

Financial statements of

Youth Science Canada

June 30, 2016

Youth Science Canada

June 30, 2016

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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, 2016, 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, 2016 and 2015, current assets as at June 30, 2016 and 2015, and net assets as at July 1 and June 30 for both the 2015 and 2016 years. Our audit opinion on the financial statements for the year ended June 30, 2015 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, 2016, 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 \$400,397 as at June 30, 2016. 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
Licensed Public Accountants
October 25, 2016

Youth Science Canada

Statement of financial position as at June 30, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	-	5,775
Accounts receivable (Note 3)	186,332	79,281
Prepaid expenses and other assets	6,641	11,170
	192,973	96,226
Restricted investment (Note 4)	8,863	8,700
Capital assets (Note 5)	26,995	47,550
	228,831	152,476
Liabilities		
Current liabilities		
Bank overdraft	9,084	-
Accounts payable and accrued liabilities (Note 11)	357,570	213,696
Deferred revenue (Note 6)	93,407	97,554
	460,061	311,250
Net assets (deficiency)		
Investment in capital assets	26,995	47,550
Restricted for Equalized Travel Plan (Note 7)	142,172	197,072
Unrestricted	(400,397)	(403,396)
	(231,230)	(158,774)
	228,831	152,476

Approved by the Board

Trevor Maguire, Chair

Najib Hayat, 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, 2016

	2016	2015
	\$	\$
Revenue		
Canada-Wide Science Fair (Note 8)		
Travel, insurance and other fees	437,705	665,059
Registration fees	769,359	547,960
Sponsorships and donations (Note 2)	436,863	407,935
Regional affiliation fees	30,100	29,490
Investment and other income	15,542	9,373
	1,689,569	1,659,817
Expenses		
Canada-Wide Science Fair (Note 8)		
Travel, insurance and other expenses (Note 2)	403,059	549,763
Youth Science Canada operating costs	634,615	279,036
Program expenses	330,616	449,504
Salaries and benefits	253,796	266,420
Contracted services	55,871	69,505
Fundraising	49,891	86,582
Administration	12,988	9,408
Board and committees	634	14,291
Amortization of capital assets	20,555	25,264
	1,762,025	1,749,773
Excess of expenses over revenue for the year	(72,456)	(89,956)

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, 2016

	2016			2015	
	Investment in capital assets	Restricted for equalized travel plan	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
Balances, beginning of year	47,550	197,072	(403,396)	(158,774)	(68,818)
Excess of (expenses over revenue) revenue over expenses for the year	(20,555)	(54,900)	2,999	(72,456)	(89,956)
Balances, end of year	26,995	142,172	(400,397)	(231,230)	(158,774)

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, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of expenses over revenue for the year	(72,456)	(89,956)
Item not affecting cash		
Amortization of capital assets	20,555	25,264
	(51,901)	(64,692)
Changes in non-cash operating items		
(Increase) decrease in accounts receivable	(107,051)	31,801
Decrease in prepaid expenses and other assets	4,529	4,026
(Increase) decrease in accounts payable and accrued liabilities	143,874	(221,080)
(Decrease) increase in deferred revenue	(4,147)	55,679
	(14,696)	(194,266)
Investing activity		
Additions to capital assets	-	(1,442)
Decrease in cash during the year	(14,696)	(195,708)
Cash, beginning of year	14,475	210,183
(Bank indebtedness) cash, end of year	(221)	14,475
Comprised of		
(Bank indebtedness) cash	(9,084)	5,775
Restricted investment	8,863	8,700
	(221)	14,475

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, 2016

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 three 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.
- School Campaigns - Invent the Future and Youth Science Month - national campaigns that provide teachers in 15,000 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.

Youth Science Canada was incorporated under Letters Patent on March 28, 1966 and transitioned to the Canada Not-for-Profit Corporations Act on July 23, 2013.

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.

The continuation of Youth Science Canada 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, 2016

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 in-kind services with a value of \$24,138 (2015 - \$Nil), which is included in Sponsorships and donations revenue and in Travel, insurance and other 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 the straight-line basis over the periods indicated below:

Furniture and equipment	3 years
Website	5 years
Computer equipment	3 years

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

	2016	2015
	\$	\$
Receivable from sponsors and members	140,212	10,684
Harmonized Sales Tax rebate	27,469	66,582
Interest and other receivable	53	2,015
Quebec Sales Tax rebate	18,598	-
	186,332	79,281

4. Restricted investment

The restricted investment relates to the Letter of Credit (Note 9) and consist of a Guaranteed Investment Certificate which bears interest at an annual rate of 1.2% (2015 - 1.5%) and matures on December 31, 2017.

Investment income on the restricted cash is unrestricted.

Youth Science Canada

Notes to the financial statements

June 30, 2016

5. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Website	155,044	128,770	26,274	45,619
Computer equipment	33,058	32,337	721	1,505
Furniture and equipment	49,343	49,343	-	426
	237,445	210,450	26,995	47,550

6. Deferred revenue

Deferred revenue consists of the following amounts:

	\$	\$
Ministry of Education	31,563	60,654
Natural Sciences and Engineering Research Council of Canada	31,900	31,900
Amounts received in advance	29,944	-
S.M. Blair Family Foundation	-	5,000
	93,407	97,554

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:

	2016	2015
	\$	\$
Opening balance	197,072	195,923
Amounts received from Regions	377,400	599,183
Travel costs	(417,125)	(582,809)
Net (deficit) surplus	(39,725)	16,374
Total credits to Regions	(15,175)	(15,225)
Net (payments) receipts from Regions	(54,900)	1,149
Closing balance	142,172	197,072

Youth Science Canada

Notes to the financial statements

June 30, 2016

8. **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.

9. **Letter of credit**

Youth Science Canada has established a letter of credit in favour of the Ontario Teachers' Pension Plan Board in the amount of \$8,863 (2015 - \$8,700) with a Canadian chartered bank. The letter of credit is secured by a guaranteed investment certificate for the same amount (Note 4). Youth Science Canada made a commitment to provide contributions to the Ontario Teachers' Pension Plan Board. The amount held is subject to a former employee exercising a buyback option for his pension.

10. **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.

11. **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities include \$Nil of outstanding government remittances as at June 30, 2016 (2015 - \$Nil).