

Financial statements of

Youth Science Canada

June 30, 2009

Youth Science Canada

June 30, 2009

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Auditors' Report

To the Members of Youth Science Canada

We have audited the statement of financial position of Youth Science Canada as at June 30, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Youth Science Canada's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, Youth Science Canada 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 Youth Science Canada and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses for the year, current assets and net deficiency.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Youth Science Canada as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
September 25, 2009

Youth Science Canada

Statement of financial position as at June 30, 2009

	2009	2008
	\$	\$
Assets		
Current		
Cash	107,277	3,290,763
Accounts receivable (Note 4)	418,004	112,153
Prepaid expenses and other assets	64,907	12,076
	590,188	3,414,992
Long-term investments (Note 5)	2,500,000	-
Restricted cash (Note 6)	59,432	59,893
Capital assets (Note 7)	210,477	95,888
	3,360,097	3,570,773
Liabilities		
Current		
Accounts payable and accrued liabilities	151,967	70,797
Deferred revenue (Notes 3 and 8)	1,404,792	376,950
	1,556,759	447,747
Deferred revenue (Note 8)	1,866,605	3,140,292
Deferred contributions (Note 9)	-	3,000
Retirement allowance (Note 14)	47,151	45,556
	3,470,515	3,636,595
Net deficiency		
Investment in capital assets	210,477	95,888
Restricted for Equalized Travel Plan (Note 10)	129,801	116,111
Unrestricted	(450,696)	(277,821)
	(110,418)	(65,822)
	3,360,097	3,570,773

Youth Science Canada

Statement of operations year ended June 30, 2009

	2009	2008
	\$	\$
Revenue		
Canada-Wide Science Fair (Note 12)		
Travel, insurance and other fees	571,663	456,257
Registration fees	424,140	444,725
Government grant	-	67,500
Government grant (Note 8)	359,708	-
Sponsorships and donations (Note 3)	927,415	731,071
Regional affiliation fees	29,490	29,200
Amortization of deferred contributions related to scholarships (Note 9)	3,000	3,759
Other income	15,304	17,732
	2,330,720	1,750,244
Expenses		
Canada-Wide Science Fair (Note 12)		
Travel, insurance and other expenses (Note 3)	565,206	539,308
Host committee operating costs	450,806	456,557
Government grant paid to host committee	-	67,500
Government grant (Ontario MRI) (Note 8)	359,708	-
Other programs	535,720	396,641
Salaries and benefits	225,553	175,754
Contracted services	41,000	228,133
Fundraising	567	44,376
Administration	138,545	60,638
Board and committees	12,264	10,899
Scholarships	2,250	500
Amortization of capital assets	43,697	15,006
	2,375,316	1,995,312
Excess of revenue over expenses (expenses over revenue) for the year	(44,596)	(245,068)

Youth Science Canada
Statement of changes in net assets
year ended June 30, 2009

	2009			2008	
	Investment in capital assets	Restricted for Equalized Travel Plan	Unrestricted	Total	Total
	\$	\$ (Note 10)	\$	\$	\$
Balances, beginning of year	95,888	116,111	(277,821)	(65,822)	179,246
Excess of (expenses over revenue) revenue over expenses for the year	(43,697)	13,690	(14,589)	(44,596)	(245,068)
Additions to capital assets	158,286	-	(158,286)	-	-
Balances, end of year	210,477	129,801	(450,696)	(110,418)	(65,822)

Youth Science Canada

Statement of cash flows year ended June 30, 2009

	2009	2008
	\$	\$
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	(44,596)	(245,068)
Items not affecting cash		
Amortization of capital assets	43,697	15,006
Retirement allowance	1,595	1,541
Decrease in deferred contributions	(3,000)	(3,759)
	(2,304)	(232,280)
Changes in non-cash operating items		
(Increase) decrease in accounts receivable	(305,851)	73,385
Increase in prepaid expenses and other assets	(52,831)	(8,932)
Increase (decrease) in accounts payable and accrued liabilities	81,170	(148,453)
Increase (decrease) in restricted cash	461	(6,325)
(Decrease) increase in deferred revenue	(245,845)	3,505,717
	(525,200)	3,183,112
Investment activities		
Increase in long-term investments	(2,500,000)	-
Additions to capital assets	(158,286)	(36,046)
	(2,658,286)	(36,046)
Net (decrease) increase in cash during the year	(3,183,486)	3,147,066
Cash, beginning of year	3,290,763	143,697
Cash, end of year	107,277	3,290,763

Youth Science Canada

Notes to the financial statements

June 30, 2009

1. Mandate

Youth Science Canada is a national organization enabling youth science programs through partnerships at the regional, provincial and national levels. Best known for project-based science and science fairs, a program that reaches classrooms, schools and communities in every province and territory through a network of over 100 affiliated regional organizations, Youth Science Canada's core programming also includes programs that deliver online resources, international opportunities and peer-based and professional mentorship.

Twice a year, in October and March, Youth Science Canada reaches out to over 11,000 schools and local media in every part of the country, with two awareness building initiatives that reinforce project-based science and career opportunities in science and engineering among grade 7-12 teachers and their students.

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.

On December 5, 2008 Youth Science Canada changed its name from Youth Science Foundation Canada.

2. Change in accounting policy

Adoption of accounting policies

Section 1535 - Capital disclosures

On July 1, 2008, Youth Science Canada adopted Section 1535 - "Capital Disclosures", of the Canadian Institute of Chartered Accountants' ("CICA's") Handbook. The adoption of this new standard has not resulted in any change in how the Youth Science Canada accounts for its transactions, but does require additional disclosure, which is presented in Note 16.

Section 3855 - Financial instruments - Recognition and measurement

On April 23, 2008, the CICA amended Section 3855, "Financial Instruments - Recognition and Measurement" of the CICA Handbook. The amended section allows not-for-profit organizations to elect to not have to account for certain non-financial contracts as derivatives and also to not have to account for certain derivative features embedded in non-financial contracts, leases and insurance contracts as embedded derivatives. If Youth Science Canada did not elect this option it would be required to account for derivative financial instruments in accordance with the guidance in Section 3855.

Youth Science Canada has elected to early adopt these amendments to Section 3855 effective for its fiscal year beginning on July 1, 2008 and has elected not to account for non-financial contracts as derivatives, and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

Youth Science Canada

Notes to the financial statements

June 30, 2009

3. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, 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.

Youth Science Canada's ability to continue as a going concern is dependent upon achieving an operating surplus, balancing its budget on a go forward basis and receiving adequate funding support for its activities.

Financial instruments

Youth Science Canada has classified its financial instruments as follows:

- Cash, restricted cash and investments as "held-for-trading". Held-for-trading items are carried at fair value, with changes in their fair value recognized in the Statement of operations in the current period.
- All accounts receivable as "loans and receivables". Loans and receivables are carried at amortized cost, using the effective interest method.
- Accounts payable and accrued liabilities as "other liabilities". Other liabilities are carried at amortized cost, using the effective interest method.

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 are recognized as revenue in the period in which the related expenses are incurred.

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 do not reflect the value of services contributed by volunteers and other interested parties.

In-kind donations which would normally be purchased are reflected in the financial statements at their fair value, when such value can be determined. During the year, Youth Science Canada received rail tickets with a value of \$30,000 (2008 - \$40,000), of which \$2,386 (2008 - \$37,336) had been used by the year end. This amount is included in sponsorships and donations revenue and in travel, insurance and other expenses. The remaining \$30,278 (including the opening balance of \$2,664) is included in prepaid expenses and other assets and in deferred revenue.

Youth Science Canada

Notes to the financial statements

June 30, 2009

3. Summary of significant accounting policies (continued)

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 a straight-line basis over the periods indicated below:

Proprietary software	10 years
Furniture and equipment	3 years
Website software	5 years
Computer software	3 to 5 years
Computer equipment	3 years
Leasehold improvements	Over the life of the lease.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

Future accounting changes

Section 4400 – Financial Statement Presentation by not-for-profit organizations

In September 2008, the CICA issued amendments to several of the existing sections in the 4400 series - Financial Statement Presentation by Not-For-Profit Organizations. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, Youth Science Canada will have to adopt the amended standards for its 2010 fiscal year. Management has determined that adoption of the new standards will result in some additional disclosures in the financial statements.

4. Accounts receivable

	2009	2008
	\$	\$
Receivable from sponsors and members	253,447	81,085
GST rebate	27,947	24,829
Interest receivable	40,924	6,239
Other receivable	95,686	-
	418,004	112,153

5. Long-term investments

Long-term investments consist of Guaranteed Investment Certificates which mature on August 5, 2010 and bear interest at 4 per cent per annum.

Youth Science Canada

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6. Restricted cash

Cash is restricted for the following purposes:

	2009	2008
	\$	\$
Scholarships	-	7,001
Retirement allowance	29,432	22,892
Credit facility (Note 13)	30,000	30,000
	59,432	59,893

The scholarships have externally imposed restrictions stipulating that the scholarship recipients be awarded the scholarships upon enrolment in a post-secondary institution. The last of the scholarship funds were paid in 2009. The retirement allowance is for the retirement of the executive director in 2014 in the amount of \$56,000 (2008 - \$56,000). On an annual basis, \$5,600 is set aside as internally restricted cash to fund this future retirement allowance.

Investment income on the restricted cash is unrestricted.

7. Capital assets

	2009		2008	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Proprietary software	283,343	235,469	47,874	59,842
Website software	41,990	4,199	37,791	-
Computer software	108,332	14,368	93,964	-
Computer equipment	7,745	6,789	956	-
Furniture and equipment	40,152	12,700	27,452	36,046
Leasehold improvements	2,711	271	2,440	-
	484,273	273,796	210,477	95,888

Effective July 1, 2008, the estimate of the useful life of for proprietary software was revised from five to ten years. This change in accounting estimate has been applied on a prospective basis and has resulted in a decrease in currently reported amortization expense by \$47,874.

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8. Deferred revenue

Deferred revenue includes the following amounts:

	2009	2008
	\$	\$
Ontario Ministry of Research and Innovation grant	3,140,292	3,500,000
Interest earned on grant	100,827	-
	<u>3,241,119</u>	<u>3,500,000</u>
Less: long-term portion	1,866,605	3,140,292
	<u>1,374,514</u>	<u>359,708</u>
Other	30,278	17,242
	<u>1,404,792</u>	<u>376,950</u>

The amount from the Ontario Ministry of Research and Innovation will be used to support Ontario youth engagement in Youth Science Canada's activities and programs. \$359,708 (2008 - \$Nil) has been spent during the year. The remaining amounts are expected to be spent as follows:

	\$
2010	1,374,514
2011	1,135,318
2012	731,287
	<u>3,241,119</u>

9. Deferred contributions

Deferred contributions represent externally restricted sponsorships for specific scholarship recipients.

	2009	2008
	\$	\$
Balance, beginning of year	3,000	6,759
Amount recognized as revenue during the year	(3,000)	(3,759)
Balance, end of year	<u>-</u>	<u>3,000</u>

10. 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 stabilize the travel costs in the 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.

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10. Restricted for Equalized Travel Plan (continued)

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

	2009	2008
	\$	\$
Opening balance	116,111	155,535
Amounts received from regions	543,375	432,475
Travel costs	(520,173)	(427,724)
Net surplus	23,202	4,751
Total credit to regions	(9,512)	(44,175)
Net payment to regions	13,690	(39,424)
Closing balance	129,801	116,111

11. Commitments

Lease commitment

Youth Science Canada is committed to an operating lease for its rental space from August 1, 2008 to July 31, 2013. Youth Science Canada has an option to renew the premises lease for a term of five years at the then market rate. The minimum annual payments for the rental space for the next five fiscal years are as follows:

	\$
2010	20,883
2011	21,000
2012	22,283
2013	22,400

Youth Science Canada is also committed to its share of taxes, maintenance and insurance, which amounts to approximately \$14,000, per annum.

12. 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 over 450 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 registration fees paid to the CWSF host committee, travel and insurance costs, award ceremony production and other direct expenses.

13. Credit facility

Youth Science Canada has established a letter of credit in favour of the Ontario Teachers' Pension Plan Board in the amount of \$30,000 with a Canadian chartered bank. The letter of credit bears interest at 2% per annum, and is secured by a guaranteed investment certificate in the amount of \$30,000. As at June 30, 2009, Youth Science Canada has not drawn any amounts against this letter of credit.

Youth Science Canada

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14. Retirement allowance

In connection with the hiring of the executive director in 2005, Youth Science Canada made a commitment to provide a retirement gratuity equivalent to that provided by the Executive Director's previous employer, to be paid in 2014. As at June 30, 2009, the estimated present value of the retirement allowance is \$47,151 (2008 - \$45,556).

15. 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.

16. Capital disclosures

Youth Science Canada considers its net assets together with deferred revenue, to be its capital.

The excess of revenue over expenses (expenses over revenue) are accumulated in the unrestricted fund balance. The investments in capital assets and the Restricted for Equalized Travel Plan balances are restricted in their use and the restrictions related thereto as well as to deferred revenue, have been complied with.