

**JAKE'S HOUSE  
FOR AUTISTIC CHILDREN**

FINANCIAL STATEMENTS

MARCH 31, 2020



## INDEPENDENT AUDITORS' REPORT

To the Directors of Jake's House for Autistic Children

### *Qualified Opinion*

We have audited the financial statements of Jake's House for Autistic Children (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statement of operations and net deficit and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from donations was limited to the amounts recorded in the records of the Organization and we were unable to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenditures (excess of expenditures over revenues), assets and net deficit as at March 31, 2020 and 2019, and for the years ended March 31, 2020 and 2019.

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 qualified 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.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### *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.

*Walter G. LeVernay Bampton*

Mississauga, Ontario  
August 27, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS



**JAKE'S HOUSE FOR AUTISTIC CHILDREN**

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	2020	2019 <i>(note 11)</i>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 15,988	\$ 15,802
Marketable securities	50,326	16,264
Prepaid expenses	4,970	193,584
HST recoverable	47,625	31,819
	<u>118,909</u>	<u>257,469</u>
<b>Equipment (Note 3)</b>	<u>7,114</u>	<u>5,426</u>
	<u>\$ 126,023</u>	<u>\$ 262,895</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 5 & 9)	\$ 153,258	\$ 58,886
Notes payable (Note 4)	-	329,638
Due to related parties (Note 5)	-	52,563
Deferred revenue (Note 6)	-	1,639
	<u>153,258</u>	<u>442,726</u>
<b>Deferred revenue (Note 6)</b>	<u>5,123</u>	<u>2,977</u>
	<u>158,381</u>	<u>445,703</u>
<b>COMMITMENTS (Note 9)</b>		
<b>SUBSEQUENT EVENT (Note 10)</b>		
<b>Net deficit</b>	<u>(32,358)</u>	<u>(182,808)</u>
	<u>\$ 126,023</u>	<u>\$ 262,895</u>

Approved on behalf of the board

Director \_\_\_\_\_

Director \_\_\_\_\_

See accompanying Notes to the financial statements



# JAKE'S HOUSE FOR AUTISTIC CHILDREN

## STATEMENT OF OPERATIONS AND NET DEFICIT

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019 (note 11)
<b>Revenue</b>		
Ministry of Children, Community and Social Services	\$ 327,042	\$ 326,421
Public Health Agency of Canada	292,750	-
Donations (Note 7)	1,709,403	474,223
Investment income	2,106	65
Gain on investments	415	-
	<u>2,331,716</u>	<u>800,709</u>
<b>Expenses</b>		
Advertising and promotion	38,707	27,009
Amortization	1,979	1,669
Consulting fees (Note 5)	541,114	94,308
Contract service	85,967	-
Donations	48,286	1,426
Event expense	476,605	123,810
Meals and entertainment	4,786	4,201
Fundraising (Note 5)	40,688	207,752
Insurance	2,944	4,593
Interest and bank charges	36,870	20,957
Memberships	81	589
Office	13,290	23,153
Professional fees	129,838	28,684
Subcontract	56,389	7,050
Program expenses	66,289	107,840
Salaries and related benefits	596,454	272,419
Telephone and utilities	3,177	2,264
Travel	18,759	14,033
Rent	19,043	11,466
	<u>2,181,266</u>	<u>953,223</u>
<b>Excess of revenues over expenditures (expenditures over revenues)</b>	150,450	(152,514)
<b>Net deficit, beginning of year</b>	<u>(182,808)</u>	<u>(30,294)</u>
<b>Net deficit, end of year</b>	<u>\$ (32,358)</u>	<u>\$ (182,808)</u>

See accompanying Notes to the financial statements



# JAKE'S HOUSE FOR AUTISTIC CHILDREN

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures (expenditures over revenues)	\$ 150,450	\$ (152,514)
Adjustments for items which do not affect cash		
Amortization	1,979	1,669
Donation in-kind	(1,513,238)	(396,168)
Gain on investments	(415)	-
	<u>(1,361,224)</u>	<u>(547,013)</u>
Change in non-cash working capital items		
Prepaid expenses	188,614	(192,608)
HST recoverable	(15,806)	9,917
Accounts payable and accrued liabilities	94,370	(435)
Deferred revenue	508	1,316
Government remittances payable	-	(28,937)
	<u>(1,093,538)</u>	<u>(757,760)</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(3,666)	(1,589)
Purchase of marketable securities	(564,929)	(101,546)
Sale of marketable securities	2,044,520	481,450
	<u>1,475,925</u>	<u>378,315</u>
<b>Cash flows from financing activities</b>		
Advance of related party loans	-	52,563
Repayment of related party loans	(52,563)	-
Advance of notes payable	-	329,638
Repayment of notes payable	(329,638)	-
	<u>(382,201)</u>	<u>382,201</u>
<b>Increase in cash</b>	186	2,756
<b>Cash, beginning of year</b>	<u>15,802</u>	<u>13,046</u>
<b>Cash, end of year</b>	<u>\$ 15,988</u>	<u>\$ 15,802</u>

See accompanying Notes to the financial statements



# JAKE'S HOUSE FOR AUTISTIC CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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### 1. NATURE OF OPERATIONS

Jake's House for Autistic Children (the "Organization") was incorporated on December 11, 2002 as a not-for-profit corporation without share capital and is a registered charity under the Income Tax Act.

The Organization works to provide life management counselling and other support services to assist persons with disabilities, specifically autism, through programs purposed for individual development and to integrate those persons into their communities.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies adopted by the Organization are as follows:

#### (a) Fund accounting

The Organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions for equipment purchases included as deferred contributions are amortized to revenue at the same rate and on the same basis as amortization of the related equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

#### (b) Revenue recognition

Donations revenue is recognized in the year in which collection is reasonably assured.

Government grant revenues are recognized in the period in which the related expenses are incurred.

Investment income is recognized as revenue when earned on an accrual basis.

#### (c) Investments

The Organization measures all of its investments at fair value. Changes in the fair value are included in the statement of operations. Quoted market prices were used to determine the fair value of the investments at the year-end date.



# JAKE'S HOUSE FOR AUTISTIC CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Equipment

Equipment is recorded at historical cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the equipment over its estimated useful lives. The annual amortization rates are as follows:

Office equipment	Declining balance	10%
Computer equipment	Declining balance	30%

In the year of acquisition or disposition, amortization is provided at 50% of the above rates.

Equipment acquired but not placed into use is not amortized until it is placed into use.

#### (e) Contributed materials and services

Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

#### (f) Financial instruments

All financial assets and liabilities are both initially recognized and subsequently measured at fair value.

#### (g) 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are equipment and accounts payable and accrued liabilities.

### 3. EQUIPMENT

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net</i>	<i>2019 Net</i>
Office equipment	\$ 2,314	\$ 1,418	\$ 896	\$ 996
Computer equipment	12,841	6,623	6,218	4,430
	<u>\$ 15,155</u>	<u>\$ 8,041</u>	<u>\$ 7,114</u>	<u>\$ 5,426</u>





# JAKE'S HOUSE FOR AUTISTIC CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

### 4. NOTES PAYABLE

The balance of notes payable consist of two notes from third party lenders. The details of these notes payable are as follows:

	2020	2019
Note payable, matured on March 20, 2020. Financing fees at 5% and interest at 12% were paid at the inception of the loan on March 20, 2019.	\$ -	\$ 200,000
Note payable, matured on June 1, 2019. Interest is charged at a rate of 8% per annum, paid with the balance of the note.	<u>-</u>	<u>129,638</u>
	<u>\$ -</u>	<u>\$ 329,638</u>

Amounts expensed relating to the loans in the year totaled \$35,892 (2019 - \$20,233), and interest included in prepaid expenses totals \$nil (2019 - \$23,277).

### 5. RELATED PARTY TRANSACTIONS

The Organization is related to Jade Financial Group ("Jade"), which is controlled by Directors of the Organization. The Organization transacted with Jade as well as with Directors of the Organization and their families, and with the Executive Director of the Organization.

Jade made payments to external consultants who provided fundraising support services to the Organization. The Organization subsequently reimbursed Jade for these services when cash was available. Amounts expensed related to Jade during the year are \$19,000 (2019 - \$94,308) and are recorded in the consulting expenses line for lobbying and consulting services. Amounts included in due to related parties at March 31, 2020 owing to Jade are \$nil (2019 - \$12,563).

During the year, a Director of the Organization provided the Organization with an interest free bridge loan of \$15,000, which was fully repaid during the year.

During the year, the Organization repaid a bridge loan of \$40,000 (2019 - \$15,000) plus interest of \$1,600 (2019 - \$332) to the Executive Director of the Organization. The interest paid to the Executive Director was equal to the interest incurred to provide the funds for the bridge loan.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.



# JAKE'S HOUSE FOR AUTISTIC CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

### 6. DEFERRED REVENUE

Deferred revenue in the Statement of Financial Position represents deferred contributions received from the Ministry of Children, Community and Social Services and the Public Health Agency of Canada that were used for the purchase of equipment.

	2020	2019
Insurance Policy	\$ -	\$ 1,639
Equipment	<u>5,123</u>	<u>2,977</u>
	<u>\$ 5,123</u>	<u>\$ 4,616</u>

Changes in deferred revenue are as follows:

	2020	2019
Balance, beginning of year	\$ 4,616	\$ 3,299
Add amount received related to future periods	3,000	3,774
Less amount recognized as revenue during the year	<u>(2,493)</u>	<u>(2,457)</u>
	<u>\$ 5,123</u>	<u>\$ 4,616</u>

### 7. DONATIONS

Included in donations are in-kind donations of marketable securities received from a single donor totaling \$1,512,823 in the current year.

### 8. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of marketable securities, HST recoverable, accounts payable and accrued liabilities, amounts due to related parties, government remittances payable and notes payable which will result in future cash outlays. The carrying value of these instruments approximates their fair value.

#### (a) 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 has transacted with a foreign entertainment vendor during the year, but there are no balances denominated in foreign currency as at March 31, 2020.

It is management's opinion that the Organization is not exposed to significant interest rate, liquidity or credit risks arising from its financial instruments.

Management believes the exposure to the above risks, with the exception of the removal of currency risks addressed above, have not changed in the past year.



# JAKE'S HOUSE FOR AUTISTIC CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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### 9. COMMITMENTS

The Organization entered into commitments for mentoring and evaluation services as well as a lease for office space for varying terms to May 2021. Future commitments by fiscal year under these agreements are as follows:

2021	\$ 220,068
2022	<u>5,292</u>
	<u>\$ 225,360</u>

### 10. SUBSEQUENT EVENT

Subsequent to year-end, the global spread of the COVID-19 virus has created material uncertainty for business continuity across a broad range of industries. The economic impact of the virus could be severe and long lasting as unprecedented measures are being taken to mitigate the consequences of the pandemic. Management is carefully monitoring and evaluating the impact, however, no adjustments have been made to these financial statements as a result of this uncertainty.

### 11. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

