

YOUTH SCIENCE CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

YOUTH SCIENCE CANADA

JUNE 30, 2019

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INDEPENDENT AUDITORS' 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, 2019, 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, 2019, 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 year ended June 30, 2019. 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 AUDITORS' 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 5, 2019

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YOUTH SCIENCE CANADA**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Restricted Fund	2019 Total	2018 Total
Revenue				
Canada-Wide Science Fair (Note 6)				
Registration fees	\$ 1,139,306	\$ -	\$ 1,139,306	\$ 973,401
Travel, insurance and other fees	58,821	-	58,821	225,977
Host Team (Note 1)	423,700	-	423,700	-
Team Canada	51,712	-	51,712	37,641
Smarter Science	13,867	-	13,867	7,853
STEM project development (Note 7)	-	150,000	150,000	-
Sponsorships and donations (Note 1)	531,134	-	531,134	592,182
Regional affiliation fees	29,280	-	29,280	29,610
Investment and other income	7,349	-	7,349	12,144
	<u>2,255,169</u>	<u>150,000</u>	<u>2,405,169</u>	<u>1,878,808</u>
Expenses				
Canada-Wide Science Fair (Note 6)				
Youth Science Canada operating costs (Note 1)	812,099	-	812,099	972,043
Travel, insurance and other fees	562,348	-	562,348	388,914
Host Team paid expenses (Note 1)	398,031	-	398,031	-
Contracted services	119,643	-	119,643	63,036
Team Canada	67,673	-	67,673	39,821
Smarter Science	6,926	-	6,926	5,511
STEM project development	-	15,969	15,969	-
Salaries and benefits	183,839	-	183,839	173,168
Administration	46,154	-	46,154	40,826
Board and committees	23,215	-	23,215	13,743
Amortization of capital assets	2,512	-	2,512	8,704
	<u>2,222,440</u>	<u>15,969</u>	<u>2,238,409</u>	<u>1,705,766</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 32,729</u>	<u>\$ 134,031</u>	<u>\$ 166,760</u>	<u>\$ 173,042</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, 2019**

	2019				
	Investment in Capital Assets	General Fund	Restricted Fund	Restricted for Equalized Travel Plan (Note 1)	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>\$ -</u>	<u>\$ 124,049</u>

	2018				
	Investment in Capital Assets	General Fund	Restricted Fund	Restricted for Equalized Travel Plan (Note 1)	Total
Balance, beginning of year	\$ 11,215	\$ (450,369)	\$ -	\$ 223,401	\$ (215,753)
Excess of revenue over expenses (expenses over revenue) for the year	(8,703)	349,436	-	(167,691)	173,042
	2,512	(100,933)	-	55,710	(42,711)
Interfund transfers	-	55,710	-	(55,710)	-
Balance, end of year	<u>\$ 2,512</u>	<u>\$ (45,223)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,711)</u>

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

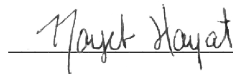
YOUTH SCIENCE CANADA**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2019**

	General Fund	Restricted Fund	2019 Total	2018 Total
ASSETS				
Current				
Cash	\$ 215,791	\$ 133,357	\$ 349,148	\$ 12,930
Due from General Fund	-	674	674	-
Accounts receivable (Note 2)	116,442	-	116,442	168,092
Prepaid expenses and other assets	15,831	-	15,831	8,745
Inventory (Note 8)	24,214	-	24,214	-
	372,278	134,031	506,309	189,767
Capital assets (Note 3)	-	-	-	2,512
	<u>\$ 372,278</u>	<u>\$ 134,031</u>	<u>\$ 506,309</u>	<u>\$ 192,279</u>
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 4)	\$ 364,168	\$ -	\$ 364,168	\$ 167,804
Deferred revenue (Note 5)	17,418	-	17,418	12,186
Due to Restricted Fund	674	-	674	-
Loans payable	-	-	-	55,000
	382,260	-	382,260	234,990
FUND BALANCES				
Investment in capital assets	-	-	-	2,512
General Fund	(9,982)	-	(9,982)	(45,223)
Restricted Fund (Note 7)	-	134,031	134,031	-
	(9,982)	134,031	124,049	(42,711)
	<u>\$ 372,278</u>	<u>\$ 134,031</u>	<u>\$ 506,309</u>	<u>\$ 192,279</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, 2019

	<u>2019</u>	<u>2018</u>
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses for the year	\$ 166,760	\$ 173,042
Items not affecting cash:		
Amortization of capital assets	2,512	8,704
	<u>169,272</u>	<u>181,746</u>
Changes in non-cash operating items:		
Accounts receivable	51,650	(94,838)
Prepaid expenses and other assets	(7,086)	(1,581)
Inventory	(24,214)	-
Accounts payable and accrued liabilities	196,364	(43,412)
Deferred revenue	5,232	(41,745)
	<u>391,218</u>	<u>170</u>
Financing activities:		
Increase (decrease) in loans payable	<u>(55,000)</u>	<u>25,000</u>
Increase in cash, during the year	336,218	25,170
Cash (bank indebtedness), beginning of year	<u>12,930</u>	<u>(12,240)</u>
Cash, end of year	<u><u>\$ 349,148</u></u>	<u><u>\$ 12,930</u></u>
Cash is comprised of:		
Cash - General Fund	\$ 215,791	\$ 12,930
Cash - Restricted Fund	<u>133,357</u>	<u>-</u>
	<u><u>\$ 349,148</u></u>	<u><u>\$ 12,930</u></u>

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

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 ensure that Canadian youth have the capacity and skills to generate and answer questions and identify and solve problems. The Organization leads these efforts 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.

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 loans payable.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Summary of significant accounting policies (continued)

b) Fund accounting

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

- 1) Investment in Capital Assets: Reports the assets and liabilities, revenue and expenses related to the Organization's capital assets.
- 2) General Fund: Reports the revenue and expenses related to program delivery and operating activities.
- 3) 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.
- 4) Restricted for Equalized Travel Plan: Reports the assets and liabilities, revenues and expenses of internally restricted fund that was used to equalize the cost of travel for all Canada Wide Science Fair participants across Canada in any particular year. During the year ended June 30, 2018, the remaining balance of the fund was transferred to the General Fund and the internally restricted fund account was closed.

c) 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.

d) 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.

During the 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.

In the previous year, the Organization received in-kind services with a value \$32,000, which is included in sponsorships and donations revenue and Youth Science Canada operating costs.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Summary of significant accounting policies (continued)

e) 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.

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

f) 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.

g) 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.

2. Accounts receivable

	2019	2018
Receivable from sponsors and members	\$ 32,544	\$ 68,673
Harmonized sales tax rebate	82,153	99,022
Quebec sales tax rebate	1,745	397
	<u>\$ 116,442</u>	<u>\$ 168,092</u>

3. Capital assets

	Cost	Accumulated Amortization	2019 Net	2018 Net
Website	<u>\$ 155,044</u>	<u>\$ 155,044</u>	<u>\$ -</u>	<u>\$ 2,512</u>

The amortization expense for the year is \$2,512 (2018 - \$8,704).

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$NIL of outstanding government remittances as at June 30, 2019 (2018 - \$Nil).

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

5. Deferred revenue

Amounts received in advance represent registration fees received for fairs and activities to be delivered next year.

	2019	2018
Amounts received in advance	\$ 17,418	\$ 12,186

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

The CWSF is the annual showcase event of the Organization's. 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.

The Organization benefited from the University of New Brunswick ("UNB") Host Team's work to make the 2019 CWSF a success. The Host Team performed their own fundraising activities and paid expenses relating to the 2019 CWSF. The total amount raised was \$423,700 with expenses totaling \$398,031.

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.

The approved funding is in the amount of \$150,000 annually for three years. The first instalment was received during the current year.

8. Inventory

Inventory consists of promotional goods available for sale. During the year \$10,495 of inventory was expensed (2018 - \$NIL). The inventory balance as at year end June 30, 2019 was \$24,214 (2018 - \$NIL).

9. 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.

YOUTH SCIENCE CANADA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

10. 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.

11. Comparative information

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