

Schizophrenia Society of Ontario

Financial Statements

March 31, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF SCHIZOPHRENIA SOCIETY OF ONTARIO

I have audited the accompanying financial statements of Schizophrenia Society of Ontario, which comprise the statement of financial position as at March 31, 2018 and statement of operations and changes in net assets and cash flow statement 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

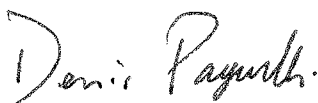
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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.

Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the items referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Schizophrenia Society of Ontario as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Denis Paganelli, CPA, CA
Licensed Public Accountant

July 24, 2018
Toronto, Canada

Schizophrenia Society of Ontario

Statement of Financial Position

March 31, 2018

	2018	2017
Assets		
Current assets		
Cash (note 11)	\$ 52,227	\$ 34,518
Amounts receivable	8,241	28,677
HST rebate receivable	33,173	60,426
Prepaid expense	65,976	60,928
Investments (note 4)	50,267	187,698
	209,884	372,247
Capital assets (note 3)	27,843	-
Investments (note 4)	643,805	54,948
	\$ 881,532	\$ 427,195
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 76,252	\$ 83,337
Government remittances payable	21,398	15,165
Deferred contributions	55,080	50,183
	152,730	148,685
Net assets		
Externally restricted (schedule 2)	433,345	577,595
Unrestricted Operating Fund	295,457	(299,085)
	728,802	278,510
Commitments (note 5)		278,510
	\$ 881,532	\$ 427,195

See accompanying notes to financial statements.

Approved on behalf of the board:

Director

Director

Schizophrenia Society of Ontario

Statement of Operations and Changes in Net Assets

Year ended March 31, 2018

	Operating Fund	Research Fund	Designated Fund	Total 2018	Total 2017
Revenue					
Contributions					
Donations – individuals	\$ 99,884	\$ 3,940	\$ –	\$ 103,824	\$ 111,722
Donations – major gifts	1,038,264	–	50,000	1,088,264	350,000
Donations – third party and other	133,894	–	–	133,894	135,180
Membership dues	3,055	–	–	3,055	4,571
Bequests	51,000	–	–	51,000	160,177
Events (note 7)	144,947	24,507	–	169,454	168,201
Gaming (note 7)	183,023	–	–	183,023	174,264
Grants					
Provincial government (note 8)	554,983	–	–	554,983	554,983
Government - other	2,729	–	–	2,729	9,848
Corporate	54,000	–	–	54,000	60,000
Foundations and other agencies	302,392	–	–	302,392	425,545
Fees for services	48,934	–	–	48,934	134,074
Investment income	13,348	2,766	–	16,114	7,151
Sundry	2,113	–	–	2,113	8,893
	2,632,566	31,213	50,000	2,713,779	2,304,609
Expense					
Program – (schedule 1)	1,061,387	–	–	1,061,387	1,217,766
Research– (schedule 1)	–	225,463	–	225,463	215,472
Fundraising – (schedule 1)	464,616	–	–	464,616	436,645
Gaming – (schedule 1)	120,900	–	–	120,900	129,989
Administration – (schedule 1)	391,121	–	–	391,121	380,555
	2,038,024	225,463	–	2,263,487	2,380,427
Net revenue (expense) for the year	594,542	(194,250)	50,000	450,292	(75,818)
Net assets, beginning of year	(299,085)	–	577,595	278,510	354,328
Interfund transfers (note 6)	–	194,250	(194,250)	–	–
Net assets, end of year	\$ 295,457	\$ –	\$ 433,345	\$ 728,802	\$ 278,510

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ 450,292	\$ (75,818)
Adjustment for items not affecting cash		
Investment income maintained in investments	(16,114)	(7,151)
Amortization of capital assets	1,288	-
	435,466	(82,969)
Net change in non-cash working capital balances related to operations	46,686	(109,196)
	482,152	(192,165)
Investing activities		
Transfers from investment accounts	164,688	74,730
Transfers to Investment accounts	(600,000)	(50,000)
	(435,312)	24,730
Financing activities		
Purchase of capital assets	(29,131)	-
	(29,131)	-
Increase (decrease) in cash during the year	17,709	(167,435)
Cash, beginning of year	34,518	201,953
Cash, end of year	\$ 52,227	\$ 34,518

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2018

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 with a \$50,000 donation and with an additional \$50,000 donation received in fiscal 2018. The Fund must be used for supporting biomedical research for schizophrenia. Previous donations were also made to the Society for \$50,000 in 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.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2018

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.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2018

3. Capital assets

Details of capital assets are as follows:

			2018	2017
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 12,881	\$ 1,288	\$ 11,593	\$ -
Leasehold improvements	16,250	-	16,250	-
	\$ 29,131	\$ 1,288	\$ 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:

	2018	2017
Canadian Fixed Income Securities maturing between December 27, 2018 and July 19, 2022 Interest rates varying from 1.7% to 2.3%	\$ 694,025	\$ 185,386
Cash to be invested	47	57,260
	694,072	242,646
Less: investments maturing in next fiscal year	(50,267)	(187,698)
	\$ 643,805	\$ 54,948

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
2019	\$ 103,661
2020	101,243
2021	97,809
2022	79,716
2023	79,716
	\$ 462,145

6. Interfund transfers

During the year transfers of \$194,250 (2017 - \$193,190) from the Bill Jeffries Research Fund were made to support the activities of the Research Fund.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2018

7. Events and gaming revenue and expenses

Events revenue

	2018	2017
Walk of Hope	\$ 63,512	\$ 64,718
Provincial Golf	84,142	64,626
Yogathon	19,262	26,007
Other fundraising events	2,538	12,850
	<u>\$ 169,454</u>	<u>\$ 168,201</u>

Gaming revenue

	2018	2017
Nevada	\$ 172,500	\$ 164,014
Bingo	10,523	10,250
	<u>\$ 183,023</u>	<u>\$ 174,264</u>

Total Events and Gaming revenue	\$ 352,477	\$ 342,465
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Events expense

	2018	2017
Walk of Hope	\$ 14,496	\$ 16,086
Provincial Golf	36,774	36,760
Yogathon	3,083	17,440
Other fundraising events	749	-
	<u>\$ 55,102</u>	<u>\$ 70,286</u>

Gaming expense

	2018	2017
Nevada	\$ 118,175	\$ 129,989
Bingo	25	-
	<u>\$ 118,200</u>	<u>\$ 129,989</u>

Total Events and Gaming expense	\$ 173,302	\$ 200,275
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Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2018

8. Grants – Provincial Government

Details of the Society's funding are as follows:

	2018	2017
Ministry of Health and Long-Term Care	\$ 260,405	\$ 260,405
LHIN – Toronto Central	203,956	203,956
LHIN – Hamilton Niagara Haldimand Brant	90,622	90,622
	<u>\$ 554,983</u>	<u>\$ 554,983</u>

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 2018 pension expense was \$41,096 (2017-\$33,439).

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, 2018 was \$72,263 (2017-\$69,774).

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, 2018.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2018

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.

14. Comparative figures

Certain of the comparative figures for fiscal 2017 have been reclassified to correspond with the classification adopted in fiscal 2018.

Schizophrenia Society of Ontario

Schedule of Expenses

SCHEDULE 1

For the year ended March 31, 2018

2018	Program	Fundraising	Gaming	Administration	Research	2018 Total
Salaries and benefits	\$ 727,159	\$ 160,885	\$ -	\$ 206,208	\$ 189,269	\$ 1,283,521
Occupancy costs	122,806	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

2017	Program	Fundraising	Gaming	Administration	Research	2017 Total
Salaries and benefits	\$ 824,367	\$ 132,384	\$ -	\$ 223,534	\$ 165,989	\$ 1,346,274
Occupancy costs	97,033	31,754	-	36,304	12,863	177,954
Office and administration	35,975	44,982	-	27,494	4,269	112,720
Insurance	-	-	-	22,540	-	22,540
Interest and bank charges	290	7,207	-	8,404	-	15,901
Computer and web costs	39,604	35,800	-	16,151	3,566	95,121
Education and recruitment costs	1,647	78	-	-	629	2,354
Contracted services	24,749	88,419	-	17,317	27,313	157,798
Program and publicity	13,011	25,106	-	3,022	617	41,756
Travel	14,043	942	-	5,605	226	20,816
Events and gaming (note 7)	313	69,973	129,989	-	-	200,275
CBT Training	137,884	-	-	-	-	137,884
Scholarships	28,850	-	-	-	-	28,850
Miscellaneous	-	-	-	20,184	-	20,184
	\$ 1,217,766	\$ 436,645	\$ 129,989	\$ 380,555	\$ 215,472	\$ 2,380,427

See accompanying notes to financial statements

Schizophrenia Society of Ontario

Schedule of Designated Fund Revenues and Expenses

SCHEDULE 2

For the year ended March 31, 2018

	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	\$ 527,595	\$ -	-	-	-	\$ (194,250)	\$ 333,345
Thomas Gabriel McGowan Biomedical Research Fund	50,000	50,000	-	-	-	-	100,000
	\$ 577,595	\$ 50,000	-	-	-	\$ (194,250)	\$ 433,345

See accompanying notes to financial statements.

