

Financial statements of

Youth Science Canada

June 30, 2014

Youth Science Canada

June 30, 2014

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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, 2014, 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 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 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.

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, 2014 and 2013, current assets as at June 30, 2014 and 2013, and net assets as at July 1 and June 30 for both the 2013 and 2014 years. Our audit opinion on the financial statements for the year ended June 30, 2013 was modified accordingly, because of the possible effects of this scope limitation.

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, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Organization had an unrestricted net assets deficiency of \$336,113 as at June 30, 2014. This condition, along with the other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
November 8, 2014

Youth Science Canada

Statement of financial position as at June 30, 2014

	2014	2013
	\$	\$
Assets		
Current assets		
Cash	180,183	379,475
Accounts receivable (Note 3)	111,082	123,893
Prepaid expenses and other assets	15,196	17,468
	306,461	520,836
Restricted cash (Note 4)	30,000	82,327
Capital assets (Note 5)	71,372	85,782
	407,833	688,945
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 13)	434,776	511,927
Deferred revenue (Note 6)	41,875	164,329
	476,651	676,256
Retirement allowance (Note 11)	-	54,727
	476,651	730,983
Net assets (deficiency)		
Investment in capital assets	71,372	85,782
Restricted for Equalized Travel Plan (Note 7)	195,923	150,044
Unrestricted	(336,113)	(277,864)
	(68,818)	(42,038)
	407,833	688,945

Approved by the Board

Malcolm Butler, Chair

Mayur Gadhia, Treasurer

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

Youth Science Canada

Statement of operations year ended June 30, 2014

	2014	2013
	\$	\$
Revenue		
Canada-Wide Science Fair (Note 9)		
Travel, insurance and other fees	541,923	537,111
Registration fees	537,038	543,142
Sponsorships and donations (Note 2)	793,477	857,136
Regional affiliation fees	29,060	29,030
Investment and other income	17,818	20,581
	1,919,316	1,987,000
Expenses		
Canada-Wide Science Fair (Note 9)		
Travel, insurance and other expenses (Note 2)	497,620	560,451
Youth Science Canada operating costs	343,051	408,460
Other programs	614,738	698,199
Salaries and benefits	295,250	405,832
Contracted services	67,972	86,030
Fundraising	65,066	65,066
Administration	10,222	8,393
Board and committees	12,649	18,979
Amortization of capital assets	39,528	62,795
Loss on sale of capital assets	-	1,662
	1,946,096	2,315,867
Excess of expenses over revenue for the year	(26,780)	(328,867)

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

Youth Science Canada

Statement of changes in net assets year ended June 30, 2014

	2014			2013	
	Investment in capital assets	Restricted for equalized travel plan	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
Balances, beginning of year	85,782	150,044	(277,864)	(42,038)	286,829
Excess of (expenses over revenue) revenue over expenses for the year	(39,528)	45,879	(33,131)	(26,780)	(328,867)
Additions to capital assets	25,118	-	(25,118)	-	-
Balances, end of year	71,372	195,923	(336,113)	(68,818)	(42,038)

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

Youth Science Canada

Statement of cash flows year ended June 30, 2014

	2014	2013
	\$	\$
Operating activities		
Excess of expenses over revenue for the year	(26,780)	(328,867)
Items not affecting cash		
Amortization of capital assets	39,528	62,795
Loss on sale of capital assets	-	1,662
	12,748	(264,410)
Changes in non-cash operating items		
Decrease in accounts receivable	12,811	64,996
Decrease in prepaid expenses and other assets	2,272	506
(Decrease) increase in accounts payable and accrued liabilities	(77,151)	426,354
(Decrease) increase in deferred revenue	(122,454)	40,996
(Decrease) increase in retirement allowance	(54,727)	542
	(226,501)	268,984
Investing activity		
Additions to capital assets	(25,118)	(30,927)
(Decrease) increase in cash during the year	(251,619)	238,057
Cash, beginning of year	461,802	223,745
Cash, end of year	210,183	461,802
Comprised of		
Cash	180,183	379,475
Restricted cash	30,000	82,327
	210,183	461,802

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, 2014

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. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("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.

Youth Science Canada

Notes to the financial statements

June 30, 2014

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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 \$6,180 (2013 - \$17,149), of which \$6,180 (2013 - \$15,708) 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 \$Nil (2013 - \$1,441) 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

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 and deferred revenue.

3. Accounts receivable

	2014	2013
	\$	\$
Receivable from sponsors and members	35,064	68,634
Harmonized Sales Tax rebate	73,785	52,422
Interest receivable	1,798	1,175
Other receivable	435	1,662
	111,082	123,893

Youth Science Canada

Notes to the financial statements

June 30, 2014

4. Restricted cash

Cash is restricted for the following purposes:

	2014	2013
	\$	\$
Retirement allowance (Note 11)	-	52,327
Credit facility (Note 10)	30,000	30,000
	30,000	82,327

The retirement allowance was for the former Executive Director, who retired on November 30, 2013.

Investment income on the restricted cash is unrestricted.

5. Capital assets

	2014	2013		
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Proprietary software	283,343	283,343	-	-
Website	155,044	87,457	67,587	66,766
Computer software	108,331	108,331	-	5,533
Computer equipment	31,839	28,960	2,879	8,873
Furniture and equipment	49,343	48,437	906	1,572
Signage	18,749	18,749	-	2,767
Leasehold improvements	2,711	2,711	-	271
	649,360	577,988	71,372	85,782

6. Deferred revenue

Deferred revenue consists of the following amounts:

	2014	2013
	\$	\$
Canadian Institutes of Health Research	-	83,333
Natural Sciences and Engineering Research Council of Canada	37,500	37,500
Amgen Canada Inc.	4,375	43,496
	41,875	164,329

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7. 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:

	2014	2013
	\$	\$
Opening balance	150,044	131,635
Amounts received from regions	494,572	499,224
Travel costs	(433,168)	(464,890)
Net surplus	61,404	34,334
Total credits to regions	(15,525)	(15,925)
Net receipt from regions	45,879	18,409
Closing balance	195,923	150,044

8. 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:

Year ending June 30:	\$
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.

9. 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.

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10. 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%.

11. Retirement allowance

In connection with the hiring of the former Executive Director in 2004, Youth Science Canada made a commitment to provide a retirement gratuity equivalent to that provided by the former Executive Director's previous employer. The amount was paid out during the year following the former Executive Director's retirement.

12. 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.

13. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$857 of outstanding government remittances as at June 30, 2014 (2013 - \$Nil).