based on 3.5% of the opening market value of the endowment net assets. In any particular year, should investment income be insufficient to fund the amount to be made available for spending or the investment return is negative, the amount is funded by a transfer from endowment net assets.

In fiscal 2013, investment income of \$195,883, which is net of incurred expenses of \$26,018, was earned on endowment net assets. Investment income on externally restricted endowment net assets was \$127,328. Of this amount, \$56,816 was made available for spending and recorded as investment income in the statement of operations. The return in excess of 3.5% is \$70,511 and was credited directly to externally restricted endowments as preservation of capital. Investment income on internally restricted endowment net assets was \$68,555. This amount was recorded as revenue in the statements of operations and the full amount has been allocated to internally restricted endowment net assets.

In fiscal 2012, investment income of \$18,309, which is net of incurred expenses of \$19,130, was earned on endowment net assets. This amount was recorded as revenue in the statement of operations.

10. Commitments

During the year, 30 Loran Scholars were selected. Each Loran Scholar is awarded a cash grant of \$9,000 for his or her first year of university.

The awards are renewable for up to three additional years. Awards for subsequent academic years are subject to certain conditions placed on Loran Scholars and are renewable annually at the sole discretion of the Foundation's Directors. As a result, commitments beyond the current year are not recognized in the financial statements. The W. Garfield Weston Foundation has committed to fund the grants of all W. Garfield Weston Loran Scholars through the completion of their undergraduate studies. It is the intent of the Foundation to have sufficient funds invested at all times to fund all current Loran Scholars through the completion of their program.

CMSF has entered into a long-term lease agreement for rental space with a term from May 1, 2012 until April 30, 2017.

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
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Notes to the Financial Statements

Years ended April 30, 2013 and April 30, 2012

10. Commitments - continued

The commitments of the Foundation are as follows:

	Loran Awards	W. Garfield Weston Loran Awards	Leases	Total
2014	\$ 792,000	\$ 264,000	\$ 70,193	\$ 1,126,193
2015	666,000	120,000	70,193	856,193
2016	540,000	-	70,193	610,193
2017	270,000	-	22,734	292,734
	<u>\$ 2,268,000</u>	<u>\$ 384,000</u>	<u>\$ 233,313</u>	<u>\$ 2,885,313</u>

11. Allocation of expenses

The Foundation provides its Loran and W. Garfield Weston Scholars with stipend grants and a comprehensive enrichment program that includes a summer program, mentorship program, annual retreats, conferences, and an orientation expedition.

Total general and administration costs of \$232,237 (2011 - \$229,343) were allocated to the various programs as follows:

	<u>2013</u>		
	Loran Scholar Program	W.G. Weston and Other Scholarship Programs	Total
Enrichment program			
Summer	\$ 20,301	\$ 26,146	\$ 46,447
Mentorship and stewardship	20,301	39,219	59,520
Gatherings (retreat, conferences, etc.)	27,069	26,146	53,215
Selections	33,836	39,219	73,055
	<u>\$ 101,507</u>	<u>\$ 130,730</u>	<u>\$ 232,237</u>

	<u>2012</u>		
	Loran Scholar Program	W.G. Weston and Other Scholarship Programs	Total
Enrichment program			
Summer	\$ 14,268	\$ 31,342	\$ 45,610
Mentorship and stewardship	14,268	47,012	61,280
Gatherings (retreat, conferences, etc.)	19,023	31,342	50,365
Selections	23,780	48,308	72,088
	<u>\$ 71,339</u>	<u>\$ 158,004</u>	<u>\$ 229,343</u>

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
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Notes to the Financial Statements
Years ended April 30, 2013 and April 30, 2012

12. Financial instruments

Transactions in financial instruments may result in the Foundation assuming or transferring to another party one or more of the financial risks described below. The disclosures below provide information that assists the users of these financial statements in assessing the extent of risk related to financial instruments.

Credit risk

The Foundation is exposed to credit risk in connection with its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk resulting from its investments with fixed interest rates. This risk is mitigated through investing in instruments with short terms to maturity and which have low susceptibility to significant fluctuations in market interest rates.

Currency risk

The Foundation is exposed to currency risk with respect to its investments denominated in foreign currencies.

13. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2013 financial statements.

**THE CANADIAN MERIT SCHOLARSHIP FOUNDATION /
LA FONDATION CANADIENNE DES BOURSES DE MÉRITE**
College and Other Scholarship Programs
Years ended April 30

Schedule 1

	2013	2012
Revenue		
Donations	\$ 1,109,456	\$ 1,134,372
Interest and other income	75,044	69,504
	<hr/> 1,184,500	<hr/> 1,203,876
Expenses		
Stipend grants	619,200	576,000
Enrichment program		
Summer	148,797	150,719
Mentorship and stewardship	98,172	112,297
Gatherings (retreat, conferences, orientation expedition, etc.)	91,948	127,685
Selections		
College scholarship program	151,340	167,671
Other scholarship programs	75,043	69,504
	<hr/> 1,184,500	<hr/> 1,203,876
Excess of revenue over expenses	<hr/> \$ -	<hr/> \$ -

See accompanying notes