

Financial statements of

**Youth Science Canada**

June 30, 2017

# Youth Science Canada

June 30, 2017

## Table of contents

Independent Auditor's Report .....	1-2
Statement of financial position .....	3
Statement of operations .....	4
Statement of changes in net assets .....	5
Statement of cash flows .....	6
Notes to the financial statements .....	7-10

## 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, 2017, 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, 2017 and 2016, current assets as at June 30, 2017 and 2016, and net assets as at July 1 and June 30 for both the 2016 and 2017 years. Our audit opinion on the financial statements for the year ended June 30, 2016 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, 2017, 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 \$450,369 as at June 30, 2017. 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 28, 2017

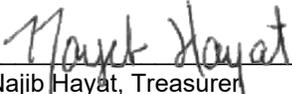
# Youth Science Canada

## Statement of financial position as at June 30, 2017

	2017	2016
	\$	\$
<b>Assets</b>		
Current assets		
Accounts receivable (Note 3)	73,254	186,332
Prepaid expenses and other assets	7,164	6,641
Restricted investment (Note 4)	8,970	-
	<b>89,388</b>	192,973
Restricted investment (Note 4)	-	8,863
Capital assets (Note 5)	11,215	26,995
	<b>100,603</b>	228,831
<b>Liabilities</b>		
Current liabilities		
Bank overdraft	21,210	9,084
Loans payable (Note 6)	30,000	-
Accounts payable and accrued liabilities (Note 12)	211,215	357,570
Deferred revenue (Note 7)	53,931	93,407
	<b>316,356</b>	460,061
<b>Net assets (deficiency)</b>		
Investment in capital assets	11,215	26,995
Restricted for Equalized Travel Plan (Note 8)	223,401	142,172
Unrestricted	(450,369)	(400,397)
	<b>(215,753)</b>	(231,230)
	<b>100,603</b>	228,831

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, 2017

	2017	2016
	\$	\$
<b>Revenue</b>		
Canada-Wide Science Fair (Note 9)		
Travel, insurance and other fees	555,715	437,705
Registration fees	598,962	769,359
Sponsorships and donations (Note 2)	420,411	436,863
Regional affiliation fees	29,380	30,100
Investment and other income	9,505	15,542
	<b>1,613,974</b>	<b>1,689,569</b>
<b>Expenses</b>		
Canada-Wide Science Fair (Note 9)		
Travel, insurance and other expenses (Note 2)	437,191	403,059
Youth Science Canada operating costs	434,382	634,615
Program expenses	465,088	330,616
Salaries and benefits	168,134	253,796
Contracted services	65,062	55,871
Fundraising	-	49,891
Administration	11,761	12,988
Board and committees	1,099	634
Amortization of capital assets	15,780	20,555
	<b>1,598,497</b>	<b>1,762,025</b>
<b>Excess of revenue over expenses (expenses over revenue) for the year</b>	<b>15,477</b>	<b>(72,456)</b>

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, 2017

	2017			2016	
	Investment in capital assets	Restricted for equalized travel plan (Note 8)	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
<b>Balances, beginning of year</b>	<b>26,995</b>	<b>142,172</b>	<b>(400,397)</b>	<b>(231,230)</b>	<b>(158,774)</b>
Excess of (expenses over revenue) revenue over expenses for the year	<b>(15,780)</b>	<b>81,229</b>	<b>(49,972)</b>	<b>15,477</b>	<b>(72,456)</b>
<b>Balances, end of year</b>	<b>11,215</b>	<b>223,401</b>	<b>(450,369)</b>	<b>(215,753)</b>	<b>(231,230)</b>

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, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses (expenses over revenue) for the year	15,477	(72,456)
Item not affecting cash		
Amortization of capital assets	15,780	20,555
	31,257	(51,901)
Changes in non-cash operating items		
(Increase) decrease in accounts receivable	113,078	(107,051)
(Increase) decrease in prepaid expenses and other assets	(523)	4,529
(Decrease) increase in accounts payable and accrued liabilities	(146,355)	143,874
Decrease in deferred revenue	(39,476)	(4,147)
	(42,019)	(14,696)
<b>Financing activity</b>		
Increase in loans payable	30,000	-
Decrease in cash during the year	(12,019)	(14,696)
(Bank indebtedness) cash, beginning of year	(221)	14,475
<b>Bank indebtedness, end of year</b>	<b>(12,240)</b>	<b>(221)</b>
<b>Comprised of</b>		
Bank indebtedness	(21,210)	(9,084)
Restricted investment	8,970	8,863
	(12,240)	(221)

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, 2017

---

### 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<sup>md</sup> - 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, 2017

---

### 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 \$100,000 (2016 - \$24,138), 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

	2017	2016
	\$	\$
Receivable from sponsors and members	28,875	140,212
Harmonized Sales Tax rebate	42,773	27,469
Interest and other receivable	53	53
Quebec Sales Tax rebate	1,553	18,598
	<b>73,254</b>	<b>186,332</b>

### 4. Restricted investment

The restricted investment relates to the Letter of Credit (Note 10) and consist of a Guaranteed Investment Certificate which bears interest at an annual rate of 1.2% (2016 - 1.2%) and matures on December 31, 2017.

Investment income on the restricted cash is unrestricted.

# Youth Science Canada

## Notes to the financial statements

June 30, 2017

---

### 5. Capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Website	155,044	144,069	10,975	26,274
Computer equipment	4,804	4,564	240	721
Furniture and equipment	1,997	1,997	-	-
	<b>161,845</b>	<b>150,630</b>	<b>11,215</b>	<b>26,995</b>

### 6. Loans payable

The loans are interest free, unsecured and repayment will be at a time agreeable between the parties. The terms of the loans will be reviewed on an annual basis until repayment.

\$10,000 of the balance is due to a Director of Youth Science Canada.

### 7. Deferred revenue

Deferred revenue consists of the following amounts:

	2017	2016
	\$	\$
Natural Sciences and Engineering Research Council of Canada	36,900	31,900
Amounts received in advance	17,031	29,944
Ministry of Education	-	31,563
	<b>53,931</b>	<b>93,407</b>

### 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.

# Youth Science Canada

## Notes to the financial statements

June 30, 2017

---

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

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

	2017	2016
	\$	\$
Opening balance	142,172	197,072
Amounts received from Regions	504,319	377,400
Travel costs	(408,790)	(417,125)
Net surplus (deficit)	95,529	(39,725)
Total credits to Regions	(14,300)	(15,175)
Net receipts (payments) from Regions	81,229	(54,900)
Closing balance	223,401	142,172

### 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.

### 10. 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 \$8,970 (2016 - \$8,863) 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.

### 11. 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.

### 12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil of outstanding government remittances as at June 30, 2017 (2016 - \$Nil).