

Schizophrenia Society of Ontario

Financial Statements

March 31, 2016

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 as at March 31, 2016 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, 2016, 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

June 25, 2016
Toronto, Canada

Schizophrenia Society of Ontario

Statement of Financial Position


March 31, 2016

	2016	2015
Assets		
Current assets		
Cash (note 10)	\$ 201,953	\$ 149,390
Amounts receivable	57,150	61,463
HST rebate receivable	25,706	25,805
Prepaid expense	65,178	39,845
Investments (note 3)	128,948	49,384
	478,935	325,887
Investments (note 3)	130,443	433,076
	\$ 609,378	\$ 758,963
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 121,550	\$ 38,887
Government remittances payable	14,021	16,126
Deferred contributions	119,479	70,083
	255,050	125,096
Net assets		
Externally restricted	844,225	843,695
Internally restricted	-	-
Unrestricted Operating Fund	(366,457)	(209,828)
Unrestricted Research Fund	-	-
	354,328	633,867
Commitments (note 4)		
	\$ 609,378	\$ 758,963

See accompanying notes to financial statements.

Approved on behalf of the board:

Director


Arnold Szevaland

Director



Schizophrenia Society of Ontario

Statement of Operations and Changes in Net Assets

Year ended March 31, 2016

	Operating Fund	Research Fund	Designated Fund	Total 2016	Total 2015
Revenue					
Contributions					
Donations – individuals	\$ 438,209	\$ 53,300	\$ 530	\$ 492,039	\$ 321,916
Donations – other	13,184	-	-	13,184	25,580
Membership dues	4,590	-	-	4,590	9,555
Bequests	56,500	-	-	56,500	29,465
Events and gaming (note 8)	363,490	46,170	-	409,660	495,404
Grants					
Provincial government (note 6)	554,983	-	-	554,983	554,983
Government - other	2,729	-	-	2,729	2,676
Corporate	51,500	-	-	51,500	36,937
Foundations and other agencies	374,535	11,833	-	386,368	291,285
Fees for services	23,219	-	-	23,219	44,071
Investment income	9,621	-	-	9,621	18,145
Sundry	3,522	-	-	3,522	16,460
	1,896,082	111,303	530	2,007,915	1,846,477
Expense					
Program – (schedule 1)	1,012,703	-	-	1,012,703	1,038,357
Research– (schedule 1)	-	234,743	-	234,743	254,369
Fundraising – (schedule 1)	583,266	-	-	583,266	647,757
Administration – (schedule 1)	456,742	-	-	456,742	496,475
Designated Fund – (schedule 1)	-	-	-	-	-
	2,052,711	234,743	-	2,287,454	2,436,958
Net revenue (expense) for the year	(156,629)	(123,440)	530	(279,539)	(590,481)
Net assets, beginning of year	(209,828)	-	843,695	633,867	1,224,348
Interfund transfers (note 5)	-	123,440	(123,440)	-	-
Net assets, end of year	\$ (366,457)	\$ -	\$ 720,785	\$ 354,328	\$ 633,867

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
Cash provided by (used in):		
Operating activities		
Net revenue (expense) for the year	\$ (279,539)	\$ (590,481)
Adjustment for item not affecting cash		
Investment income maintained in investments	(9,621)	(18,145)
	(289,160)	(608,626)
Net change in non-cash working capital balances related to operations	109,034	123,927
	(180,126)	(484,699)
Investing activities		
Investments redeemed and transferred to cash	232,689	542,971
	232,689	542,971
Financing activities		
Purchase of capital assets	-	-
	-	-
Increase (decrease) in cash during the year	52,563	58,272
Cash, beginning of year	149,390	91,118
Cash, end of year	\$ 201,953	\$ 149,390

See accompanying notes to financial statements.

Schizophrenia Society of Ontario

Notes to Financial Statements

March 31, 2016

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 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. 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, 2016

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, 2016

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:

	2016	2015
Canadian Fixed Income Securities maturing in more than one year Interest rates varying from 2.4% to 3.25%	\$ 254,013	\$ 433,076
Cash to be invested	5,378	49,384
	259,391	482,460
Less: investments maturing in next fiscal year	(128,948)	(49,384)
	\$ 130,443	\$ 433,076

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
2017	\$ 102,152
2018	80,336
2019	9,600
	\$ 192,088

5. Interfund transfers

Transfers of \$123,440 (2015 - \$57,595) from the Bill Jeffries Research Fund and \$nil (2015 - \$102,106) from the Helen Pfohl Research Fund were made to support the activities of the Research Fund.

A transfer of \$nil (2015 - \$224,439) from the Development Fund was made to support the activities of the Operating Fund.

6. Grants – Provincial Government

Details of the Society's funding are as follows:

	2016	2015
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, 2016

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 2016 pension expense was \$32,397 (2015-\$38,313).

8. Events and gaming revenue and expenses

Details of events and gaming revenue are as follows:

	2016	2015
Walk of Hope	\$ 87,676	\$ 97,780
Provincial Golf	71,862	67,062
Nevada	188,981	228,321
Bingo	11,666	19,089
Gala	—	10,534
Yogathon	26,562	26,300
Other fundraising events	22,913	46,318
	\$ 409,660	\$ 495,404

Details of events and gaming expenses are as follows:

	2016	2015
Walk of Hope	\$ 22,111	\$ 21,072
Provincial Golf	38,780	37,930
Nevada	143,873	148,061
Bingo	472	1,708
Gala	—	16,852
Yogathon	1,444	5,477
Other fundraising events	6,004	9,400
	\$ 212,684	\$ 240,500

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, 2016

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, 2016 was \$209,203 (2015-\$189,627).

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, 2016.

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

Despite the dedication of the organization to sustainability, the following continues to impact the Society's ability to secure needed revenue:

- The ongoing stigma associated with schizophrenia.
- The movement away from supporting specific diagnosis.
- New and more organizations fundraising in the mental health/mental illness sector.

However, the work of the Society continues to be of great value and utilized by many. In order to address the Operating Fund deficit, the following strategy will be implemented:

- Develop a social enterprise that optimizes the demand in the market for programs and services.
- Enhance opportunity for new funds through strengthened communications of issues and services of the society.
- Ongoing government relations that extend to the National level.
- Continue to control and mitigate operational and program costs.

Schizophrenia Society of Ontario

Schedule of Expenses

SCHEDULE 1

For the year ended March 31, 2016

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	59,522	25,879	51,938	3,702	-	141,041
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

2015	Program	Fundraising	Administration	Research	Designated Fund	2015 Total
Salaries and benefits	\$ 781,941	\$ 238,885	\$ 291,964	\$ 209,791	\$ -	\$ 1,522,581
Occupancy costs	98,679	34,691	44,445	15,083	-	192,898
Office and administration	45,840	56,497	52,930	6,678	-	161,945
Computer and web costs	39,755	17,991	18,338	6,897	-	82,981
Education and recruitment costs	6,128	2,056	2,120	1,004	-	11,308
Contracted services	7,909	29,160	76,403	12,930	-	126,402
Program and publicity	31,835	25,171	3,210	743	-	60,959
Travel	12,657	1,351	7,065	910	-	21,983
Events and gaming	-	240,499	-	-	-	240,499
Research grants	-	-	-	333	-	333
Scholarships	13,600	-	-	-	-	13,600
Miscellaneous	13	1,456	-	-	-	1,469
	\$ 1,038,357	\$ 647,757	\$ 496,475	\$ 254,369	\$ -	\$ 2,436,958

See accompanying notes to financial statements