

A low-angle, black and white photograph of several skyscrapers reaching towards a cloudy sky. The buildings are on the left side of the page, creating a sense of height and urban density.

AUDITED FINANCIAL STATEMENTS

2022
EDITION

York Entrepreneurship Development Institute

Financial Statements

December 31, 2022

York Entrepreneurship Development Institute

December 31, 2022

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Independent Auditors' Report

To the Directors of
York Entrepreneurship Development Institute

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of York Entrepreneurship Development Institute which comprise the statement of financial position as at December 31, 2022, and the statement of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of York Entrepreneurship Development Institute as at December 31, 2022, and its financial performance and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian 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 company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so, Those charged with the governance are responsible for overseeing the Company'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:

- 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 Company'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 Company'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 Company 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Valente Pacitti, LLP

Chartered Professional Accountants
Licensed Public Accountants

Vaughan, Ontario
June 27, 2023

York Entrepreneurship Development Institute

(incorporated under the laws of Ontario)

Statement of Financial Position - December 31, 2022

(audited)

	2022	2021
Assets		
Current		
Cash	\$ 486,768	\$ 477,472
Accounts receivable	74,183	-
Taxes recoverable	33,562	21,233
Convertible loans (Note 3)	350,000	150,000
Prepaid expenses	58,290	-
	1,002,803	648,705
Marketable securities (Note 4)	22,960	751,903
Investment in private companies (Note 5)	300,000	300,000
Property and equipment (Note 6)	593,591	496,266
	\$ 1,919,354	\$ 2,196,874
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 89,486	\$ 71,019
Government remittance payable	4,731	3,689
Deferred revenue	35,280	-
	129,497	74,708
Unexpended program grant and loan (Note 7)	100,000	50,000
	229,497	124,708
Net Assets		
Net assets	1,689,857	2,072,166
	\$ 1,919,354	\$ 2,196,874

See accompanying notes.

Approved on behalf of the Board

Director

York Entrepreneurship Development Institute

Statement of Operations and Net Assets

Year ended December 31, 2022

(audited)

	2022	2021
Revenue		
Income	\$ 862,239	\$ 697,540
Vocational revenue	2,693	-
Donations	731,910	860,828
Government grants	30,000	4,430
Gain/(Loss) on marketable securities	(21,789)	229,524
Gifts from other charities	432	-
Federal Government subsidy	-	10,000
	1,605,485	1,802,322
Expenses		
Charitable program expenses	1,737,121	1,598,172
General and administrative expenses		
Amortization	132,249	116,014
Advertising and promotions	30,737	13,015
Professional fees	27,650	27,535
Unrebated HST	25,414	9,036
Office and general	12,521	14,575
Bank charges	5,984	6,382
Foreign currency exchange (gain) /loss	5,929	(13,631)
Insurance	5,311	4,550
Telephone	4,878	5,657
Repairs and Maintenance	-	1,901
	1,987,794	1,783,206
Excess of revenue over expenses	(382,309)	19,116
Net assets, beginning of year	2,072,166	2,053,050
Net assets, end of year	\$ 1,689,857	\$ 2,072,166

See accompanying notes.

York Entrepreneurship Development Institute

Statement of Cash Flows

Year ended December 31, 2022

(audited)

	2022	2021
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenses	\$ (382,309)	\$ 19,116
Item not affecting cash		
Amortization	132,249	116,014
Loss/ (gain) on marketable securities	21,789	(229,524)
	(228,271)	(94,394)
Changes in working capital		
Taxes recoverable	(12,329)	23,890
Accounts receivable	(74,183)	539
Prepaid expenses	(58,290)	-
Accounts payable and accrued liabilities	19,509	48,131
Deferred revenue	35,280	(40,946)
	(318,284)	(62,780)
Financing activities		
Proceeds from unexpended program grant and loan	50,000	50,000
Investing activities		
Marketable securities	-	(751,903)
Proceeds from sale of investment in private company	-	229,524
Proceeds from sale of marketable securities	707,154	-
Investment in private companies	-	200,000
Convertible loans (Note 3)	(200,000)	100,000
Purchase of property and equipment	(229,574)	(64,419)
	277,580	(286,798)
Increase (decrease) in cash	9,296	(299,578)
Cash, beginning of year	477,472	777,050
Cash, end of year	\$ 486,768	\$ 477,472

See accompanying notes.

York Entrepreneurship Development Institute

Notes to Financial Statements

December 31, 2022

(audited)

1. Purpose of the organization

York Entrepreneurship Development Institute (the 'Company') is registered Canadian charity and as such is exempt from income taxes.

The Company was formed to provide free top tier business education and mentorship to innovative entrepreneurs from any sector or industry.

2. Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Certain significant accounting principles are summarized below.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires directors and management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from their best estimates as additional information becomes available in the future and adjustments, if any, are recorded as that information becomes known.

Cash and cash equivalents

The Company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits that the Company cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Marketable Securities

Investments are recorded and carried at fair market value. Unrealized gains and losses arising from the change in fair value of investments are recorded in the statement of operations as gain/loss on marketable securities.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided using the declining balance method over the useful life of the asset at the following rates:

Furniture and equipment	20% declining balance
Leasehold improvements	20% declining balance
Website	50% declining balance

York Entrepreneurship Development Institute

Notes to Financial Statements

December 31, 2022

(audited)

Financial instruments

The Company has elected not to disclose fair value information about financial assets and liabilities for which fair value was not readily obtainable. The fair value of cash, accounts receivable, investments, promissory notes and accounts payable is equal to their carrying amount given their maturity date.

Measurement of financial instruments

The Company initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or the exchange amount, as appropriate. The Company subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investment in private companies instruments that are quoted in an active market, which are measured at fair value. Financial assets measured at amortized cost include cash, accounts receivable, convertible loan and investment in private companies. Marketable securities are measured at fair value. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and director's loan payable.

Revenue and Cost Recognition

The Company uses deferral method of accounting for revenue recognition. Unrestricted donations are recognized as revenue when received. Restricted donations are deferred and recognized as revenue in the year which the related expenses are recorded.

Contributed services

Directors and mentors volunteer their time to assist in the Company's activities. While these services benefit the Company considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

3. Convertible promissory notes

	2022	2021
Note receivable on demand from Securter Securities Inc, bearing interest at 5% per annum, maturity on or after June 23, 2023	\$ 200,000	\$ -
Note receivable on demand from Pro-Skaters Inc, bearing interest at 5% per annum, matured on December 17, 2022	150,000	150,000
	<hr/> \$ 350,000	<hr/> \$ 150,000

The Company has invested into convertible promissory notes in the amount of \$\$350,000 (2021 - \$150,000) carrying at amortized cost. At maturity, the convertible promissory notes are convertible at the option of the Company into the most senior class or series of equity securities at a price per share offered by the debtor at that time. Note receivable from Pro-Skaters Inc., matured December 17, 2022 and the amount was received subsequent to year end.

York Entrepreneurship Development Institute

Notes to Financial Statements

December 31, 2022

(audited)

4. Marketable securities

The carrying values and market values of the investments are as follows:

	Carrying Value 2022	Market Value 2022
Cash and cash equivalents	\$ 1,547	\$ 1,547
Equities	29,184	21,413
	\$ 30,731	\$ 22,960

5. Investment in private companies

Investment in private companies is comprised of \$200,000 (2021 - \$200,000) invested in 328,828 common shares of 9223380 Ontario Inc., (The Chufa Co) and \$100,000 (2021 - \$100,000) invested in 750,188 common shares of Monkey Jobber Inc. These investments are measured at cost. These investments are assessed regularly for impairment and are written down if a permanent impairment exists.

6. Property and equipment

Comprised as follows:

	Cost	Accumulated amortization	2022	Net 2021
Furniture and equipment	\$ 185,187	\$ 39,902	\$ 145,285	\$ 36,289
Leasehold improvements	772,871	374,759	398,112	459,977
Website	66,925	16,731	50,194	-
	\$1,024,983	\$ 431,392	\$ 593,591	\$ 496,266

7. Unexpended program grants and loans

Unexpended program grants and loans is comprised of \$100,000 (2021 - \$50,000) in funds from two co-investors, whereby the use of the funds is restricted to certain projects or programs.

Unexpended program grants and loans provides the co-investors with the opportunity to co-invest in other investments made by YEDI from time to time. In return, YEDI will earn a fee of 50% (Investment fee) of the profit received from the approved investment. Such fees shall be withheld by YEDI prior to the distribution of any income or profits distributed by YEDI. Any income or profits distributed by YEDI in respect of such Approved Investment shall be proportionately distributed to all Participants.

As per the co-investment agreements, the co-investors are not entitled to demand repayment of these loans. As such, they are classified as long-term.

York Entrepreneurship Development Institute

Notes to Financial Statements

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(audited)

8. Related party transactions

Related parties of the Organization are considered to be board members and the senior management team who have a direct impact on the daily operations. As part of organization's normal business activities, the Company employed its president as a faculty instructor. Included in the charitable program expenses is compensation paid to the president as a professor of \$223,875 (2021 - \$218,494). During the year the Company received donations from its president in the amount of \$120,200 (2021 - \$nil) which it included in revenue.

The organization occupies its premises from a company controlled by its president. During the year a lease payment forgiveness in the amount of \$183,000 was included in income.

These transactions were made in the normal course of business and have been measured in the financial statements at exchange amount.

9. Financial instruments

The company is exposed to various risks through financial instruments. The following analysis provides a measure of the company's risk exposure and concentrations at the balance sheet date.

Liquidity risk

Liquidity risk is the risk the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to liquidity risk arising from meeting its payments to creditors including accounts payables. The company's ability to meet obligations depends on the receipt of funds from its operating activities in the form of revenue.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company has exposure to the credit risk arising from accounts receivable.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is not exposed to either of these risks.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 46% of the company's revenues are in foreign currency. As at December 31, 2022, cash of \$8,810 (2021 - \$336,352) is held in USD dollars and converted into Canadian dollars.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to interest rate risk

Other price risk

Other price risk is the risk that the fair value of 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. The company is not exposed to other

price risk.

York Entrepreneurship Development Institute

Notes to Financial Statements

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(audited)

10. Subsequent events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued, and determined the following subsequent event requires disclosure in the financial statements.

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown.

Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2022 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.