

# **Schizophrenia Society of Ontario**

Financial Statements

March 31, 2017

## **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, 2017 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Denis Paganelli". The signature is written in a cursive, flowing style.

Denis Paganelli, CPA, CA  
Licensed Public Accountant

July 10, 2017  
Toronto, Canada

# Schizophrenia Society of Ontario

## Statement of Financial Position

March 31, 2017

	2017	2016
<b>Assets</b>		
Current assets		
Cash (note 10)	\$ 34,518	\$ 201,953
Amounts receivable	28,677	57,150
HST rebate receivable	60,426	25,706
Prepaid expense	60,928	65,178
Investments (note 3)	187,698	128,948
	372,247	478,935
Investments (note 3)	54,948	130,443
	\$ 427,195	\$ 609,378
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 83,337	\$ 121,550
Government remittances payable	15,165	14,021
Deferred contributions	50,183	119,479
	148,685	255,050
<b>Net assets</b>		
Externally restricted (schedule 2)	577,595	720,785
Internally restricted (schedule 2)	-	-
Unrestricted Operating Fund	(299,085)	(366,457)
	278,510	354,328
Commitments (note 4)		
	\$ 427,195	\$ 609,378

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, 2017

	Operating Fund	Research Fund	Designated Fund	Total 2017	Total 2016
Revenue					
Contributions					
Donations – individuals	\$ 521,166	\$ 555	\$ 50,000	\$ 571,721	\$ 492,039
Donations – other	25,181	–	–	25,181	13,184
Membership dues	4,571	–	–	4,571	4,590
Bequests	160,177	–	–	160,177	56,500
Events and gaming (note 8)	320,738	21,727	–	342,465	409,660
Grants					
Provincial government (note 6)	554,983	–	–	554,983	554,983
Government - other	9,848	–	–	9,848	2,729
Corporate	60,000	–	–	60,000	51,500
Foundations and other agencies	425,545	–	–	425,545	386,368
Fees for services	134,074	–	–	134,074	23,219
Investment income	7,151	–	–	7,151	9,621
Sundry	8,893	–	–	8,893	3,522
	2,232,327	22,282	50,000	2,304,609	2,007,915
Expense					
Program – (schedule 1)	1,217,766	–	–	1,217,766	1,012,703
Research – (schedule 1)	–	215,472	–	215,472	234,743
Fundraising – (schedule 1)	566,634	–	–	566,634	583,266
Administration – (schedule 1)	380,555	–	–	380,555	456,742
Designated Fund – (schedule 1)	–	–	–	–	–
	2,164,955	215,472	–	2,380,427	2,287,454
Net revenue (expense) for the year	67,372	(193,190)	50,000	(75,818)	(279,539)
Net assets, beginning of year	(366,457)	–	720,785	354,328	633,867
Interfund transfers (note 5)	–	193,190	(193,190)	–	–
Net assets, end of year	\$ (299,085)	\$ –	\$ 577,595	\$ 278,510	\$ 354,328

See accompanying notes to financial statements.

# Schizophrenia Society of Ontario

## Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ (75,818)	\$ (279,539)
Adjustment for item not affecting cash		
Investment income maintained in investments	(7,151)	(9,621)
	(82,969)	(289,160)
Net change in non-cash working capital balances related to operations	(109,196)	109,034
	(192,165)	(180,126)
Investing activities		
Investments redeemed and transferred to cash	74,730	232,689
Investments purchased	(50,000)	-
	24,730	232,689
Financing activities		
Purchase of capital assets	-	-
	-	-
Increase (decrease) in cash during the year	(167,435)	52,563
Cash, beginning of year	201,953	149,390
Cash, end of year	\$ 34,518	\$ 201,953

See accompanying notes to financial statements.

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2017

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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 with a \$50,000 donation. The Fund must be used for supporting biomedical research for schizophrenia.

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.

#### (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. Leasehold improvements are amortized over the term of the lease.

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2017

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

#### (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 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, 2017

### 3. Investments

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

	2017	2016
Canadian Fixed Income Securities maturing between July 17, 2017 and May 21, 2019 Interest rates varying from 2.2% to 2.55%	\$ 185,386	\$ 254,013
Cash to be invested	57,260	5,378
	242,646	259,391
Less: investments maturing in next fiscal year	(187,698)	(128,948)
	\$ 54,948	\$ 130,443

### 4. Lease commitments

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

Year	Amount
2018	
2019	\$ 98,214
2020	17,213
	13,596
	\$ 129,023

### 5. Interfund transfers

During the year transfers of \$193,190 (2016 - \$123,440) from the Bill Jeffries Research Fund were made to support the activities of the Research Fund.

### 6. Grants – Provincial Government

Details of the Society's funding are as follows:

	2017	2016
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
	\$ 554,983	\$ 554,983

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2017

### 7. 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 2017 pension expense was \$33,439 (2016-\$32,397).

### 8. Events and gaming revenue and expenses

Details of events and gaming revenue are as follows:

	2017	2016
Walk of Hope	\$ 64,718	\$ 87,676
Provincial Golf	64,626	71,862
Nevada	164,014	188,981
Bingo	10,250	11,666
Yogathon	26,007	26,562
Other fundraising events	12,850	22,913
	<u>\$ 342,465</u>	<u>\$ 409,660</u>

Details of events and gaming expenses are as follows:

	2017	2016
Walk of Hope	\$ 16,086	\$ 22,111
Provincial Golf	36,760	38,780
Nevada	129,989	143,873
Bingo	—	472
Yogathon	17,440	1,444
Other fundraising events	—	6,004
	<u>\$ 200,275</u>	<u>\$ 212,684</u>

### 9. 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.

### 10. 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, 2017 was \$69,774 (2016-\$209,203).

# Schizophrenia Society of Ontario

## Notes to Financial Statements

March 31, 2017

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### 11. 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, 2017.

### 12. 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 not changed from the prior year.

### 13. Operating Fund Deficit

As stated in last year's financial statements, sustainability continues to be a challenge for the Society, the strategy put in place last year continues and is effective:

- The Society is moving ahead with its social enterprise, Institute for Advancements in Mental Health, and is seeing much interest in the sector.
- The Society hired a Director of Major Gifts Acquisition, and is hoping to increase donations over last fiscal year.
- The Society started a new initiative – Cognitive Behavioural Therapy, a fee for service program.
- The Society was awarded a three year grant for \$311,000. and;
- The Society has received a substantial donation in June 2017 in the amount of \$700,000.

The Society continues to engage ongoing government relations at the National level, and continues to control and mitigate operational and program costs.

# Schizophrenia Society of Ontario

## Schedule of Expenses

SCHEDULE 1

For the year ended March 31, 2017

2017	Program	Fundraising	Administration	Research	Designated Fund	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	313	199,962	-	-	-	200,275
CBT Training	137,884	-	-	-	-	137,884
Scholarships	28,850	-	-	-	-	28,850
Miscellaneous	-	-	20,184	-	-	20,184
	\$ 1,217,766	\$ 566,634	\$ 380,555	\$ 215,472	\$ -	\$ 2,380,427

2016	Program	Fundraising	Administration	Research	Designated Fund	2016 Total
Salaries and benefits	\$ 743,861	\$ 206,917	\$ 308,384	\$ 182,328	\$ -	\$ 1,441,490
Occupancy costs	106,380	31,044	44,310	12,744	-	194,478
Office and administration	41,043	25,261	24,987	3,702	-	94,993
Insurance	-	-	21,282	-	-	21,282
Interest and bank charges	18,479	618	5,669	-	-	24,766
Computer and web costs	30,973	18,065	19,706	4,290	-	73,034
Education and recruitment costs	5,636	1,204	2,762	1,016	-	10,618
Contracted services	7,021	74,895	20,954	27,544	-	130,414
Program and publicity	24,120	12,110	3,280	115	-	39,625
Travel	35,092	468	5,408	3,004	-	43,972
Events and gaming	-	212,684	-	-	-	212,684
Research grants	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Miscellaneous	98	-	-	-	-	98
	\$ 1,012,703	\$ 583,266	\$ 456,742	\$ 234,743	\$ -	\$ 2,287,454

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, 2017

	Balance, Beginning of year	Donations received	Events and gaming	Investment Income	Expenses (schedule 1)	Interfund transfers (note 5)	Balance, End of year
<b>Externally Restricted Funds</b>							
Bill Jefferies Research Fund	\$ 720,785	\$ --	\$ --	\$ --	\$ --	\$ (193,190)	\$ 527,595
Thomas Gabriel McGowan Biomedical Research Fund	--	50,000	--	--	--	--	50,000
	\$ 720,785	\$ 50,000	\$ --	\$ --	\$ --	\$ (193,190)	\$ 577,595

See accompanying notes to financial statements.