

YOUTH SCIENCE CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

YOUTH SCIENCE CANADA

JUNE 30, 2018

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Operations	3
Statement of Changes In Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

INDEPENDENT AUDITORS' 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, 2018, and 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.

Auditors’ 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.

INDEPENDENT AUDITORS' REPORT
(continued)

Basis for Qualified Opinion

As is the case with many charitable organizations, the Organization derives a portion of its revenue from the general public in the form of 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 sponsorships and donations revenue, excess of revenue over expenses, and cash flows from operations for the year ended June 30, 2018.

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 Youth Science Canada as at June 30, 2018, 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.

The prior year's comparative figures were compiled by another chartered professional accountant.



Chartered Professional Accountants
Licensed Public Accountants

Ajax, Ontario
October 13, 2018

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YOUTH SCIENCE CANADA**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
Revenue		
Canada-Wide Science Fair (Note 7)		
Travel, insurance and other fees	\$ 225,977	\$ 549,784
Registration fees	973,401	577,850
Team Canada	37,641	35,976
Smarter Science	7,853	27,043
Sponsorships and donations	592,182	384,436
Regional affiliation fees	29,610	29,380
Investment and other income	12,144	9,505
	<u>1,878,808</u>	<u>1,613,974</u>
Expenses		
Canada-Wide Science Fair (Note 7)		
Travel, insurance and other fees	409,323	437,191
Youth Science Canada operating costs	942,518	822,737
Team Canada	39,821	34,764
Smarter Science	5,511	25,330
Salaries and benefits	211,252	168,134
Contracted services	63,036	65,062
Administration	11,858	11,761
Board and committees	13,743	17,738
Amortization of capital assets	8,704	15,780
	<u>1,705,766</u>	<u>1,598,497</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 173,042</u>	<u>\$ 15,477</u>

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

YOUTH SCIENCE CANADA**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED JUNE 30, 2018**

	Investment in capital assets	Restricted for equalized travel plan (Note 6)	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	\$ 11,215	\$ 223,401	\$ (450,369)	\$ (215,753)	\$ (231,230)
Excess of revenue over expenses (expenses over revenue) for the year	(8,703)	(167,691)	349,436	173,042	15,477
Interfund transfers	-	(55,710)	55,710	-	-
Balance, end of year	<u>\$ 2,512</u>	<u>\$ -</u>	<u>\$ (45,223)</u>	<u>\$ (42,711)</u>	<u>\$ (215,753)</u>

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

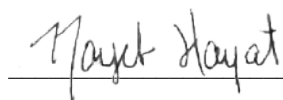
YOUTH SCIENCE CANADA**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2018**

	2018	2017
ASSETS		
Current		
Cash	\$ 12,930	\$ -
Accounts receivable (Note 2)	168,092	73,254
Prepaid expenses and other assets	8,745	7,164
Restricted investment	-	8,970
	189,767	89,388
Capital assets (Note 3)	2,512	11,215
	<u>\$ 192,279</u>	<u>\$ 100,603</u>
LIABILITIES		
Current		
Bank overdraft	\$ -	\$ 21,210
Loans payable (Note 4)	55,000	30,000
Accounts payable and accrued liabilities (Note 9)	167,804	211,215
Deferred revenue (Note 5)	12,186	53,931
	<u>234,990</u>	<u>316,356</u>
NET ASSETS (DEFICIENCY)		
Investment in capital assets	2,512	11,215
Restricted for equalized travel plan (Note 6)	-	223,401
Unrestricted	(45,223)	(450,369)
	<u>(42,711)</u>	<u>(215,753)</u>
	<u>\$ 192,279</u>	<u>\$ 100,603</u>

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, 2018

	<u>2018</u>	<u>2017</u>
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses for the year	\$ 173,042	\$ 15,477
Items not affecting cash:		
Amortization of capital assets	8,704	15,780
	<u>181,746</u>	<u>31,257</u>
Changes in non-cash operating items:		
Accounts receivable	(94,838)	113,078
Prepaid expenses and other assets	(1,581)	(523)
Accounts payable and accrued liabilities	(43,412)	(146,355)
Deferred revenue	(41,745)	(39,476)
	<u>170</u>	<u>(42,019)</u>
Financing activity:		
Increase in loans payable	25,000	30,000
Increase (decrease) in cash, during the year	25,170	(12,019)
Bank indebtedness, beginning of year	(12,240)	(221)
Cash (bank indebtedness), end of year	<u><u>\$ 12,930</u></u>	<u><u>\$ (12,240)</u></u>
Cash (bank indebtedness) is comprised of:		
Cash	\$ 12,930	\$ -
Restricted investments	-	8,970
Bank overdraft	-	(21,210)
	<u><u>\$ 12,930</u></u>	<u><u>\$ (12,240)</u></u>

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

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Mandate

Youth Science Canada fuels the curiosity of Canadian youth through science, technology, engineering and mathematics (STEM) projects. We work to ensure that Canadian youth have the capacity and skills to generate and answer questions and identify and solve problems. We do this through two major program areas, targeting youth and educators - in both official languages:

- STEM projects and science fairs – STEM 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.

We are 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, 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.

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

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.

b) 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.

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.

Other income is recognized as revenue when received.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

1. Summary of significant accounting policies (continued)

c) Donated goods and services

The Organization would not be able to carry out activities without the service of the many volunteers who donate a considerable number of hours. The value of those hours have not been reflected in the financial statements.

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 services with a value of \$32,000 (2017 - \$100,000), which is included in sponsorships and donations revenue and in travel, insurance and other expenses.

d) 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:

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

e) 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 accounts payable and accrued liabilities and deferred revenue.

2. Accounts receivable

	2018	2017
Receivable from sponsors and members	\$ 68,673	\$ 28,875
Harmonized sales tax rebate	99,022	42,773
Interest receivable	-	53
Quebec sales tax rebate	397	1,553
	<u>\$ 168,092</u>	<u>\$ 73,254</u>

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

3. Capital assets

	Cost	Accumulated Amortization	2018 Net	2017 Net
Website	\$ 155,044	\$ 152,532	\$ 2,512	\$ 10,975
Computer equipment	4,804	4,804	-	240
Furniture and equipment	1,997	1,997	-	-
	<u>\$ 161,845</u>	<u>\$ 159,333</u>	<u>\$ 2,512</u>	<u>\$ 11,215</u>

4. 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.

\$35,000 of the balance is due to a Director of Youth Science Canada.

The loans were paid in full subsequent to the year end.

5. Deferred revenue

	2018	2017
Natural Sciences and Engineering Research Council of Canada	\$ -	\$ 36,900
Amounts received in advance	12,186	17,031
	<u>\$ 12,186</u>	<u>\$ 53,931</u>

6. Restricted for equalized travel plan

The Equalized Travel Plan provided 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 were 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 ensured that all regions had access to affordable travel, regardless of the location of the CWSF, and made participation from remote regions possible. Participation in the plan was mandatory for all affiliated regions. Any surplus generated in any particular year was 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 reduced the accumulated balance and, if necessary, was charged back to the regions in the next year. For CWSF 2018, travel plan fees to regions were set artificially low with the goal of reducing the \$223,401 internally restricted Equalized Travel Plan to zero. The actual reduction achieved was \$167,691; the remaining balance of \$55,710 was transferred to the unrestricted deficiency and the internally restricted account was closed.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

6. Restricted for equalized travel plan (continued)

The position of the Equalized Travel Plan as at June 30, 2018 is summarized below:

	2018	2017
Opening balance	\$ 223,401	\$ 142,172
Amounts received from regions	170,319	504,319
Travel costs	(323,635)	(408,790)
Excess of revenue over expenses (expenses over revenue)	(153,316)	95,529
Total credits to regions	(14,375)	(14,300)
Net receipt from regions	(167,691)	81,229
Transfer to unrestricted fund	(55,710)	-
	(223,401)	81,229
Closing balance	\$ -	\$ 223,401

7. Canada-wide science fair ("CWSF")

The CWSF is the annual showcase event of Youth Science Canada. The CWSF is the largest extracurricular 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.

8. 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.

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil of outstanding government remittances as at June 30, 2018 (2017 = \$Nil).

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

10. Financial instruments

Risk management policy

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at June 30, 2018. There has been no significant change in risk from the prior year.

Credit risk

Credit risk is the risk that one party 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 cash and accounts receivable. Cash is deposited with reputable, major financial institutions to limit the credit risk exposure. 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. Interest rate risk is mitigated as the Organization has secured non-interest bearing loans.

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. As at June 30, 2018, the most significant financial liability is accounts payable and accrued liabilities.

11. Comparative information

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