

Schizophrenia Society of Ontario

Financial Statements

March 31, 2013



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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF SCHIZOPHRENIA SOCIETY OF ONTARIO

I have audited the accompanying financial statements of Canadian accounting standards for not-for-profit organizations., which comprise the statement of financial position of as at March 31, 2013 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying my opinion, I draw attention to note 13 to the financial statements which describes that Schizophrenia Society of Ontario adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, and the statements of operations and changes in fund balances and cash flows for the year ended March 31, 2012 and related disclosures.



Denis Paganelli, CPA, CA
Licensed Public Accountant

July 6, 2013
Toronto, Canada

Schizophrenia Society of Ontario

Statement of Financial Position

March 31, 2013

	Total March 31, 2013	Total March 31, 2012	Total April 1, 2011
Assets			
Current assets			
Cash (note 10)	\$ 117,150	\$ 337,559	\$ 53,676
Amounts receivable	135,429	124,054	156,613
Prepaid expense	56,971	88,099	58,328
	309,550	549,712	268,617
Capital assets (note 3)	-	20,228	47,200
Investments (note 11)	1,368,663	1,388,807	1,610,562
	\$ 1,678,213	\$ 1,958,747	1,926,379
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 28,237	\$ 20,562	101,135
Government remittances payable	40,978	25,360	10,994
Deferred contributions	43,949	59,374	95,143
	113,164	105,296	207,272
Net assets			
Externally restricted for endowment (schedule 2)	50,000	50,000	50,000
Externally restricted (schedule 2)	1,511,546	1,573,926	1,638,517
Internally restricted (schedule 2)	-	185,000	-
Invested in capital assets	-	20,228	47,200
Unrestricted	3,503	24,297	(16,610)
	1,565,049	1,853,451	1,719,107
Commitments (note 4)			
	\$ 1,678,213	\$ 1,958,747	1,926,379

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, 2013

	Operating Fund	Designated Fund	Total 2013	Total 2012
Revenue				
Contributions				
Donations – individuals	\$ 331,808	\$ 3,120	\$ 334,928	\$ 329,982
Donations – other	36,881	-	36,881	54,543
Membership dues	13,580	-	13,580	24,537
Bequests	16,996	5,000	21,996	481,162
Events and gaming (note 8)	416,689	33,098	449,787	430,690
Grants				
Provincial government (note 6)	556,740	-	556,740	629,983
Government - other	5,056	-	5,056	3,468
Corporate	123,500	-	123,500	106,483
Foundations and other agencies	497,000	106,998	603,998	502,329
Investment income	20,489	15,541	36,030	46,191
Sundry	2,150	-	2,150	453
	2,020,889	163,757	2,184,646	2,609,821
Expense				
Program – (schedule 1)	1,230,738	-	1,230,738	1,273,082
Research – (schedule 1)	-	224,937	224,937	193,650
Fundraising – (schedule 1)	571,355	-	571,355	565,201
Administration – (schedule 1)	446,018	-	446,018	443,544
	2,248,111	224,937	2,473,048	2,475,477
Net revenue (expense) for the year	\$ (227,222)	\$ (61,180)	\$ (288,402)	\$ 134,344

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Statement of Changes in Net Assets

Year ended March 31, 2013

	Invested in Capital Assets	Unrestricted	Internally Restricted	Externally Restricted	Endowment	Total
Net assets, beginning of year	\$ 20,228	\$ 24,297	\$ 185,000	\$ 1,573,926	\$ 50,000	\$ 1,853,451
Net revenue (expense) for the year	(20,228)	(206,994)	-	(62,380)	1,200	(288,402)
Investment in capital assets	-	-	-	-	-	-
Interfund transfers (note 5)	-	186,200	(185,000)	-	(1,200)	-
Net assets, end of year	\$ -	\$ 3,503	\$ -	\$ 1,511,546	\$ 50,000	\$ 1,565,049

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Statement of Cash Flows

Year Ended March 31, 2013

	2013	2012
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ (288,402)	\$ 134,344
Adjustment for item not affecting cash		
Amortization of capital assets	20,228	26,972
Investment income maintained in investments	(36,030)	(46,191)
	(304,204)	115,125
Net change in non-cash working capital balances related to operations	25,698	(99,188)
	(278,506)	15,937
Investing activities		
Investments redeemed and transferred to cash	243,097	267,946
Transfers to investment account	(185,000)	-
	58,097	267,946
Financing activities		
Purchase of capital assets	-	-
	-	-
Increase (decrease) in cash during the year	(220,409)	283,883
Cash, beginning of year	337,559	53,676
Cash, end of year	\$ 117,150	\$ 337,559

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2013

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

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA 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 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 including grants received from external sources.

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.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2013

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. 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.

(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 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.

(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.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2013

3. Capital assets

Details of capital assets are as follows:

			2013	2012
	Cost	Accumulated amortization	Net	Net
Leasehold improvements	\$123,101	\$123,101	\$ -	\$20,228

Amortization expense for the year is \$20,228 (2012 - \$26,972).

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
2014	\$ 84,600
2015	86,950
2016	89,300
2017	91,650
	\$ 352,500

5. Interfund transfers

The Board of Directors approved the transfer of \$185,000 from the internally restricted Development Fund to the Operating Fund (2012 - \$185,000 from Operating Fund to internally restricted Development Fund).

The income earned in the year from The Olenka Maksymiw Memorial Fund of \$1,200 (2012- \$1,500) 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:

	2013	2012
Ministry of Health and Long-Term Care	\$ 262,155	\$ 260,405
LHIN – Toronto Central	203,963	203,956
LHIN – Hamilton Niagara Haldimand Brant	90,622	90,622
	556,740	554,983
Ministry of the Attorney General	-	75,000
	\$ 556,740	\$ 629,983

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2013

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 2013 pension expense was \$32,392 (2012-\$32,092).

8. Events and gaming revenue and expenses

Details of events and gaming revenue are as follows:

	2013	2012
Walk of Hope	\$ 111,993	\$ 104,845
Provincial Golf	52,096	47,010
Nevada	156,290	125,658
Bingo	28,527	28,583
Gala	23,060	29,981
Yogathon	39,472	52,123
Other fundraising events	38,349	42,490
	<u>\$ 449,787</u>	<u>\$ 430,690</u>

Details of events and gaming expenses are as follows:

	2013	2012
Walk of Hope	\$ 25,259	\$ 14,776
Provincial Golf	25,231	27,199
Nevada	104,710	90,427
Bingo	2,726	2,712
Gala	13,482	16,029
Gala	9,201	27,166
Yogathon	3,838	10,983
Other fundraising events		
	<u>\$ 184,447</u>	<u>\$ 189,292</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.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2013

10. Cash

The organization 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, 2013 was \$155,203 (2012-\$108,912)

11. Investments

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

	2013	2012
Canadian Fixed Income Securities	\$ 1,178,111	\$ 1,364,000
Canadian Investment Savings Account	186,358	19,964
Cash to be invested	4,194	4,843
	<u>\$ 1,368,663</u>	<u>\$ 1,388,807</u>

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.

13. Impact of the change in the basis of accounting

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not-for-profit organizations. First time adoption of this new basis of accounting had no impact on the organization's net revenue for the year ended March 31, 2012 or on net assets as at April 1, 2011.

Schizophrenia Society of Ontario

Schedule of Expenses

SCHEDULE 1

For the year ended March 31, 2013

	2013				2012					
	Program	Fundraising	Administration	Research (schedule 2)	Total	Program	Fundraising	Administration	Research (schedule 2)	Total
Salaries and benefits	\$ 864,227	\$ 218,769	\$ 219,457	\$ 102,688	\$ 1,405,141	\$ 818,322	\$ 151,872	\$ 228,553	\$ 35,931	\$ 1,234,678
Occupancy costs	118,743	30,677	50,495	9,093	209,008	124,879	27,819	56,170	4,170	213,038
Office and administration	54,762	38,600	70,615	3,441	167,418	65,503	53,815	53,811	3,435	176,564
Computer and web costs	28,453	12,984	7,475	2,596	51,508	40,237	11,986	14,162	110	66,495
Education and recruitment costs	2,343	2,882	3,090	2,371	10,686	3,893	-	1,852	2,000	7,745
Contracted services	38,950	59,763	96,748	-	195,461	93,733	93,076	77,656	-	264,465
Program and publicity	79,075	21,323	6,548	1,125	108,071	79,563	38,644	4,375	-	122,582
Travel and meetings	20,152	1,910	4,682	1,156	27,900	21,586	1,767	5,060	779	29,192
Events and gaming	-	184,447	-	-	184,447	3,070	186,222	-	-	189,292
Research grants	-	-	-	89,375	89,375	-	-	-	147,225	147,225
Scholarships	24,033	-	-	-	24,033	22,296	-	-	-	22,296
Miscellaneous	-	-	(13,092)	13,092	-	-	-	(10,203)	-	1,905
	\$ 1,230,738	\$ 571,355	\$ 446,018	\$ 224,937	\$ 2,473,048	\$ 1,273,082	\$ 565,201	\$ 431,436	\$ 205,758	\$ 2,475,477

See accompanying notes to financial statements

Denis Paganelli, C.A.

Schizophrenia Society of Ontario

Schedule of Designated Fund Revenues and Expenses

SCHEDULE 2

For the year ended March 31, 2013

	Balance, Beginning of year	Donations received	Events and gaming	Grants	Investment Income	Expenses (schedule 1)	Interfund transfers (note 5)	Balance, End of year
Externally Restricted Funds								
Bill Jefferies Research Fund	\$ 924,692	\$ 8,120	\$ 33,098	\$ 106,998	-	\$ (123,181)	-	\$ 949,727
Helen Pfohl Research Fund	265,219	-	-	-	7,414	(47,134)	-	225,499
Tam Grant Research Fund	384,015	-	-	-	6,927	(54,622)	-	336,320
	<u>\$ 1,573,926</u>	<u>\$ 8,120</u>	<u>\$ 33,098</u>	<u>\$ 106,998</u>	<u>\$ 14,341</u>	<u>\$ (224,937)</u>	<u>-</u>	<u>\$ 1,511,546</u>
Externally Restricted Endowment Funds								
Olenka Maksymiw Endowment Fund	\$ 50,000	-	-	-	1,200	-	(1,200)	\$ 50,000
Internally Restricted Funds								
Development Fund	\$ 185,000	-	-	-	-	-	(185,000)	-

See accompanying notes to financial statements.