

WORLD FEDERATION OF SCIENCE JOURNALISTS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
WORLD FEDERATION OF SCIENCE JOURNALISTS

Opinion

We have audited the financial statements of WORLD FEDERATION OF SCIENCE JOURNALISTS (the Organization), which comprise the balance sheet as at December 31, 2018, 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 as at December 31, 2018, 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.

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.
- 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.

APSV Chartered Professional Accountants inc.

APSV Chartered Professional Accountant inc.¹

Montreal, June 26, 2019

¹ By Caroline Pombert, CPA auditor, CA

WORLD FEDERATION OF SCIENCE JOURNALISTS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | 2018 | 2017 |
|--|-------------------|------------------|
| REVENUES | | |
| Subsidies and contributions | | |
| Other grants | \$ 282,704 | \$ 156,086 |
| Adessium Foundation | 26,146 | 80,495 |
| Fonds de recherche du Québec | 1,650 | 8,140 |
| International Development Research Center (IDRC) | - | 232,190 |
| | 310,500 | 476,911 |
| Interests and other revenues | 9,107 | 2,517 |
| Subscriptions | 9,049 | 8,046 |
| Other donations | 5,075 | 10,080 |
| World conference of science journalists | - | 127,690 |
| Gordon and Betty Moore Foundation | - | 79,882 |
| | 23,231 | 228,215 |
| | 333,731 | 705,126 |
| EXPENSES | | |
| Salaries and fringe benefits | 159,223 | 211,364 |
| Travel and lodging | 75,347 | 31,595 |
| Professional fees | 43,715 | 145,269 |
| Other per diem | 36,115 | 6,625 |
| Rent | 16,382 | 17,105 |
| Telecommunication | 6,924 | 9,114 |
| Conferences | 5,542 | 18,917 |
| Office supplies and expenses | 5,477 | 3,051 |
| Consultants | 4,724 | 5,311 |
| Insurance | 3,023 | 3,741 |
| Depreciation of fixed assets | 1,093 | 507 |
| Interests and bank charges | 1,010 | 1,440 |
| Local travel | 449 | 644 |
| Miscellaneous | 301 | 628 |
| World conference of science journalists | - | 167,975 |
| Exchange loss (gain) | (22,608) | 16,704 |
| | 336,717 | 639,990 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ (2,986) | \$ 65,136 |

WORLD FEDERATION OF SCIENCE JOURNALISTS
CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| BALANCE, BEGINNING OF YEAR | \$ 361,488 | \$ 296,352 |
| Excess (deficiency) of revenues over expenses | <u>(2,986)</u> | <u>65,136</u> |
| BALANCE, END OF YEAR | <u>\$ 358,502</u> | <u>\$ 361,488</u> |

WORLD FEDERATION OF SCIENCE JOURNALISTS

BALANCE SHEET

AS AT DECEMBER 31, 2018

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 392,063 | \$ 403,483 |
| Term deposit, maturing April 2019, 1,82% | 137,425 | - |
| Accounts receivable (note 3) | 44,337 | 211,839 |
| Prepaid expenses | <u>8,500</u> | <u>14,075</u> |
| | 582,325 | 629,397 |
| FIXED ASSETS (note 4) | <u>2,970</u> | <u>1,075</u> |
| | <u>\$ 585,295</u> | <u>\$ 630,472</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued charges (note 6) | \$ 3,095 | \$ 16,003 |
| Deferred contributions (note 7) | <u>223,698</u> | <u>252,981</u> |
| | 226,793 | 268,984 |
| NET ASSETS | | |
| UNRESTRICTED | <u>358,502</u> | <u>361,488</u> |
| | <u>\$ 585,295</u> | <u>\$ 630,472</u> |
| COMMITMENT | | |

On behalf of the Board of directors,

WORLD FEDERATION OF SCIENCE JOURNALISTS
CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ (2,986) | \$ 65,136 |
| Non-cash item: | | |
| Depreciation of fixed assets | <u>1,093</u> | <u>507</u> |
| | <u>(1,893)</u> | <u>65,643</u> |
| Net change in non-cash working capital items: | | |
| Accounts receivable | 167,502 | (147,595) |
| Prepaid expenses | 5,575 | (10,685) |
| Accounts payable and accrued charges | (12,908) | (510) |
| Deferred contributions | <u>(29,283)</u> | <u>(35,124)</u> |
| | <u>130,886</u> | <u>(193,914)</u> |
| | <u>128,993</u> | <u>(128,271)</u> |
| INVESTING ACTIVITIES | | |
| Investment acquisition | (137,425) | - |
| Acquisition of fixed assets | <u>(2,988)</u> | <u>(537)</u> |
| | <u>(140,413)</u> | <u>(537)</u> |
| DECREASE IN CASH AND CASH EQUIVALENTS | (11,420) | (128,808) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>403,483</u> | <u>532,291</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 392,063</u> | <u>\$ 403,483</u> |

Cash and cash equivalents consist of cash.

WORLD FEDERATION OF SCIENCE JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF ACTIVITIES

WORLD FEDERATION OF SCIENCE JOURNALISTS is a not-for-profit organization formed under part III of the Quebec Companies Act, on April, 27, 2005. It is a registered charity and is exempt from income taxes.

The objectives of the organization are the following:

Subject to the Loi sur l'enseignement privé (L.R.Q., c. E-9.1), establish, maintain, and operate a training centre in science journalism by delivering teaching and educational resources in this area, as well as organizing a mentoring program for students in this domain.

Educate the public by offering courses, seminars, conferences and workshops related to science, technology, and science journalism.

Contribute to the advancement of education by offering study scholarships, prizes, fellowships and any other type of financial support to the community of students in science journalism.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The amounts accounted for and the information provided on the basis of these estimates and assumptions could be different from the actual results.

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at exchange rates in effect at transaction dates. Revenues and expenses in foreign currency are translated at the effective rate, with the exception of depreciation, which is translated at the historical rate. Gains and losses are included in the earnings for the year.

Revenue Recognition

Subsidies, contributions and donations

The organization follows the deferral method of accounting for subsidies, contributions and donations. Restricted subsidies are recognized as revenue in the year in which the related expenses are incurred. Unrestricted subsidies and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to fixed assets are deferred and recognized as revenues over the same period as the related fixed assets.

Subscriptions

Subscription are recognized as revenues on a straight-line basis over the period covered by the membership.

WORLD FEDERATION OF SCIENCE JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Fixed assets are accounted for at cost. Amortization is calculated on their estimated useful lives using the declining balance method at the following rates:

| | Periods |
|--------------------------------|---------|
| Office furniture and equipment | 20 % |
| Computer hardware | 40 % |

Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, term deposit and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable.

3. ACCOUNTS RECEIVABLE

| | 2018 | 2017 |
|-----------|------------------|-------------------|
| Grants | \$ 30,149 | \$ 202,641 |
| Sales Tax | 10,955 | 8,148 |
| Others | <u>3,233</u> | <u>1,050</u> |
| | \$ <u>44,337</u> | \$ <u>211,839</u> |

4. FIXED ASSETS

| | 2018 | | 2017 | |
|--------------------------------|------------------|-------------------------------------|---------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Net book value</u> | <u>Net book value</u> |
| Office furniture and equipment | \$ 925 | \$ 925 | \$ - | \$ 71 |
| Computer hardware | <u>19,937</u> | <u>16,967</u> | <u>2,970</u> | <u>1,004</u> |
| | \$ <u>20,862</u> | \$ <u>17,892</u> | \$ <u>2,970</u> | \$ <u>1,075</u> |

WORLD FEDERATION OF SCIENCE JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

5. CREDIT FACILITIES

The entity has available credit facilities for CA \$ 40,000 renewable annually and bearing interest at 8.95 % and credit facilities for US \$ 20,000 renewable annually and bearing interest at 19.40 %.

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|-----------------|------------------|
| Government remittances | \$ 1,612 | \$ 3,599 |
| Accounts payable | 1,483 | 8,434 |
| Accrued vacation and salaries | <u>-</u> | <u>3,970</u> |
| | <u>\$ 3,095</u> | <u>\$ 16,003</u> |

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unused resources received during the year and intended to cover expenses of the following year. Change in the balance of the deferred contributions are as follows:

| | <u>2017</u> | <u>Amount received</u> | <u>Established as income</u> | <u>2018</u> |
|-----------------------------|-------------------|----------------------------|----------------------------------|-------------------|
| Subsidies and contributions | <u>\$ 252,981</u> | <u>\$ 223,698</u> | <u>\$ 252,981</u> | <u>\$ 223,698</u> |

8. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable. Accounts receivable balances are managed and analyzed on an ongoing basis and, accordingly, the organization's exposure to doubtful accounts is not significant.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Organization is exposed to foreign exchange risk due to accounts receivable denominated in US dollars. As at December 31, 2018 accounts receivable denominated in Euro consisted of CA \$ 30,124 (\$ 101,822 in 2017). The Organization received approximately 68 % (29 % in 2017) of its revenues in foreign currencies (Euros and US dollars). The Organization expenses in foreign currencies represents approximately 24 % (23 % in 2017) of the total expenses. The organization does not enter into arrangements to hedge its foreign exchange risk..