

Schizophrenia Society of Ontario

Financial Statements

March 31, 2012



Denis Paganelli, C.A.

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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, 2012 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Denis Paganelli, C.A.
Licensed Public Accountant

June 23, 2012
Toronto, Canada

Schizophrenia Society of Ontario

Statement of Financial Position

March 31, 2012

	Total 2012	Total 2011
Assets		
Current assets		
Cash	\$ 337,559	\$ 53,676
Amounts receivable	124,054	156,613
Prepaid expense	88,099	58,328
	549,712	268,617
Capital assets (note 3)		
Investments	20,228	47,200
	1,388,807	1,610,562
	\$ 1,958,747	\$ 1,926,379
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 45,922	\$ 112,129
Deferred contributions	59,374	95,143
	105,296	207,272
Net assets		
Externally restricted for endowment (schedule)	50,000	50,000
Externally restricted (schedule)	1,573,926	1,638,517
Internally restricted (schedule)	185,000	-
Invested in capital assets	20,228	47,200
Unrestricted	24,297	(16,610)
	1,853,451	1,719,107
Commitments (note 4)		
	\$ 1,958,747	\$ 1,926,379

See accompanying notes to financial statements.

Approved on behalf of the board:

Director

Director

Paul King-Fisher

Denis Paganelli

Denis Paganelli, C.A.

Schizophrenia Society of Ontario

Statement of Operations

Year ended March 31, 2012

	Operating Fund	Designated Fund	Total 2012	Total 2011
Revenue				
Contributions				
Donations – individuals	\$ 327,323	\$ 2,659	\$ 329,982	\$ 318,459
Donations – other	54,543		54,543	49,992
Membership dues	24,537	-	24,537	24,835
Bequests	481,162	-	481,162	59,213
Events and gaming (note 8)	398,167	32,523	430,690	525,186
Grants				
Provincial government (note 6)	629,983	-	629,983	595,650
Government - other	3,468	-	3,468	57,193
Corporate	106,483	-	106,483	148,292
Foundations and other agencies	413,022	89,307	502,329	366,199
Investment income	28,013	18,178	46,191	49,664
Sundry	453	-	453	9,047
	2,467,154	142,667	2,609,821	2,203,730
Expense				
Program – (schedule 1)	1,273,082	-	1,273,082	1,373,568
Research– (schedule 1)	-	193,650	193,650	152,281
Fundraising – (schedule 1)	565,201	-	565,201	576,052
Administration – (schedule 1)	431,436	12,108	443,544	459,432
	2,269,719	205,758	2,475,477	2,561,333
Net revenue (expense) for the year	\$ 197,435	\$ (63,091)	\$ 134,344	\$ (357,603)

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Statement of Changes in Net Assets

Year ended March 31, 2012

	Invested in Capital Assets	Unrestricted	Internally Restricted	Externally Restricted	Endowment	Total
Net assets, beginning of year	\$ 47,200	\$ (16,610)	\$ -	\$ 1,638,517	\$ 50,000	\$ 1,719,107
Net revenue (expense) for the year	(26,972)	224,407	-	(64,591)	1,500	134,344
Investment in capital assets	-	-	-	-	-	-
Interfund transfers (note 5)	-	(183,500)	185,000	-	(1,500)	-
Net assets, end of year	\$ 20,228	\$ 24,297	\$ 185,000	\$ 1,573,926	\$ 50,000	\$ 1,853,451

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Statement of Cash Flows

Year Ended March 31, 2012

	2012	2011
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ 134,344	\$ (357,603)
Adjustment for item not affecting cash		
Amortization of capital assets	26,972	24,326
Interest earned and maintained in investments	(46,191)	(49,356)
	115,125	(382,633)
Net change in non-cash working capital balances related to operations	(99,188)	(67,033)
	15,937	(449,666)
Investing activities		
Investments redeemed and transferred to cash	267,946	339,302
	267,946	339,302
Financing activities		
Purchase of capital assets	-	-
	-	-
Increase (decrease) in cash during the year	283,883	(110,364)
Cash, beginning of year	53,676	164,040
Cash, end of year	\$ 337,559	\$ 53,676

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2012

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 make a positive difference in the lives of people, families and communities affected by schizophrenia and psychotic illnesses. The Society envisions a world without schizophrenia. For this to happen:

- Society must recognize schizophrenia as a serious brain disease.
- Excellence in service and treatment must become the norm.
- Stigma must be eliminated.
- A cure must be found.

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.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2012

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:

			2012	2011
	Cost	Accumulated amortization	Net	Net
Leasehold improvements	\$123,101	\$102,873	\$20,228	\$47,200

Amortization expense for the year is \$26,972 (2011 - \$24,326).

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2012

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
2013	123,504
2014	84,600
2015	86,950
2016	89,300
2017	91,650
	\$ 476,004

5. Interfund transfers

The Board of Directors approved the transfer of \$185,000 to the internally restricted Development Fund from the Operating Fund. In 2011 the Board of Directors approved the transfer of \$178,613 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 \$nil (2011 - \$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 \$1,500 (2011 - \$1,414) 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:

	2012	2011
Ministry of Health and Long-Term Care	\$ 260,405	\$ 267,159
LHIN – Toronto Central	203,956	189,208
LHIN – Hamilton Niagara Haldimand Brant	90,622	89,283
	554,983	545,650
Ministry of the Attorney General	75,000	50,000
	\$ 629,983	\$ 595,650

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 2012 pension expense was \$32,092 (2011-\$38,187).

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2012

8. Events and gaming revenue and expenses

Details of events and gaming revenue are as follows:

	2012	2011
Walk of Hope	\$ 104,845	\$ 138,657
Provincial Golf – Harry and Shirley Young Drive to Survive Golf Classic	47,010	46,922
Nevada	125,658	124,435
Bingo	28,583	40,568
Gala – Iris Ball	29,981	48,117
Yogathon	52,123	51,614
Other fundraising events	42,490	74,873
	\$ 430,690	\$ 525,186

Details of events and gaming expenses are as follows:

	2012	2011
Walk of Hope	\$ 14,776	\$ 28,036
Provincial Golf – Harry and Shirley Young Drive to Survive Golf Classic	27,199	35,978
Nevada	90,427	86,826
Bingo	2,712	1,063
Gala – Iris Ball	16,029	13,990
Yogathon	27,166	12,161
Other fundraising events	10,983	21,003
	\$ 189,292	\$ 199,057

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.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2012

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

SCHEDULE 1

For the year ended March 31, 2012

	2012				2011				
	Program	Fundraising	Administration	Research (schedule 2)	Total	Program	Fundraising	Administration	Total
Salaries and benefits	\$ 818,322	\$ 151,872	\$ 228,553	\$ 35,931	\$ 1,234,678	\$ 875,549	\$ 153,427	\$ 190,305	\$ 1,219,281
Occupancy costs	124,879	27,819	56,170	4,170	213,038	103,481	36,476	42,965	184,922
Office and administration supplies	65,503	53,815	53,811	3,435	176,564	62,400	25,556	60,824	148,780
Computer and web costs	40,237	11,986	14,162	110	66,495	29,145	11,143	45,299	85,587
Education and recruitment costs	3,893	-	1,852	2,000	7,745	3,703	-	1,090	4,793
Contracted services	93,733	93,076	77,656	-	264,465	144,164	125,204	96,117	365,485
Program and publicity	79,563	38,644	4,375	-	122,582	129,259	37,130	8,314	174,703
Travel and meetings	21,586	1,767	5,060	779	29,192	25,732	1,615	7,793	35,140
Events and gaming	3,070	186,222	-	-	189,292	-	183,501	-	183,501
Research grants	-	-	-	147,225	147,225	152,281	-	-	152,281
Scholarships	22,296	-	-	-	22,296	-	-	-	-
Miscellaneous	-	-	(10,203)	12,108	1,905	135	-	6,815	6,950
	\$ 1,273,082	\$ 565,201	\$ 431,436	\$ 206,758	\$ 2,475,477	\$ 1,525,849	\$ 578,052	\$ 459,432	\$ 2,561,333

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, 2012

	Balance, Beginning of year	Donations received	Events and gaming	Grant	Investment Income	Expenses (schedule 1)	Interfund transfers (note 5)	Balance, End of year
Externally Restricted Funds								
Bill Jefferies Research Fund	\$ 890,416	\$ 2,159	\$ 32,523	\$ 89,307	-	\$ (89,713)	-	\$ 924,692
Helen Pfohl Research Fund	309,544	500	-	-	9,251	(54,076)	-	265,219
Tam Grant Research Fund	438,557	-	-	-	7,427	(61,969)	-	384,015
Olenka Maksymhw Endowment Fund	50,000	-	-	-	1,500	-	(1,500)	50,000
	\$ 1,688,517	\$ 2,659	\$ 32,523	\$ 89,307	\$ 18,178	\$ (205,758)	\$ (1,500)	\$ 1,623,926
Internally Restricted Funds								
Development Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ 185,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ 185,000

See accompanying notes to financial statements.