

YOUTH FUSION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

INDEPENDENT AUDITORS' REPORT

To the members of the board of directors of
YOUTH FUSION

We have audited the accompanying financial statements of **YOUTH FUSION**, which comprise the balance sheet as at August 31, 2015, 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 accounting standards for not-for-profit organizations, 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.

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Auditor's responsibility (continued)

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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **YOUTH FUSION** as at August 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Gagnon & Associé
Comptables Professionnels Agréés Inc.

Par Martin Gagnon, CPA auditeur, CA

By Martin Gagnon, CPA auditor, CA

Montréal, February 26, 2016

Youth Fusion

Statement of Operations

For the year ended August 31st, 2015

	2015	2014
	\$	\$
Grants and donations		
University partners	422 500	315 100
Municipal partners	184 792	138 849
Private partners	1 113 370	1 105 814
Donations —	125 365	206 221
Schools boards	656 640	704 494
Not-for-profits organisations and foundations	1 941 414	1 660 603
Government corporations	40 000	40 000
Government of Québec	41 000	-
	<u>4 525 081</u>	<u>4 171 081</u>
Operating Expenses (note 7)	<u>604 606</u>	<u>421 049</u>
Excess available for activities	<u>3 920 475</u>	<u>3 750 032</u>
Activities expenses		
Arts and Culture	194 250	209 050
Fashion Design	130 012	73 732
Media and Cinema	231 720	194 993
Entrepreneurship	69 251	109 068
Science and Technology	81 215	34 388
Academic Engagement	110 984	177 121
Inuit and First Nations Communities	1 208 406	812 581
Robotic FIRST Quebec	1 768 028	1 791 808
Video Game Creation	25 911	
Environmental Design	18 943	
Pilot projects	39 709	58 015
	<u>3 879 429</u>	<u>3 460 756</u>
Excess of revenues over expenses	<u>42 046</u>	<u>289 276</u>

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

Youth Fusion

Balance Sheet

As at August 31st, 2015

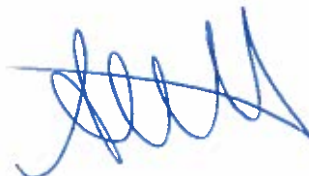
	2015	2014
	\$	\$
Assets		
Current		
Cash and cash equivalents	145 915	232 494
Accounts receivable (note 3)	456 061	410 812
Prepaid expenses	3 768	24 434
	<u>605 744</u>	<u>667 740</u>
Capital assets (note 4)	<u>33 052</u>	<u>28 565</u>
	<u>638 796</u>	<u>696 305</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	177 729	183 389
Deferred contributions (note 6)	71 105	165 000
	<u>248 834</u>	<u>348 389</u>
Net assets		
Distribution of net assets		
Invested in capital assets	33 052	28 565
Unrestricted	356 910	319 351
	<u>389 962</u>	<u>347 916</u>
	<u>638 796</u>	<u>696 305</u>

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

On behalf of the Board,



Administrator



Administrator

Youth Fusion

Statement of Changes in Net Assets For the year ended August 31st, 2015

	2015		
	Invested in capital assets \$	Unrestricted \$	Total \$
Balance - August 31, 2014	28 565	319 351	347 916
Excess of revenues over expenses	-	42 046	42 046
Invested in capital assets	16 848	(16 848)	
Amortization of capital assets	(12 361)	12 361	
	4 487	37 559	42 046
Balance - August 31, 2015	33 052	356 910	389 962

	2014		
	Invested in capital assets \$	Unrestricted \$	Total \$
Balance - August 31, 2013	27 725	30 915	58 640
Excess of revenues over expenses	-	289 276	289 276
Invested in capital assets	10 827	(10 827)	-
Amortization of capital assets	(9 987)	9 987	-
	840	288 436	289 276
Balance - August 31, 2014	28 565	319 351	347 916

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

Youth Fusion

Statement of Cash Flow

For the year ended August 31st, 2015

	2015	2014
	\$	\$
Operating activities		
Excess of revenues over expenses	42 046	289 276
Item not affecting cash		
Amortization of capital assets	<u>12 361</u>	<u>9 987</u>
	54 407	299 263
Change in non-cash working capital components		
Accounts receivable	(45 249)	(150 732)
Prepaid expenses	20 666	(20 127)
Accounts payable and accrued liabilities	(5 660)	75 421
Deferred contributions	<u>(93 895)</u>	<u>(260 443)</u>
	<u>(69 731)</u>	<u>(56 618)</u>
Investing activities		
Acquisition of capital assets	<u>(16 848)</u>	<u>(10 827)</u>
Increase (decrease) in cash and cash equivalents	(86 579)	(67 445)
Cash and cash equivalents - Beginning of the year	<u>232 494</u>	<u>299 939</u>
Cash and cash equivalents - End of the year	<u><u>145 915</u></u>	<u><u>232 494</u></u>

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

Youth Fusion

Notes to Financial Statements

As at August 31st, 2015

1. Nature of activities and status

Youth Fusion is a not-for-profit organization established on January 9th, 2009 under Part III of the Loi sur les compagnies du Quebec. According to Canadian income tax law, it is recognized as a charity since April 19th, 2010.

The organization creates partnerships between elementary or high schools and universities, aiming to prevent school dropout. It employs university students who act as project coordinators in the domain related to their field of study. Projects are categorized in domains: Arts and Culture, Media and Cinema, Science and Technology, Fashion Design, Robotics, Entrepreneurship, Video Game Creation et Academic Engagement.

The charity implanted its projects in the Greater Montreal region, Capitale-Nationale, Montérégie, Eastern Townships, Lanaudière, Bas-Saint-Laurent, Abitibi-Témiscamingue and in schools of the Inuit and First Nations communities.

The FIRST Québec Robotics project is an international competition that invites high school students to create a functioning robot designed to play a sport. The students have six weeks to build the robot in collaboration with university students and engineers. At the primary level, students build a robot with LEGO. Since 2012, Youth Fusion organises the robotics festival in Montréal.

2. Significant accounting policies

Presentation of financial statement

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The organization uses the deferral method of accounting for revenue.

The products are recognized as revenue of the funds appropriated in the fiscal year in which the related expenses are incurred. Products not are recognized as revenue of the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Youth Fusion

Notes to Financial Statements

As at August 31st, 2015

2. Significant accounting policies (continued)

Contributions received in supplies

The organization receives input in the form of supplies. These contributions are recorded at fair value when it comes to supplies that are used in the ongoing operation and that would have been purchased by the agency if they had not been given. When these supplies would not have been purchased if they had not been received without payment, intakes are not recognized in the financial statements.

The rent for the premises of the organization is free of charge up until July 2015 and is found on their financial statements.

Capital assets

Fixed assets are recorded at acquisition cost. Depreciation is calculated using the declining balance method at the following rates :

Furniture	20%
Computer equipment	30%
Equipment for schools	20%

Income taxes

The organization is exempt from income tax

Ventilation costs

The charges directly related to an activity are attributed to the latter. A percentage of operating expenses is attributed to the loads of activities such as administration costs. This percentage is established in proportion to the hours worked for each projects.

Financial instruments

Financial assets and liabilities are estimated at the just value during their initial posting.

Cash and cash equivalents

The organization policy is to disclose bank balances under cash and cash equivalents, including banking sales and term deposits with a maturity period of three months or less from the date of acquisition or cashable at any time.

Youth Fusion

Notes to Financial Statements

As at August 31st, 2015

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements according to Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities booked, information on assets and liabilities and the amounts of revenues and expenses during the year. The information could differ from those established according to these estimates and assumptions.

3. Accounts receivable

	2015	2014
	\$	\$
Grants receivables	362 285	345 899
Taxes receivable	88 864	58 100
Other accounts receivable	<u>4 912</u>	<u>6 813</u>
	<u><u>456 061</u></u>	<u><u>410 812</u></u>

Youth Fusion

Notes to Financial Statements

As at August 31st, 2015

4. Capital assets

			2015	2014
	Cost	Accumulated amortization	Book value	Book value
	\$	\$	\$	\$
Computer equipment	38 054	19 942	18 112	9 027
Equipment for schools	21 928	11 824	10 104	12 630
Furniture	10 223	5 387	4 836	6 908
	<u>70 205</u>	<u>37 153</u>	<u>33 052</u>	<u>28 565</u>

5. Accounts receivable and accrued liabilities

	2015	2014
	\$	\$
Suppliers and accrued liabilities	41 028	107 065
Wages and vacations	130 310	67 134
Source deductions and contributions	<u>6 391</u>	<u>9 190</u>
	<u>177 729</u>	<u>183 389</u>

6. Deferred contributions

Deferred contributions are made up of subsidies to cover the charges will be incurred during the subsequent fiscal year. The variations are:

	2015	2014
	\$	\$
Balance, beginning of year	165 000	425 443
Amount recognized as revenue	(165 000)	(425 443)
Amount received for the subsequent year	<u>71 105</u>	<u>165 000</u>
Balance, end of year	<u>71 105</u>	<u>165 000</u>

Youth Fusion

Notes to Financial Statements

As at August 31st, 2015

7. Operating expenses

	2015	2014
	\$	\$
Wages and benefits	411 536	290 475
Bookkeeping and payroll fees	6 849	34 479
Rent	37 180	39 000
Office expenses and computer equipment	34 602	12 817
Maintenance	3 360	2 891
Telecommunications	13 201	3 564
Insurances	3 607	2 671
Web Site, Communications & Marketing	49 055	1 601
Subscriptions and contributions	5 528	709
Taxes and licences	2 506	8 036
Representation expenses	12 716	8 393
Transportation fees	15 445	16 426
Moving fees	18 847	
Audit fees	11 825	15 147
Legal fees	4 988	2 296
Amortization of capital assets	12 361	9 987
Interests and bank charges	2 074	1 849
Interests income	(1 219)	(2 852)
Administration fees imputed to the projects	(39 855)	(26 440)
	<u>604 606</u>	<u>421 049</u>

8. Financial instruments

Fair value

The carrying amounts of cash, accounts receivable and accounts payable are there a reasonable approximation of their fair value due to their short term maturity.

Credit risk

The organization registered contributions to be received, which were received after the end of its financial year. The organization estimates, in a continuous way, amounts to be received on the basis of the amounts the near certainty of which it has to receive by establishing itself on the value of estimated realization.

Youth Fusion

Notes to Financial Statements

As at August 31st, 2015

9. Related party transactions

The organizations YOUTH FUSION and FIRST ROBOTICS QUÉBEC are under common control given that the majority of the members on the board and on the executive management are the same for both organizations.

The organization recognized contributions from FIRST ROBOTICS QUÉBEC for \$235,668 (2014: \$ 349,083), of which \$ 717 (2014: \$ 168,324) to be received on August 31, 2015. These normal operating transactions are measured at their exchange value.

The summary financial statements of the organization FIRST ROBOTICS QUÉBEC are as follows:

	2015	2014
	\$	\$
Balance sheets		
Assets	717	168 324
Liabilities	717	168 324
Statement of operations		
Contributions	235 668	349 083
Expenses	235 668	349 083
Statement of cash flows		
Operating activities	(167 607)	56 818

10. Comparatives figures

The organization rents a commercial space by virtue of a sublease whose term expires on July 6, 2017. The minimum required payments are \$42,991 for the 2016 financial year and \$36,395 for the 2017 financial year.

Youth Fusion

Complementary financial information

As at August 31st, 2015

	2014										
	Arts and Culture	Fashion Design	Media and Cinema	0	Science and Technology	Academic Engagement	Inuit and First Nations Communities	Robotic FIRST Quebec	Robotic LEGO	Pilot Projects	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Wages and benefits	163 152	21 556	126 937	81 843	19 311	52 650	314 382	152 430	2 832	46 070	981 163
Support and services to schools	3 455	1 075	5 795	2 834	-	86 705	115	73 778	-	-	173 757
Materials and small equipment	1 477	8 467	12 244	379	8 033	-	33 398	139 462	164 608	1 508	369 576
Animation fees	4 050	5 572	812	4 104	907	5 891	53 791	22 892	326	164	98 509
Frais d'inscription	-	-	-	-	-	-	550	271 900	2 138	300	274 888
Lodging	168	-	233	126	-	1 570	135 012	192	400	47	137 748
Transportation fees	980	1 794	1 051	1 121	253	-	68 569	98 869	27 394	-	200 031
Events (Galas, Conferences and Festival)	-	22 653	14 558	-	-	-	44 374	348 534	90 720	-	520 839
Technical support	-	-	-	-	-	-	-	126 094	47 779	-	173 873
Administration fees	35 768	12 615	33 363	18 661	5 884	30 305	162 390	154 742	66 718	9 926	530 372
	209 050	73 732	194 993	109 068	34 388	177 121	812 581	1 388 893	402 915	58 015	3 460 756

Youth Fusion

Complementary financial information

As at August 31st, 2015

	2015											
	Arts and Culture	Fashion Design	Media and Cinema	Entrepreneurship	Science and Technology	Academic Engagement	Inuit and First Nations Communities	Robotic FIRST Quebec	Video Game Creation	Environmental Design	Pilot Projects	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Wages and benefits	127 867	40 960	129 513	39 100	44 272	39 330	483 327	153 915	4 827	8 504	10 896	1 082 511
Support and services to schools	-	-	-	-	-	49 974	20 101	3 000	-	-	-	73 075
Materials and small equipment	818	10 483	31 903	-	10 236	-	39 931	271 104	1 825	151	1 179	367 630
Animation fees	2 766	2 440	4 040	3 065	1 770	975	73 087	18 239	959	1 123	980	109 444
Inscription fees	-	-	-	-	-	-	-	291 939	-	-	-	291 939
Lodging	-	-	-	-	-	-	195 033	-	-	-	-	195 033
Transportation fees	3 440	2 796	3 130	1 358	1 527	1 568	125 935	97 508	1 033	170	922	239 387
Events (Galas, Conferences and Festival)	500	49 558	25 057	-	324	-	32 417	584 556	10 722	-	-	703 134
Technical support	-	-	-	-	-	-	-	141 662	-	-	-	141 662
Administration fees	58 859	23 775	38 077	25 728	23 086	19 137	238 575	206 105	6 545	8 995	25 732	674 614
	194 250	130 012	231 720	69 251	81 215	110 984	1 208 406	1 768 028	25 911	18 943	39 709	3 878 429