

Financial statements of

Youth Science Canada

June 30, 2012

Youth Science Canada

June 30, 2012

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Independent Auditor's 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, 2012, 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 generally accepted accounting principles, 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.

Auditor's 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 audit opinion.

Basis for qualified opinion

In common with many charitable organizations, the Organization 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 the Organization and we were not able to determine whether any adjustments might be necessary to donations revenues, excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2012 and 2011, current assets as at June 30, 2012 and 2011, and net assets as at July 1, 2011 and 2010, and as at June 30, 2012 and 2011. Our audit opinion on the financial statements for the year ended June 30, 2011 was modified accordingly because of the possible effects of this limitation in scope.

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 the Organization as at June 30, 2012, 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
November 12, 2012

Youth Science Canada

Statement of financial position as at June 30, 2012

	2012	2011
		(Note 15)
	\$	\$
Assets		
Current assets		
Cash	147,430	-
Investments	-	800,000
Accounts receivable (Note 3)	188,889	231,865
Prepaid expenses and other assets (Note 2)	17,974	169,162
	354,293	1,201,027
Restricted cash (Note 4)	76,315	70,525
Capital assets (Note 5)	119,312	131,908
	549,920	1,403,460
Liabilities		
Current liabilities		
Bank overdraft	-	119,803
Accounts payable and accrued liabilities	85,573	143,905
Deferred revenue (Notes 2 and 6)	123,333	1,215,297
	208,906	1,479,005
Retirement allowance (Note 11)	54,185	53,318
	263,091	1,532,323
Net assets (deficiency)		
Investment in capital assets	119,312	131,908
Restricted for Equalized Travel Plan (Note 7)	131,635	62,226
Unrestricted	35,882	(322,997)
	286,829	(128,863)
	549,920	1,403,460

Approved by the Board

Len Reimer, Chair

Mayur Gadhia, Treasurer

Youth Science Canada

Statement of operations year ended June 30, 2012

	2012	2011
		(Note 15)
	\$	\$
Revenue		
Canada-Wide Science Fair (Note 9)		
Travel, insurance and other fees	657,998	471,183
Registration fees	483,173	462,337
Government grant - Ontario Ministry of Research and Innovations Program (Note 6)	1,100,881	1,173,212
Sponsorships and donations (Note 2)	806,752	508,973
Regional affiliation fees	29,690	29,460
Investment and other income	101,161	90,895
	3,179,655	2,736,060
Expenses		
Canada-Wide Science Fair (Note 9)		
Travel, insurance and other expenses (Note 2)	560,737	636,340
Youth Science Canada operating costs	260,795	339,512
Host committee operating costs	-	59,130
Government grant - Ontario Ministry of Research and Innovations Program (Note 6)	1,100,881	1,173,212
Other programs	360,859	443,211
Salaries and benefits	259,265	334,761
Contracted services	57,437	24,842
Fundraising	76,669	14,217
Administration	9,069	18,427
Board and committees	12,462	19,623
Scholarships	-	750
Amortization of capital assets	65,789	75,548
	2,763,963	3,139,573
Excess of revenue over expenses (expenses over revenue) for the year	415,692	(403,513)

Youth Science Canada

Statement of changes in net assets year ended June 30, 2012

	2012			2011	
	Investment in capital assets	Restricted for equalized travel plan (Note 7)	Unrestricted	Total	Total (Note 15)
	\$	\$	\$	\$	\$
Balances, beginning of year					
As previously reported	131,908	62,226	(222,997)	(28,863)	274,650
Prior period adjustment (Note 15)	-	-	(100,000)	(100,000)	-
As restated	131,908	62,226	(322,997)	(128,863)	274,650
Excess of (expenses over revenue) revenue over expenses for the year	(65,789)	69,409	412,072	415,692	(403,513)
Additions to capital assets	53,193	-	(53,193)	-	-
Balances, end of year	119,312	131,635	35,882	286,829	(128,863)

Youth Science Canada

Statement of cash flows year ended June 30, 2012

	2012	2011
		(Note 15)
	\$	\$
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	415,692	(403,513)
Items not affecting cash		
Amortization of capital assets	65,789	75,548
Retirement allowance	867	658
	482,348	(327,307)
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	42,976	(5,336)
Decrease (increase) in prepaid expenses and other assets	151,188	(67,787)
(Decrease) increase in accounts payable and accrued liabilities	(58,332)	23,395
Increase in restricted cash	(5,790)	(3,694)
Decrease in deferred revenue	(1,091,964)	(1,196,713)
	(479,574)	(1,577,442)
Investing activities		
Decrease in investments	800,000	1,700,000
Additions to capital assets	(53,193)	(41,436)
	746,807	1,658,564
Increase in cash during the year	267,233	81,122
Bank overdraft, beginning of year	(119,803)	(200,925)
Cash (bank overdraft), end of year	147,430	(119,803)

Youth Science Canada

Notes to the financial statements

June 30, 2012

1. Mandate

Youth Science Canada is a national organization that exists to engage Canadian youth through science in inquiry and critical thinking. Specifically, Youth Science Canada is focused on ensuring that: youth are engaged in science through inquiry activities and projects; educators and parents value an inquiry-based approach to science learning; youth are recognized for achievements in science; resources and tools exist to support inquiry and critical thinking in science; and youth with the potential for excellence in science are identified and supported. Youth Science Canada does this through four major program areas, targeting youth and educators - in both official languages:

- Science projects and science fairs - science 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.
- SMARTS - our online community for youth and the adults who support them.
- School Campaigns - Invent the Future and Youth Science Month - national campaigns that provide teachers in 11,000 schools (every school in the country with grades 7-12/Cégep) with information on inquiry, project-based science, science fairs, and the achievements of Canada's young scientists.

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.

2. 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 continuing to achieve 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.

Youth Science Canada

Notes to the financial statements

June 30, 2012

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

The cost of investments plus accrued interest approximates their fair value. The carrying value of accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their relatively short term nature.

As allowed under Section 3855 "Financial Instruments - Recognition and Measurement", Youth Science Canada 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 has elected to follow the disclosure requirements of Section 3861 "Financial Instruments - Disclosure and Presentation" of the Canadian Institute of Chartered Accountants' ("CICA's") Handbook.

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.

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 reflect donations-in-kind when such items would otherwise have been performed and their value can be determined.

During the year, Youth Science Canada received equipment with a value of \$20,475 (2011 - \$Nil), of which \$5,197 (2011 - \$Nil) had been used by the year end and is included in sponsorships and donations revenue and in travel, insurance and other expenses. The remaining amount of \$15,278 is included in capital assets.

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:

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

Youth Science Canada

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June 30, 2012

2. Summary of significant accounting policies (continued)

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. Accounts requiring significant estimates and assumptions include accounts payable and accrued liabilities, deferred revenue and retirement allowance.

Future accounting changes

On December, 2010, the CICA issued accounting standards for Not-for-Profit Organizations (Part III of the CICA Handbook - Accounting). Effective for fiscal years beginning on or after January 1, 2012, Not-for-Profit Organizations are required to adopt either Part III of the CICA Handbook - Accounting, or International Financial Reporting Standards (Part I of the CICA Handbook - Accounting). Youth Science Canada will adopt Part III of the CICA Handbook - Accounting.

3. Accounts receivable

	2012	2011
	\$	\$
Receivable from sponsors and members	59,715	84,760
Harmonized Sales Tax rebate	121,295	117,325
Interest receivable	564	11,106
Other receivable	7,315	18,674
	188,889	231,865

4. Restricted cash

Cash is restricted for the following purposes:

	2012	2011
	\$	\$
Retirement allowance (Note 11)	46,315	40,525
Credit facility (Note 10)	30,000	30,000
	76,315	70,525

The retirement allowance is for the retirement of the Executive Director in November 30, 2013 in the amount of \$55,000. To fund this future retirement allowance, an amount is set aside on an annual basis as internally restricted cash so that this future retirement allowance will be fully funded by November 30, 2013.

Investment income on the restricted cash is unrestricted.

Youth Science Canada

Notes to the financial statements

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5. Capital assets

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Proprietary software	283,343	271,374	11,969	23,937
Website software	95,530	40,614	54,916	43,301
Computer software	108,331	91,736	16,595	36,495
Computer equipment	34,704	18,222	16,482	7,629
Furniture and equipment	57,760	47,882	9,878	4,281
Signage	18,749	10,090	8,659	14,910
Leasehold improvements	2,711	1,898	813	1,355
	601,128	481,816	119,312	131,908

6. Deferred revenue

Deferred revenue consists of includes the following amounts:

	2012	2011
	\$	\$
Ontario Ministry of Research and Innovation grant	-	1,100,881
Interest earned on grant	-	85,916
	-	1,186,797
Canadian Institutes of Health Research	83,333	-
Natural Sciences and Engineering Research Council of Canada	37,500	3,000
Other	2,500	25,500
	123,333	1,215,297

The amount from the Ontario Ministry of Research and Innovation was used to support Ontario youth engagement in Youth Science Canada's activities and programs.

7. 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 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 will reduce the accumulated balance and, if necessary, be charged back to the regions in the next year.

Youth Science Canada

Notes to the financial statements

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7. Restricted for Equalized Travel Plan (continued)

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

	2012	2011
	\$	\$
Opening balance	62,226	100,081
Amounts received from regions	628,504	310,513
Travel costs	(547,245)	(334,508)
Net surplus (deficit)	81,259	(23,995)
Total credit to regions	(11,850)	(13,860)
Net receipt from (payment to) regions	69,409	(37,855)
Closing balance	131,635	62,226

8. 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 are as follows:

	\$
2013	22,400
2014	1,870

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

9. 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 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.

10. 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 is secured by a guaranteed investment certificate in the amount of \$30,000 which bears interest at 2%. As at June 30, 2012, Youth Science Canada has not drawn any amounts against this letter of credit.

11. Retirement allowance

In connection with the hiring of the Executive Director in 2004, Youth Science Canada made a commitment to provide a retirement gratuity equivalent to that provided by the Executive Director's previous employer. As at June 30, 2012, the estimated present value of the retirement allowance is \$54,185 (2011 - \$53,318).

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Notes to the financial statements

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12. 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.

13. Capital disclosures

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

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.

14. Allocation of expenses

Youth Science Canada has allocated salary and benefits expenses in the amount of \$284,181 (2011 - \$277,415) to the Ontario Ministry of Research and Innovations Program. This allocation is based on the estimated time dedicated to this program. Such allocation is reviewed regularly by management.

15. Prior period adjustments

During the year, Youth Science Canada determined that revenue for the year ended June 30, 2011 was overstated and deferred revenue understated by \$100,000. As a result, the following prior period adjustments have been recorded:

	Restated	Previously reported
	\$	\$
Deferred revenue	1,215,297	1,115,297
Unrestricted net assets, beginning of year	(322,997)	(222,997)
Total deficiency of net assets, beginning of year	(128,863)	(28,863)
Sponsorships and donation revenue for the year	508,973	608,973
Excess of expenses over revenue for the year	(403,513)	(303,513)