

**JAKE'S HOUSE
FOR AUTISTIC CHILDREN**

FINANCIAL STATEMENTS

MARCH 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Directors of Jake's House for Autistic Children

We have audited the accompanying financial statements of Jake's House for Autistic Children, which comprise the statement of financial position as at March 31, 2018, and the statement of operations and net assets and statement of cash flows for the year then ended, and 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 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.

Auditor's 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 the auditor's 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, the auditor considers 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 entity'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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 income, excess of revenue over expenditures, assets and net assets as at March 31, 2018 and 2017, and April 1, 2016, and for the years ended March 31, 2018 and 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Jake's House for Autistic Children as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Comparative Information

We draw attention to Note 3 to the financial statements which describes that Jake's House for Autistic Children adopted Canadian accounting standards for not-for-profit organizations on April 1, 2017 with a transition date of April 1, 2016. These standards were applied retrospectively by management to the corresponding figures in these financial statements, including the statement of financial position as at March 31, 2017 and April 1, 2016, and the statement of operations and net assets and statement of cash flows for the year ended March 31, 2017 and related disclosures. We were not engaged to report on the corresponding figures, and as such, they are neither audited nor reviewed.



Mississauga, Ontario
July 27, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



JAKE'S HOUSE FOR AUTISTIC CHILDREN

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	<i>March 31, 2018</i>	<i>March 31, 2017 (note 9)</i>	<i>April 1, 2016 (note 3)</i>
ASSETS			
Current			
Cash	\$ 13,046	\$ 7,446	\$ -
Marketable securities	-	1,170	93,905
Prepaid expenses	976	719	719
HST recoverable	<u>41,736</u>	<u>59,570</u>	<u>26,712</u>
	55,758	68,905	121,336
Equipment (Note 4)	<u>5,506</u>	<u>4,041</u>	<u>5,382</u>
	<u>\$ 61,264</u>	<u>\$ 72,946</u>	<u>\$ 126,718</u>
LIABILITIES			
Current			
Bank indebtedness	\$ -	\$ -	\$ 6,039
Accounts payable and accrued liabilities (Note 7)	59,322	9,951	8,200
Due to related parties (Note 5)	-	212,056	212,056
Deferred revenue (Note 6)	3,299	-	-
Government remittances payable	<u>28,937</u>	<u>-</u>	<u>-</u>
	<u>91,558</u>	<u>222,007</u>	<u>226,295</u>
COMMITMENT & CONTINGENCY (Note 7)			
Net assets	<u>(30,294)</u>	<u>(149,061)</u>	<u>(99,577)</u>
	<u>\$ 61,264</u>	<u>\$ 72,946</u>	<u>\$ 126,718</u>

Approved on behalf of the board

Director _____

Director _____



JAKE'S HOUSE FOR AUTISTIC CHILDREN

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017 (note 3 & 9)
Revenue		
Ministry of Children and Youth Services	\$ 321,701	\$ -
Donations	637,612	352,467
Investment income	43	699
Gain on investments	5,084	2,407
	<u>964,440</u>	<u>355,573</u>
Expenses		
Advertising and promotion	3,238	9,603
Amortization	1,395	1,341
Consulting fees (Note 5)	125,951	95,887
Donations	750	-
Event expense	28,171	30,057
Fundraising (Note 5)	324,309	233,410
Insurance	488	-
Interest and bank charges	828	653
Memberships	23	92
Office	12,869	1,511
Professional fees	8,609	6,115
Program expenses	164,380	-
Salaries and related benefits	173,641	24,133
Telephone and utilities	1,021	1,842
Travel	-	413
	<u>845,673</u>	<u>405,057</u>
Excess of revenues over expenditures (expenditures over revenues)	118,767	(49,484)
Net assets, beginning of year	<u>(149,061)</u>	<u>(99,577)</u>
Net assets, end of year	<u>\$ (30,294)</u>	<u>\$ (149,061)</u>

See accompanying Notes to the financial statements



JAKE'S HOUSE FOR AUTISTIC CHILDREN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017 (Notes 3 & 9)
Cash flows from operating activities		
Excess of revenues over expenditures (expenditures over revenues)	\$ 118,767	\$ (49,484)
Adjustments for items which do not affect cash		
Amortization	1,395	1,341
Donation in-kind	(402,346)	(346,780)
Gain on investments	(5,084)	(2,407)
	<u>(287,268)</u>	<u>(397,330)</u>
Change in non-cash working capital items		
Prepaid expenses	(257)	-
HST recoverable	17,834	(32,859)
Accounts payable and accrued liabilities	49,373	1,750
Deferred revenue	3,299	-
Government remittances payable	28,937	-
	<u>(188,082)</u>	<u>(428,439)</u>
Cash flows from investing activities		
Purchase of equipment	(2,861)	-
Purchase of marketable securities	(20,094)	(699)
Sale of marketable securities	428,693	442,623
	<u>405,738</u>	<u>441,924</u>
Cash flows from financing activities		
Forgiveness of related party loan	(212,056)	-
	<u>(212,056)</u>	<u>-</u>
Increase in cash	5,600	13,485
Cash (bank indebtedness), beginning of year	7,446	(6,039)
Cash, end of year	<u>\$ 13,046</u>	<u>\$ 7,446</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, 2018

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, 2018

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.



JAKE'S HOUSE FOR AUTISTIC CHILDREN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements for which the entity applied Canadian accounting standards for not-for-profit organizations ("ASNPO"). These accounting standards apply to the corresponding figures as well.

The rules for transition to ASNPO normally require that an enterprise prepare its opening statement of financial position using the standards that will be followed thereafter. However, certain elective exemptions from this rule are available. In preparing the opening statement of financial position shown above, the Organization used none of the elective exemptions.

The adoption of ASNPO did not result in adjustments to the previously reported net assets and excess of revenue over expenditures of the Organization.

4. EQUIPMENT

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net</i>	<i>2017 Net</i>
Office equipment	\$ 2,314	\$ 1,207	\$ 1,107	\$ 1,230
Computer equipment	7,585	3,186	4,399	2,811
	<u>\$ 9,899</u>	<u>\$ 4,393</u>	<u>\$ 5,506</u>	<u>\$ 4,041</u>

5. RELATED PARTY TRANSACTIONS

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

Jade made payments to external fundraisers, lobbyists and consultants for program development who provided services to the Organization, and made payment to an employee for expense reimbursements. The Organization subsequently reimbursed Jade for these services when cash was available. Amounts expensed related to Jade during the year are \$198,264 (2017 - \$167,500), and are recorded in the consulting expenses line for lobbying and consulting services for \$110,950 (2017 - \$90,000) and fundraising expenses for \$87,314 (2017 - \$77,500) in the Statement of Operations and Net Assets. Amounts included in accounts payable and accrued liabilities at March 31, 2018 owing to Jade are \$12,500 (2017 - nil).

During the year, amounts owing to Directors of the Organization, and the estate of an individual with close family ties to Directors of the Organization, were forgiven and recognized as donations revenue in the amount of \$182,356 and \$29,700 respectively (2017 - nil).

During the year, the Executive Director of the Organization advanced \$102,000 to the Organization as a bridge loan. The amount was fully repaid during the year with interest of \$2,721, which was equal to the interest incurred by the Executive Director 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, 2018

6. DEFERRED REVENUE

Deferred revenue in the Statement of Financial Position represents deferred contributions received from the Ministry of Children and Youth Services in the current period that were used for the purchase of equipment and a prepaid insurance policy.

	2018	2017
Insurance Policy	\$ 976	\$ -
Equipment	<u>2,323</u>	<u>-</u>
	<u>\$ 3,299</u>	<u>\$ -</u>

Changes in deferred revenue are as follows:

	2018	2017
Balance, beginning of year	\$ -	\$ -
Add amount received related to future periods	4,198	-
Less amount recognized as revenue during the year	<u>(899)</u>	<u>-</u>
	<u>\$ 3,299</u>	<u>\$ -</u>

7. COMMITMENT & CONTINGENCY

The Organization has been approached by a vendor to have fees for consulting services paid that the vendor believes are owing. The Organization has contested that the fees are owing to the vendor. The Organization is now in talks with the vendor's legal counsel. The Organization's best estimate of the loss resulting from this dispute is \$15,000, and has been recorded in these financial statements in accounts payable and accrued liabilities. The maximum exposure from the claim is \$50,850, which represents the total billings sought by the vendor.

Subsequent to year-end, the Organization entered into a rental agreement to rent office space for the 2019 fiscal year. The committed rent is for \$10,914.

8. FINANCIAL INSTRUMENTS

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

Management believes the exposure to the above risks have not changed in the past year.

9. COMPARATIVE FIGURES

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's excess of expenditures over revenues.

