

Autism Speaks Canada

Financial Statements

For the Year Ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Autism Speaks Canada

Qualified Opinion

We have audited the financial statements of Autism Speaks Canada, (the Organization), which comprise the statement of financial position as at December 31, 2019 and the statements of operations and changes in fund balances 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 December 31, 2019, and results of its 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 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 (expenses over revenues), cash provided by operations for the year ended December 31, 2019, current assets as at December 31, 2019 and fund balances as at January 1, 2019 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 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.

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 qualified 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 13, 2020
Toronto, Ontario

Autism Speaks Canada
Statement of Financial Position
As at December 31, 2019

| | Operating Fund | Restricted Fund | 2019 | 2018 |
|---------------------------|----------------|-----------------|--------------|--------------|
| Assets | | | | |
| Current | | | | |
| Cash and cash equivalents | \$ 1,538,340 | \$ 530,323 | \$ 2,068,663 | \$ 1,951,538 |
| Amounts receivable | 191,190 | - | 191,190 | 177,404 |
| HST recoverable | 22,305 | - | 22,305 | 21,365 |
| Prepaid expenses | 27,489 | - | 27,489 | 25,481 |
| | 1,779,324 | 530,323 | 2,309,647 | 2,175,788 |
| Other assets | 4,920 | - | 4,920 | 15,845 |
| Capital assets | 4,645 | 5,868 | 10,513 | 5,906 |
| | \$ 1,788,889 | \$ 536,191 | \$ 2,325,080 | \$ 2,197,539 |

Liabilities

| | | | | |
|--|-----------|---------|-----------|-----------|
| Current | | | | |
| Accounts payable and accrued liabilities | \$ 36,664 | \$ - | \$ 36,664 | \$ 35,314 |
| Grants payable (Note 4) | 548,102 | 300,543 | 848,645 | 749,548 |
| | 584,766 | 300,543 | 885,309 | 784,862 |

Surplus

| | | | | |
|----------------------|--------------|------------|--------------|--------------|
| Fund balances | 1,204,123 | 235,648 | 1,439,771 | 1,412,677 |
| | \$ 1,788,889 | \$ 536,191 | \$ 2,325,080 | \$ 2,197,539 |

Commitments (Note 4)

Subsequent Event (Note 7)

Approved by the Board



Director



Director

Autism Speaks Canada
Statement of Operations and Changes in Fund Balances
Year Ended December 31, 2019

| | Operating Fund | Restricted Fund | 2019 | 2018 |
|--|---------------------|--------------------|---------------------|---------------------|
| Revenue | | | | |
| Contributions revenue | \$ 1,515,048 | \$ 453,917 | \$ 1,968,965 | \$ 1,942,072 |
| Events revenue | 1,024,834 | - | 1,024,834 | 1,292,800 |
| Autism Speaks (Note 3) | - | 255,505 | 255,505 | 286,131 |
| Grant income | - | 166,667 | 166,667 | - |
| Other income | 41,074 | - | 41,074 | 35,892 |
| | 2,580,956 | 876,089 | 3,457,045 | 3,556,895 |
| Direct costs | | | | |
| Fundraising | 695,014 | 10,131 | 705,145 | 971,925 |
| Operations | 635,889 | 49,270 | 685,159 | 580,214 |
| | 1,330,903 | 59,401 | 1,390,304 | 1,552,139 |
| Funds available for mission | 1,250,053 | 816,688 | 2,066,741 | 2,004,756 |
| Mission expenditures | | | | |
| Services and support | 769,628 | 74,785 | 844,413 | 653,536 |
| Collaboration and awareness | 618,390 | 4,342 | 622,732 | 409,242 |
| Research | 13,080 | 559,422 | 572,502 | 999,351 |
| | 1,401,098 | 638,549 | 2,039,647 | 2,062,129 |
| Excess (Deficiency) of revenues over expenses | (151,045) | 178,139 | 27,094 | (57,373) |
| Fund balance, beginning of year | 1,355,168 | 57,509 | 1,412,677 | 1,470,050 |
| Fund balance, end of year | \$ 1,204,123 | \$ 235,648 | \$ 1,439,771 | \$ 1,412,677 |

Autism Speaks Canada
Statement of Cash Flows
Year Ended December 31, 2019

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Cash and cash equivalents provided by (used in) | | |
| Operations | | |
| Excess (Deficiency) of revenues over expenses | \$ 27,094 | \$ (57,373) |
| Amortization | 15,120 | 11,831 |
| | 42,214 | (45,542) |
| Net changes in non-cash working capital | | |
| Amounts receivable | (13,786) | 322,630 |
| HST recoverable | (940) | 2,776 |
| Prepaid expenses | (2,008) | 8,098 |
| Due from Autism Speaks | - | 62,815 |
| Accounts payable and accrued liabilities | 1,350 | (156,524) |
| Grants payable | 99,097 | 10,589 |
| Cash and cash equivalents provided by operations | 125,927 | 204,842 |
| Investing | | |
| Purchase of capital assets | (8,802) | (780) |
| Purchase of other assets | - | (5,014) |
| Cash and cash equivalents used in investing | (8,802) | (5,794) |
| Increase in cash and cash equivalents | 117,125 | 199,048 |
| Cash and cash equivalents, beginning of year | 1,951,538 | 1,752,490 |
| Cash and cash equivalents, end of year | \$ 2,068,663 | \$ 1,951,538 |
| <hr/> | | |
| Cash | \$ 1,562,853 | \$ 1,951,538 |
| Cash equivalents | 505,810 | - |
| | \$ 2,068,663 | \$ 1,951,538 |

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. As a registered charitable organization, the Organization is tax exempt under paragraph 149.1(1)(g) of the Income Tax Act.

The mission of the Organization is:

Autism Speaks Canada is dedicated to promoting solutions, across the spectrum and throughout the lifespan, for the needs of individuals with autism and their families by supporting and working with community partners; enhancing resources and services; increasing understanding, acceptance and inclusion of people with autism spectrum disorder; and advancing research into causes and better interventions for autism spectrum disorder and related conditions.

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. Of the unrestricted contributions, approximately thirty percent of the revenue recognized is received from one corporation.

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)

Cash and Cash Equivalents

Cash and cash equivalents include balances with banks, cashable GIC's and cash on hand.

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. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and 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 payable are accrued and expensed to research mission expenditures 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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. Significant estimates included in these financial statements are with respect to the allocation of general support expenditures. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Foreign Currency Translation

Transactions denominated in U.S. dollars (USD) are translated into Canadian dollars (CAD) using the exchange rate in effect on the transaction date. At each statement of financial position date, monetary assets and liabilities denominated in USD are translated into CAD at the exchange rate in effect at that date. Unrealized exchange gains and losses arising on translation of USD denominated monetary assets and liabilities are recognized in the excess (deficiency) of revenues over expenses.

3. RELATED PARTY TRANSACTIONS AND BALANCES

In 2019, Autism Speaks, the controlling charity located in the United States, granted the Organization USD\$191,836 (2018 - USD\$223,688) to support the funding of research projects. The Organization recorded the revenue within the restricted fund. As at December 31, 2019, USD\$191,836 has been received.

The transactions were conducted in the normal course of operations and were measured at the exchange amount.

4. COMMITMENTS

Services and support

In 2015, the Organization entered into a five year agreement with Pacific Autism Family Centre Foundation to fund operational expenses for their main and regional centres 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 paid \$300,000 towards the project with an additional \$100,000 being a grant payable as at year end. The Organization has committed to paying the remaining \$100,000 in 2020.

4. COMMITMENTS (Cont'd)

Research Projects

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

| | | | | |
|------|----|-----------------------|-----------------------|-------------|
| 2020 | \$ | 480,665 USD | \$ | 624,865 CAD |
| 2021 | | 134,200 USD | | 174,460 CAD |
| | | \$ 614,865 USD | | |
| | | | \$ 799,325 CAD | |

5. ALLOCATION OF GENERAL SUPPORT EXPENDITURES

During the year, salaries and benefits were allocated amongst various activities based on the estimated percentage of time spent as follows:

| | 2019 | 2018 |
|-----------------------------|---------------------|---------------------|
| Operations | \$ 309,120 | \$ 273,411 |
| Fundraising | 460,635 | 644,755 |
| Collaboration and awareness | 498,203 | 366,284 |
| Services and support | 229,009 | 161,244 |
| Research | 8,693 | 83,194 |
| | \$ 1,505,660 | \$ 1,528,888 |

6. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Excess (deficiency) of revenues over expenses previously reported have not been affected by this reclassification.

7. SUBSEQUENT EVENT

The COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Organization's operations. Currently, an estimate of the financial effect to the Organization cannot be made as the pandemic's impact is changing daily.