



Financial Statements

Youth Science Canada / Sciences jeunesse
Canada

June 30, 2022

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Independent Auditor's Report

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To the Directors of
Youth Science Canada / Sciences jeunesse Canada

Qualified Opinion

We have audited the financial statements of Youth Science Canada / Sciences jeunesse Canada (the "Organization"), which comprise the statement of financial position as at June 30, 2022, 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, 2022, 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2022 and 2021, current assets as at June 30, 2022 and 2021, and fund balances as at July 1 and June 30 for both the June 30, 2022 and 2021 years. Our audit opinion on the financial statements for the year ended 2021 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.

Other Matter

The financial statements for the year ended 2021 were audited by Hurren Sinclair MacIntyre CPA's LLP who expressed a qualified opinion on those financial statements on October 25, 2021 for the reasons described in the *Basis for Qualified Opinion* section. The partners and staff of Hurren Sinclair MacIntyre CPA's LLP joined Grant Thornton LLP on November 1, 2021.

Independent Auditor's Report (continued)

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. 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Ajax, Canada
November 7, 2022

Chartered Professional Accountants
Licensed Public Accountants

Youth Science Canada / Sciences jeunesse Canada

Statement of Financial Position

June 30	General Fund 2022	Restricted Fund 2022	Total 2022	Total 2021
Assets				
Current				
Cash	\$ 202,500	\$ 161,795	\$ 364,295	\$ 428,741
Accounts receivable (Note 3)	36,719	-	36,719	45,593
Inventory	19,927	-	19,927	24,712
Current portion of prepaid expenses	73,861	-	73,861	8,026
Interfund amounts receivable	15,967	-	15,967	11,479
	<u>348,974</u>	<u>161,795</u>	<u>510,769</u>	<u>518,551</u>
Long-term				
Intangible assets (Note 4)	-	397,156	397,156	378,798
Prepaid expenses	-	-	-	50,201
	<u>-</u>	<u>397,156</u>	<u>397,156</u>	<u>428,999</u>
	<u>\$ 348,974</u>	<u>\$ 558,951</u>	<u>\$ 907,925</u>	<u>\$ 947,550</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 84,727	\$ -	\$ 84,727	\$ 88,200
Interfund amounts payable	-	15,967	15,967	11,479
Current portion of deferred revenue (Note 5)	148,272	-	148,272	171,924
	<u>232,999</u>	<u>15,967</u>	<u>248,966</u>	<u>271,603</u>
Long-term				
Deferred revenue (Note 5)	-	-	-	3,650
Canada Emergency Business Account (CEBA) loan (Note 6)	40,000	-	40,000	60,000
	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>63,650</u>
	<u>272,999</u>	<u>15,967</u>	<u>288,966</u>	<u>335,253</u>
Fund balances				
Externally restricted	-	542,984	542,984	550,973
Unrestricted	75,975	-	75,975	61,324
	<u>75,975</u>	<u>542,984</u>	<u>618,959</u>	<u>612,297</u>
	<u>\$ 348,974</u>	<u>\$ 558,951</u>	<u>\$ 907,925</u>	<u>\$ 947,550</u>

Approved on behalf of the board of directors

Director, 

Director, 

See accompanying notes to the financial statements.

Youth Science Canada / Sciences jeunesse Canada Statement of Operations and Changes in Fund Balances

Year ended June 30	General Fund 2022	Restricted Fund 2022	Total 2022	Total 2021
Revenues				
Sponsorships and donations	\$ 506,289	\$ -	\$ 506,289	\$ 507,512
mySTEMspace	-	200,000	200,000	300,000
Canada-Wide Science Fair (Note 8)				
Registration fees	191,325	-	191,325	191,090
Investment and other income	120,520	-	120,520	22,919
Regional Network				
Regional affiliation fees	27,360	-	27,360	28,830
Insurance and other fees	9,586	-	9,586	17,591
Team Canada	23,260	-	23,260	13,052
Government loan forgiveness	20,000	-	20,000	-
Government wage subsidy assistance (Note 9)	17,986	-	17,986	115,572
Smarter Science	2,007	-	2,007	7,066
STEM Entrepreneurship Experience	-	-	-	5,000
	<u>918,333</u>	<u>200,000</u>	<u>1,118,333</u>	<u>1,208,632</u>
Expenses				
Canada-Wide Science Fair (Note 8)				
Youth Science Canada costs	457,323	-	457,323	450,963
Contracted services	111,974	-	111,974	124,012
Salaries and benefits	185,194	-	185,194	156,695
Administration	53,746	-	53,746	47,001
Amortization	-	40,840	40,840	-
Regional Network	35,275	-	35,275	58,372
Team Canada	19,160	-	19,160	8,670
Board and committees	16,240	-	16,240	19,409
STEM Entrepreneurship Experience	14,293	-	14,293	10,740
Store	8,623	-	8,623	3,689
Smarter Science	1,854	-	1,854	6,135
mySTEMspace	-	167,149	167,149	33,058
	<u>903,682</u>	<u>207,989</u>	<u>1,111,671</u>	<u>918,744</u>
Excess (deficiency) of revenues over expenses	14,651	(7,989)	6,662	289,888
Balance, beginning of year	<u>61,324</u>	<u>550,973</u>	<u>612,297</u>	<u>322,409</u>
Balance, end of year	<u>\$ 75,975</u>	<u>\$ 542,984</u>	<u>\$ 618,959</u>	<u>\$ 612,297</u>

See accompanying notes to the financial statements.

Youth Science Canada / Sciences jeunesse Canada

Statement of Cash Flows

Year ended June 30	2022	2021
Operating		
Excess of revenues over expenses	\$ 6,662	\$ 289,888
Adjustments for non-cash items		
Amortization	40,840	-
Government loan forgiveness	(20,000)	-
	<u>27,502</u>	<u>289,888</u>
Change in non-cash working capital items		
Accounts receivable	8,874	(10,331)
Inventory	4,785	(992)
Prepaid expenses	(15,634)	11,622
Accounts payable and accrued liabilities	(3,473)	15,277
Deferred revenue	(27,302)	(177,145)
	<u>(5,248)</u>	<u>128,319</u>
Investing		
Purchase of intangible assets - mySTEMspace and website	(59,198)	(150,130)
Financing		
Canada Emergency Business Account (CEBA) loan received	-	20,000
Decrease in cash	(64,446)	(1,811)
Cash, beginning of year	<u>428,741</u>	<u>430,552</u>
Cash, end of year	<u>\$ 364,295</u>	<u>\$ 428,741</u>
Cash consists of:		
Cash - General fund	\$ 202,500	\$ 230,397
Cash - Restricted fund	<u>161,795</u>	<u>198,344</u>
	<u>\$ 364,295</u>	<u>\$ 428,741</u>

Youth Science Canada / Sciences jeunesse Canada

Notes to the Financial Statements

Year ended June 30, 2022

1. 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.

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 ("ASNPO"), the more significant of which are as follows:

Use of estimates

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are periodically reviewed and accordingly, adjustments made to these estimates are reflected in the statement of operations in the year in which the adjustment is determined necessary. Significant estimates used in the preparation of these financial statements include allowance for doubtful accounts, inventory obsolescence, allocation of development costs, and accrued liabilities. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates.

Youth Science Canada / Sciences jeunesse Canada

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies, continued

Fund accounting

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

- (i) General Fund: Reports the revenue and expenses related to program delivery and operating activities.
- (ii) Restricted Fund: Reports assets and liabilities, revenue and expenses of the externally restricted fund related to mySTEMspace (formerly known as "National Youth STEM Project Development").

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 deferred and recognized as revenue in the year 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.

Investment income earned on restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Other investment income is recognized in revenue as 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.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in instruments that are quoted in an active market, which are measured at fair value.

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

Financial liabilities measured at amortized cost include accounts payable and Canada Emergency Business Account (CEBA) loan.

Youth Science Canada / Sciences jeunesse Canada

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies, continued

Financial instruments, continued

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amount of any write-down or reversals are recognized in the statement of operations.

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 mySTEMspace in development to help the organization generate revenue. Once the website and mySTEMspace are completed, costs will be amortized on a straight-line basis over their useful life:

Website	10 years
mySTEMspace	10 years

Inventory

Inventory consists of items purchased for resale online and 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.

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.

Impairment of long-lived assets

The Organization tests long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Youth Science Canada / Sciences jeunesse Canada

Notes to the Financial Statements

Year ended June 30, 2022

3. Accounts receivable

	<u>2022</u>	<u>2021</u>
Harmonized sales tax receivable	\$ 35,069	\$ 31,748
Receivable from sponsors and members	<u>1,650</u>	<u>13,845</u>
	<u>\$ 36,719</u>	<u>\$ 45,593</u>

4. Intangible assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2022 Net Book Value</u>	<u>2021 Net Book Value</u>
mySTEMspace and website	\$ 437,995	\$ 40,839	<u>\$ 397,156</u>	<u>\$ 378,798</u>

5. Deferred revenue

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

6. Canada Emergency Business Account (CEBA) loan

The Government of Canada launched the Canada Emergency Business Account program to support small businesses and not-for-profit organizations that were adversely affected by the COVID-19 pandemic. The program provides interest-free loans of up to \$60,000, which the Organization received in full in 2021. Should the non-forgivable portion be repaid on or before December 31, 2022, up to \$20,000 will be forgiven. If it is not repaid by that point, the interest-free loan is converted into a 3-year term loan with an interest rate of 5%. As of the year ended June 30, 2022, the Organization expects to meet the criteria for forgiveness and has recognized \$20,000 into income.

Youth Science Canada / Sciences jeunesse Canada

Notes to the Financial Statements

Year ended June 30, 2022

7. Restricted Fund

The Restricted Fund reports the amounts related to developing mySTEMspace, which is an online/mobile youth STEM project portal to connect youth starting STEM projects, regional STEM fair participants and provide STEM project resources.

During the year, the Organization received a total of \$200,000 (2021 - \$300,000), from Cenovus Energy, and the Trottier Family Foundation.

	<u>2022</u>	<u>2021</u>
NSERC	\$ -	\$ 150,000
Trottier Family Foundation	150,000	150,000
Cenovus Energy	<u>50,000</u>	<u>-</u>
	<u>\$ 200,000</u>	<u>\$ 300,000</u>

The Organization was approved for a grant from NSERC's PromoScience Program that is subject to externally imposed restrictions to fund the Organization's mySTEMspace initiative. The approved funding was in the amount of \$150,000 annually for three years. The third instalment was received in 2021.

During the year, the Organization received \$150,000 (2021 - \$150,000) from the Trottier Family Foundation and \$50,000 (2021 - \$NIL) from Cenovus Energy that are subject to externally imposed restrictions to fund the initiative.

To date, the Organization has spent \$216,175 (2021 - \$49,026) on research and operating costs and \$437,995 (2021 - \$378,798) on development costs, reflected as Intangible assets - mySTEMspace and website on the statement of financial position, towards the mySTEMspace and website development projects.

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

The CWSF is the annual showcase event of the Organization. The CWSF is the largest youth STEM event in Canada, gathering 500 of the best young scientists, engineers, and innovators from across the country.

The revenues associated with the CWSF include registration fees. The expenses of the CWSF include accommodation, meals, facilities, exhibit hall, travel costs, award ceremony production and other direct expenses.

CWSF 2022 was hosted virtually due to COVID-19 travel and event restrictions.

9. Government wage subsidy assistance

During the year, the Organization received subsidy under the Canada Emergency Wage Subsidy program to offset wages and benefits incurred in the current year. The Organization has maintained compliance with all conditions attached to the program to be eligible to receive payments.

Youth Science Canada / Sciences jeunesse Canada

Notes to the Financial Statements

Year ended June 30, 2022

10. Financial instruments

Risks and Concentrations

The Organization is exposed to various financial risks through its financial instruments, without being exposed to concentrations of risks. The following analysis provides a measure of the Organization's risk exposure at the statement of financial position date June 30, 2022:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relates to its accounts receivable. The credit risk from counter parties not paying accounts receivable is not considered to be significant. There was no significant change in exposure from the prior year.

(b) 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, 2022, the most significant financial liabilities are accounts payable and Canada Emergency Business Account (CEBA) loan.

(c) Market risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Organization is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on the financing of its Canada Emergency Business Account (CEBA) loan. There was no significant change in exposure from the prior year.
