

YOUTH SCIENCE CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

YOUTH SCIENCE CANADA

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

**To the Directors of:
Youth Science Canada**

Qualified Opinion

We have audited the financial statements of Youth Science Canada (the Organization), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to sponsorships and donations revenue, excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2020 and 2019, current assets as at June 30, 2020 and 2019, and fund balances as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT (Continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

Ajax, Ontario
November 11, 2020

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YOUTH SCIENCE CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Restricted Fund	2020 Total	2019 Total
Revenue				
Canada-Wide Science Fair (Note 8)				
Registration fees	\$ 60,212	\$ -	\$ 60,212	\$ 1,139,306
Host Team	-	-	-	423,700
Team Canada	129,816	-	129,816	51,712
Regional Network				
Regional affiliation fees	30,010	-	30,010	29,280
Insurance and other fees	8,983	-	8,983	58,821
Online STEM fair	4,375	-	4,375	-
STEM project development (Note 7)	-	150,000	150,000	150,000
Smarter Science	7,757	-	7,757	13,867
Sponsorships and donations	408,345	-	408,345	531,134
Investment and other income	13,816	-	13,816	7,349
Government wage subsidy assistance (Note 9)	18,757	-	18,757	-
	<u>682,071</u>	<u>150,000</u>	<u>832,071</u>	<u>2,405,169</u>
Expenses				
Canada-Wide Science Fair (Note 8)				
Youth Science Canada operating costs	61,424	-	61,424	812,099
Contracted services	120,299	-	120,299	119,643
Host Team paid expenses	-	-	-	398,031
Team Canada	128,856	-	128,856	67,673
Regional Network	15,335	-	15,335	562,348
Online STEM fair	55,921	-	55,921	-
STEM project development (Note 7)	-	-	-	15,969
Smarter Science	6,058	-	6,058	6,926
Salaries and benefits	181,148	-	181,148	183,839
Contracted services	4,000	-	4,000	-
Administration	48,082	-	48,082	46,154
Board and committees	12,588	-	12,588	23,215
Amortization of capital assets	-	-	-	2,512
	<u>633,711</u>	<u>-</u>	<u>633,711</u>	<u>2,238,409</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 48,360</u>	<u>\$ 150,000</u>	<u>\$ 198,360</u>	<u>\$ 166,760</u>

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

YOUTH SCIENCE CANADA

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2020

	2020			
	Investment in Capital Assets	General Fund	Restricted Fund	Total
Balance, beginning of year	\$ -	\$ (9,982)	\$ 134,031	\$ 124,049
Excess of revenue over expenses for the year	-	48,360	150,000	198,360
Balance, end of year	<u>\$ -</u>	<u>\$ 38,378</u>	<u>\$ 284,031</u>	<u>\$ 322,409</u>


	2019			
	Investment in Capital Assets	General Fund	Restricted Fund	Total
Balance, beginning of year	\$ 2,512	\$ (45,223)	\$ -	\$ (42,711)
Excess of revenue over expenses (expenses over revenue) for the year	(2,512)	35,241	134,031	166,760
Balance, end of year	<u>\$ -</u>	<u>\$ (9,982)</u>	<u>\$ 134,031</u>	<u>\$ 124,049</u>

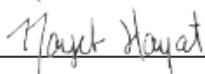
The accompanying notes are an integral part of the financial statements.

YOUTH SCIENCE CANADA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	General Fund	Restricted Fund	2020 Total	2019 Total
ASSETS				
Current				
Cash	\$ 358,498	\$ 72,054	\$ 430,552	\$ 349,148
Due from General Fund	-	8,169	8,169	674
Accounts receivable (Note 2)	35,261	-	35,261	116,442
Prepaid expenses and other assets	20,601	-	20,601	15,831
Inventory (Note 3)	23,720	-	23,720	24,214
	438,080	80,223	518,303	506,309
Non-current				
Intangible assets - development costs (Note 4)	-	228,668	228,668	-
Prepaid expenses and other assets	49,248	-	49,248	-
	\$ 487,328	\$ 308,891	\$ 796,219	\$ 506,309
LIABILITIES				
Current				
Accounts payable and accrued liabilities	\$ 48,062	\$ 24,860	\$ 72,922	\$ 364,168
Deferred revenue (Note 5)	352,719	-	352,719	17,418
Due to Restricted Fund	8,169	-	8,169	674
	408,950	24,860	433,810	382,260
Non-current				
Bank loan (Note 6)	40,000	-	40,000	-
	448,950	24,860	473,810	382,260
FUND BALANCES				
General Fund	38,378	-	38,378	(9,982)
Restricted Fund (Note 7)	-	284,031	284,031	134,031
	38,378	284,031	322,409	124,049
	\$ 487,328	\$ 308,891	\$ 796,219	\$ 506,309

Approved by the Board:


 _____ Reni Barlow, Executive Director


 _____ Najib Hayat, CPA, CA, Treasurer

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

YOUTH SCIENCE CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses for the year	\$ 198,360	\$ 166,760
Items not affecting cash:		
Amortization of capital assets	-	2,512
	<u>198,360</u>	<u>169,272</u>
Changes in non-cash operating items:		
Accounts receivable	81,181	51,650
Prepaid expenses and other assets	(54,018)	(7,086)
Inventory	494	(24,214)
Accounts payable and accrued liabilities	(291,246)	196,364
Deferred revenue	335,301	5,232
	<u>270,072</u>	<u>391,218</u>
Financing activities:		
Decrease in loans payable	-	(55,000)
Bank loan received	40,000	-
	<u>40,000</u>	<u>(55,000)</u>
Investing activities:		
Intangible asset development costs	(228,668)	-
Increase in cash, during the year	81,404	336,218
Cash, beginning of year	349,148	12,930
Cash, end of year	<u><u>\$ 430,552</u></u>	<u><u>\$ 349,148</u></u>
Cash is comprised of:		
Cash - General Fund	\$ 358,498	\$ 215,791
Cash - Restricted Fund	72,054	133,357
	<u><u>\$ 430,552</u></u>	<u><u>\$ 349,148</u></u>

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

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Nature of operations

Youth Science Canada / Sciences jeunesse Canada ("the Organization") was incorporated under the *Canada Corporations Act* on March 28, 1966. The Organization was granted continuance under the *Canada Not-for-profit Corporations Act* on July 23, 2013. The Organization 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.

The Organization's mission is to fuel the curiosity of Canadian youth through science, technology, engineering and mathematics (STEM) projects. The Organization works to enable Canadian youth to investigate scientific questions and develop innovative solutions related to current and future challenges. The Organization focuses on ensuring that Canadian youth:

1. Have the inspiration, resources and opportunities that enable them to complete STEM project(s), regardless of cultural background, socioeconomic status, or geographic location; and
2. Are able to share their discoveries and innovations publicly at local, national and international levels.

The Organization is the leading youth STEM project organization in the country and the Canada-Wide Science Fair is the foremost annual youth STEM event in Canada.

In addition, the Organization 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.

1. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant of which are as follows:

a) Financial instruments

Initial and subsequent measurement.

The Organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and bank loan.

b) Cash

Cash consists of bank balances.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of significant accounting policies (continued)

c) Fund accounting

For financial reporting purposes, the Organization currently uses the following funds:

- i. Investment in Capital Assets: Reports the assets and liabilities, revenue and expenses related to the Organization's capital assets.
- ii. General Fund: Reports the revenue and expenses related to program delivery and operating activities.
- iii. Restricted Fund: Reports revenue and expenses related to the National Youth STEM Project Development initiative funded by a grant from the Natural Sciences and Engineering Research Council of Canada ("NSERC") PromoScience Program.

d) Revenue recognition

The Organization follows the restricted fund method whereby externally restricted contributions and grants are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions, such as sponsorships and scholarships, for which there are no corresponding Restricted Fund are recognized as revenue in the period in which the related expenses are incurred in the General Fund. Unrestricted contributions or donations are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 sale of publications is recognized when the services are provided or the publications are sold.

Other income is recognized as revenue when received.

e) Government wage subsidy assistance

Government wage subsidy assistance amounts shall be recognized when there is reasonable assurance that the Organization has complied with the conditions attached to the government assistance measure(s) applied for and the government assistance will be received.

f) Donations-in-kind

The financial statements reflect donations-in-kind when such goods or services would otherwise have been purchased and their value can be determined.

No donations-in-kind were received during the year.

In the previous year, the Organization received in-kind services with a value of \$398,031, which is included in the Host Team Revenue and Host Team paid expenses.

g) Inventory

Inventory consists of items purchased and branded items for resale at events. Inventory is valued at the lower of cost and net realizable value. The cost is determined using the specific cost method. Net realizable value is the estimated selling price for items for resale. Write downs of inventory to net realizable value are recognized to income.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of significant accounting policies (continued)

h) 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 the Organization's ability to provide services, its carrying amount is written down to its residual value.

i) Intangible assets

Separately acquired intangible assets are measured at cost on initial recognition. Intangible assets developed internally are initially recognized if they meet the recognition criteria. Subsequent to initial recognition, intangible assets are accounted for at cost less accumulated amortization and accumulated impairment losses.

Internally generated intangible assets include the costs incurred for the transactional section of the website and Youth STEM Project Development portal developed to help the organization generate revenue. Once the website and Youth STEM Project Development portal are completed, costs will be amortized on a straight-line basis over their useful life:

Website	5 years
Youth STEM Project Development portal	8 years

j) Use of estimates

The preparation of financial statements in accordance with ASNPO 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 allowance for doubtful accounts, inventory obsolescence, allocation of development costs, and accounts payable and accrued liabilities.

2. Accounts receivable

	2020	2019
Receivable from sponsors and members	\$ 19,686	\$ 32,544
Harmonized sales tax rebate	15,575	82,153
Quebec sales tax rebate	-	1,745
	<u>\$ 35,261</u>	<u>\$ 116,442</u>

3. Inventory

Inventory consists of promotional goods available for sale. During the year \$494 of inventory was expensed (2019 - \$10,495). The inventory balance as at year end June 30, 2020 was \$23,720 (2019 - \$24,214).

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

4. Intangible assets

	Cost	Accumulated Amortization	2020 Net	2019 Net
Youth STEM project development costs	\$ 228,668	\$ -	\$ 228,668	\$ -

5. Deferred revenue

Amounts received in advance represent registration fees received for the Canada-Wide Science Fair and activities to be delivered next year.

	2020	2019
Amounts received in advance	\$ 352,719	\$ 17,418

6. Bank loan

The Government of Canada launched the Canada Emergency Business Account program to support small businesses and not-for-profit organizations who were adversely affected by the COVID-19 pandemic. The program provides interest-free loans of up to \$40,000. The Organization received the full \$40,000 loan. Up to 25% of the loan will be forgiven if it is repaid on or before December 31, 2022. If it is not repaid by that point, it can be converted into a 3-year term loan with an interest rate of 5%.

7. Restricted fund

The Organization has been approved for a grant from NSERC's PromoScience Program to fund the Organization's National Youth STEM Project Development initiative.

The purpose of the funding is to develop an online/mobile youth STEM project portal to connect regional science fair participants and provide STEM project resources.

The approved funding is in the amount of \$150,000 annually for three years. The second instalment was received during the current year. To date the Organization has spent \$15,969 on research and \$228,668 on development costs, reflected as Intangible assets on the Statement of Financial position, towards the Youth STEM Project Development Portal.

8. Canada-Wide Science fair ("CWSF")

The CWSF is the annual showcase event of the Organization. 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 the country.

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 costs, award ceremony production and other direct expenses.

CWSF 2020 was cancelled due to COVID-19 travel and event restrictions. In its place, the Organization operated an Online STEM Fair, open to any grade 7-12 student in Canada with a project.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

9. Government wage subsidy assistance

The Organization applied for subsidy under the Canada Emergency Wage Subsidy and Temporary Wage Subsidies to offset wages and benefits incurred in the current year.

10. Guarantees

Indemnity has been provided to all directors and officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to their involvement with the Organization, subject to certain restrictions. The Organization 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. Financial instruments

Financial risks

The Organization is exposed to various risks through its financial instruments. The significant risks are detailed below.

Credit risk

Credit risk is the risk that one part to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss. The Organization is subject to credit risk through its accounts receivable. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements. The most significant financial liability is accounts payable and accrued liabilities.

12. Subsequent events and significant events

On March 17, 2020, the Province of Ontario declared a state of emergency in an effort to manage the spread of the COVID-19 virus which continues to spread in Canada and around the world.

As of November 11, 2020, the Organization has altered plans for the CWSF 2021 event to be held virtually and will monitor and assess the impact on other planned events and activities. As the situation continues to evolve rapidly, the duration and impact of the COVID-19 pandemic is unknown at this time and it is not possible to reliably estimate the impact that these developments will have on the financial results of the Organization in future years.

13. Comparative information

Some of the comparative figures from 2019 have been reclassified to conform to the current year's presentation.