Schizophrenia Society of Ontario

Financial Statements

March 31, 2011

Denis Paganelli, C.A.

DP
Denis Paganelli, C.A.

18 Easthampton Drive
Etobicoke, ON M9P 3P6

Phone: 416-614-7770
Fax: 416-614-9984
Email: dpaganelli@sympatico.ca

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 of as at March 31, 2011 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 generally accepted accounting principles 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, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Denis Paganelli

Denis Paganelli, C.A.
Licensed Public Accountant

June 18, 2011
Toronto, Canada

Schizophrenia Society of Ontario
Statement of Financial Position

March 31, 2011

	Total 2011	Total 2010
Assets		
Current assets		
Cash	$ 53,676	$ 164,040
Amounts receivable	156,613	49,279
Prepaid expense	58,328	70,024
	268,617	283,343
Capital assets (note 3)	47,200	71,526
Investments	1,610,562	1,900,508
	$ 1,926,379	$ 2,255,377
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 112,129	$ 101,578
Deferred contributions	95,143	77,089
	207,272	178,667
Net assets		
Externally restricted for endowment (schedule)	50,000	50,000
Externally restricted (schedule)	1,638,517	1,776,571
Internally restricted (schedule)	–	178,613
Invested in capital assets	47,200	71,526
Unrestricted	(16,610)	–
	1,719,107	2,076,710
Commitments (note 4)		
	$ 1,926,379	$ 2,255,377

See accompanying notes to financial statements.

Approved on behalf of the board:

Director

Director

Denis Paganelli, C.A.

Schizophrenia Society of Ontario
Statement of Operations

Year ended March 31, 2011

	Operating Fund	Designated Fund	Total 2011	Total 2010
Revenue				
Contributions				
Donations – individuals	$ 305,402	$ 13,057	$ 318,459	$ 327,515
Donations – other	49,784	208	49,992	1,675
Membership dues	24,835	–	24,835	18,060
Bequests	47,213	12,000	59,213	256,416
Events and gaming (note 8)	489,877	35,309	525,186	594,291
Grants				
Provincial government (note 6)	595,650	–	595,650	583,920
Government - other	57,193	–	57,193	49,934
Corporate	148,292	–	148,292	224,756
Foundations and other agencies	366,199	–	366,199	372,083
Investment income	32,703	16,961	49,664	53,879
Sundry	9,047	–	9,047	21,319
	2,126,195	77,535	2,203,730	2,503,848
Expense				
Program – (schedule)	1,373,568	81,031	1,454,599	1,514,787
Research grants	–	71,250	71,250	81,000
Fundraising – (schedule)	576,052	–	576,052	660,568
Administration – (schedule)	459,432	–	459,432	556,428
	2,409,052	152,281	2,561,333	2,812,783
Net revenue (expense) for the year	$ (282,857)	$ (74,746)	$ (357,603)	$ (308,935)

See accompanying notes to financial statements.

Denis Paganelli, C.A.

Schizophrenia Society of Ontario

Statement of Changes in Net Assets

Year ended March 31, 2011

	Invested in Capital Assets	Unrestricted	Internally Restricted	Externally Restricted	Endowment	Total
Net assets, beginning of year	$ 71,526	$ –	$ 178,613	$ 1,776,571	$ 50,000	$ 2,076,710
Net revenue (expense) for the year	(24,326)	(258,531)	–	(76,160)	1,414	(357,603)
Investment in capital assets	–	–	–	–	–	–
Interfund transfers (note 5)	–	241,921	(178,613)	(61,894)	(1,414)	–
Net assets, end of year	$ 47,200	$ (16,610)	$ –	$ 1,638,517	$ 50,000	$ 1,719,107

See accompanying notes to financial statements.

Denis Paganelli, C.A.

Schizophrenia Society of Ontario

Statement of Cash Flows

Year Ended March 31, 2011

	2011	2010
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	$ (357,603)	$ (308,935)
Adjustment for item not affecting cash		
Amortization of capital assets	24,326	24,550
Interest earned and maintained in investments	(49,356)	(53,709)
	(382,633)	(338,094)
Net change in non-cash working capital balances related to operations	(67,033)	61,468
	(449,666)	(276,626)
Investing activities		
Investments cashed in and transferred to cash	339,302	100,000
	339,302	100,000
Financing activities		
Purchase of capital assets	–	–
	–	–
Increase (decrease) in cash during the year	(110,364)	(176,626)
Cash, beginning of year	164,040	340,666
Cash, end of year	$ 53,676	$ 164,040

See accompanying notes to financial statements.

Denis Paganelli, C.A.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2011

---

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 to support and assist families and those affected by schizophrenia. The Mission Statement of the Society is to improve the quality of life for those affected by schizophrenia and psychosis through education, support programs, public policy and research.

2. Summary of 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 Designated Fund consists of the following externally and internally restricted funds:

The Research Fund consists of three externally restricted sub-funds, the Bill Jefferies Research Fund, the Helen Pfohl Research Fund and the Tam Grant Research Fund.

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.

The Helen Pfohl Research Fund reports resources that are to be used to fund and support research projects for a cure and treatment of schizophrenia.

The Tam Grant Research Fund reports resources that are to be used to fund and support cause and cure 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.

The Olenka Maksymiw Memorial Fund is an endowment fund on which the investment income earned on the resources of the fund is to be used to help raise awareness.

(b) Investments

Investments consisting of bonds are used to fund current operations when required. All investments are considered held-for-trading and are recorded at fair value with unrealized gains and losses included as investment income for the year.

(c) 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. The Society follows a policy of recording items as capital assets only if they are in excess of $5,000 each. Leasehold improvements are amortized over the term of the lease.

2. Summary of significant accounting policies (continued)

(d) 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.

Investment Income

Investment income is recognized as revenue of the Operating Fund when earned except for the Helen Pfohl Research Fund, Tam Grant Research Fund and the Olenka Maksymiw Memorial Fund. The donors of these funds have stated that the investment income earned on the fund balances must be used in that fund.

Events and gaming

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

(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) Management's use of estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets at the date of the financial statements, and the reported amounts of the statement of operations and changes in net assets. Actual results could differ from those estimates.

3. Capital assets

Details of capital assets are as follows:

			2011	2010
	Cost	Accumulated amortization	Net	Net
Leasehold improvements	$123,101	$75,901	$47,200	$71,526

Amortization expense for the year is $24,326 (2010 - $24,550).

Schizophrenia Society of Ontario
Notes to Financial Statements

March 31, 2011

4. Lease commitments

The Society has leased office space on leases over various terms as well as some office equipment. The basic rent requirements are:

Year	Amount
2012	$ 136,421
2013	61,688
	$ 198,109

5. Interfund transfers

The Board of Directors approved the transfer of $178,613 (2010-$210,317) from the internally restricted Development Fund to the Operating Fund to support the activities of the Operating Fund.

The Board of Directors also approved the transfer of $61,894 from the Bill Jefferies Research Fund to the Operating Fund to finance the net expense for the year of the policy and research activities in the Operating Fund.

The income earned in the year from The Olenka Maksymiw Memorial Fund of $1,414 (2010- $736) was transferred to the Operating Fund in order to fund activities in raising awareness.

6. Grants – Provincial Government

Details of the Society's funding are as follows:

	2011	2010
Ministry of Health and Long-Term Care	$ 267,159	$ 271,405
LHIN – Toronto Central	189,208	179,616
LHIN – Hamilton Niagara Haldimand Brant	89,283	87,899
	545,650	538,920
Ministry of the Attorney General	50,000	45,000
	$ 595,650	$ 583,920

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 2011 pension expense was $38,187.

Schizophrenia Society of Ontario
Notes to Financial Statements

March 31, 2011

8. Events and gaming revenue and expenses

Details of events and gaming revenue are as follows:

	2011	2010
Walk of Hope	$ 138,657	$ 156,843
Provincial Golf – Harry and Shirley Young Drive to Survive Golf Classic	46,922	56,981
Nevada	124,435	144,534
Bingo	40,568	50,099
Gala – Iris Ball	48,117	40,808
Yogathon	51,614	72,482
Other fundraising events	74,873	72,544
	$ 525,186	$ 594,291

Details of events and gaming expenses are as follows:

	2011	2010
Walk of Hope	$ 28,036	$ 31,690
Provincial Golf – Harry and Shirley Young Drive to Survive Golf Classic	35,978	35,304
Nevada	86,826	96,240
Bingo	1,063	936
Gala – Iris Ball	13,990	30,853
Yogathon	12,161	20,017
Other fundraising events	21,003	31,391
	$ 199,057	$ 246,432

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. Capital Disclosures

The organization defines capital as Net Assets which is the sum of unrestricted net assets, net assets invested in capital assets, internally restricted net assets, externally restricted net assets and endowment funds.

The organization's objective when managing capital is to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events, in order to maintain stability in the financial structure. The organization seeks to maintain sufficient liquidity to meet its obligations as they become due. The organization's objective with externally restricted net assets is to ensure that the funds are used as per the donor's requirements. The organization's objective with endowment funds is to ensure that the income generated is used per the donor's requirements.

11. Financial instruments

Under the standards for recognizing and measuring financial instruments, all financial assets are classified into one of the following four categories: held for trading, held to maturity, loans and receivables or available for sale. All financial liabilities are classified into one of the following two categories: held for trading or other financial liabilities.

The organization's financial assets and liabilities are classified and measured as follows:

ASSET/LIABILITY	CATEGORY	MEASUREMENT
Cash	Held for trading	Fair Value
Amounts receivable	Loans and receivables	Amortized Cost
Investments	Held for trading	Fair value
Accounts payable and Accrued Liabilities	Other financial liabilities	Amortized Cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the nature or capacity for prompt liquidation.

The fair value of investments, which consist of fixed income securities, is determined based on the market value at year-end.

Risk Management

The organization manages its exposure to risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its budgeting process and review of the organization's financial performance by the Board of Directors at their meetings.

The organization is subject to credit risk with respect to its amounts receivable and interest and market risk with respect to its investments.

Schizophrenia Society of Ontario

Schedule of Expenses - Operating Fund

For the year ended March 31, 2011

	Program	Fundraising	Administration	2011 Net	Program	Fundraising	Administration	2010 Net
Salaries and benefits	$ 875,549	$ 153,427	$ 190,305	$ 1,219,281	$ 1,008,058	$ 310,259	$ 284,454	$ 1,602,771
Occupancy costs	103,481	38,476	42,965	184,922	116,496	43,104	34,332	193,932
Office and administration supplies	62,400	25,556	60,824	148,780	61,356	5,676	58,203	125,235
Computer and web costs	29,145	11,143	45,299	85,587	53,247	9,106	47,170	109,523
Education and recruitment costs	3,703	–	1,000	4,703	2,520	2,076	5,705	10,301
Contracted services	144,164	125,204	96,117	365,485	8,884	41,733	53,681	104,298
Program and publicity	129,259	37,130	8,314	174,703	193,080	69,787	22,330	285,197
Travel and meetings	25,732	1,615	7,793	35,140	26,146	1,122	20,424	47,692
Events and gaming	–	183,501	–	183,501	–	177,705	–	177,705
Miscellaneous	135	–	6,815	6,950	3,000	–	–	3,000
	$ 1,373,568	$ 576,052	$ 459,432	$ 2,409,052	$ 1,472,787	$ 660,568	$ 526,299	$ 2,659,654

See accompanying notes to financial statements

Denis Paganelli, C.A.

Schizophrenia Society of Ontario

Schedule of Designated Fund Revenues and Expenses

For the year ended March 31, 2011

	Balance, Beginning of year	Donations received	Events and gaming	Investment Income	Research grants	Other expenses	Interfund transfers (note 5)	Balance, End of year
Externally Restricted Funds								
Bill Jefferies Research Fund	$ 953,631	$ 24,765	$ 35,309	$ –	$ –	$ (61,395)	$ (61,894)	$ 890,416
Helen Pfohl Research Fund	333,265	500	–	8,974	(23,750)	(9,445)	–	309,544
Tam Grant Research Fund	489,675	–	–	6,573	(47,500)	(10,191)	–	438,557
Olenka Maksymiw Endowment Fund	50,000	–	–	1,414	–	–	(1,414)	50,000
	$ 1,826,571	$ 25,265	$ 35,309	$ 16,961	$ (71,250)	$ (81,031)	$ (63,308)	$ 1,688,517
Internally Restricted Funds								
Development Fund	$ 178,613	$ –	$ –	$ –	$ –	$ –	$ (178,613)	$ –
	$ 178,613	$ –	$ –	$ –	$ –	$ –	$ (178,613)	$ –

See accompanying notes to financial statements.

Denis Paganelli, C.A.