

Financial statements of

**Youth Science Canada**

June 30, 2010

# Youth Science Canada

June 30, 2010

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## Auditors' Report

To the Members of Youth Science Canada

We have audited the statement of financial position of Youth Science Canada as at June 30, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Youth Science Canada's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, Youth Science Canada derives revenue from donations, 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 Youth Science Canada and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses for the year, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Youth Science Canada as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Licensed Public Accountants  
September 24, 2010

# Youth Science Canada

## Statement of financial position as at June 30, 2010

	2010	2009
	\$	\$
<b>Assets</b>		
Current		
Cash	-	107,277
Investments (Note 4)	2,500,000	-
Accounts receivable (Note 5)	226,529	418,004
Prepaid expenses and other assets (Note 3)	101,375	64,907
	<b>2,827,904</b>	<b>590,188</b>
Long-term investments (Note 4)	-	2,500,000
Restricted cash (Note 6)	66,831	59,432
Capital assets (Note 7)	166,020	210,477
	<b>3,060,755</b>	<b>3,360,097</b>
<b>Liabilities</b>		
Current		
Bank overdraft	200,925	-
Accounts payable and accrued liabilities	120,510	151,967
Deferred revenue (Notes 3 and 8)	1,556,694	1,404,792
	<b>1,878,129</b>	<b>1,556,759</b>
Deferred revenue (Note 8)	855,316	1,866,605
Retirement allowance (Note 13)	52,660	47,151
	<b>2,786,105</b>	<b>3,470,515</b>
<b>Net assets (deficiency)</b>		
Investment in capital assets	166,020	210,477
Restricted for Equalized Travel Plan (Note 9)	100,081	129,801
Unrestricted	8,549	(450,696)
	<b>274,650</b>	<b>(110,418)</b>
	<b>3,060,755</b>	<b>3,360,097</b>

# Youth Science Canada

## Statement of operations year ended June 30, 2010

	2010	2009
	\$	\$
<b>Revenue</b>		
Canada-Wide Science Fair (Note 11)		
Travel, insurance and other fees	457,060	571,663
Registration fees	444,200	424,140
Government grant (Note 8)	866,269	359,708
Sponsorships and donations (Note 3)	1,284,556	927,415
Regional affiliation fees	29,750	29,490
Amortization of deferred contributions related to scholarships	-	3,000
Investment and other income	97,128	15,304
	<b>3,178,963</b>	<b>2,330,720</b>
<b>Expenses</b>		
Canada-Wide Science Fair (Note 11)		
Travel, insurance and other expenses (Note 3)	565,279	565,206
Host committee operating costs	466,086	450,806
Government grant (Ontario MRI) (Note 8)	866,269	359,708
Other programs	512,085	535,720
Salaries and benefits	248,351	225,553
Contracted services	18,963	41,000
Fundraising	13,903	567
Administration	19,201	138,545
Board and committees	17,073	12,264
Scholarships	-	2,250
Amortization of capital assets	66,685	43,697
	<b>2,793,895</b>	<b>2,375,316</b>
<b>Excess of revenue over expenses (expenses over revenue) for the year</b>	<b>385,068</b>	<b>(44,596)</b>

# Youth Science Canada

Statement of changes in net assets  
year ended June 30, 2010

				2010	2009
	Investment in capital assets	Restricted for Equalized Travel Plan (Note 9)	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
<b>Balances, beginning of year</b>	210,477	129,801	(450,696)	(110,418)	(65,822)
Excess of (expenses over revenue) revenue over expenses for the year	(66,685)	(29,720)	481,473	385,068	(44,596)
Additions to capital assets	22,228	-	(22,228)	-	-
<b>Balances, end of year</b>	<b>166,020</b>	<b>100,081</b>	<b>8,549</b>	<b>274,650</b>	<b>(110,418)</b>

# Youth Science Canada

## Statement of cash flows year ended June 30, 2010

	2010	2009
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses (expenses over revenue) for the year	385,068	(44,596)
Items not affecting cash		
Amortization of capital assets	66,685	43,697
Retirement allowance	5,509	1,595
Decrease in deferred contributions	-	(3,000)
	<b>457,262</b>	<b>(2,304)</b>
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	191,475	(305,851)
Increase in prepaid expenses and other assets	(36,468)	(52,831)
(Decrease) increase in accounts payable and accrued liabilities	(31,457)	81,170
(Increase) decrease in restricted cash	(7,399)	461
Decrease in deferred revenue	(859,387)	(245,845)
	<b>(285,974)</b>	<b>(525,200)</b>
<b>Investment activities</b>		
Increase in investments	-	(2,500,000)
Additions to capital assets	(22,228)	(158,286)
	<b>(22,228)</b>	<b>(2,658,286)</b>
Decrease in cash during the year	<b>(308,202)</b>	<b>(3,183,486)</b>
Cash, beginning of year	107,277	3,290,763
<b>(Bank overdraft) cash, end of year</b>	<b>(200,925)</b>	<b>107,277</b>

# Youth Science Canada

## Notes to the financial statements

June 30, 2010

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### 1. **Mandate**

Youth Science Canada is a national organization enabling youth science programs through partnerships at the regional, provincial and national levels. Best known for project-based science and science fairs, a program that reaches classrooms, schools and communities in every province and territory through a network of over 100 affiliated regional organizations, Youth Science Canada's core programming also includes programs that deliver online resources, international opportunities and peer-based and professional mentorship.

Twice a year, in October and March, Youth Science Canada reaches out to over 11,000 schools and local media in every part of the country, with two awareness building initiatives that reinforce project-based science and career opportunities in science and engineering among grade 7-12 teachers and their students.

In addition, Youth Science Canada sets national standards for scientific experimentation by young people and works to engage scientists, educators, parents and leading public and private sector organizations in the development and support of a national science and technology network of Canadian youth.

Youth Science Canada is a registered charity under the Income Tax Act (Canada) (the Act) and, accordingly, is exempt from income taxes provided certain requirements of the Act are met. In the opinion of management, those requirements have been met.

On December 5, 2008 Youth Science Canada changed its name from Youth Science Foundation Canada.

### 2. **Changes in accounting policies**

#### Series of Sections 4400 – Not-for-profit organizations

In September 2008, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to several of the existing sections on accounting, measurement and financial reporting by Not-for-profit organizations contained in the 4400 series of Sections of the CICA Handbook. The adoption of these amendments has not resulted in any change in the way Youth Science Canada accounts for its transactions but has resulted in additional disclosure of allocated expenses which has been disclosed in Note 16.

#### Section 1000 – Financial statement concepts

On January 1, 2009, the Youth Science Canada adopted the amendments made to Section 1000 "Financial statements concepts". The amended section requires an entity to demonstrate that any amount that it is presented as an asset meets the conceptual definition of an asset or is permitted to be recorded as assets under specific CICA Handbook sections. The adoption of these amendments has not resulted in any change in the way Youth Science Canada accounts for its transactions.

#### Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee ("EIC") issued EIC-173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counterparty (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The new guidance did not have any impact on the valuation of Youth Science Canada's financial assets and liabilities.

# Youth Science Canada

## Notes to the financial statements

June 30, 2010

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### 3. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

#### *Going concern*

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the normal course of business.

Youth Science Canada's ability to continue as a going concern is dependent upon achieving an operating surplus, balancing its budget on a go forward basis and receiving adequate funding support for its activities.

#### *Financial instruments*

Youth Science Canada has classified its financial instruments as follows:

- Cash, restricted cash and investments as "held-for-trading". Held-for-trading items are carried at fair value, with changes in their fair value recognized in the Statement of operations in the current period.
- All accounts receivable as "loans and receivables". Loans and receivables are carried at amortized cost, using the effective interest method.
- Accounts payable and accrued liabilities as "other liabilities". Other liabilities are carried at amortized cost, using the effective interest method.

The cost of long-term investments plus accrued interest approximates their fair value. The carrying value of accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their relatively short term nature.

As allowed under Section 3855 "Financial Instruments – Recognition and Measurement", Youth Science Canada has elected not to account for non-financial contracts as derivatives, and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

Youth Science Canada has elected to follow the disclosure requirements of Section 3861 "Financial Instruments – Disclosure and Presentation" of the CICA Handbook.

#### *Revenue recognition*

Youth Science Canada follows the restricted fund method of accounting for contributions.

Unrestricted contributions or donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions such as sponsorships and scholarships for which there are no restricted funds are deferred and recognized as revenue in the period in which the related expenses are incurred.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees, contracts and sales of publications is recognized when the services are provided or the publications are sold.

#### *Donations-in-kind*

The financial statements reflect donations-in-kind when such items would otherwise have been performed and their value can be determined.

# Youth Science Canada

## Notes to the financial statements

June 30, 2010

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### 3. Summary of significant accounting policies (continued)

#### *Donations-in-kind (continued)*

During the year, Youth Science Canada received rail tickets with a value of \$30,000 (2009 - \$30,000), of which \$21,420 (2009 - \$2,386) had been used by the year end. This amount is included in sponsorships and donations revenue and in travel, insurance and other expenses. Youth Science Canada was informed that the remaining \$38,858 (including the opening balance of \$30,278) will not be honored due to the expiry of the contract. Accordingly, this amount has not been recognized in the 2010 financial statements.

During the year, Youth Science Canada also received in-kind donations with a value of \$41,015 (2009 - \$Nil), of which all services had been used by the year end. This amount is included in sponsorships and donations revenue, other programs expenses and in Canada Wide Science fair expenses.

#### *Capital assets*

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expenses. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Youth Science Canada's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the periods indicated below:

Proprietary software	10 years
Furniture and equipment	3 years
Website software	5 years
Computer software	3 to 5 years
Computer equipment	3 years
Signage	3 years
Leasehold improvements	Over the life of the lease.

#### *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include accounts payable and accrued liabilities, deferred revenue and retirement allowance.

### 4. Investments

Investments consist of Guaranteed Investment Certificates which mature on August 5, 2010 and bear interest at 4 per cent per annum.

### 5. Accounts receivable

	2010	2009
	\$	\$
Receivable from sponsors and members	63,552	253,447
GST rebate	61,073	27,947
Interest receivable	42,250	40,924
Other receivable	59,654	95,686
	<b>226,529</b>	<b>418,004</b>

# Youth Science Canada

## Notes to the financial statements

June 30, 2010

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### 6. Restricted cash

Cash is restricted for the following purposes:

	2010	2009
	\$	\$
Retirement allowance	36,831	29,432
Credit facility (Note 12)	30,000	30,000
	<b>66,831</b>	<b>59,432</b>

The retirement allowance is for the retirement of the executive director in 2014 in the amount of \$55,000 (2009 - \$56,000). On an annual basis, \$5,500 is set aside as internally restricted cash to fund this future retirement allowance.

Investment income on the restricted cash is unrestricted.

### 7. Capital assets

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Proprietary software	283,343	247,438	35,905	47,874
Website software	48,429	13,241	35,188	37,791
Computer software	108,332	43,102	65,230	93,964
Computer equipment	14,194	8,246	5,948	956
Furniture and equipment	47,345	27,282	20,063	27,452
Signage	2,146	358	1,788	-
Leasehold improvements	2,711	813	1,898	2,440
	<b>506,500</b>	<b>340,480</b>	<b>166,020</b>	<b>210,477</b>

### 8. Deferred revenue

Deferred revenue includes the following amounts:

	2010	2009
	\$	\$
Ontario Ministry of Research and Innovation grant	2,274,023	3,140,292
Interest earned on grant	137,987	100,827
	<b>2,412,010</b>	<b>3,241,119</b>
Less long-term portion	855,316	1,866,605
	<b>1,556,694</b>	<b>1,374,514</b>
Other	-	30,278
	<b>1,556,694</b>	<b>1,404,792</b>

# Youth Science Canada

## Notes to the financial statements

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### 8. Deferred revenue (continued)

The amount from the Ontario Ministry of Research and Innovation will be used to support Ontario youth engagement in Youth Science Canada's activities and programs. \$866,269 (2009 - \$359,708) has been spent during the year. The remaining amounts are expected to be spent as follows:

	\$
2011	1,556,694
2012	855,316
	<u>2,412,010</u>

### 9. Restricted for Equalized Travel Plan

The Equalized Travel Plan provides central administration for the logistics associated with the transportation of participants to the Canada Wide Science Fair ("CWSF") host city. The objectives of the plan are to equalize the cost of travel for all CWSF participants across Canada in any particular year and to protect against significant fluctuation of travel cost to the regions and Youth Science Canada within a particular year. This plan ensures that all regions have access to affordable travel, regardless of the location of the CWSF, and makes participation from remote regions possible. Participation in the plan is mandatory for all affiliated regions. Any surplus generated in any particular year will be partially credited to the regions in the next year and partially retained to stabilize the travel costs in the upcoming years. Any deficit generated in any particular year will reduce the accumulated balance and, if necessary, be charged back to the regions in the next year.

The current position of the Equalized Travel Plan is summarized below:

	2010	2009
	\$	\$
Opening balance	<u>129,801</u>	116,111
Amounts received from regions	322,600	543,375
Travel costs	<u>(339,760)</u>	<u>(520,173)</u>
Net (deficit) surplus	(17,160)	23,202
Total credit to regions	<u>(12,560)</u>	<u>(9,512)</u>
Net (payment to) receipt from regions	<u>(29,720)</u>	13,690
Closing balance	<u>100,081</u>	<u>129,801</u>

### 10. Commitments

#### Lease commitment

Youth Science Canada is committed to an operating lease for its rental space from August 1, 2008 to July 31, 2013. Youth Science Canada has an option to renew the premises lease for a term of five years at the then market rate. The minimum annual payments for the rental space are as follows:

	\$
2011	21,000
2012	22,283
2013	22,400

Youth Science Canada is also committed to its share of taxes, maintenance and insurance, which amounts to approximately \$14,000 per annum.

# Youth Science Canada

## Notes to the financial statements

June 30, 2010

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### 11. Canada-Wide Science Fair (“CWSF”)

The CWSF is the annual showcase event of Youth Science Canada. The CWSF is the largest extra-curricular youth activity related to science and technology in Canada, gathering over 450 of the best young scientists from across Canada.

The revenues associated with the CWSF include registration fees, travel, insurance and other fees. The expenses of the CWSF include registration fees paid to the CWSF host committee, travel and insurance costs, award ceremony production and other direct expenses.

### 12. Credit facility

Youth Science Canada has established a letter of credit in favour of the Ontario Teachers’ Pension Plan Board in the amount of \$30,000 with a Canadian chartered bank. The letter of credit is secured by a guaranteed investment certificate in the amount of \$30,000 which bears interest at 2%. As at June 30, 2010, Youth Science Canada has not drawn any amounts against this letter of credit.

### 13. Retirement allowance

In connection with the hiring of the executive director in 2005, Youth Science Canada made a commitment to provide a retirement gratuity equivalent to that provided by the Executive Director’s previous employer, to be paid in 2014. As at June 30, 2010, the estimated present value of the retirement allowance is \$52,660 (2009 - \$47,151).

### 14. Guarantees

Indemnity has been provided to all directors and officers of Youth Science Canada for various items including, but not limited to, all costs to settle suits or actions due to their involvement with Youth Science Canada, subject to certain restrictions. Youth Science Canada has purchased directors’ and officers’ liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payments cannot be reasonably estimated.

### 15. Capital disclosures

Youth Science Canada considers its net assets together with deferred revenue, to be its capital.

The excess of revenue over expenses (expenses over revenue) are accumulated in the unrestricted fund balance. The investments in capital assets and the Restricted for Equalized Travel Plan balances are restricted in their use and the restrictions related thereto as well as to deferred revenue, have been complied with.

### 16. Allocation of expenses

Youth Science Canada has allocated salary and benefits expenses in the amount of \$139,344 (2009 - \$75,568) to the Ontario Ministry of Research and Innovations Program. This allocation is based on the estimated time dedicated to this program. Such allocation is reviewed regularly by management.