

Financial statements of

**Youth Science Canada**

June 30, 2011

# Youth Science Canada

June 30, 2011

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## Independent Auditor's Report

To the Directors of Youth Science Canada

We have audited the accompanying financial statements of Youth Science Canada (the "Organization"), which comprise the statement of financial position as at June 30, 2011, and the statements of operations, changes in net assets, and cash flows for the year then ended, 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 generally accepted accounting principles, 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 audit. We conducted our audit 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.

Except as explained in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for qualified opinion**

In common with many charitable organizations, the Organization 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 the Organization and we were not able to determine whether any adjustments might be necessary to donations revenues, excess of revenue over expenses, assets and net assets.

**Qualified opinion**

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2011, 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  
November 5, 2011

# Youth Science Canada

## Statement of financial position as at June 30, 2011

	2011	2010
	\$	\$
<b>Assets</b>		
Current assets		
Investments (Note 3)	800,000	2,500,000
Accounts receivable (Note 4)	231,865	226,529
Prepaid expenses and other assets (Note 2)	169,162	101,375
	<b>1,201,027</b>	<b>2,827,904</b>
Restricted cash (Note 5)	70,525	66,831
Capital assets (Note 6)	131,908	166,020
	<b>1,403,460</b>	<b>3,060,755</b>
<b>Liabilities</b>		
Current liabilities		
Bank overdraft	119,803	200,925
Accounts payable and accrued liabilities	143,905	120,510
Deferred revenue (Notes 2 and 7)	1,115,297	1,556,694
	<b>1,379,005</b>	<b>1,878,129</b>
Deferred revenue (Note 7)	-	855,316
Retirement allowance (Note 12)	53,318	52,660
	<b>1,432,323</b>	<b>2,786,105</b>
<b>Net assets (deficiency)</b>		
Investment in capital assets	131,908	166,020
Restricted for Equalized Travel Plan (Note 8)	62,226	100,081
Unrestricted	(222,997)	8,549
	<b>(28,863)</b>	<b>274,650</b>
	<b>1,403,460</b>	<b>3,060,755</b>

# Youth Science Canada

## Statement of operations year ended June 30, 2011

	2011	2010
	\$	\$
<b>Revenues</b>		
Canada-Wide Science Fair (Note 10)		
Travel, insurance and other fees	471,183	457,060
Registration fees	462,337	444,200
Government grant – Ontario Ministry of Research and Innovations Program (Note 7)	1,173,212	866,269
Sponsorships and donations (Note 2)	608,973	1,284,556
Regional affiliation fees	29,460	29,750
Investment and other income	90,895	97,128
	<b>2,836,060</b>	<b>3,178,963</b>
<b>Expenses</b>		
Canada-Wide Science Fair (Note 10)		
Travel, insurance and other expenses (Note 2)	636,340	565,279
Youth Science Canada operating costs	339,512	-
Host committee operating costs	59,130	466,086
Government grant – Ontario Ministry of Research and Innovations Program (Note 7)	1,173,212	866,269
Other programs	443,211	512,085
Salaries and benefits	334,761	248,351
Contracted services	24,842	18,963
Fundraising	14,217	13,903
Administration	18,427	19,201
Board and committees	19,623	17,073
Scholarships	750	-
Amortization of capital assets	75,548	66,685
	<b>3,139,573</b>	<b>2,793,895</b>
<b>Excess of (expenses over revenue)</b>		
<b>revenue over expenses for the year</b>	<b>(303,513)</b>	<b>385,068</b>

# Youth Science Canada

## Statement of changes in net assets year ended June 30, 2011

	2011			2010	
	Investment in capital assets	Restricted for Equalized Travel Plan (Note 8)	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
<b>Balances, beginning of year</b>	<b>166,020</b>	<b>100,081</b>	<b>8,549</b>	<b>274,650</b>	<b>(110,418)</b>
Excess of (expenses over revenue) revenue over expenses for the year	<b>(75,548)</b>	<b>(37,855)</b>	<b>(190,110)</b>	<b>(303,513)</b>	385,068
Additions to capital assets	<b>41,436</b>	-	<b>(41,436)</b>	-	-
<b>Balances, end of year</b>	<b>131,908</b>	<b>62,226</b>	<b>(222,997)</b>	<b>(28,863)</b>	274,650

# Youth Science Canada

## Statement of cash flows year ended June 30, 2011

	2011	2010
	\$	\$
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of (expenses over revenue) revenue over expenses for the year	<b>(303,513)</b>	385,068
Items not affecting cash		
Amortization of capital assets	<b>75,548</b>	66,685
Retirement allowance	<b>658</b>	5,509
	<b>(227,307)</b>	457,262
Changes in non-cash operating items		
Increase in accounts receivable	<b>(5,336)</b>	191,475
Increase in prepaid expenses and other assets	<b>(67,787)</b>	(36,468)
Increase (decrease) in accounts payable and accrued liabilities	<b>23,395</b>	(31,457)
Increase in restricted cash	<b>(3,694)</b>	(7,399)
Decrease in deferred revenue	<b>(1,296,713)</b>	(859,387)
	<b>(1,577,442)</b>	(285,974)
<b>Investing</b>		
Decrease in investments	<b>1,700,000</b>	-
Additions to capital assets	<b>(41,436)</b>	(22,228)
	<b>1,658,564</b>	(22,228)
Increase (decrease) in cash during the year	<b>81,122</b>	(308,202)
(Bank overdraft) cash, beginning of year	<b>(200,925)</b>	107,277
<b>Bank overdraft, end of year</b>	<b>(119,803)</b>	(200,925)



# Youth Science Canada

## Notes to the financial statements

June 30, 2011

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### 1. Mandate

Youth Science Canada is a national organization that exists to engage Canadian youth through science in inquiry and critical thinking. Specifically, Youth Science Canada is focused on ensuring that: youth are engaged in science through inquiry activities and projects; educators and parents value an inquiry-based approach to science learning; youth are recognized for achievements in science; resources and tools exist to support inquiry and critical thinking in science; and youth with the potential for excellence in science are identified and supported. Youth Science Canada does this through four major program areas, targeting youth and educators – in both official languages:

- Science projects and science fairs – science projects in schools and homes; regional science fairs in every province and territory; the weeklong Canada-Wide Science Fair (CWSF®); and Team Canada.
- Smarter Science® / ÉducaSciences<sup>md</sup> – a framework, resources, and workshops for teaching and learning science through inquiry for teachers in grades 1-12.
- SMARTS – our online community for youth and the adults who support them.
- School Campaigns – Invent the Future and Youth Science Month – national campaigns that provide teachers in 11,000 schools (every school in the country with grades 7-12/Cégep) with information on inquiry, project-based science, science fairs, and the achievements of Canada's young scientists.

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.

### 2. 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.

# Youth Science Canada

## Notes to the financial statements

June 30, 2011

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

#### *Financial instruments (continued)*

The cost of 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 Canadian Institute of Chartered Accountants' ("CICA's") 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.

During the prior year, Youth Science Canada received rail tickets with a value of \$30,000, of which \$21,420 had been used by the year end and was included in sponsorships and donations revenue and in travel insurance and other expenses in 2010. The remaining amount of \$8,580 was included in prepaid expenses and other assets and in deferred revenue as at June 30, 2010 and in the above-noted revenue and expense categories in 2011.

During the prior year, Youth Science Canada also received in-kind donations with a value of \$41,015, of which all services had been used by the end of the year. 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.

# Youth Science Canada

## Notes to the financial statements

June 30, 2011

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

#### *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.

#### *Future accounting changes*

On December, 2010, the CICA issued accounting standards for Not-for-profit organizations (Part III of the CICA Handbook – Accounting). Effective for fiscal years beginning on or after January 1, 2012, Not-for-profit organizations are required to adopt either Part III of the CICA Handbook – Accounting, or International Financial Reporting Standards (Part I of the CICA Handbook – Accounting). Earlier adoption is permitted. Youth Science Canada is currently evaluating the impact on its financial statements of the two options.

### 3. Investments

Investments consist of two Guaranteed Investment Certificates of \$400,000 each (2010 - \$2,500,000), which mature on July 31, 2011 and November 3, 2011 (2010 – August 5, 2010) and bear interest at 1.25% and 1.55%, respectively, per annum (2010 – 4% per annum).

### 4. Accounts receivable

	2011	2010
	\$	\$
Receivable from sponsors and members	84,760	63,552
HST/GST rebate	117,325	61,073
Interest receivable	11,106	42,250
Other receivable	18,674	59,654
	<b>231,865</b>	<b>226,529</b>

### 5. Restricted cash

Cash is restricted for the following purposes:

	2011	2010
	\$	\$
Retirement allowance (Note 12)	40,525	36,831
Credit facility (Note 11)	30,000	30,000
	<b>70,525</b>	<b>66,831</b>

The retirement allowance is for the retirement of the executive director in December 2013 in the amount of \$55,000. To fund this future retirement allowance, an amount is set aside on an annual basis as internally restricted cash so that this future retirement allowance will be fully funded by December 31, 2013.

Investment income on the restricted cash is unrestricted.

# Youth Science Canada

## Notes to the financial statements

June 30, 2011

### 6. Capital assets

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Proprietary software	283,343	259,406	23,937	35,905
Website software	68,205	24,904	43,301	35,188
Computer software	108,332	71,837	36,495	65,230
Computer equipment	19,250	11,621	7,629	5,948
Furniture and equipment	47,345	43,064	4,281	20,063
Signage	18,750	3,840	14,910	1,788
Leasehold improvements	2,711	1,356	1,355	1,898
	<b>547,936</b>	<b>416,028</b>	<b>131,908</b>	<b>166,020</b>

### 7. Deferred revenue

Deferred revenue includes the following amounts:

	2011	2010
	\$	\$
Ontario Ministry of Research and Innovation grant	1,057,397	2,274,023
Interest earned on grant	29,400	137,987
	<b>1,086,797</b>	<b>2,412,010</b>
Less: Long-term portion	-	855,316
	<b>1,086,797</b>	<b>1,556,694</b>
Other	28,500	-
	<b>1,115,297</b>	<b>1,556,694</b>

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. \$1,173,212 (2010 – \$866,269) has been spent during the year. The remaining amounts are expected to be spent by the end of March 2012 (the end of the contract). Any unspent amounts are required to be returned to the Ontario Ministry of Research and Innovation.

### 8. 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.

# Youth Science Canada

## Notes to the financial statements

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### 8. Restricted for Equalized Travel Plan (continued)

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

	2011	2010
	\$	\$
Opening balance	100,081	129,801
Amounts received from regions	310,513	322,600
Travel costs	(334,508)	(339,760)
Net deficit	(23,995)	(17,160)
Total credit to regions	(13,860)	(12,560)
Net payment to regions	(37,855)	(29,720)
Closing balance	62,226	100,081

### 9. 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:

	\$
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.

### 10. 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 500 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 accommodation, meals, facilities, exhibit hall, travel and insurance costs, award ceremony production and other direct expenses.

### 11. 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, 2011, Youth Science Canada has not drawn any amounts against this letter of credit.

### 12. 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. As at June 30, 2011, the estimated present value of the retirement allowance is \$53,318 (2010 – \$52,660).

# Youth Science Canada

## Notes to the financial statements

June 30, 2011

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### 13. 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.

### 14. Capital disclosures

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

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.

### 15. Allocation of expenses

Youth Science Canada has allocated salary and benefits expenses in the amount of \$277,415 (2010 – \$139,344) 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.