

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

**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, 2021, and the statement of operations, statement of changes in fund balances and statement of 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, 2021, and the results of its operations and 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 sponsorship and donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2021 and June 30, 2020, current assets as at June 30, 2021 and fund balances as at July 1 and June 30 for both 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 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.

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.

INDEPENDENT AUDITOR'S REPORT
(continued)

- ♦ 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
October 25, 2021

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	General Fund	Restricted Fund	Total 2021	Total 2020
ASSETS				
Current				
Cash	\$ 230,397	\$ 198,344	\$ 428,741	\$ 430,552
Accounts receivable (Note 2)	45,593	-	45,593	35,261
Current portion of prepaid expenses and other assets	8,026	-	8,026	20,601
Inventory (Note 3)	24,712	-	24,712	23,720
Interfund amounts receivable	11,479	-	11,479	8,169
	320,207	198,344	518,551	518,303
Non-current				
Intangible assets - mySTEMspace and website (Note 4)	-	378,798	378,798	228,668
Prepaid expenses and other assets	50,201	-	50,201	49,248
	<u>\$ 370,408</u>	<u>\$ 577,142</u>	<u>\$ 947,550</u>	<u>\$ 796,219</u>

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

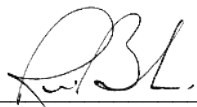
YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

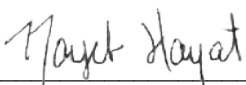
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	General Fund	Restricted Fund	Total 2021	Total 2020
LIABILITIES				
Current				
Accounts payable and accrued liabilities	\$ 73,510	\$ 14,690	\$ 88,200	\$ 72,922
Current portion of deferred revenue (Note 5)	171,924	-	171,924	352,719
Interfund amounts payable	-	11,479	11,479	8,169
	245,434	26,169	271,603	433,810
Non-current				
Canada Emergency Business Account (CEBA) loan (Note 6)	60,000	-	60,000	40,000
Deferred revenue (Note 5)	3,650	-	3,650	-
Total long-term liabilities	63,650	-	63,650	40,000
	309,084	26,169	335,253	473,810
FUND BALANCES				
General Fund	61,324	-	61,324	38,378
Restricted Fund (Note 7)	-	550,973	550,973	284,031
	61,324	550,973	612,297	322,409
	\$ 370,408	\$ 577,142	\$ 947,550	\$ 796,219

Approved on behalf of Management and 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 / SCIENCES JEUNESSE CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Restricted Fund	Total 2021	Total 2020
Revenue				
Canada-Wide Science Fair (Note 8)				
Registration fees	\$ 191,090	\$ -	\$ 191,090	\$ 60,212
mySTEMspace (Note 7)	-	300,000	300,000	150,000
Online STEM Fair	-	-	-	4,375
Regional Network				
Regional affiliation fees	28,830	-	28,830	30,010
Insurance and other fees	17,591	-	17,591	8,983
Smarter Science	7,066	-	7,066	7,757
STEM Entrepreneurship Experience	5,000	-	5,000	-
Team Canada	13,052	-	13,052	129,816
Sponsorships and donations	507,512	-	507,512	408,345
Government wage subsidy assistance (Note 9)	115,572	-	115,572	18,757
Investment and other income	22,919	-	22,919	13,816
	<u>908,632</u>	<u>300,000</u>	<u>1,208,632</u>	<u>832,071</u>
Expenses				
Canada-Wide Science Fair (Note 8)				
Youth Science Canada costs	450,963	-	450,963	61,424
Contracted services	124,012	-	124,012	120,299
mySTEMspace (Note 7)	-	33,058	33,058	-
Online STEM Fair	-	-	-	55,921
Regional Network	58,372	-	58,372	15,335
Smarter Science	6,135	-	6,135	6,058
STEM Entrepreneurship Experience	10,740	-	10,740	-
Team Canada	8,670	-	8,670	128,856
Salaries and benefits	156,695	-	156,695	181,148
Contracted services	-	-	-	4,000
Board and committees	19,409	-	19,409	12,588
Store	3,689	-	3,689	-
Administration	47,001	-	47,001	48,082
	<u>885,686</u>	<u>33,058</u>	<u>918,744</u>	<u>633,711</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 22,946</u>	<u>\$ 266,942</u>	<u>\$ 289,888</u>	<u>\$ 198,360</u>

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

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Restricted Fund	Total 2021
Balance, beginning of year	\$ 38,378	\$ 284,031	\$ 322,409
Excess of revenue over expenses for the year	22,946	266,942	289,888
Balance, end of year	<u>\$ 61,324</u>	<u>\$ 550,973</u>	<u>\$ 612,297</u>

	General Fund	Restricted Fund	Total 2020
Balance, beginning of year	\$ (9,982)	\$ 134,031	\$ 124,049
Excess of revenue over expenses for the year	48,360	150,000	198,360
Balance, end of year	<u>\$ 38,378</u>	<u>\$ 284,031</u>	<u>\$ 322,409</u>

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

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Cash provided by (used in)		
Operating activities:		
Excess of revenues over expenses for the year	\$ 289,888	\$ 198,360
Change in non-cash working capital items		
Accounts receivable	(10,331)	81,181
Prepaid expenses	11,622	(54,018)
Inventory	(992)	494
Accounts payable and accrued liabilities	15,277	(291,246)
Deferred revenue	(177,145)	335,301
	<u>128,319</u>	<u>270,072</u>
Investing activities:		
Intangible asset - development costs	<u>(150,130)</u>	<u>(228,668)</u>
Financing activities:		
Canada Emergency Business Account (CEBA) loan received	<u>20,000</u>	<u>40,000</u>
Increase (decrease) in cash	(1,811)	81,404
Cash, beginning of year	<u>430,552</u>	<u>349,148</u>
Cash, end of year	<u><u>\$ 428,741</u></u>	<u><u>\$ 430,552</u></u>
Cash consists of:		
Cash - General Fund	\$ 230,397	\$ 358,498
Cash - Restricted Fund	<u>198,344</u>	<u>72,054</u>
	<u><u>\$ 428,741</u></u>	<u><u>\$ 430,552</u></u>

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

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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.

1. 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 Canada Emergency Business Account (CEBA) loan.

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

1. Significant accounting policies (continued)

(b) Cash

Cash consists of bank balances.

(c) 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").

(d) 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.

(e) 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.

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

1. Significant accounting policies (continued)

(f) 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 allowance for doubtful accounts, inventory obsolescence, allocation of development costs, and accounts payable and accrued liabilities.

(g) 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.

(h) 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.

(i) 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	5 years
mySTEMspace	8 years

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

2. Accounts receivable

	2021	2020
Receivable from sponsors and members	\$ 13,845	\$ 19,686
Harmonized sales tax rebate	31,748	15,575
	<u>\$ 45,593</u>	<u>\$ 35,261</u>

3. Inventory

Inventory consists of promotional goods available for sale. During the year \$1,492 of inventory was expensed (2020 - \$494). The inventory balance as at year end June 30, 2021 was \$24,712 (2020 - \$23,720).

4. Intangible assets - mySTEMspace and website

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Intangible assets - development costs	\$ 378,798	\$ -	\$ 378,798	\$ 228,668

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. Deferred contributions represent restricted funding for specified activities and awards to be delivered in future years.

	2021	2020
Amounts received in advance	\$ 171,924	\$ 283,319
Deferred contributions	3,650	69,400
	<u>175,574</u>	<u>352,719</u>
Less: current portion	<u>(171,924)</u>	<u>(352,719)</u>
	<u>\$ 3,650</u>	<u>\$ -</u>

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

5. Deferred revenue (continued)

The continuity of the deferred contributions is as follows:

	2021	2020
Balance, beginning of year	\$ 69,400	\$ -
Amounts received during the year	441,762	477,745
Revenue recognized during the year	(507,512)	(408,345)
Balance, end of year	<u>\$ 3,650</u>	<u>\$ 69,400</u>

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. The Organization received a \$20,000 loan during the year, in addition to the \$40,000 received in 2020, resulting in a total loan of \$60,000. 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%.

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 \$300,000 (2020 - \$150,000), from NSERC's PromoScience Program, and the Trottier Family Foundation.

	2021	2020
NSERC	\$ 150,000	\$ 150,000
Trottier Family Foundation	150,000	-
	<u>\$ 300,000</u>	<u>\$ 150,000</u>

The Organization has been 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 is in the amount of \$150,000 annually for three years. The third instalment was received during the current year.

YOUTH SCIENCE CANADA / SCIENCES JEUNESSE CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

7. Restricted Fund (continued)

During the year, the Organization received \$150,000 (2020 - \$0) from the Trottier Family Foundation that is subject to externally imposed restrictions to fund the initiative.

To date, the Organization has spent \$49,026 (2020 - \$15,969) on research and operating costs and \$378,798 (2020 - \$228,668) 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 extra-curricular youth activity related to science and technology in Canada, gathering 500 of the best young scientists 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 2021 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.

10. 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 / SCIENCES JEUNESSE CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

11. Financial instruments

Financial risks

The Organization is exposed to various risks through its financial instruments. The significant risks are detailed below.

(a) 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 accounts receivable. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

(b) 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.

(c) 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.

12. Subsequent event

On March 17, 2020, the Province of Ontario declared its first state of emergency in an effort to manage the spread of the COVID-19 virus which continues to spread in Canada and around the world. The state of emergency has caused significant and negative impacts on the day to day lives of our participants and their financial resources. Subsequent to the year, the Province of Ontario has continued to impose public health measures with varying levels of restrictions that have continued to disrupt the normal operations of the Organization.

On July 21, 2021, the Organization publicly announced that the CWSF 2022 event will be held virtually and will monitor and assess the impact on other planned events and activities. As the situation continues to evolve rapidly, the duration and impact of the COVID-19 pandemic is unknown at this time and it is not possible to reliably estimate the impact that these developments will have on the financial results of the Organization in future years.

13. Comparative figures

Some of the comparative figures from 2020 have been reclassified to conform to the current year's presentation.