

# **Autism Speaks Canada**

**Financial Statements**

**For the Year Ended December 31, 2016**

## **INDEPENDENT AUDITORS' REPORT**

### **To the Board of Directors of Autism Speaks Canada**

We have audited the accompanying financial statements of Autism Speaks Canada (the "Organization") which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in fund balances and 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 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.

#### *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 entity'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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the Organization derives revenues from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to public contributions, excess of expenses over revenues for the year ended December 31, 2016, current assets as at December 31, 2016 and fund balances as at January 1, 2016 and December 31, 2016.

*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 Autism Speaks Canada as at December 31, 2016, 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.

*Collins Barrow Toronto LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
March 14, 2017  
Toronto, Ontario

**Autism Speaks Canada**  
**Statement of Financial Position**  
**As at December 31, 2016**

	Operating Fund	Restricted Fund	2016	2015
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 1,597,574	\$ 126,582	\$ 1,724,156	\$ 2,033,554
Amounts receivable	107,182	133,000	240,182	266,850
HST recoverable	16,831	-	16,831	51,154
Prepaid expenses	21,547	-	21,547	37,206
Due from Autism Speaks (Note 6)	-	-	-	16,971
	<b>1,743,134</b>	<b>259,582</b>	<b>2,002,716</b>	<b>2,405,735</b>
<b>Other assets</b> (Note 4)	<b>24,579</b>	<b>-</b>	<b>24,579</b>	<b>14,748</b>
<b>Capital assets</b> (Note 5)	<b>2,674</b>	<b>-</b>	<b>2,674</b>	<b>10,088</b>
	<b>\$ 1,770,387</b>	<b>\$ 259,582</b>	<b>\$ 2,029,969</b>	<b>\$ 2,430,571</b>

**Liabilities**

<b>Current</b>				
Accounts payable and accrued liabilities	\$ 31,420	\$ -	\$ 31,420	\$ 45,808
Grants payable	400,000	34,900	434,900	495,496
	<b>431,420</b>	<b>34,900</b>	<b>466,320</b>	<b>541,304</b>

**Surplus**

<b>Fund Balances</b>	<b>1,338,967</b>	<b>224,682</b>	<b>1,563,649</b>	<b>1,889,267</b>
	<b>\$ 1,770,387</b>	<b>\$ 259,582</b>	<b>\$ 2,029,969</b>	<b>\$ 2,430,571</b>

*Commitments* (Note 7)

Approved by the Board \_\_\_\_\_  
Director
Director

**Autism Speaks Canada**  
**Statement of Operations and Changes in Fund Balances**  
**Year Ended December 31, 2016**

	Operating Fund	Restricted Fund	2016	2015
<b>Revenue</b>				
Walk revenue	\$ 944,360	\$ -	\$ 944,360	\$ 1,040,867
General donations income	109,251	-	109,251	96,489
Major gifts contributions	185,324	512,900	698,224	630,781
Corporate contributions	1,009,830	-	1,009,830	1,073,050
Third party events	326,393	-	326,393	331,229
Grant income	-	30,000	30,000	-
Other income	37,481	-	37,481	15,729
	<b>2,612,639</b>	<b>542,900</b>	<b>3,155,539</b>	<b>3,188,145</b>
<b>Direct costs</b>				
Fundraising	1,007,135	-	1,007,135	1,069,713
Operations	493,331	1,762	495,093	556,291
	<b>1,500,466</b>	<b>1,762</b>	<b>1,502,228</b>	<b>1,626,004</b>
<b>Funds available for mission</b>	<b>1,112,173</b>	<b>541,138</b>	<b>1,653,311</b>	<b>1,562,141</b>
<b>Mission expenditures</b>				
Family service	661,320	-	661,320	660,913
Research	394,960	517,900	912,860	1,284,743
Collaboration and awareness	404,749	-	404,749	422,267
	<b>1,461,029</b>	<b>517,900</b>	<b>1,978,929</b>	<b>2,367,923</b>
<b>Excess of revenues over expenses (expenses over revenues)</b>	<b>(348,856)</b>	<b>23,238</b>	<b>(325,618)</b>	<b>(805,782)</b>
<b>Interfund transfer</b>	<b>11,598</b>	<b>(11,598)</b>	<b>-</b>	<b>-</b>
<b>Fund balance, beginning of year</b>	<b>1,676,225</b>	<b>213,042</b>	<b>1,889,267</b>	<b>2,695,049</b>
<b>Fund balance, end of year</b>	<b>\$ 1,338,967</b>	<b>\$ 224,682</b>	<b>\$ 1,563,649</b>	<b>\$ 1,889,267</b>

**Autism Speaks Canada**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Excess (deficiency) of revenues over expenses	\$ (325,618)	\$ (805,782)
Amortization	16,016	11,321
	<b>(309,602)</b>	<b>(794,461)</b>
Net changes in non-cash working capital		
HST recoverable	34,323	2,129
Amounts receivable	26,668	(128,107)
Prepaid expenses	15,659	(9,029)
Due from Autism Speaks	16,971	(16,971)
Accounts payable and accrued liabilities	(14,388)	(210,893)
Grants payable	(60,596)	250,834
<b>Cash provided by (used in) operations</b>	<b>(290,965)</b>	<b>(906,498)</b>
<b>Investing</b>		
Purchase of capital assets	-	(3,420)
Purchase of other assets	(18,433)	-
<b>Cash provided by (used in) investing</b>	<b>(18,433)</b>	<b>(3,420)</b>
<b>Increase (decrease) in cash</b>	<b>(309,398)</b>	<b>(909,918)</b>
<b>Cash, beginning of year</b>	<b>2,033,554</b>	<b>2,943,472</b>
<b>Cash, end of year</b>	<b>\$ 1,724,156</b>	<b>\$ 2,033,554</b>

**1. PURPOSE OF ORGANIZATION**

Autism Speaks Canada, formerly National Alliance for Autism Research (Canada), (the "Organization") was incorporated on October 27, 2003 under the laws of the Canada Corporations Act as a not-for-profit organization without share capital and is a registered charity within the meaning of the Income Tax Act. The Organization has continued under the Canada Not-for-Profit Corporations Act on October 1, 2014. Accordingly the Organization is exempt from income taxes.

The mission of the Organization is to change the future for all who struggle with autism spectrum disorders. It is dedicated to funding global research into the causes, prevention, treatments, and cure for autism; to raising public awareness about autism and its effects on individuals, families, and society; and to bringing hope to all who deal with the hardships of this disorder by raising the funds necessary to support these goals. The Organization aims to bring the autism community together as one strong voice to urge the government and private sector to listen to their concerns and take action to address this urgent global health crisis.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

The Organization follows the restricted fund method of accounting for contributions. For financial reporting purposes, the accounts have been classified into the following funds:

**Operating Fund**

The Operating Fund comprises the unrestricted resources of the Organization or restricted resources for which a specific fund does not exist.

**Restricted Fund**

The Restricted Fund reports any resources that have been provided to the Organization with specific designated purposes that include supporting family services, web development, public awareness and other specific research programs.

**Revenue Recognition**

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for which a specific fund does not exist are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Contributions to the Restricted Fund are recognized as revenue of the Restricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

## **2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **Financial Instruments**

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include amounts receivable and due from Autism Speaks. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and family service grants payable.

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the excess of revenues over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenues over expenses.

### **Grant and Research Awards Recognition**

Grants are accrued and expensed in the year they are awarded.

Rescinded or returned grants are recorded as recoveries in the year of determination that the grant will be rescinded or returned. Grants are rescinded or returned when circumstances arise in which a previously recorded grant amount must be revised, such as when a given project requires less than the amount originally awarded or cannot be completed.

Certain research projects funded by the Organization extend over a number of years. Such projects are reviewed annually and further funding is provided conditional upon accomplishment of specified performance criteria and availability of research funds. Accordingly, the statement of financial position does not include a provision for funding on multi-year research projects that extend beyond the current year.

### **Contributed Materials and Services**

A substantial number of volunteers have made significant contributions of their time to the Organization and its purpose. The value of this contributed time is not reflected in these financial statements.

The Organization recognizes contributed materials, when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organizations operations and would otherwise have been purchased.

### **Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Other Asset**

Other asset consists of website development costs and is being amortized on a straight-line basis over five years. The asset is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is measured as the amount by which the carrying value of the asset exceeds its fair value.

**Capital Assets**

Capital assets are recorded at cost less accumulated amortization. The cost is being amortized over the estimated useful life of the assets as follows:

Computer equipment - 4 to 5 years straight line

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

**3. PLEDGE RECEIVABLE**

In 2014, a donor committed to provide \$2,000,000 to support the MSSNG project at the Hospital for Sick Children. The Organization received the first instalment of the pledge in the amount of \$500,000 during 2014, the second instalment of \$300,000 in 2015, the third instalment of \$300,000 in 2016, and the remaining amounts are to be received in annual instalments of \$300,000 ending in 2019. The Organization will record the contributions from this pledge within the restricted fund as received. As at December 31, 2016 the Organization had advanced all of the \$1,100,000 funds received.

In 2016, a donor committed to provide \$500,000 to support the MSSNG project at the Hospital for Sick Children. The Organization received the first instalment of the pledge in the amount of \$50,000 during 2016 and the remaining amounts are to be received in annual instalments of \$50,000 ending in 2025. The Organization will record the contributions from this pledge within the restricted fund as received. As at December 31, 2016 the Organization had advanced all of the \$50,000 funds received.

**4. OTHER ASSETS**

	<b>2016</b>	<b>2015</b>
Website development costs	\$ 73,636	\$ 55,203
Website development costs - accumulated amortization	<b>(49,057)</b>	(40,455)
	<b>\$ 24,579</b>	\$ 14,748

**5. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2016	Net 2015
Computer equipment	\$ 29,654	\$ 26,980	\$ 2,674	\$ 10,088

**6. RELATED PARTY TRANSACTIONS AND BALANCES**

As of December 31, 2016, Autism Speaks, the controlling charity located in the United States, owes the Organization \$NIL (2015 - \$16,971) for fundraising expenses paid by the Organization on behalf of Autism Speaks.

The transactions were conducted in the normal course of operations and were measured at the exchange amount. There was no interest on the balance owing from Autism Speaks and it was due on demand.

**7. COMMITMENTS**

**Rent**

The Organization has entered into long-term leases for premises expiring June 30, 2016 and August 31, 2018. Future minimum lease payments are as follows:

2017	\$ 54,559
2018	36,373
	<b>\$ 90,932</b>

**Research Projects**

In 2012, the Organization entered into an agreement with York University ("York") to fund an autism research project in the amount of \$75,000. The title of the project is: CIHR Chair: Autism Spectrum Disorders Treatment and Care Research. To date, the Organization has advanced \$60,000 related to the project.

In 2014, the Organization entered into a four year agreement with Integrated Services for Autism and Neurodevelopmental Disorders (ISAND) to fund an autism research project in the amount of \$400,000 ending August 31, 2018. The title of the project is: Integrated Services for Autism and Neurodevelopmental Disorders (ISAND). To date, the Organization has advanced \$350,000 towards the project, with remaining yearly payment of \$50,000 due in 2017.

In 2014, the Organization entered into a three year agreement with the Hospital for Sick Children to fund an autism research project in the amount of \$800,000 ending November 30, 2017. The title of the project is: Autism Spectrum Disorders: Genomes to Outcomes. To date, the Organization has advanced \$267,000 related to the project.

**7. COMMITMENTS (Cont'd)**

**Research Projects (Cont'd)**

In 2015, the Organization collaborated with SickKids Foundation, the Hospital for Sick Children and Google to fund an autism research project known as the MSSNG project. The Collaborators agreed to set a fundraising target of \$10,000,000 which includes a \$2,000,000 pledge already committed to Autism Speaks Canada by KRG Children's Charitable Foundation ("KRG") (see Note 3) towards this project. To date, the Organization has advanced \$1,100,000 towards the project and has committed to paying the remaining \$900,000 in yearly instalments of \$300,000 from 2017 to 2019 as the pledged amounts from KRG are received.

In 2015, the Organization entered into a five year agreement with Pacific Autism Family Centre Foundation to fund an autism research project in the amount of \$500,000 ending November 30, 2020. The title of the project is: Pacific Autism Family Centre (PAFC). To date, the Organization has advanced \$200,000 towards the project and has committed to paying the remaining \$300,000 in yearly instalments of \$100,000 from 2017 to 2019.

The Organization has remaining multi-year funding on these research projects, as follows:

2017	\$	732,000
2019		666,000
2019		400,000
		<b>\$ 1,798,000</b>

Pursuant to a memorandum of understanding with Autism Speaks, the Organization will fund all Autism Speaks awards to Canadian recipients. The Organization has multi-year funding related to these research projects, in USD as follows:

2017	\$	300,293	USD
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**8. ALLOCATION OF GENERAL SUPPORT EXPENDITURES**

During the year, salaries and benefits were allocated amongst various activities as follows:

	<b>2016</b>	2015
Operations	<b>\$ 240,400</b>	\$ 230,384
Fundraising	<b>691,894</b>	674,352
Collaboration and awareness	<b>355,364</b>	365,479
Family service	<b>94,969</b>	100,282
Research	<b>76,123</b>	74,857
	<b>\$ 1,458,750</b>	<b>\$ 1,445,354</b>