

**SCHIZOPHRENIA SOCIETY OF CANADA
- SOCIÉTÉ CANADIENNE DE LA
SCHIZOPHRÉNIE**

**Non-consolidated Financial Statements
For the year ended March 31, 2019**

SCHIZOPHRENIA SOCIETY OF CANADA - SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Non-consolidated Financial Statements For the year ended March 31, 2019

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Independent Auditor's Report

To the Board of Directors of the Schizophrenia Society of Canada - Société canadienne de la schizophrénie

Opinion

We have audited the non-consolidated financial statements of Schizophrenia Society of Canada - Société canadienne de la schizophrénie (the Society), which comprise the non-consolidated statement of financial position as at March 31, 2019, and the non-consolidated statement of operations and changes in net assets, and the non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of Schizophrenia Society of Canada - Société canadienne de la schizophrénie as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
August 9, 2019

**SCHIZOPHRENIA SOCIETY OF CANADA -
SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE**
Non-consolidated Statement of Financial Position

March 31 **2019** **2018**

Assets

Current Assets

Cash and bank	\$ 155,272	\$ 128,660
Accounts receivable (Note 3)	36,451	52,876
Prepaid expenses	521	3,827
	<u>192,244</u>	<u>185,363</u>

Investments (Note 4) **675,155** **217,741**

Capital assets (Note 5) **2,897** **3,077**

\$ 870,296 **\$ 406,181**

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$ 67,710	\$ 83,170
Deferred contributions (Note 6)	52,167	26,773
	<u>119,877</u>	<u>109,943</u>

Net Assets

Unrestricted **750,419** **296,238**

\$ 870,296 **\$ 406,181**

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

**SCHIZOPHRENIA SOCIETY OF CANADA -
SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE**
**Non-consolidated Statement of Operations
and Changes in Net Assets**

For the year ended March 31	2019	2018
Revenue		
Bequests	\$ 556,011	\$ 92,092
Contributions (Note 6)	17,606	61,321
Donations	145,102	180,334
Grant		
Government of Canada Health	82,304	33,345
Investment income		
Realized	15,618	25,549
Unrealized gain (loss)	20,831	(24,528)
Memberships and other	265	243
	837,737	368,356
Expenses		
Administration	84,545	79,142
Fundraising	57,515	104,617
Public awareness and education	212,305	185,833
Research and advocacy	29,191	30,935
	383,556	400,527
Excess (deficiency) of revenue over expenses for the year	454,181	(32,171)
Net assets, beginning of year	296,238	328,409
Net assets, end of year	\$ 750,419	\$ 296,238

**SCHIZOPHRENIA SOCIETY OF CANADA -
SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE**
Non-consolidated Statement of Cash Flows

For the year ended March 31	2019	2018
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	\$ 454,181	\$ (32,171)
Adjustments for items not affecting cash		
Unrealized loss (gain) on investment	(20,831)	24,528
Amortization of capital assets	180	246
	<u>433,530</u>	<u>(7,397)</u>
Changes in non-cash working capital		
Accounts receivable	16,425	(46,361)
Prepaid expenses	3,306	(2,864)
Accounts payable and accrued liabilities	(15,460)	53,963
Due to related parties	-	399
Deferred contributions	25,394	26,773
	<u>463,195</u>	<u>24,513</u>
Cash Flows from Investing and Financing Activities		
Purchase of investments	(440,935)	(135,200)
Proceeds from disposal of investments	4,352	222,078
	<u>(436,583)</u>	<u>86,878</u>
Net increase in cash and cash equivalents	26,612	111,391
Cash and bank, beginning of year	128,660	17,269
Cash and bank, end of year	\$ 155,272	\$ 128,660

SCHIZOPHRENIA SOCIETY OF CANADA - SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2019

1. Nature of the Organization

The Schizophrenia Society of Canada - Société canadienne de la schizophrénie (the Society) is a national organization that provides information and support to families and individuals living and coping with schizophrenia. The Society continues to work towards its mission: to improve the quality of life for those affected by schizophrenia and psychosis through education, support programs, public policy and research. The Society is a registered charity for income tax purposes.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The non-consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

b. Basis of Accounting for Controlled Entity

The Society has not consolidated the financial statements of its controlled entity, Schizophrenia Society of Canada Foundation - Fondation de la société canadienne de la schizophrénie (the Foundation). The summary financial statements of the controlled entity are disclosed at Note 8.

c. Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions including donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

d. Contributed Services

Volunteers contributed many hours per year to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the non-consolidated financial statements.

SCHIZOPHRENIA SOCIETY OF CANADA - SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2019

2. Summary of Significant Accounting Policies (continued)

e. Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution less accumulated amortization. Capital assets are amortized over their estimated useful life using the declining balance method at the following rates:

Computer equipment	30%
Furniture and fixtures	20%

f. Allocation of Expenses

Certain administrative expenses are allocated to programs based on an estimate of the time expended on the program (Note 9).

g. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets in actively traded markets and all other investments are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs are the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

h. Use of Estimates

The preparation of these non-consolidated financial statements in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported assets, liabilities, revenue and expenses during the reporting period, as well as the disclosure of contingencies at the date of the non-consolidated financial statements. Actual results could differ from those estimates.

3. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Donation receivable	\$ -	\$ 15,000
Grant receivable	32,729	33,345
GST and HST rebate	3,722	4,531
	<u>\$ 36,451</u>	<u>\$ 52,876</u>

**SCHIZOPHRENIA SOCIETY OF CANADA -
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Notes to Non-consolidated Financial Statements

For the year ended March 31, 2019

4. Investments

The investments in mutual funds by nature of investments is as follows:

	2019	2018
Equity		
Canadian	\$ 70,524	\$ 23,914
Global	75,544	26,117
U.S.	52,767	18,232
Fixed income		
Canadian	473,200	149,478
Other	3,120	-
	\$ 675,155	\$ 217,741

5. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 5,557	\$ 5,278	\$ 5,557	\$ 5,158
Furniture and fixtures	8,396	5,778	8,396	5,718
	\$ 13,953	\$ 11,056	\$ 13,953	\$ 10,876
Net book value		\$ 2,897		\$ 3,077

Amortization of expenses for the year of \$180 (\$246 in 2018) has been included in the administration expenses.

6. Deferred Contributions

Deferred contributions represent restricted contributions received for which funds are unspent at year end. A summary of the transactions for the year and balances at year end are as follows:

	Balance, Beginning of Year	Received During the Year	Recognized as Revenue During the Year	Balance, End of Year
Janssen - Strengthening Families				
Clinical Practice Guideline	\$ -	\$ 24,000	\$ 8,548	\$ 15,452
Together	-	19,000	-	19,000
Patient website	7,259	-	7,259	-
SSC website and government relations campaign	19,514	-	1,799	17,715
Total	\$ 26,773	\$ 43,000	\$ 17,606	\$ 52,167

SCHIZOPHRENIA SOCIETY OF CANADA - SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2019

7. Credit Facility

The Society has available a line of credit of \$60,000 which bears interest at prime plus 2.70% with effective rate of 6.65% at March 31, 2019, and a credit card facility of \$15,000. The credit facility is due on demand and is secured by a general security agreement. At March 31, 2019, the Society had not drawn on the line of credit.

8. Controlled Entity

The Foundation is a national foundation that supports research and other activities to alleviate the suffering caused by schizophrenia. The Foundation operates as a separate entity to the Society. The Board of Directors of the Foundation is comprised of five members who must also be Board Members of the Society. As a consequence, the Society controls the strategic operating, investing and financing policies of the Foundation.

The Foundation's financial statements have not been consolidated in the Society's non-consolidated financial statements. Financial statements of the Foundation are available on request. The summary financial statements of the Foundation for the year ended March 31, 2019 and 2018 are as follows:

	2019	2018
<u>Statement of Financial Position</u>		
Total assets	\$ 1,665,572	\$ 1,494,712
Total liabilities	\$ 4,000	\$ 4,000
Fund balances	1,661,572	1,490,712
	<u>\$ 1,665,572</u>	<u>\$ 1,494,712</u>
	2019	2018
<u>Statement of Operations</u>		
Revenue	\$ 235,516	\$ 43,187
Expenses	64,656	47,308
Excess (deficiency) of revenue over expenses for the year	<u>\$ 170,860</u>	<u>\$ (4,121)</u>
<u>Statement of Cash Flows</u>		
Cash provided by operating activities	\$ 166,161	\$ 8,546
Cash used in investing and financing activities	(161,835)	(16,754)
Net increase (decrease) in cash and bank	<u>\$ 4,326</u>	<u>\$ (8,208)</u>

**SCHIZOPHRENIA SOCIETY OF CANADA -
SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE**
Notes to Non-consolidated Financial Statements

For the year ended March 31, 2019

9. Allocated Expenses

Salaries and benefits of \$171,052 (\$171,664 in 2018) have been allocated as follows based on estimate of time spent for each function:

	<u>2019</u>	<u>2018</u>
Administration	\$ 34,210	\$ 34,333
Fundraising	42,763	42,916
Public awareness and education	76,974	77,249
Research and advocacy	17,105	17,166
	<u>\$ 171,052</u>	<u>\$ 171,664</u>

10. Financial Risk Management

The Society, through its financial assets and liabilities, is exposed to various types of risk in the normal course of operations. The Society's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Society's activities. The following analysis provides a measurement of those risks at year end.

Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash, grants and accounts receivable and investments. The Society is not exposed to significant credit risk as the accounts receivable have typically been paid when due, and investments are diversified.

Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations as they become due, and arises from the Society's management of working capital. The Society's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Interest Rate, Market and Foreign Currency Risks

The Society is not exposed to significant interest rate, market or foreign currency risks as investments are diversified.