Jake's House for Autistic Children
Financial Statements
For the Year Ended March 31, 2023

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Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie, ON L4N 0B4
Canada

Independent Auditor's 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, 2023, 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, except for the possible effects of the matter described in the basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to the donation revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets as at March 31, 2023, and net assets as at April 1, 2022 and March 31, 2023. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Organization incurred a deficiency of revenues over expenses of $243,201 during the year ended March 31, 2023 and, as of that date, the Organization's current liabilities exceeded its total assets by $666,978. As stated in Note 2 these events or conditions, along with other matters as set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our Opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on September 15, 2022 for the reasons described in the Basis for Qualified Opinion section.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
September 28, 2023

Jake's House for Autistic Children
Statement of Financial Position

		2023		2022
Assets				
Current				
Cash	$	**117,721**	$	1,501
Marketable securities		**279**		136
Accounts receivable		**1,600**		45,635
HST recoverable		**25,503**		16,596
Prepaid expenses		**53,475**		30,930
		198,578		94,798
Equipment (Note 3)		**36,744**		20,550
	$	**235,322**	$	115,348
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities (Note 4)	$	**243,721**	$	341,954
Deferred lease liability		**21,852**		-
Deferred revenue (Note 5)		**576,727**		-
CEBA loan payable (Note 7)		**60,000**		60,000
Loan payable (Note 8)		**-**		100,000
		902,300		501,954
Deferred lease liability		**-**		34,883
Deferred contribution for equipment (Note 6)		**5,339**		7,627
		907,639		544,464
Commitments (Note 10)				
Deficit				
Unrestricted		**(672,317)**		(429,116)
	$	**235,322**	$	115,348

On behalf of the Board:

____________________ Director   ____________________ Director

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

Jake's House for Autistic Children
Statement of Changes in Net Assets

For the year ended	**2023**	2022
Balance, beginning of the year	**$ (429,116)**	$ (438,143)
Excess (deficiency) of revenues over expenses	**(243,201)**	9,027
Balance, end of the year	**$ (672,317)**	$ (429,116)

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

Jake's House for Autistic Children
Statement of Operations

For the year ended	2023	2022
Revenue		
Provincial grants	**$ 3,259,773**	$ 1,455,333
Federal grants	**40,995**	75,444
Donations - individuals	**220,841**	158,956
Donations - corporations and foundations (Notes 9 & 11)	**199,039**	729,383
Amortization of deferred capital contributions	**2,288**	2,144
COVID-19 subsidies (Note 12)	**12,289**	77,581
	3,735,225	2,498,841
Expenses		
Advertising and promotion	**31,056**	8,109
Consulting fees	**255,079**	304,900
Donations	**3,500**	6,000
Events	**152,731**	23,906
Insurance	**6,533**	6,021
Interest and bank charges	**35,220**	56,101
Office	**109,556**	25,492
Professional fees (Note 9)	**154,874**	315,530
Program fees	**35,860**	40,869
Rental	**71,962**	124,123
Meals and entertainment	**18,621**	3,785
Sub-contracts (Note 9)	**2,265,157**	952,042
Travel	**7,993**	875
Utilities	**5,439**	5,134
Wages and benefits	**816,867**	613,576
Amortization of equipment	**7,978**	3,351
	3,978,426	2,489,814
Excess (deficiency) of revenues over expenses	**$ (243,201)**	$ 9,027

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

Jake's House for Autistic Children
Statement of Cash Flows

For the year ended	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	$ (243,201)	$ 9,027
Items not affecting cash:		
Amortization of equipment	7,978	3,351
Amortization of lease inducement	(29,583)	(1,320)
Amortization of deferred capital contributions	(2,288)	(2,144)
Forgiveness of related party loan	(65,000)	-
	(332,094)	8,914
Changes in non-cash working capital:		
Accounts receivable	44,035	(32,058)
Prepaid expenses	(22,545)	6,985
HST recoverable	(8,907)	17,082
Accounts payable and accrued liabilities	(98,233)	96,683
Deferred revenue	576,727	-
	158,983	97,606
Cash flows from investing activities		
Purchase of equipment	(24,172)	(11,341)
Increase in marketable securities	(143)	-
	(24,315)	(11,341)
Cash flows from financing activities		
Leasehold improvement allowance received	16,552	-
Deferred contributions for equipment received	-	5,246
Advance of loans payable	433,000	380,000
Repayment of loans payable	(468,000)	(470,000)
	(18,448)	(84,754)
Net increase in cash	116,220	1,511
Cash, beginning of the year	1,501	(10)
Cash, end of the year	$ 117,721	$ 1,501

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

1. Significant Accounting Policies

Nature and Purpose of Organization	Jake's House for Autistic Children (the "Organization") is a non-profit corporation incorporated under the laws of Ontario without share capital. 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. The Organization is a registered charity and, as such is exempt from income tax and may issue income tax receipts to donors.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).
Revenue Recognition	The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expenses are incurred. Unrestricted contributions are recognized as revenue of when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government subsidies revenue is recognized when there is reasonable assurance that the Organization will comply with the conditions required to qualify for the assistance, and the assistance is reasonably assured to be received.
Contributed Materials and Services	Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchases are recorded at their fair value at the date of contribution.

1. Significant Accounting Policies (continued)

Equipment

Purchased equipment are stated at cost loss accumulated amortization.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Furniture and fixtures	Declining balance	10%
Office equipment	Declining balance	10%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	5 years

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

When a tangible capital asset no longer contributes to an Organization’s ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset disposed of is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Deferred Lease Liability

Lease incentives, such as rent-free periods, are deferred and amortized on a straight-line basis over the related lease term, and are recorded as an adjustment to rent expense.

1. Significant Accounting Policies (continued)

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Use of Estimates

The preparation of financial statements in accordance 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 expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The principal estimates in the preparation of the financial statements are the useful life of equipment, the collectability of accounts receivable, and the amount of accrued liabilities and contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Going Concern

The Organization has incurred significant deficits over the last few years and has a working capital deficiency. The deficit of $429,116 in the prior year increased to $672,317 in the current year. The Organization's current liabilities exceeded it's total assets by $666,978 at the year ended March 31, 2023. The Organization relies primarily on grant funding to fund its operations. Grant funding is typically restricted to current year expenditures and as such, would not be available to fund the existing deficit. As a result, there is material uncertainty that may cast significant doubt as to whether the organization will have the ability to continue as a going concern.

The Organization’s ability to continue as a going concern is dependent on, but not limited to finding new unrestricted funding sources, reducing expenses that are not eligible to be funded with restricted grants and finding short term financing to bridge gaps in cash flows. If the Organization is unable to achieve this, there is a possibility that the Organization may be unable to continue to realize its assets and to discharge its liabilities in the normal course of operations.

These financial statements are prepared on a going concern basis in accordance with Canadian accounting standards for not-for-profit organizations which assumes that the Organization will be able to obtain adequate financing as required and realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of the assets and liabilities.

3. Equipment

	2023		2022	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Office equipment	**$ 3,763**	**$ 1,815**	$ 3,763	$ 1,798
Computer equipment	**18,088**	**12,833**	18,088	10,581
Furniture and fixture	**16,133**	**1,815**	10,667	1,136
Leasehold improvements	**20,474**	**5,251**	1,768	221
	58,458	**21,714**	34,286	13,736
Net book value		**$ 36,744**		$ 20,550

4. Accounts Payable and Accrued Liabilities

		2023		2022
Trade accounts payable	$	**58,107**	$	79,657
Accrued liabilities		**44,821**		121,504
Grant funding repayable (Note 5)		**140,793**		140,793
	$	**243,721**	$	341,954

5. Deferred Revenue

Deferred revenue represents deferred contributions received from the Provincial government for program funding. The changes in the deferred contributions revenue balance for the year are as follows:

		2023		2022
Provincial and federal grants received in the year	$	**3,877,495**	$	1,601,372
Less: amounts recognized as revenue during the year		**(3,300,768)**		(1,456,942)
Less: increase in deferred revenue related to purchases of equipment from funding		**-**		(3,637)
Less: unspent funding repayable (Note 4)		**-**		(140,793)
Ending balance	$	**576,727**	$	-

6. Deferred Contribution for Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

		2023		2022
Beginning balance	$	**7,627**	$	4,525
Add: equipment acquired with restricted contributions		**-**		5,246
Less: amortization of deferred capital contributions		**(2,288)**		(2,144)
Ending balance	$	**5,339**	$	7,627

7. CEBA Loan

The Organization received the Canada Emergency Business Account ("CEBA") loan in 2021. The CEBA program provides interest-free loans up to $60,000 to small businesses and not-for-profits. Repaying the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of $20,000. The forgivable portion has been included in the loan payable balance as it is uncertain whether the Organization will be in a position to repay the loan. If not repaid the loan converts to an interest bearing loan, bearing interest at 5% and due December 31, 2025.

8. Loan Payable

At year end, no loan was outstanding for the Organization. In April 2022 a loan of $220,000 was advanced to the Organization. The loan was repaid March 2023, bore interest at 15% per annum, paid in advance and was unsecured.

	2023	2022
Loan payable, repayable in a lump sum payment. Due March 31, 2022. Bearing interest at a rate of 12% per quarter, paid in advance. Unsecured.	**$ -**	$ 100,000

Former and current members of the Board of Directors were jointly and severally liable for the full amounts owed.

9. Related Party Transactions

The Organization is related to 2745859 Ontario Inc. (o/a Jake's House Community Residence or "JHCR") and 2301402 Ontario Limited. The co-founder and former director of the Organization controls JHCR and 2301402 Ontario Limited and continues to maintain a relationship with the Organization.

Transactions with 2745859 Ontario Inc. (o/a Jake's House Community Residence or "JHCR"):

	2023	2022
In-kind donations received (included in Donations - corporations and foundations)	**$ -**	$ 500,003
Sub-contract expenses paid (including expense related to in-kind donation)	**2,230,000**	950,003

Transactions with 2301402 Ontario Limited:

	2023	2022
Related party loan payable advanced and forgiven in the year - non-interest bearing until March 31, 2023, due 6 months from the date of advance. Loan forgiveness is included in Donations - corporations and foundations.	**$ 65,000**	$ -

9. Related Party Transactions (continued)

Transactions with the co-founder and former director:

	2023	2022
Office expense paid	**$ 40,000**	$ -
Related party loan payable advanced and repaid in the year - non-interest bearing until March 31, 2023, due 6 months from the date of advance	**120,000**	25,000

The Organization engaged a marketing and public relations firm at which a director is a senior executive. Transactions with this firm:

	2023	2022
In-kind donations received (included in Donations - corporations and foundations)	**$ -**	$ 225,000
Professional fees paid (including expense related to in-kind donation)	**141,485**	245,042

The organization received and repaid a related party loan to the CEO during the year:

	2023	2022
Related party loan payable advanced and repaid in the year - non-interest bearing until March 31, 2023, due 1 year from the date of advance	**$ 28,000**	$ 25,000

The transactions have been valued at their exchange amount which is the amount of consideration established and agreed to by the related parties.

10. Commitments

The Organization's total obligations for the next two years, under a consulting agreement and for office rent, are as follows:

2024	$ 70,200
2025	5,500
	$ 75,700

11. Contributed Services

As referenced in note 9, the Organization received contributed services in the amount of $nil (2022 - $500,003) recorded in sub-contract expense. The Organization also received contributed services relating to professional fees services in the amount of $nil (2022 - $225,000). Both amounts have been included in corporate donations on the statement of operations.

12. COVID-19 Subsidies

	2023	2022
Canada Emergency Wage Subsidy	$ 12,289	$ 45,008
Canada Emergency Rent Subsidy	-	20,895
Canada Recovery Hiring Program	-	11,678
	$ 12,289	$ 77,581

13. Economic Dependence

The Organization's operations consist of grants to operate various programs from the Federal and Provincial governments. The Organization derived 76% (2022 - 58%) of its revenue from a single provincial ministry.

14. Financial Instruments

Financial instruments consist of recorded amounts of marketable securities, accounts receivable, HST recoverable, accounts payable and accrued liabilities, related party loan and loans payable which will result in future cash outlays. The carrying value of these instruments approximates their fair value.

Credit risk

The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable from funders and government sources.

Based on the nature of its receivables the Organization considers its credit risk to be minimal.

The Organization is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to $100,000.

14. Financial Instruments (continued)

Liquidity risk

The Organization is exposed to this risk mainly in respect of its accounts payable, related party loans payable, loans payable and commitments.

The Organization’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Organization relies on grant funding and private donations to fund operations. The Organization’s ability to obtain funding from external sources may be restricted if the Organization’s financial performance and condition deteriorate.

The Organization’s deficit has increased from the prior year, thereby increasing it's liquidity risk as grant funding is typically restricted to use for current and future period expenses.

Interest rate risk

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk.

The Organization is exposed to interest rate risk in relation to interest expense on its loans payable. Currently the Organization does not have any interest bearing debt outstanding.

At prior year end, an interest bearing loan was outstanding.

15. Reclassification

Certain comparative figures have been reclassified to conform with the current year's presentation.