

Financial statements of

Youth Science Canada

June 30, 2013 and 2012

Youth Science Canada

June 30, 2013 and 2012

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Deloitte LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

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 statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011, the statements of operations, changes in net assets, and cash flows for the years ended June 30, 2013 and June 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 audits 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 is sufficient and appropriate to provide a basis for our qualified 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 expenses over revenue, and cash flows from operations for the years ended June 30, 2013 and June 30, 2012, and current assets and net assets as at June 30, 2013, June 30, 2012 and July 1, 2011.

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, 2013, June 30, 2012 and July 1, 2011, and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
October 26, 2013

Youth Science Canada

Statements of financial position

as at June 30, 2013, June 30, 2012 and July 1, 2011

	June 30, 2013	June 30, 2012	July 1, 2011 (Note 2)
	\$	\$	\$
Assets			
Current assets			
Cash	379,475	147,430	-
Investments	-	-	800,000
Accounts receivable (Note 4)	123,893	188,889	231,865
Prepaid expenses and other assets	17,468	17,974	169,162
	520,836	354,293	1,201,027
Restricted cash (Note 5)	82,327	76,315	70,525
Capital assets (Note 6)	85,782	119,312	131,908
	688,945	549,920	1,403,460
Liabilities			
Current liabilities			
Bank overdraft	-	-	119,803
Accounts payable and accrued liabilities (Note 14)	511,927	85,573	143,905
Deferred revenue (Note 7)	164,329	123,333	1,215,297
	676,256	208,906	1,479,005
Retirement allowance (Note 12)	54,727	54,185	53,318
	730,983	263,091	1,532,323
Net assets (deficiency)			
Investment in capital assets	85,782	119,312	131,908
Restricted for Equalized Travel Plan (Note 8)	150,044	131,635	62,226
Unrestricted	(277,864)	35,882	(322,997)
	(42,038)	286,829	(128,863)
	688,945	549,920	1,403,460

Approved by the Board

Malcom Butler, Chair

Mayur Gadhia, Treasurer

The accompanying notes to the financial statements are an integral part of this financial statement.

Youth Science Canada

Statements of operations years ended June 30, 2013 and 2012

	2013	2012
	\$	(Note 2) \$
Revenue		
Canada-Wide Science Fair (Note 10)		
Travel, insurance and other fees	537,111	657,998
Registration fees	543,142	483,173
Government grant - Ontario Ministry of Research and Innovation Program (Note 7)	-	1,100,881
Sponsorships and donations (Note 3)	857,136	806,752
Regional affiliation fees	29,030	29,690
Investment and other income	20,581	101,161
	1,987,000	3,179,655
Expenses		
Canada-Wide Science Fair (Note 10)		
Travel, insurance and other expenses (Note 3)	560,451	560,737
Youth Science Canada operating costs	408,460	260,795
Government grant - Ontario Ministry of Research and Innovation Program (Note 7)	-	1,100,881
Other programs	698,199	360,859
Salaries and benefits	405,832	259,265
Contracted services	86,030	57,437
Fundraising	65,066	76,669
Administration	8,393	9,069
Board and committees	18,979	12,462
Amortization of capital assets	62,795	65,789
Loss on sale of capital assets	1,662	-
	2,315,867	2,763,963
Excess of (expenses over revenue)		
revenue over expenses for the year	(328,867)	415,692

The accompanying notes to the financial statements are an integral part of this financial statement.

Youth Science Canada

Statements of changes in net assets years ended June 30, 2013 and 2012

	2013			2012 (Note 2)	
	Investment in capital assets	Restricted for equalized travel plan	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
Balances, beginning of year	119,312	131,635	35,882	286,829	(128,863)
Excess of (expenses over revenue)					
revenue over expenses for the year	(64,457)	18,409	(282,819)	(328,867)	415,692
Additions to capital assets	30,927	-	(30,927)	-	-
Balances, end of year	85,782	150,044	(277,864)	(42,038)	286,829

The accompanying notes to the financial statements are an integral part of this financial statement.

Youth Science Canada

Statements of cash flows

years ended June 30, 2013 and 2012

	2013	2012 (Note 2)
	\$	\$
Operating activities		
Excess of (expenses over revenue) revenue over expenses for the year	(328,867)	415,692
Items not affecting cash		
Amortization of capital assets	62,795	65,789
Loss on sale of capital assets	1,662	-
Retirement allowance	542	867
	(263,868)	482,348
Changes in non-cash operating items		
Decrease in accounts receivable	64,996	42,976
Decrease in prepaid expenses and other assets	506	151,188
Increase (decrease) in accounts payable and accrued liabilities	426,354	(58,332)
Increase (decrease) in deferred revenue	40,996	(1,091,964)
	268,984	(473,784)
Investing activities		
Decrease in investments	-	800,000
Additions to capital assets	(30,927)	(53,193)
	(30,927)	746,807
Increase in cash during the year	238,057	273,023
Cash (bank overdraft), beginning of year	223,745	(49,278)
Cash, end of year	461,802	223,745
Comprised of:		
Cash	379,475	147,430
Restricted cash	82,327	76,315
	461,802	223,745

The accompanying notes to the financial statements are an integral part of this financial statement.

Youth Science Canada

Notes to the financial statements

June 30, 2013 and 2012

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^{md} - 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. Adoption of new accounting framework

During the year ended June 30, 2013, Youth Science Canada adopted the new accounting standards for not-for-profit organizations ("ASNPOs") issued by the Canadian Institute of Chartered Accountants ("CICA") and set out in Part III of the CICA Handbook. In accordance with Section 1501 of the CICA Handbook, "First-time Adoption", ("Section 1501"), the date of transition to ASNPOs is July 1, 2011 and Youth Science Canada has prepared and presented an opening Statement of financial position as at that date. This opening Statement of financial position is the starting point for Youth Science Canada's accounting under ASNPOs. In its opening Statement of financial position, under the recommendations of Section 1501, Youth Science Canada:

- (a) recognized all assets and liabilities the recognition of which is required by ASNPOs;
- (b) did not recognize items as assets or liabilities if the ASNPOs do not permit such recognition; and
- (c) applied ASNPOs in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented. Youth Science Canada has not applied any of the exemptions available under Section 1501, as it has determined there is no financial impact on the financial statements.

The adoption of this new financial reporting framework has no impact on the previously reported Statement of financial position as at July 1, 2011, or on the previously reported Statements of operations, changes in net assets and cash flows for the year ended June 30, 2012. Consequently, a reconciliation of previously reported items to those reported using ASNPOs has not been prepared.

Youth Science Canada

Notes to the financial statements

June 30, 2013 and 2012

3. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with ASNPOs, 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 its ability to generate an operating surplus, balancing its budget on a go forward basis and receiving adequate funding support for its activities.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when Youth Science Canada becomes a party to the contractual provisions of the financial instrument. Subsequently, financial assets and financial liabilities are recorded at amortized cost.

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 purchased and their value can be determined.

During the year, Youth Science Canada received equipment with a value of \$17,149 (2012 - \$20,475), of which \$15,708 (2012 - \$5,197) had been used by the year end and is included in sponsorships and donations revenue and in travel, insurance and other expenses. The remaining amount of \$1,441 (2012 - \$15,278) is included in capital assets.

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 the straight-line basis over the periods indicated below:

Proprietary software	10 years
Furniture and equipment	3 years
Website	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, 2013 and 2012

3. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with ASNPOs 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 the retirement allowance.

4. Accounts receivable

	June 30, 2013	June 30, 2012	July 1, 2011
	\$	\$	\$
Receivable from sponsors and members	68,634	59,715	84,760
Harmonized Sales Tax rebate	52,422	121,295	117,325
Interest receivable	1,175	564	11,106
Other receivable	1,662	7,315	18,674
	123,893	188,889	231,865

5. Restricted cash

Cash is restricted for the following purposes:

	June 30, 2013	June 30, 2012	July 1, 2011
	\$	\$	\$
Retirement allowance (Note 12)	52,327	46,315	40,525
Credit facility (Note 11)	30,000	30,000	30,000
	82,327	76,315	70,525

The retirement allowance is for the retirement of the Executive Director on November 30, 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 November 30, 2013.

Investment income on the restricted cash is unrestricted.

Youth Science Canada

Notes to the financial statements

June 30, 2013 and 2012

6. Capital assets

	June 30, 2013		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Proprietary software	283,343	283,343	-
Website	129,926	63,160	66,766
Computer software	108,331	102,798	5,533
Computer equipment	31,839	22,966	8,873
Furniture and equipment	49,343	47,771	1,572
Signage	18,749	15,982	2,767
Leasehold improvements	2,711	2,440	271
	624,242	538,460	85,782

	June 30, 2012		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Proprietary software	283,343	271,374	11,969
Website	95,530	40,614	54,916
Computer software	108,331	91,736	16,595
Computer equipment	34,704	18,222	16,482
Furniture and equipment	57,760	47,882	9,878
Signage	18,749	10,090	8,659
Leasehold improvements	2,711	1,898	813
	601,128	481,816	119,312

	July 1, 2011		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Proprietary software	283,343	259,406	23,937
Website	68,205	24,904	43,301
Computer software	108,332	71,837	36,495
Computer equipment	19,250	11,621	7,629
Furniture and equipment	47,345	43,064	4,281
Signage	18,750	3,840	14,910
Leasehold improvements	2,711	1,356	1,355
	547,936	416,028	131,908

Youth Science Canada

Notes to the financial statements

June 30, 2013 and 2012

7. Deferred revenue

Deferred revenue consists of the following amounts:

	June 30, 2013	June 30, 2012	July 1, 2011
	\$	\$	\$
Ontario Ministry of Research and Innovation grant	-	-	1,100,881
Interest earned on grant	-	-	85,916
	-	-	1,186,797
Canadian Institutes of Health Research	83,333	83,333	-
Natural Sciences and Engineering Research Council of Canada	37,500	37,500	3,000
Other	43,496	2,500	25,500
	164,329	123,333	1,215,297

The amount from the Ontario Ministry of Research and Innovation was used to support Ontario youth engagement in Youth Science Canada's activities and programs.

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 ensure sufficient cash flow for airline ticket deposits in the following year and to stabilize the travel costs in 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:

	June 30, 2013	June 30, 2012	July 1, 2011
	\$	\$	\$
Opening balance	131,635	62,226	100,081
Amounts received from regions	499,224	628,504	310,513
Travel costs	(464,890)	(547,245)	(334,508)
Net surplus (deficit)	34,334	81,259	(23,995)
Total credits to regions	(15,925)	(11,850)	(13,860)
Net receipt from (payment to) regions	18,409	69,409	(37,855)
Closing balance	150,044	131,635	62,226

Youth Science Canada

Notes to the financial statements

June 30, 2013 and 2012

9. Commitments

Lease commitment

Youth Science Canada is committed to an operating lease for its rental space from August 1, 2008 to July 31, 2016. Youth Science Canada has an option to renew the premises lease for a term of three years at the then market rate. The minimum annual payments for the rental space are as follows:

	\$
2014	22,400
2015	23,042
2016	23,742
2017	1,983

Youth Science Canada is also committed to its share of property 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 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%.

12. Retirement allowance

In connection with the hiring of the Executive Director in 2004, 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, 2013, the estimated present value of the retirement allowance is \$54,727 (June 30, 2012 - \$54,185; July 1, 2011 - \$53,318).

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. Accounts payable and accrued liabilities

There are no outstanding government remittances as at June 30, 2013, June 30, 2012, or July 1, 2011.

15. Allocation of expenses

Youth Science Canada has allocated salary and benefits expenses in the amount of \$Nil (2012 - \$284,181) 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.