

YOUTH FUSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

MARTIN GAGNON

COMPTABLE PROFESSIONNEL AGRÉÉ INC.

INDEPENDENT AUDITOR'S REPORT

To the members of the board of directors of
YOUTH FUSION

Opinion

We have audited the financial statements of **YOUTH FUSION** (the Organization), which comprise the balance sheet as at August 31, 2024, and the statements of operations, changes in net assets and 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** as at August 31, 2024, 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

Martin Gagnon, CPA auditor

Châteauguay, April 9, 2025.

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STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>2024</u>	<u>2023</u>
GRANTS AND DONATIONS (appendix 1)	4 817 963 \$	6 232 669 \$
OPERATING AND DEVELOPMENT EXPENSES (appendix 2)	1 341 795	1 402 192
EXCESS AVAILABLE FOR ACTIVITIES	3 476 168	4 830 477
ACTIVITIES EXPENSES		
<u>Educational programs (appendix 3)</u>		
Arts and culture	1 193 976	1 238 857
Sciences and engineering	863 814	1 120 653
Design	357 328	706 693
Leadership & Entrepreneurship	258 839	318 742
Inuit and First Nations Communities	1 477 874	1 498 637
Educational programs and impact evaluation (appendix 4)	121 768	347 367
Events (appendix 5)	125 220	693 702
	4 398 819	5 924 651
DEFICIT OF REVENUES OVER EXPENSES	(922 651) \$	(1 094 174) \$

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

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2024

	2024			2023
	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>Total</i>	<i>Total</i>
Balance, beginning of year	37 186 \$	1 418 711 \$	1 455 897 \$	2 550 071 \$
Deficit of revenues over expenses	-	(922 651)	(922 651)	(1 094 174)
	37 186	496 060	533 246	1 455 897
Amortization of capital assets	(10 665)	10 665	-	-
Balance, end of year	26 521 \$	506 725 \$	533 246 \$	1 455 897 \$

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

YOUTH FUSION

BALANCE SHEET AUGUST 31, 2024

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	2024	2023
<u>ASSETS</u>		
CURRENT		
Cash	486 \$	686 800 \$
Term deposits	163 138	276 971
Accounts receivable (note 3)	2 623 840	3 340 239
Prepaid expenses	15 945	58 073
	2 803 409	4 362 083
CAPITAL ASSETS (note 4)	26 521	37 186
	2 829 930 \$	4 399 269 \$
<u>LIABILITIES</u>		
CURRENT		
Bank loan (note 5)	106 269 \$	- \$
Accounts payable and accrued liabilities (note 6)	1 240 119	1 598 393
Deferred contributions (note 7)	950 296	1 344 979
	2 296 684	2 943 372
<u>NET ASSETS</u>		
DISTRIBUTION OF NET ASSETS		
Invested in capital assets	26 521	37 186
Unrestricted	506 725	1 418 711
	533 246	1 455 897
	2 829 930 \$	4 399 269 \$

ON BEHALF OF THE BOARD :



Administrator


Administrator

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

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MARTIN GAGNON
COMPTABLE PROFESSIONNEL AGRÉÉ INC.
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STATEMENT OF CASH FLOW
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Deficit of revenues over expenses	(922 651) \$	(1 094 174) \$
Item not affecting cash		
Amortization of capital assets	10 665	18 699
Lease incentive benefit	-	(2 527)
	<u>(911 986)</u>	<u>(1 078 002)</u>
Change in non-cash working capital components		
Accounts receivable	716 399	(1 461 540)
Prepaid expenses	42 128	(39 247)
Accounts payable and accrued liabilities	(358 274)	384 367
Deferred contributions	(394 683)	359 423
	<u>(906 416)</u>	<u>(1 834 999)</u>
DECREASE IN CASH	<u>(906 416)</u>	<u>(1 834 999)</u>
CASH, BEGINNING OF YEAR	<u>963 771</u>	<u>2 798 770</u>
CASH, END OF YEAR (note 11)	<u><u>57 355</u> \$</u>	<u><u>963 771</u> \$</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.

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.

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.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)***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%

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.

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.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)*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>2024</u>	<u>2023</u>
Grants receivable	937 074 \$	1 778 573 \$
Sales tax receivable	69 521	95 375
Account receivable - <i>FIRST Robotics Québec</i>	1 617 245	1 412 993
Account receivable - <i>Youth Fusion France</i>	-	53 298
	<u>2 623 840 \$</u>	<u>3 340 239 \$</u>

**4 - CAPITAL
ASSETS**

	<u>2024</u>		<u>2023</u>
	<i>Cost</i>	<i>Accumu- lated amortization</i>	<i>Book value</i>
Computer equipment	138 581 \$	120 419 \$	18 162 \$
Equipment for schools	38 558	35 013	3 545
Furniture	10 223	9 843	380
Management software	72 586	68 152	4 434
	<u>259 948 \$</u>	<u>233 427 \$</u>	<u>26 521 \$</u>
			<u>37 186 \$</u>

5 - BANK LOAN

The organization has an authorized credit of \$300,000, renewable annually. Any borrowing related to this authorized credit bears interest at the prime rate plus 1%.

6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	31 août 2024	31 décembre 2023
Suppliers and accrued liabilities	343 377 \$	579 813 \$
Account payable - <i>Youth Fusion France</i>	91 846	-
Scholarships payable	568 000	710 000
Wages and vacations	215 977	271 111
Deductions at source	20 919	37 469
	1 240 119 \$	1 598 393 \$

7 - 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:

	2024	2023
Balance, beginning of year	1 344 979 \$	985 556 \$
Amount recognized as revenue	(1 344 979)	(985 556)
Amount received for the subsequent year	950 296	1 344 979
Balance, end of year	950 296 \$	1 344 979 \$

8 - FINANCIAL 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.

9 - RELATED PARTY TRANSACTIONS

The organizations **YOUTH FUSION** and **FIRST ROBOTICS QUEBEC** are under common control given a few members on the board and all the executive management are the same for both organizations.

Salaries and fringe benefits are managed for both organizations by **YOUTH FUSION**, thus an amount of \$ 958 317 (2023: \$ 1 446 881) of salaries and fringe benefits has been re-invoiced from **YOUTH FUSION** to **FIRST ROBOTICS QUEBEC**.

The summarized financial statements of the organization **FIRST ROBOTICS QUÉBEC** are the following:

	<u>2024</u>	<u>2023</u>
<i>Balance sheet</i>		
Assets	111 754 \$	126 535 \$
Liabilities	1 650 792 \$	1 451 987 \$
Net assets (deficit)	(1 539 038) \$	(1 325 452) \$
<i>Statement of operations</i>		
Contributions	1 365 806 \$	1 893 840 \$
Expenses	1 579 392 \$	2 916 991 \$
Excess (deficit) of revenues over expenses	(213 586) \$	(1 023 151) \$
<i>Statement of cash flow</i>		
Operating activities	(10 783) \$	(65 021) \$

10 - COMMITMENTS

The organization leases a commercial space under an operating lease expiring in August 2027. The gross minimum payments payable over the next four years are :

2025	125 478 \$
2026	129 258
2027	133 152
2028	137 154
	<u>525 042 \$</u>

11 - LIQUIDITÉS

	<u>2024</u>	<u>2023</u>
Cash	486 \$	686 800 \$
Term deposits	163 138	276 971
Bank loan	(106 269)	-
	<u>57 355 \$</u>	<u>963 771 \$</u>

**COMPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2024**

APPENDIX 1 - GRANTS AND DONATIONS

	<u>2024</u>	<u>2023</u>
Graduate education partners	193 629 \$	254 651 \$
Municipal and regional partners	618 476	472 214
Private partners	445 857	610 857
Donations	1 608	3 533
Services center, boards and school districts	325 161	684 908
Not-for-profit organizations and foundations	1 382 583	1 754 672
Crown corporations and Governments	1 834 330	2 436 892
Interests income	16 319	14 942
	<u>4 817 963 \$</u>	<u>6 232 669 \$</u>

APPENDIX 2 - OPERATING EXPENSES

	<u>2024</u>	<u>2023</u>
Wages and benefits	716 597 \$	682 948 \$
Administrative and bookkeeping fees	206 082	257 476
Training	714	30 634
Rent	150 307	168 715
Office expenses and telecommunications	21 395	59 427
Maintenance of the computer system	14 735	11 500
Material and equipment	9 115	14 240
Insurances	6 220	9 218
Advertising and promotion	5 637	18 690
Travel expenses	22 237	82 581
Professionnal fees	31 994	39 429
Bad debt	133 500	-
Amortization of capital assets	10 665	18 699
Interests and bank charges	12 597	8 635
	<u>1 341 795 \$</u>	<u>1 402 192 \$</u>

APPENDIX 3 - EDUCATIONAL PROGRAMS
BY FIELD OF ACTIVITY

	<u>2024</u>	<u>2023</u>
<i>Arts and culture - Cinema</i>		
Wages and benefits	334 929 \$	375 698 \$
School's activities	36 156	22 588
	<u>371 085</u>	<u>398 286</u>
<i>Arts and culture - media production</i>		
Wages and benefits	289 035	235 428
School's activities	5 586	12 435
	<u>294 621</u>	<u>247 863</u>
<i>Arts and culture - digital arts</i>		
Wages and benefits	-	96 498
School's activities	429	19 347
	<u>429</u>	<u>115 845</u>
<i>Arts and culture - theatrical play</i>		
Wages and benefits	498 032	412 342
School's activities	29 809	64 521
	<u>527 841</u>	<u>476 863</u>
<i>Science and engineering - artificial intelligence</i>		
Wages and benefits	131 932	80 426
School's activities	2 607	866
	<u>134 539</u>	<u>81 292</u>
<i>Science and engineering - science and technology</i>		
Wages and benefits	-	335 763
School's activities	-	13 319
	<u>-</u>	<u>349 082</u>

APPENDIX 3 - EDUCATIONAL PROGRAMS
BY FIELD OF ACTIVITY (continued)

	2024	2023
<i>Science and engineering - video game creation</i>		
Wages and benefits	400 474	605 985
School's activities	20 270	33 395
	420 744	639 380
<i>Science and engineering - Techno Exploration</i>		
Wages and benefits	278 133	-
School's activities	30 398	-
	308 531	-
<i>Science and engineering - Lego First League outside Québec</i>		
Wages and benefits	-	49 070
School's activities	-	1 829
	-	50 899
<i>Design - Fashion design</i>		
Wages and benefits	122 094	153 515
School's activities	2 933	22 037
	125 027	175 552
<i>Design - Exhibition design</i>		
Wages and benefits	-	72 146
School's activities	-	4 547
	-	76 693
<i>Design - Environmental design</i>		
Wages and benefits	200 065	361 093
School's activities	32 236	93 355
	232 301	454 448

APPENDIX 3 - EDUCATIONAL PROGRAMS
BY FIELD OF ACTIVITY (continued)

	<u>2024</u>	<u>2023</u>
<i>Leadership & Entrepreneurship</i>		
Wages and benefits	253 287	311 862
School's activities	5 552	6 880
	<u>258 839</u>	<u>318 742</u>
<i>Inuit and First Nations Communities</i>		
Wages and benefits	1 057 736	1 151 310
School's activities	91 645	117 867
Lodging	144 549	123 381
Travel expenses	183 944	106 079
	<u>1 477 874</u>	<u>1 498 637</u>
Total educational programs by field of activity	<u>4 151 831 \$</u>	<u>4 883 582 \$</u>

APPENDIX 4 - EDUCATIONAL PROGRAMS AND
IMPACT EVALUATION

	<u>2024</u>	<u>2023</u>
Alumni	- \$	16 599 \$
Programming and evaluation	22 600	48 200
Digital solutions	97 532	203 064
Incubator project	1 636	7 613
Capricorne project	-	71 891
	<u>121 768 \$</u>	<u>347 367 \$</u>

APPENDIX 5 - ÉVÉNEMENTS

	<u>2024</u>	<u>2023</u>
Coordinator training	28 962 \$	31 444 \$
Future Education Festival	26 657	604 269
Inuit and First Nations Communities events	-	52 147
Fashion festival	-	5 842
Event 15th	69 601	-
	<u>125 220 \$</u>	<u>693 702 \$</u>