

YOUTH FUSION & FIRST ROBOTICS QUÉBEC

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**



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INDEPENDENT AUDITOR'S REPORT

To the members of the board of directors of
YOUTH FUSION & FIRST ROBOTICS QUÉBEC

Opinion

We have audited the financial statements of **YOUTH FUSION & FIRST ROBOTICS QUÉBEC** (the Organizations), which comprise the consolidated balance sheet as at August 31, 2021, and the consolidated statements of operations, consolidated changes in net assets and consolidated cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization **YOUTH FUSION & FIRST ROBOTICS QUÉBEC** as at August 31, 2021, 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.

Basis for Opinion

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 opinion.

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 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.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.


Comptable Professionnel Agréé Inc.

by , CPA auditor, CA

Martin Gagnon, CPA auditor, CA

Châteauguay, November 29, 2021.

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YOUTH FUSION & FIRST ROBOTICS QUÉBEC

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2021

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	2021	2020
GRANTS AND DONATIONS (appendix 1)	6 226 480 \$	7 497 561 \$
OPERATING AND DEVELOPMENT EXPENSES (appendix 2)	1 456 719	1 381 949
EXCESS AVAILABLE FOR ACTIVITIES	4 769 761	6 115 612
ACTIVITIES EXPENSES		
PROJECT COSTS		
Educational programs and impact evaluation (appendix 3)	166 043	127 412
Expansion (appendix 4)	78 086	18 810
<u>Educational programs (appendix 5 & appendix 6)</u>		
Arts and culture	230 917	280 376
Fashion design	97 397	113 124
Media and cinema	413 629	506 468
Entrepreneurship	201 418	233 402
Sciences and technologies	58 835	68 388
Video game creation	481 217	218 132
Environmental design	401 223	371 752
Artificial intelligence	84 192	71 903
Lego robotics	19 080	114 920
Inuit and First Nations Communities	1 256 996	1 508 696
Events (appendix 7)	111 216	163 971
FIRST Robotics Québec (appendix 8)	965 697	1 423 975
Scholarships	-	750 000
	4 565 946	5 971 329
EXCESS OF REVENUES OVER EXPENSES BEFORE EXCEPTIONAL ITEMS	203 815	144 283
Covid-19 grants	1 722 739	734 877
EXCESS OF REVENUES OVER EXPENSES	1 926 554 \$	879 160 \$

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2021

	2021		2020	
	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>Total</i>	<i>Total</i>
Balance, beginning of year	87 195 \$	1 294 307 \$	1 381 502 \$	502 342 \$
Excess of revenues over expenses	-	1 926 554	1 926 554	879 160
	87 195	3 220 861	3 308 056	1 381 502
Invested in capital assets	32 420	(32 420)	-	-
Amortization of capital assets	(31 520)	31 520	-	-
	900	(900)	-	-
Balance, end of year	88 095 \$	3 219 961 \$	3 308 056 \$	1 381 502 \$

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

CONSOLIDATED BALANCE SHEET
AS OF AUGUST 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT		
Cash	4 896 639 \$	1 890 979 \$
Accounts receivable (note 3)	1 276 340	1 967 681
Prepaid expenses	1 226	2 434
	<u>6 174 205</u>	<u>3 861 094</u>
CAPITAL ASSETS (note 4)	88 095	87 195
	<u><u>6 262 300 \$</u></u>	<u><u>3 948 289 \$</u></u>
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities (note 5)	1 456 705 \$	1 675 303 \$
Deferred contributions (note 6)	1 487 431	878 184
	<u>2 944 136</u>	<u>2 553 487</u>
Deferred incentive benefit relating to the lease	10 108	13 300
	<u>2 954 244</u>	<u>2 566 787</u>
<u>NET ASSETS</u>		
DISTRIBUTION OF NET ASSETS		
Invested in capital assets	88 095	87 195
Unrestricted	3 219 961	1 294 307
	<u>3 308 056</u>	<u>1 381 502</u>
	<u><u>6 262 300 \$</u></u>	<u><u>3 948 289 \$</u></u>

ON BEHALF OF THE BOARD :



Administrator



Administrator

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

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	1 926 554 \$	879 160 \$
Item not affecting cash		
Amortization of capital assets	31 520	30 769
Lease incentive benefit	(3 192)	13 300
	<u>1 954 882</u>	<u>923 229</u>
Change in non-cash working capital components		
Accounts receivable	691 341	47 425
Prepaid expenses	1 208	9 380
Accounts payable and accrued liabilities	(218 598)	610 478
Deferred contributions	609 247	(295 067)
	<u>3 038 080</u>	<u>1 295 445</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	<u>(32 420)</u>	<u>(50 092)</u>
INCREASE IN CASH	3 005 660	1 245 353
CASH, BEGINNING OF YEAR	1 890 979	645 626
CASH, END OF YEAR	<u>4 896 639 \$</u>	<u>1 890 979 \$</u>

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

1 - NATURE OF ACTIVITIES AND STATUS

Youth Fusion is a not-for-profit organization established on January 9, 2009 under Part III of the Loi sur les compagnies du Québec. According to Canadian income tax law, it is recognized as a charity since April 19, 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 related to their field of study. Projects are categorized in domains: Arts, Design, Sciences and Engineering, Leadership and Entrepreneurship.

The organization is present across Quebec, including many Inuit and First Nations communities. The organization has been present in Ontario since september 2016 and in New-Brunswick since september 2019. Annually, the organization creates over 250 jobs for youth, and works on a weekly basis with 15,000 youth in over 250 disadvantaged public schools in rural, urban and Indigenous settings.

FIRST Robotics Québec is a not-for-profit organization established on September 16, 2010 under Part III of the Loi sur les compagnies du Québec. According to Canadian income tax law, it is recognized as a charity since September 1st, 2016. The organization supports a robotics mentoring program for young people.

The FIRST Robotics Québec project is an international competition that invites high school students to build a working robot capable to accomplish a mission. The students work in collaboration with volunteers and mentors. At the primary level, students built a robot with LEGO blocks. Since 2012, the organization organises many robotics Festivals.

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:

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)***Revenue recognition***

The organization uses the deferral method of accounting for revenue.

Restricted contributions are recognized as revenue of the funds appropriated in the fiscal year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Capital assets

Fixed assets are recorded at acquisition cost. Depreciation is calculated using the following methods and rates :

	<u>Method</u>	<u>Rates</u>
Computer equipment	Declining balance	30%
Equipment for schools	Declining balance	20%
Furniture	Declining balance	20%
Management software	Declining balance	30%
Rental improvements	Linear	5 years

Income Taxes

The organization is exempt from income tax

Distribution of 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 as administration costs. This percentage is established in proportion to the hours worked for each project.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)*Financial instruments*

Financial assets and liabilities are recorded at fair value when they are accounted for initially.

Cash and cash equivalents

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

Use of estimates

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

3 - ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Grants receivable	1 143 736 \$	1 840 523 \$
Sales tax receivable	27 852	41 199
Account receivable - <i>Youth Fusion France</i>	104 752	85 959
	<u>1 276 340 \$</u>	<u>1 967 681 \$</u>

4 - CAPITAL

ASSETS

	2021		2020	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Book value</i>	<i>Book value</i>
Computer equipment	138 581 \$	85 631 \$	52 950 \$	39 998 \$
Equipment for schools	38 558	31 635	6 923	8 654
Furniture	10 223	9 480	743	929
Management software	72 586	59 659	12 927	18 467
Rental improvements	22 646	8 094	14 552	19 147
	282 594 \$	194 499 \$	88 095 \$	87 195 \$

5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Suppliers and accrued liabilities	90 586 \$	100 303 \$
Scholarships payable ¹	1 016 000	1 248 000
Wages and vacations	277 182	262 947
Deductions at source	72 937	64 053
	1 456 705 \$	1 675 303 \$

¹ The organization has entered into an agreement with a grantee for the award of 1,125 scholarships of \$2,000. The grantee finances the amount of the scholarships increased by 10% for the administration. As of August 31, 2021, an amount of \$825,000 to be collected, not recognized in the financial statements, remains available under the agreement, as long as all scholarships have not been awarded.

6 - DEFERRED CONTRIBUTIONS

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	878 184 \$	1 173 251 \$
Amount recognized as revenue	(878 184)	(1 013 644)
Amount received for the subsequent year	1 487 431	718 577
Balance, end of year	<u>1 487 431 \$</u>	<u>878 184 \$</u>

7 - FINANCIAL INSTRUMENTS***Fair value***

The carrying amounts of cash, accounts receivable and accounts payable approximates their fair value because of the short-term nature of these instruments.

Credit risk

The organization registered grants receivable, 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 of which they have near certainty to receive by establishing their estimated realization value.

8 - COMMITMENTS

The organization leases a commercial space under an operating lease expiring in October 2024. The gross minimum payments payable over the next four years are :

2022	99 303 \$
2023	101 289
2024	103 315
2025	17 276
	<u>321 183 \$</u>

9 - CONTINGENCY

In March 2020, the World Health Organization declared a global Covid-19 pandemic. Countries have adopted various measures in order to comply with the recommendations of experts and stem the spread of the virus. This situation is constantly evolving and the measures put in place have numerous economic impacts at the global, national, provincial and local levels. Management is monitoring developments closely and believes that this situation caused a slowdown in activities during the fiscal year of August 31, 2020 and of August 31, 2021, including the cancellation of presential events and reduction of school activities. The organization has benefited from the Canada Emergency Wage Subsidy (CEWS) program. The further impact of this situation on the organization and its activities is too uncertain to be assessed at this time. The impacts will be recorded as they become known and can be assessed.

10 - COMPARATIVES FIGURES

Some previous year figures have been reclassified to facilitate their comparison with the presentation adopted in the current year.

APPENDIX 1 - GRANTS AND DONATIONS

	2021	2020
Graduate education partners	379 200 \$	300 000 \$
Municipal and regional partners	609 362	584 918
Private partners	1 351 715	1 420 906
Donations	4 137	34 998
Services center, boards and school districts	670 203	1 009 776
Not-for-profit organizations and foundations	1 795 089	2 054 239
Crown corporations and Governments	1 415 085	2 084 238
Interests income	1 689	8 486
	6 226 480 \$	7 497 561 \$

APPENDIX 2 - OPERATING EXPENSES

	2021	2020
Wages and benefits	959 330 \$	885 262 \$
Administrative and bookkeeping fees	121 752	167 804
Training	43 854	724
Rent	105 857	115 950
Office expenses	19 380	28 979
Maintenance of the computer system	34 814	17 190
Material and equipment	36 163	7 510
Maintenance	1 505	450
Telecommunications	17 536	21 838
Insurances	8 981	12 900
Advertising and promotion	9 676	6 468
Subscriptions and memberships	11 627	6 595
Taxes and licences	-	1 032
Meals and entertainment	-	368
Travel expenses	23 088	45 050
Audit fees	24 822	25 810
Legal fees	925	726
Amortization of capital assets	31 520	30 769
Interests and bank charges	5 889	6 524
	1 456 719 \$	1 381 949 \$

**APPENDIX 3 - EDUCATIONAL PROGRAMS AND
IMPACT EVALUATION**

	<u>2021</u>	<u>2020</u>
Programming and evaluation	55 262 \$	4 756 \$
Alumni	20 253	10 950
Virtual capsules	3 881	11 164
Programming virtualization	65 536	100 542
Incubator project	21 111	-
	<u>166 043 \$</u>	<u>127 412 \$</u>

APPENDIX 4 - EXPANSION

	<u>2021</u>	<u>2020</u>
Quebec	50 502 \$	18 810 \$
Ontario	23 811	-
New Brunswick	3 773	-
	<u>78 086 \$</u>	<u>18 810 \$</u>

**APPENDIX 5 - EDUCATIONAL PROGRAMS
BY FIELD OF ACTIVITY*****Arts and culture***

Wages and benefits	213 600 \$	258 759 \$
School's activities	17 317	21 617
	<u>230 917</u>	<u>280 376</u>

Fashion design

Wages and benefits	92 768	109 041
School's activities	4 629	4 083
	<u>97 397</u>	<u>113 124</u>

Media and cinema

Wages and benefits	361 047	371 287
Supplies and small equipment	11 035	91 966
School's activities	41 547	43 215
	<u>413 629</u>	<u>506 468</u>

APPENDIX 5 - EDUCATIONAL PROGRAMS**BY FIELD OF ACTIVITY (continued)**

	2021	2020
<i>Entrepreneurship</i>		
Wages and benefits	199 201 \$	225 637 \$
School's activities	2 217	7 765
	201 418	233 402
<i>Sciences and technologies</i>		
Wages and benefits	54 879	67 140
School's activities	3 956	1 248
	58 835	68 388
<i>Video game creation</i>		
Wages and benefits	466 234	202 998
School's activities	14 983	15 134
	481 217	218 132
<i>Environmental design</i>		
Wages and benefits	294 238	336 394
Supplies and small equipment	74 640	17 401
School's activities	32 345	17 957
	401 223	371 752
<i>Artificial intelligence</i>		
Wages and benefits	74 772	64 637
School's activities	9 420	7 266
	84 192	71 903
<i>Lego robotics</i>		
Wages and benefits	18 822	101 032
School's activities	258	13 888
	19 080	114 920

**APPENDIX 5 - EDUCATIONAL PROGRAMS
BY FIELD OF ACTIVITY (continued)***Inuit and First Nations Communities*

	<u>2021</u>	<u>2020</u>
Wages and benefits	1 057 344 \$	1 141 533 \$
Supplies and small equipments	21 640	22 051
School's activities	84 399	103 501
Lodging	68 427	135 975
Travel expenses	25 186	105 636
	<u>1 256 996</u>	<u>1 508 696</u>

Total educational programs by field of activity

<u>3 244 904</u>	<u>\$ 3 487 161</u>
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**APPENDIX 6 - EDUCATIONAL PROGRAMS
BY PROVINCE***Quebec*

	<u>2021</u>	<u>2020</u>
Arts and culture	171 154 \$	272 217 \$
Fashion design	97 397	113 124
Media and cinema	316 408	355 616
Entrepreneurship	201 418	193 372
Sciences and technologies	58 835	68 388
Video game creation	308 230	146 146
Environmental design	393 038	247 758
Artificial intelligence	84 192	71 903
Inuit and first nations communities	1 058 842	1 341 571
	<u>2 689 514</u>	<u>2 810 095</u>

Ontario

Arts and culture	59 763	8 159
Media and cinema	61 771	150 852
Entrepreneurship	-	40 030
Video game creation	172 987	71 986
Environmental design	-	120 877
Lego robotics	19 080	114 920
Inuit and first nations communities	113 204	146 719
	<u>426 805</u>	<u>653 543</u>

**APPENDIX 6 - EDUCATIONAL PROGRAMS
BY PROVINCE (continued)**

	<u>2021</u>	<u>2020</u>
<i>New Brunswick</i>		
Media and cinema	35 450 \$	- \$
Environmental design	8 185	3 117
Inuit and first nations communities	84 950	20 406
	<u>128 585</u>	<u>23 523</u>
Total educational programs by province	<u><u>3 244 904 \$</u></u>	<u><u>3 487 161 \$</u></u>

APPENDIX 7 - ÉVÉNEMENTS

	<u>2021</u>	<u>2020</u>
Coordinator training	8 986 \$	65 874 \$
Future Education Festival - Virtual	76 666	-
Future Education Festival - Montréal	-	14 219
Future Education Festival - Québec	-	400
Pigunnanniq Festival	-	73 289
Fashion festival	10 497	10 189
Scholarships gala	6 172	-
Partner Events	8 895	-
	<u>111 216 \$</u>	<u>163 971 \$</u>

APPENDIX 8 - FIRST ROBOTICS QUÉBEC

	<u>2021</u>	<u>2020</u>
FIRST ROBOTICS competition		
Wages and benefits	242 605 \$	183 266 \$
Support and services for schools	15 721	-
Supplies and small equipment	51 501	113 305
School's activities	19 098	34 456
Robotics festival and events	41 926	194 844
Travel expenses	2 923	32 344
	<u>373 774</u>	<u>558 215</u>

APPENDIX 8 - FIRST ROBOTICS QUÉBEC (continued)

	2021	2020
<i>Lego FIRST Leagues - independent teams</i>		
Wages and benefits	213 560	197 958
Supplies and small equipment	20 837	28 657
School's activities	15 323	10 929
Inscription fees	548	3 683
	250 268	241 227
<i>Lego FIRST Leagues - with coordinators</i>		
Wages and benefits	213 778	250 604
Supplies and small equipment	6 096	5 578
School's activities	2 288	1 959
Inscription fees	13 648	28 855
Travel expenses	1 471	6 355
	237 281	293 351
<i>FIRST Techno Challenge</i>		
Wages and benefits	74 416	-
Supplies and small equipment	728	8 645
	75 144	8 645
<i>Events</i>		
Montréal Robotics Festival	8 886	11 781
Québec Robotics Festival	1 038	-
Sherbrooke Robotics Festival	-	309 174
BetaBots	10 325	-
Techno FIRST challenge	-	1 582
	20 249	322 537
<i>Expansion</i>		
Expansion fees	8 981	-
FIRST Robotics Québec Total	965 697 \$	1 423 975 \$