

**Schizophrenia Society of Ontario**

Financial Statements

March 31, 2019

Denis Paganelli, CPA, CA

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## INDEPENDENT AUDITOR'S REPORT

### TO THE DIRECTORS OF SCHIZOPHRENIA SOCIETY OF ONTARIO

#### Qualified Opinion

I have audited the accompanying financial statements of Schizophrenia Society of Ontario, which comprise the statement of financial position as at March 31, 2019 and statement of operations and 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report the accompanying financial statements present fairly, in all material respects, the financial position of Schizophrenia Society of Ontario, as at March 31, 2019, 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.

#### Basis for Qualified Opinion

In common with many charitable organizations, Schizophrenia Society of Ontario derives revenue from contributions and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of revenue from contributions and fundraising activities was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenue from contributions and events and gaming activities, net expense for the year, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

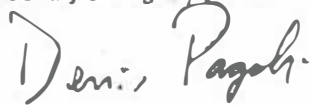
#### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit, I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Denis Paganelli, CPA, CA  
Licensed Public Accountant

June 26, 2019  
Toronto, Canada

Denis Paganelli, CPA, CA

# Schizophrenia Society of Ontario


## Statement of Financial Position

March 31, 2019

	2019	2018
<b>Assets</b>		
Current assets		
Cash (note 11)	\$ 104,711	\$ 52,227
Amounts receivable	49,855	8,241
HST rebate receivable	38,561	33,173
Prepaid expense	53,645	65,976
Investments (note 4)	193,332	50,267
	440,104	209,884
Capital assets (note 3)	33,187	27,843
Investments (note 4)	651,706	643,805
	\$ 1,124,997	\$ 881,532
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 115,503	\$ 76,252
Government remittances payable	18,553	21,398
Deferred contributions	111,073	55,080
	245,129	152,730
<b>Net assets</b>		
Externally restricted (schedule 2)	346,578	433,345
Unrestricted Operating Fund	533,290	295,457
	879,868	728,802
Commitments (note 5)		
	\$ 1,124,997	\$ 881,532

See accompanying notes to financial statements.

Approved on behalf of the board:

  
Director  
CLAUDIO CICUTA

  
Director  
Aamir Mian

Denis Paganelli, CPA, CA

# Schizophrenia Society of Ontario

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2019

	Operating Fund	Research Fund	Designated Fund	Total 2019	Total 2018
<b>Revenue</b>					
Contributions					
Donations – individuals	\$ 114,875	\$ 6,697	\$ –	\$ 121,572	\$ 103,824
Donations – major gifts	50,000	–	25,000	75,000	1,088,264
Donations – third party and other	127,152	–	–	127,152	133,894
Membership dues	4,260	–	–	4,260	3,055
Bequests	578,320	–	–	578,320	51,000
Events (note 7)	150,900	26,135	–	177,035	169,454
Gaming (note 7)	187,740	–	–	187,740	183,023
Grants					
Provincial government (note 8)	682,973	4,009	–	686,982	554,983
Government - other	25,228	–	–	25,228	2,729
Corporate	69,000	–	–	69,000	54,000
Foundations and other agencies	422,846	–	–	422,846	302,392
Fees for services	54,558	–	–	54,558	48,934
Investment income	15,952	–	–	15,952	16,114
Sundry	3,031	–	–	3,031	2,113
	2,486,835	36,841	25,000	2,548,676	2,713,779
<b>Expense</b>					
Program – (schedule 1)	1,207,493	–	–	1,207,493	1,061,387
Research – (schedule 1)	–	200,381	–	200,381	225,463
Fundraising – (schedule 1)	403,313	–	–	403,313	464,616
Gaming – (schedule 1)	109,539	–	–	109,539	120,900
Administration – (schedule 1)	476,884	–	–	476,884	391,121
	2,197,229	200,381	–	2,397,610	2,263,487
<b>Net revenue (expense) for the year</b>	289,606	(163,540)	25,000	151,066	450,292
<b>Net assets, beginning of year</b>	295,457	–	433,345	728,802	278,510
<b>Interfund transfers (note 6)</b>	(51,773)	163,540	(111,767)	–	–
<b>Net assets, end of year</b>	\$ 533,290	\$ –	\$ 346,578	\$ 879,868	\$ 728,802

See accompanying notes to financial statements.

  
Denis Paganelli, CPA, CA

# Schizophrenia Society of Ontario

## Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ 151,066	\$ 450,292
Adjustment for items not affecting cash		
Investment income maintained in investments	(12,773)	(16,114)
Amortization of capital assets	5,262	1,288
	143,555	435,466
Net change in non-cash working capital balances related to operations	57,776	46,686
	201,331	482,152
Investing activities		
Transfers from investment accounts	186,759	164,688
Transfers to investment accounts	(325,000)	(600,000)
	(138,241)	(435,312)
Financing activities		
Purchase of capital assets	(10,606)	(29,131)
	(10,606)	(29,131)
Increase (decrease) in cash during the year	52,484	17,709
Cash, beginning of year	52,227	34,518
Cash, end of year	\$ 104,711	\$ 52,227

See accompanying notes to financial statements.



Denis Pogonelli, CPA, CA



# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2019

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### 1. Purpose of the organization

Schizophrenia Society of Ontario (the "Society") is incorporated without share capital under the laws of the Province of Ontario and is a registered charity under the Income Tax Act. The Society was founded in 1979 under the following objects of incorporation:

- a) Generally to provide assistance to and to alleviate the hardships of the mentally ill, in particular those suffering from the disease of schizophrenia and their families;
- b) For the objects aforesaid, but not so as to limit their generality, to facilitate communication among the mentally ill and among the families of the mentally ill, to assist in educating the public in general and the mentally ill and their families in particular, in the nature of mental illness, and to assist the professions in the search for and application of cures for mental illness;
- c) For the objects aforesaid, to accept donations, gifts, legacies and bequests.

### 2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

#### (a) Fund accounting

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Research Fund accounts for the Society's research activities. Currently these activities include; participation in psychosocial research initiatives, research and development of new products and services, research that informs our policy and systems change, participatory research which engages individuals and families.

The Designated Fund reports revenues that are externally restricted by the donor and resources internally restricted by the Board of Directors and consist of the following funds:

The Bill Jefferies Research Fund reports resources that are to be used to fund and support both psychosocial and biomedical research projects related to schizophrenia including grants received from external sources. It includes designated donations and revenue from the Peace of Minds walk.

The Thomas Gabriel McGowan Biomedical Research Fund was established in fiscal 2017. The Fund must be used for supporting biomedical research for schizophrenia. Previous donations were also made to the Society for \$50,000 in both fiscal 2016 and 2015 for general research.

The Development Fund reports internally restricted resources that are to be used for projects and activities of the organization as approved by the Board of Directors.



Denis Pogonelli, CPA, CA

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2019

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### 2. Summary of significant accounting policies (continued)

#### (b) Capital assets and amortization

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Furniture and equipment are amortized over their estimated useful lives using the straight line method at 20% per annum while leasehold improvements are amortized over the term of the lease.

#### (c) Revenue Recognition

##### Contributions

Restricted contributions including grants, donations and membership dues related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate Designated Fund.

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.

Endowment contributions are reported as revenue in the appropriate Designated Fund when received.

##### Investment Income

Investment income is recognized as revenue of the Operating Fund when earned.

##### Events and gaming

Events and gaming revenue is recognized in the year that the event and gaming takes place.

#### (d) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost except for marketable securities quoted in an active market and bonds, which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and amounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

#### (e) Contributed services

Volunteers contribute significant time each year to assist the Society in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

#### (f) Cash and cash equivalents

The Society's policy is to present bank balances and bank overdrafts under cash and cash equivalents.

Denis Paganelli, CPA, CA





# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2019

### 3. Capital assets

Details of capital assets are as follows:

			2019	2018
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 12,881	\$ 3,864	\$ 9,017	\$ 11,593
Leasehold improvements	26,856	2,686	24,170	16,250
	\$ 39,737	\$ 6,550	\$ 33,187	\$ 27,843

### 4. Investments

Investments are maintained in four separate investment accounts with RBC Dominion Securities Inc., are reported at market value and consist of the following:

	2019	2018
Canadian Fixed Income Securities maturing between April 22, 2019 and February 12, 2024 Interest rates varying from 2.02% to 3.05%	\$ 752,535	\$ 694,025
Canadian money market funds	90,848	—
Cash to be invested	1,655	47
	845,038	694,072
Less: investments maturing in next fiscal year	(193,332)	(50,267)
	\$ 651,706	\$ 643,805

### 5. Lease commitments

The Society has leased office space on leases over various terms as well as some office equipment. The minimum rent payments required over the next five years are:

Year	Amount
2020	\$ 79,889
2021	79,716
2022	79,716
2023	79,716
2024	79,716
	\$ 398,753

### 6. Interfund transfers

During the year transfers of \$111,767 (2018 - \$194,250) from the Bill Jeffries Research Fund and \$51,773 (2018 - \$nil) from the Operating Fund were made to support the activities of the Research Fund.

Denis Pagorelli CPA 

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2019

### 7. Events and gaming revenue and expenses

#### Events revenue

	2019	2018
Walk of Hope	\$ 45,452	\$ 63,512
Provincial Golf	100,122	84,142
Yogathon	19,967	19,262
Other fundraising events	11,494	2,538
	<u>\$ 177,035</u>	<u>\$ 169,454</u>

#### Gaming revenue

	2019	2018
Nevada	\$ 183,615	\$ 172,500
Bingo	4,125	10,523
	<u>\$ 187,740</u>	<u>\$ 183,023</u>

<b>Total Events and Gaming revenue</b>	<b>\$ 384,775</b>	<b>\$ 352,477</b>
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#### Events expense

	2019	2018
Walk of Hope	\$ 19,445	\$ 14,496
Provincial Golf	38,008	36,774
Yogathon	1,649	3,083
Other fundraising events	10,407	749
	<u>\$ 69,509</u>	<u>\$ 55,102</u>

#### Gaming expense

	2019	2018
Nevada	\$ 109,148	\$ 118,175
Bingo	391	25
	<u>\$ 109,539</u>	<u>\$ 118,200</u>

<b>Total Events and Gaming expense</b>	<b>\$ 179,048</b>	<b>\$ 173,302</b>
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Denis Pagonelli, CPA, CA

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2019

8. Grants – Provincial Government

Details of the Society's funding are as follows:

	2019	2018
Ministry of Health and Long-Term Care	\$ 260,409	\$ 260,405
LHIN – Toronto Central	208,450	203,956
LHIN – Hamilton Niagara Haldimand Brant	92,822	90,622
Ministry of Health and Long-Term Care enhancement	125,300	–
	\$ 686,982	\$ 554,983

9. Pension plan contributions

The organization contributes to individual pension plans that are all defined contribution plans. The pension expense under these plans is equal to the organization's contribution. The 2019 pension expense was \$40,076 (2018-\$41,096).

10. Allocation of expenses

The organization allocates expenses between program, administration and fundraising expenses. Salaries and benefits are allocated by assessing the percentage of work done by each employee in each category. Building occupancy is allocated based on the space occupied by the employees and their work in each of the categories. Other expenses are allocated directly into one of the categories or by a percentage determined by the organization.

11. Cash - restricted

The Society maintains separate trust bank accounts in order to satisfy the requirements of the licences granted to it for Nevada and Bingo gaming by the Alcohol and Gaming Commission of Ontario. These funds are restricted as they must be spent on the activities listed on the licence applications. The balances maintained in these accounts at March 31, 2019 was \$80,128 (2018-\$72,263).

12. Bank line of credit

The Society has a business line of credit with its bank for an amount up to \$41,500 at an annual interest rate of Scotiabank prime plus 3.5%. The line of credit was not in use at March 31, 2019.

  
Denis Pagonelli, CPA, CA

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2019

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### 13. Financial risks

The Society is exposed to various risks through its financial instruments.

#### Credit Risk

The Society is exposed to credit risk on its amounts receivable and investments. The Society assesses on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

For investments, the Society has established a conservative investment policy which requires investments to be invested in Canadian and provincial government bonds and major Canadian banks and corporations with a debt rating of A or better.

#### Interest Rate Risk

The Society is exposed to interest rate risk on its investments which consist of fixed rate bonds. Fixed rate bonds subject the Society to a fair value risk; however, the risk associated with these investments is reduced to a minimum since these assets are invested in safe government and corporate securities.

#### Liquidity Risk

The Society is subject to liquidity risk which is the risk of being unable to meet cash requirements or to fund obligations as they become due. This risk has reduced from the prior year.



Denis Paganelli, CPA, CA

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# Schizophrenia Society of Ontario

## Schedule of Expenses

SCHEDULE 1

For the year ended March 31, 2019

2019	Program	Fundraising	Gaming	Administration	Research	2019 Total
Salaries and benefits	\$ 788,633	\$ 135,747	\$ -	\$ 276,055	\$ 88,601	\$ 1,289,036
Occupancy costs	100,848	31,761	-	27,523	9,787	169,899
Office and administration	29,943	38,388	-	17,431	3,692	89,454
Insurance	-	-	-	19,192	-	19,192
Interest and bank charges	75	2,428	-	9,949	-	12,452
Computer and web costs	53,527	38,572	-	16,712	3,928	112,739
Education and recruitment costs	2,705	169	-	1,807	665	5,346
Contracted services	97,929	51,760	-	98,311	73,071	321,071
Program and publicity	39,245	34,512	-	2,992	15,139	91,888
Travel	9,273	920	-	1,533	5,518	17,244
Events and gaming (note 7)	561	68,947	109,539	-	-	179,047
CBT Training	46,254	-	-	117	-	46,371
Scholarships	20,500	-	-	-	-	20,500
Miscellaneous	18,000	109	-	-	-	18,109
Amortization of capital assets	-	-	-	5,262	-	5,262
	\$ 1,207,493	\$ 403,313	\$ 109,539	\$ 476,884	\$ 200,381	\$ 2,397,610

2018	Program	Fundraising	Gaming	Administration	Research	2018 Total
Salaries and benefits	\$ 727,159	\$ 160,885	\$ -	\$ 206,208	\$ 189,269	\$ 1,283,521
Occupancy costs	122,808	32,736	-	38,566	5,229	199,337
Office and administration	31,403	22,664	1,811	18,035	1,571	75,484
Insurance	-	-	-	23,585	-	23,585
Interest and bank charges	166	895	789	11,124	-	12,974
Computer and web costs	47,852	31,539	-	26,188	1,576	107,155
Education and recruitment costs	3,404	2,036	-	2,042	233	7,715
Contracted services	46,452	123,394	-	41,397	24,185	235,428
Program and publicity	6,654	31,492	100	2,251	159	40,656
Travel	13,885	2,700	-	2,371	3,241	22,197
Events and gaming (note 7)	95	55,007	118,200	-	-	173,302
CBT Training	40,002	-	-	-	-	40,002
Scholarships	21,500	-	-	-	-	21,500
Miscellaneous	9	1,268	-	18,066	-	19,343
Amortization of capital assets	-	-	-	1,288	-	1,288
	\$ 1,061,387	\$ 464,616	\$ 120,900	\$ 391,121	\$ 225,463	\$ 2,263,487

See accompanying notes to financial statements

Denis Pogonelli, CPA, CA

Schizophrenia Society of Ontario

Schedule of Designated Fund Revenues and Expenses

SCHEDULE 2

For the year ended March 31, 2019

	Balance, Beginning of year	Donations received	Events and gaming	Investment Income	Expenses	Interfund transfers (note 6)	Balance, End of year
Externally Restricted Funds							
Bill Jefferies Research Fund	\$ 333,345	\$ -	\$ -	\$ -	\$ -	\$ (111,767)	\$ 221,578
Thomas Gabriel McGowan Biomedical Research Fund	100,000	25,000	-	-	-	-	125,000
	\$ 433,345	\$ 25,000	\$ -	\$ -	\$ -	\$ (111,767)	\$ 346,578

See accompanying notes to financial statements.

Denis Pogonelli, CPA, CA