

Financial Statements of

**LET'S TALK SCIENCE**

Year ended August 31, 2018





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## INDEPENDENT AUDITORS' REPORT

To the Directors of Let's Talk Science

We have audited the accompanying financial statements of Let's Talk Science, which comprise the statement of financial position as at August 31, 2018, the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider internal control relevant to the organization'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 organization'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.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Let's Talk Science as at August 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

November 13, 2018

# LET'S TALK SCIENCE

## Statement of Financial Position

August 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 874,091	\$ 226,659
Accounts receivable	794,163	724,004
HST receivable	164,781	246,198
Prepaid expenses	93,640	53,029
Current portion of investments (note 2)	3,250,992	1,524,070
	<u>5,177,667</u>	<u>2,773,960</u>
Equipment and technology (note 3)	86,733	131,408
Long-term investments (note 2)	1,915,873	384,129
	<u>\$ 7,180,273</u>	<u>\$ 3,289,497</u>

## Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 356,391	\$ 468,874
Deferred contributions (note 4)	4,125,083	1,555,162
	<u>4,481,474</u>	<u>2,024,036</u>
Deferred capital contributions (note 4)	73,273	123,828
Deferred contributions for expenses of future periods (note 4)	1,692,137	280,033
	<u>1,765,410</u>	<u>403,861</u>
Net assets:		
Investment in equipment and technology (note 5)	13,460	7,580
Unrestricted	919,929	854,020
	<u>933,389</u>	<u>861,600</u>
Commitments (note 6)		
	<u>\$ 7,180,273</u>	<u>\$ 3,289,497</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

## LET'S TALK SCIENCE

### Statement of Revenue and Expenses

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Federal government and agencies	\$ 4,496,967	\$ 2,862,339
Corporate	2,515,065	2,214,396
Individuals and foundations	971,631	1,417,548
Provincial governments	559,292	1,075,209
Fees and other	316,571	227,740
	<u>8,859,526</u>	<u>7,797,232</u>
Program, product development and delivery expenses (note 7):		
Wages and benefits	4,224,593	3,720,127
Program delivery and development	3,282,120	2,647,357
Marketing and communication	476,303	360,119
Occupancy (note 6)	209,786	170,658
Training, development and conferences	159,575	281,710
Information systems and technology	134,177	148,080
	<u>8,486,554</u>	<u>7,328,051</u>
General and administrative expenses:		
General administration	136,661	140,441
Wages and benefits	89,506	107,159
Amortization of equipment and technology	75,016	72,133
	<u>301,183</u>	<u>319,733</u>
	<u>8,787,737</u>	<u>7,647,784</u>
Excess of revenue over expenses	\$ 71,789	\$ 149,448

See accompanying notes to financial statements.

## LET'S TALK SCIENCE

### Statement of Changes in Net Assets

Year ended August 31, 2018, with comparative information for 2017

	Investment in equipment and technology (note 5)	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	\$ 7,580	\$ 854,020	\$ 861,600	\$ 712,152
Excess of revenue over expenses	5,880	65,909	71,789	149,448
Balance, end of year	\$ 13,460	\$ 919,929	\$ 933,389	\$ 861,600

See accompanying notes to financial statements.



## LET'S TALK SCIENCE

### Statement of Cash Flows

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 71,789	\$ 149,448
Adjustments for:		
Amortization of deferred contributions	(7,550,932)	(7,582,930)
Amortization of deferred capital contributions	(80,895)	(88,067)
Amortization of equipment and technology	75,015	88,195
Changes in non-cash operating working capital:		
Accounts receivable	(70,159)	(643,227)
HST receivable	81,417	(62,339)
Prepaid expenses	(40,611)	18,760
Accounts payable and accrued liabilities	(112,483)	228,924
	(7,626,859)	(7,891,236)
Financing activities:		
Receipt of deferred contributions	11,532,957	4,294,323
Receipt of deferred capital contributions	30,340	87,298
	11,563,297	4,381,621
Investing activities:		
Investments, net	(3,258,666)	693,203
Purchase of equipment and technology	(30,340)	(86,188)
	(3,289,006)	607,015
Increase (decrease) in cash	647,432	(2,902,600)
Cash, beginning of year	226,659	3,129,259
Cash, end of year	\$ 874,091	\$ 226,659

See accompanying notes to financial statements.



# LET'S TALK SCIENCE

Notes to Financial Statements

Year ended August 31, 2018

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Let's Talk Science (the "Organization") is a national, charitable organization committed to improving science literacy through leadership, innovative educational programs, research and advocacy. The Organization was incorporated without share capital. The Organization is a registered charity and is classified as a charitable organization under Section 149.1(1)(b) of the Income Tax Act (Canada).

The Organization helps children and youth fulfill their potential and prepare for their future careers and role as citizens in a rapidly changing world by supporting their learning and engagement through science, technology, engineering and mathematics ("STEM").

The Organization offers programs, services and resources that help youth develop positive attitudes, critical skills and career awareness, and connect the STEM and education communities to support youth development and strengthen learning.

The Organization is unique in its reach to diverse audiences, which include preschool through high school youth and educators, and post-secondary and industry-based volunteers. The Organization is supported by universities, colleges, governments, industry, foundations, and individuals.

## 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook - Accounting. The significant policies are detailed as follows:

### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

The Organization collects funds in advance to operate its programs. Accordingly, cash and investments fluctuate with the balance of deferred contributions on the statement of financial position.

Operational funding is recorded as revenue in the period to which they relate. Funding approved but not received at the end of an accounting period is accrued. Where a portion of operational funding is related to an expense of a future period, it is deferred and recognized as income in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges are not recorded until received by the Organization.

Fee for service revenue, including consulting and royalty revenue, and interest revenue are recognized as earned.

The Organization maintains a reserve in order to continue operations uninterrupted.

## LET'S TALK SCIENCE

Notes to Financial Statements (continued)

Year ended August 31, 2018

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### 1. Significant accounting policies (continued):

(b) Equipment and technology:

Equipment and technology are recorded at cost. Contributed equipment is recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. Amortization is calculated as follows:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer hardware and software	Straight-line	3 years

(c) Contributed services:

Volunteers contribute many hours per year to assist the Organization in carrying out its service delivery activities. Through our post-secondary partners Let's Talk Science also benefits from the use of office and facility space and equipment. Volunteer labour and partner in-kind contributions are essential to the delivery of LTS Outreach activities. As a result of the difficulty of determining fair value, contributed services, the use of office and facility space and equipment are not recognized in the financial statements.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of equipment and technology and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of revenue and expenses in the year in which they become known or are revised.

# LET'S TALK SCIENCE

Notes to Financial Statements (continued)

Year ended August 31, 2018

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## LET'S TALK SCIENCE

Notes to Financial Statements (continued)

Year ended August 31, 2018

### 2. Investments:

	2018	2017
Investments	\$ 5,166,865	\$ 1,908,199
Less current portion of investments	3,250,992	1,524,070
Long-term investments	\$ 1,915,873	\$ 384,129

Investments consists of redeemable short-term investment certificates and guaranteed investment certificates bearing interest at rates ranging from 1.50% to 1.93% and maturities ranging from December 21, 2018 to September 12, 2019. The current portion of investments represents amounts which the organization intends to spend in the next fiscal period. Long-term investments represent amounts to be spent after August 31, 2019.

### 3. Equipment and technology:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 95,290	\$ 67,207	\$ 28,083	\$ 37,594
Computer hardware and software	512,200	453,550	58,650	93,814
	\$ 607,490	\$ 520,757	\$ 86,733	\$ 131,408



## LET'S TALK SCIENCE

Notes to Financial Statements (continued)

Year ended August 31, 2018

### 4. Deferred contributions:

- (a) Deferred contributions for expenses of future periods:

Deferred contributions represent funding received which relates to expenditures of future periods. The periods in which the deferred amounts are expected to be spent range from one to three years in accordance with the funding contracts. Deferred contributions have been invested as outlined in note 2.

- (b) Deferred capital contributions:

Contributions restricted for the purchase of equipment and technology assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related equipment and technology assets.

### 5. Investment in equipment and technology:

- (a) Investment in equipment consists of the following:

	2018	2017
Equipment and technology	\$ 86,733	\$ 131,408
Less deferred capital contributions	73,273	123,828
	<u>\$ 13,460</u>	<u>\$ 7,580</u>

- (b) Change in investment in equipment and technology consists of the following:

	2018	2017
Excess (deficiency) of revenue over expenses:		
Amortization of deferred contributions	\$ 80,895	\$ 88,067
Amortization of equipment and technology	(75,015)	(88,195)
	<u>5,880</u>	<u>(128)</u>
Net change in investment in equipment and technology:		
Purchase of equipment and technology	30,340	86,188
Receipt of deferred capital contributions	(30,340)	(87,298)
	<u>-</u>	<u>(1,110)</u>
Change in investment in equipment and technology	<u>\$ 5,880</u>	<u>\$ (1,238)</u>

## LET'S TALK SCIENCE

Notes to Financial Statements (continued)

Year ended August 31, 2018

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### 6. Commitments:

The Organization leases building space for its head office operations in London, Ontario and regional operations in both Newfoundland and Alberta.

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2019	\$	186,526
2020		169,250
2021		113,023
2022		47,843

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### 7. Allocation of expenses:

Expenditures for functional teams to directly support programs incurred during the year of \$258,497 (2017 - \$262,138) are allocated directly to program, product development and delivery expenses and based on time allocation of staff and consumption of other resources.

### 8. Financial risks:

#### (a) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2. There has been no significant change to the risk exposures from 2017.

#### (b) Liquidity rate risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2017.

### 9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$29,835 (2017 - \$17,805) which includes amounts payable for payroll related taxes. All amounts are current.