

# **Autism Speaks Canada**

**Financial Statements**

**For the Year Ended December 31, 2012**

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Autism Speaks Canada which comprise the balance sheet as at December 31, 2012 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 revenues over expenses for the year ended December 31, 2012, current assets as at December 31, 2012 and fund balances as at January 1, 2012 and December 31, 2012.

*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, 2012, 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.

*Comparative Information*

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that Autism Speaks Canada adopted the Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retroactively by management to the comparative information in these financial statements, including the balance sheet as at December 31, 2011 and January 1, 2011, and the statements of operations and changes in fund balances and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Collins Barrow Toronto LLP*

Licensed Public Accountants  
Chartered Accountants  
June 14, 2013  
Toronto, Ontario

**Autism Speaks Canada**  
**Balance Sheet**  
**As at December 31, 2012**

	Operating Fund	Restricted Fund	2012	2011 (unaudited)
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 2,029,517	\$ -	\$ 2,029,517	\$ 2,146,581
HST receivable	39,315	-	39,315	-
Contributions receivable	-	-	-	300,000
Interfund balance	(86,966)	86,966	-	-
Deposits	6,265	-	6,265	11,800
	1,988,131	86,966	2,075,097	2,458,381
<b>Other asset (Note 4)</b>	<b>6,125</b>	<b>-</b>	<b>6,125</b>	<b>12,250</b>
	<b>\$ 1,994,256</b>	<b>\$ 86,966</b>	<b>\$ 2,081,222</b>	<b>\$ 2,470,631</b>

**Liabilities**

<b>Current</b>				
Accrued liabilities	\$ 16,185	\$ -	\$ 16,185	\$ 17,654
Due to Autism Speaks (Note 5)	15,845	-	15,845	111,742
	32,029	-	32,030	129,396
Deferred lease inducement (Note 6)	12,377	-	12,377	16,632
	44,406	-	44,406	146,028

**Surplus**

<b>Fund Balances</b>	<b>1,949,850</b>	<b>86,966</b>	<b>2,036,816</b>	<b>2,324,603</b>
	<b>\$ 1,994,256</b>	<b>\$ 86,966</b>	<b>\$ 2,081,222</b>	<b>\$ 2,470,631</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, 2012**

	Operating Fund	Restricted Fund	2012	2011 (unaudited)
<b>Revenue</b>				
Public and walk contributions	\$ 1,813,455	\$ -	\$ 1,813,455	\$ 2,306,602
Major gifts	744,030	-	744,030	422,500
Contributions from Autism Speaks (Note 5)	-	-	-	160,555
Interest income	5,514	-	5,514	5,568
	<b>2,562,999</b>	<b>-</b>	<b>2,562,999</b>	<b>2,895,225</b>
<b>Administrative expenses</b>				
Amortization	6,125	-	6,125	6,125
Professional fees	10,026	-	10,026	20,889
Salaries and benefits	485,952	-	485,952	281,311
Office	174,003	-	174,003	103,887
	<b>676,106</b>	<b>-</b>	<b>676,106</b>	<b>412,212</b>
<b>Walk support expenses</b>	<b>430,460</b>	<b>-</b>	<b>430,460</b>	<b>538,171</b>
<b>Revenue less administrative and walk support expenses</b>	<b>1,456,433</b>	<b>-</b>	<b>1,456,433</b>	<b>1,944,842</b>
<b>Research and grant expenses</b>				
Community grants	233,457	300,000	533,457	569,036
Research funding and sponsorships	1,110,763	75,000	1,185,763	656,444
Travel	-	-	-	15,108
	<b>1,344,220</b>	<b>375,000</b>	<b>1,719,220</b>	<b>1,240,588</b>
<b>Awareness initiative expenses</b>	<b>-</b>	<b>25,000</b>	<b>25,000</b>	<b>201,321</b>
<b>Excess of revenues over expenses (expenses over revenues)</b>	<b>112,213</b>	<b>(400,000) <sup>1</sup></b>	<b>(287,787) <sup>1</sup></b>	<b>502,933</b>
<b>Fund balance, beginning of year</b>	<b>1,837,637</b>	<b>486,966</b>	<b>2,324,603</b>	<b>1,821,670</b>
<b>Fund balance, end of year</b>	<b>\$ 1,949,850</b>	<b>\$ 86,966</b>	<b>\$ 2,036,816</b>	<b>\$ 2,324,603</b>

1. As a result of the revenue recognition policy (the restricted fund method) the organization recognized \$300,000 of revenue pledged in 2011. This revenue was designated for the purpose of family services and was expended in 2012. The current year excess of expenses over revenues relates to the expenses incurred in the year in the restricted fund, which were spent in accordance with external restricts of donations recorded in prior year.

**Autism Speaks Canada**  
**Statement of Cash Flows**  
**Year Ended December 31, 2012**

	2012	2011
		(unaudited)
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Excess of revenues over expenses (expenses over revenue)	\$ (287,787)	\$ 502,933
Amortization	6,125	6,125
Lease inducement	(4,255)	16,632
	<b>(285,917)</b>	525,690
Net changes in non-cash working capital		
Deposits	5,535	(8,463)
Accrued liabilities	(1,469)	8,203
HST receivable	(39,315)	-
Contributions receivable	300,000	(50,000)
<b>Cash provided by (used in) operations</b>	<b>(21,166)</b>	475,430
<b>Financing</b>		
Payment made to Autism Speaks	(196,743)	(71,432)
Advances from Autism Speaks	100,845	111,742
<b>Cash provided by (used in) financing</b>	<b>(95,898)</b>	40,310
<b>(Decrease) increase in cash</b>	<b>(117,064)</b>	515,740
<b>Cash, beginning of year</b>	<b>2,146,581</b>	1,630,841
<b>Cash, end of year</b>	<b>\$ 2,029,517</b>	<b>\$ 2,146,581</b>

**1. INTRODUCTION**

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. 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. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING**

These financial statements are the first financial statements for which the Organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no material impact on the Organization's fund balances as at January 1, 2011 (the date of transition), nor on the excess of revenue over expenses for the year ended December 31, 2011 as previously reported under accounting policies in effect prior to the adoption of these standards.

The following is the unaudited opening balance sheet at the date of transition, January 1, 2011:

**Assets**

**Current**

Cash	\$ 1,630,841
Deposits	3,337
Contributions receivable	250,000

1,884,178

Other asset	18,374
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\$ 1,902,552

**Liabilities**

**Current**

Accrued liabilities	\$ 9,450
Due to Autism Speaks	71,432

80,882

**Surplus**

Fund balances	1,821,670
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\$ 1,902,552

### **3. 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.

#### **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 liabilities measured at amortized cost include accrued liabilities.

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.



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

**Donated 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.

**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.

**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.

**Deferred Lease Inducement**

Deferred lease inducement, which is comprised of a rent free benefit period, is being amortized as a reduction to rent expense on a straight-line basis over the initial term of the lease.

**Research awards**

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 balance sheet does not include a provision for funding on multi-year research projects that extend beyond the subsequent year.

**4. OTHER ASSET**

	<b>2012</b>	<b>2011</b>
Website development costs	\$ 30,623	\$ 30,623
Accumulated amortization	(24,498)	(18,373)
	<b>\$ 6,125</b>	<b>\$ 12,250</b>

**5. RELATED PARTY TRANSACTIONS AND BALANCES**

During the year, Autism Speaks, the controlling charity located in the United States, contributed \$Nil (2011 - \$160,555) to the Organization to cover salaries, benefits and operating expenses.

As of December 31, 2012, the Organization owes Autism Speaks \$15,845 (2011 - \$111,742) for general and administrative expenses paid by Autism Speaks on behalf of the Organization.

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

**6. DEFERRED LEASE INDUCEMENT**

In 2011, the Organization entered into a lease for premises at 5401 Eglinton Ave. West, Etobicoke, Ontario that expires June 30, 2016. Included in this agreement is a rent free period, the unamortized portion of this lease inducement is \$12,377 (2011 - \$16,632) and will be amortized as a reduction to rent expense over the remaining term of the lease.

**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:

2013	\$	68,789
2014		99,574
2015		99,574
2016		72,876
2017		46,178
2018		30,785
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		\$ 417,776
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**7. COMMITMENTS (Cont'd)**

**Research Projects**

In 2010, the Organization entered into an agreement with The Governors of the University of Alberta (the "University of Alberta") to fund an autism research project in the amount of \$1,008,704. The title of the project is: *Improving Early Diagnosis and Treatment for ASD: The Canadian Infant Sibling Project*. To date, the Organization advanced \$806,204 related to the project.

During 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 advanced \$7,500 related to the project.

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

2013	\$	217,500
2014		15,000
2015		15,000
2016		15,000
2017		7,500
		<hr/>
		<b>\$ 270,000</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 Autism Speaks. Commitments for the coming year amount to \$279,902 USD.