

Schizophrenia Society of Ontario

Financial Statements

March 31, 2014

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, 2014 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, 2014, 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

Denis Paganelli, CPA, CA
Licensed Public Accountant

June 14, 2014
Toronto, Canada

Schizophrenia Society of Ontario

Statement of Financial Position

March 31, 2014

	2014	2013
Assets		
Current assets		
Cash (note 10)	\$ 91,118	\$ 117,150
Amounts receivable	170,302	135,429
Prepaid expense	56,180	56,971
	317,600	309,550
Investments (note 3)	1,006,985	1,368,663
	\$ 1,324,585	\$ 1,678,213
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,478	\$ 28,237
Government remittances payable	34,117	40,978
Deferred contributions	46,642	43,949
	100,237	113,164
Net assets		
Externally restricted for endowment (schedule 2)	50,000	50,000
Externally restricted (schedule 2)	949,909	1,511,546
Internally restricted (schedule 2)	224,439	-
Unrestricted Operating Fund	-	3,503
Unrestricted Research Fund	-	-
	1,224,348	1,565,049
Commitments (note 4)		
Subsequent event (note 12)		
	\$ 1,324,585	\$ 1,678,213

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, 2014

	Operating Fund	Research Fund	Designated Fund	Total 2014	Total 2013
Revenue					
Contributions					
Donations – individuals	\$ 325,968	\$ 24,545	\$ 3,025	\$ 353,538	\$ 334,928
Donations – other	19,461	-	-	19,461	36,881
Membership dues	12,995	-	-	12,995	13,580
Bequests	16,031	-	-	16,031	21,996
Events and gaming (note 8)	415,898	4,633	35,260	455,791	449,787
Grants					
Provincial government (note 6)	633,733	-	-	633,733	556,740
Government - other	2,623	-	-	2,623	5,056
Corporate	141,851	-	-	141,851	123,500
Foundations and other agencies	461,768	60,443	-	522,211	603,998
Fees for services	14,131	15,000	-	29,131	-
Investment income	17,852	-	12,925	30,777	36,030
Sundry	244	-	-	244	2,150
	2,062,555	104,621	51,210	2,218,386	2,184,646
Expense					
Program – (schedule 1)	1,141,179	-	-	1,141,179	1,230,738
Research – (schedule 1)	-	365,940	-	365,940	224,937
Fundraising – (schedule 1)	570,272	-	-	570,272	571,355
Administration – (schedule 1)	469,064	-	-	469,064	446,018
Designated Fund – (schedule 1)	-	-	12,632	12,632	-
	2,180,515	365,940	12,632	2,559,087	2,473,048
Net revenue (expense) for the year	(117,960)	(261,319)	38,578	(340,701)	(288,402)
Net assets, beginning of year	3,503	-	1,561,546	1,565,049	1,853,451
Interfund transfers (note 5)	114,457	261,319	(375,776)	-	-
Net assets, end of year	\$ -	\$ -	\$ 1,224,348	\$ 1,224,348	\$ 1,565,049

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Statement of Cash Flows

Year Ended March 31, 2014

	2014	2013
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ (340,701)	\$ (288,402)
Adjustment for item not affecting cash		
Amortization of capital assets	-	20,228
Investment income maintained in investments	(30,777)	(36,030)
	(371,478)	(304,204)
Net change in non-cash working capital balances related to operations	(47,009)	25,698
	(418,487)	(278,506)
Investing activities		
Investments redeemed and transferred to cash	392,455	243,097
Transfers to investment account	-	(185,000)
	392,455	58,097
Financing activities		
Purchase of capital assets	-	-
	-	-
Increase (decrease) in cash during the year	(26,032)	(220,409)
Cash, beginning of year	117,150	337,559
Cash, end of year	\$ 91,118	\$ 117,150

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2014

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 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. This fund reports unrestricted resources and restricted operating grants.

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 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. Effective September 1, 2013 the Society entered into an agreement with the donor whereby the Society has the sole authority to make decisions relating to the use of the income and capital of the Tam Grant Research Fund. The agreement also states that the Society will limit the use of the funds to Research activities or Services to support people with Schizophrenia and their families. This Fund was transferred to the Development Fund during the year.

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 Tam Grant Research Fund was transferred to the Development Fund during the year.

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. (See note 12).

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2014

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, 2014

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:

	2014	2013
Canadian Fixed Income Securities	\$ 1,001,218	\$ 1,178,111
Canadian Investment Savings Account	-	186,358
Cash to be invested	5,767	4,194
	<u>\$ 1,006,985</u>	<u>\$ 1,368,663</u>

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
2015	\$ 112,800
2016	115,150
2017	115,150
2018	12,519
2019	1,520
	<u>\$ 357,139</u>

5. Interfund transfers

As indicated in note 2(a) an agreement was reached with the donor of the Tam Grant Fund Research Fund. Effective September 1, 2013 the fund balance of \$337,696 was transferred to the internally restricted Development Fund where it is to be used for Research activities or Services to support people with Schizophrenia and their families.

Transfers of \$130,600 from the Bill Jeffries Research Fund and \$130,659 from the Helen Pfohl Research Fund were made to support the activities of the Research Fund.

A transfer of \$113,257 from the Development Fund was made to support the activities of the Operating Fund.

The income earned in the year from The Olenka Maksymiw Memorial Fund of \$1,200 (2013- \$1,200) was transferred to the Operating Fund in order to fund activities in raising awareness.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2014

6. Grants – Provincial Government

Details of the Society's funding are as follows:

	2014	2013
Ministry of Health and Long-Term Care	\$ 260,405	\$ 262,155
LHIN – Toronto Central	215,806	203,963
LHIN – Hamilton Niagara Haldimand Brant	107,522	90,622
	583,733	556,740
Ministry of the Attorney General	50,000	–
	\$ 633,733	\$ 556,740

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 2014 pension expense was \$35,431 (2013-\$32,392).

8. Events and gaming revenue and expenses

Details of events and gaming revenue are as follows:

	2014	2013
Walk of Hope	\$ 115,959	\$ 111,993
Provincial Golf	72,731	52,096
Nevada	154,756	156,290
Bingo	22,241	28,527
Gala	20,681	23,060
Yogathon	33,032	39,472
Other fundraising events	36,391	38,349
	\$ 455,791	\$ 449,787

Details of events and gaming expenses are as follows:

	2014	2013
Walk of Hope	\$ 16,472	\$ 25,259
Provincial Golf	38,496	25,231
Nevada	104,036	104,710
Bingo	2,926	2,726
Gala	19,062	13,482
Yogathon	13,610	9,201
Other fundraising events	6,784	3,838
	\$ 201,386	\$ 184,447

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2014

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

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, 2014 was \$187,891 (2013-\$155,203)

11. 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.

12. Subsequent event

On May 21, 2014 the Society entered into an agreement with the primary donor of the Olenka Maksymiw Endowment Fund to change the terms and make it a regular donation. In exchange, the Society has agreed to recognize the counselling room as the Olenka Maksymiw Room.

Schizophrenia Society of Ontario

Schedule of Expenses

SCHEDULE 1

For the year ended March 31, 2014

2014	Program	Fundraising	Administration	Research	Designated Fund	2014 Total
Salaries and benefits	\$ 774,542	\$ 224,789	\$ 264,658	\$ 255,600	\$ 12,632	\$ 1,532,221
Occupancy costs	93,370	29,006	38,579	32,997	-	193,952
Office and administration	53,764	39,328	50,016	13,499	-	156,607
Computer and web costs	36,443	14,416	17,403	10,439	-	78,701
Education and recruitment costs	2,562	214	2,414	1,857	-	7,047
Contracted services	49,428	41,750	81,800	35,460	-	208,438
Program and publicity	86,688	16,888	6,326	8,435	-	118,337
Travel and meetings	20,899	2,495	7,868	3,403	-	34,665
Events and gaming	-	201,386	-	-	-	201,386
Research grants	-	-	-	4,250	-	4,250
Scholarships	23,483	-	-	-	-	23,483
Miscellaneous	-	-	-	-	-	-
	\$ 1,141,179	\$ 570,272	\$ 469,064	\$ 365,940	\$ 12,632	\$ 2,559,087

2013	Program	Fundraising	Administration	Research	Designated Fund	2013 Total
Salaries and benefits	\$ 864,227	\$ 218,769	\$ 219,457	\$ 88,623	\$ 14,065	\$ 1,405,141
Occupancy costs	118,743	30,677	50,495	9,093	-	209,008
Office and administration	54,762	38,600	70,615	3,441	-	167,418
Computer and web costs	28,453	12,984	7,475	2,596	-	51,508
Education and recruitment costs	2,343	2,882	3,090	2,371	-	10,686
Contracted services	38,950	59,763	96,748	-	-	195,461
Program and publicity	79,075	21,323	6,548	1,125	-	108,071
Travel and meetings	20,152	1,910	4,682	1,156	-	27,900
Events and gaming	-	184,447	-	-	-	184,447
Research grants	-	-	-	89,375	-	89,375
Scholarships	24,033	-	-	-	-	24,033
Miscellaneous	-	-	(13,092)	13,092	-	-
	\$ 1,230,738	\$ 571,355	\$ 446,018	\$ 210,872	\$ 14,065	\$ 2,473,048

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, 2014

	Balance, Beginning of year	Donations received	Events and gaming and gaming	Investment Income	Expenses (schedule 1)	Interfund transfers (note 5)	Balance, End of year
Externally Restricted Funds							
Bill Jefferies Research Fund	\$ 949,727	\$ 3,025	\$ 35,260	\$ -	\$ (5,052)	\$ (130,660)	\$ 852,300
Helen Pfohl Research Fund	225,499	-	-	6,559	(3,790)	(130,659)	97,609
Tam Grant Research Fund	336,320	-	-	5,166	(3,790)	(337,696)	-
	\$ 1,511,546	\$ 3,025	\$ 35,260	\$ 11,725	\$ (12,632)	\$ (599,015)	\$ 949,909
Externally Restricted Endowment Funds							
Olenka Maksymiw Endowment Fund	\$ 50,000	\$ -	\$ -	\$ 1,200	\$ -	\$ (1,200)	\$ 50,000
Internally Restricted Funds							
Development Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,439	\$ 224,439

See accompanying notes to financial statements.