

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

**Non-consolidated Financial Statements
For the year ended March 31, 2021**

SCHIZOPHRENIA SOCIETY OF CANADA - SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Non-consolidated Financial Statements
For the year ended March 31, 2021

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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, 2021, 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, 2021, 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 16, 2021

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

March 31	2021	2020
Assets		
Current Assets		
Cash and bank	\$ 380,326	\$ 371,441
Grant and accounts receivable (Note 3)	245,854	192,307
Due from related party (Note 9)	3,609	9,058
Prepaid expenses	12,825	9,036
	642,614	581,842
Investments (Note 4)	751,597	661,658
Capital assets (Note 5)	5,687	4,896
	\$ 1,399,898	\$ 1,248,396

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued liabilities	\$ 73,310	\$ 28,407
Deferred contributions (Note 6)	84,833	44,601
	158,143	73,008
Canada Emergency Business Account loan payable (Note 7)	40,000	-
	198,143	73,008
Net Assets		
Unrestricted	1,201,755	1,175,388
	\$ 1,399,898	\$ 1,248,396

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	2021	2020
Revenue		
Bequests	\$ -	\$ 588,029
Contributions (Note 6)	39,768	7,566
Donations	154,325	104,599
Grants and subsidies		
Government of Canada		
Canada Emergency Wage Subsidy	24,234	-
Health	365,696	286,491
Investment income		
Realized	33,961	74,886
Unrealized gain (loss)	74,529	(73,966)
Management fee and other	37,406	11,827
	729,919	999,432
Expenses		
Administration	76,059	72,811
Fundraising	82,878	95,282
Public awareness and education	512,881	369,645
Research and advocacy	31,734	36,725
	703,552	574,463
Excess of revenue over expenses for the year	26,367	424,969
Net assets, beginning of year	1,175,388	750,419
Net assets, end of year	\$ 1,201,755	\$ 1,175,388

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

For the year ended March 31	2021	2020
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year	\$ 26,367	\$ 424,969
Adjustments for items not affecting cash		
Unrealized loss (gain) on investment	(74,529)	73,966
Canada Emergency Business Account loan forgiven	(20,000)	-
Amortization of capital assets	809	451
	<u>(67,353)</u>	499,386
Changes in non-cash working capital		
Grant and accounts receivable	(53,547)	(155,856)
Prepaid expenses	(3,789)	(8,515)
Accounts payable and accrued liabilities	44,903	(39,303)
Due to related parties	5,449	(9,058)
Deferred contributions	40,232	(7,566)
	<u>(34,105)</u>	279,088
Cash Flows from Investing and Financing Activities		
Purchase of investments	(543,973)	(702,400)
Proceeds from disposal of investments	526,963	639,481
Loan proceeds	60,000	-
	<u>42,990</u>	(62,919)
Net increase in cash and bank	8,885	216,169
Cash and bank, beginning of year	371,441	155,272
Cash and bank, end of year	\$ 380,326	\$ 371,441

SCHIZOPHRENIA SOCIETY OF CANADA - SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2021

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 incorporated under the *Canada Not-for-profit Corporations Act* as a not-for-profit organization without share capital. The Society is a registered charitable organization under the *Income Tax Act* (Canada).

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 9.

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. Restricted contributions are recognized as revenue when the related expense has been incurred. 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.

Investment income is recognized as revenue in the period it is earned.

Management fees are recognized as revenue in the period earned.

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.

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Notes to Non-consolidated Financial Statements

For the year ended March 31, 2021

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 10).

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.

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Notes to Non-consolidated Financial Statements

For the year ended March 31, 2021

3. Grant and Accounts Receivable

	<u>2021</u>	<u>2020</u>
Grant receivable	\$ 234,731	\$ 185,609
GST and HST rebate	7,678	6,501
Other	3,445	197
	<u>\$ 245,854</u>	<u>\$ 192,307</u>

4. Investments

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

	<u>2021</u>	<u>2020</u>
Equities	\$ 244,575	\$ 195,148
Fixed income	507,022	466,510
	<u>\$ 751,597</u>	<u>\$ 661,658</u>

5. Capital Assets

	<u>2021</u>		<u>2020</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 258	26	-	-
Computer equipment	7,030	6,017	7,030	5,583
Furniture and fixtures	10,715	6,273	9,373	5,924
	<u>\$ 18,003</u>	<u>\$ 12,316</u>	<u>\$ 16,403</u>	<u>\$ 11,507</u>
Net book value		<u>\$ 5,687</u>		<u>\$ 4,896</u>

Amortization of expenses for the year of \$809 (\$451 in 2020) has been included in the administration expenses.

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Notes to Non-consolidated Financial Statements

For the year ended March 31, 2021

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 Together	\$ 19,000	\$ -	\$ -	\$ 19,000
Mental Health Commission of Canada YouthREX	-	30,000	-	30,000
Morris Foundation Clinical Practice Guideline	11,556	-	5,882	5,674
United Way Winnipeg Website and government relations campaign	-	50,000	33,886	16,114
	14,045	-	-	14,045
Total	\$ 44,601	\$ 80,000	\$ 39,768	\$ 84,833

7. Canada Emergency Business Account (CEBA) Loan Payable

The Society received a \$40,000 loan from the Royal Bank of Canada in association with the Government of Canada. The loan was received to finance qualifying non-deferrable expenses during the COVID-19 pandemic. The loan is unsecured and is non-interest bearing with no scheduled payments until December 31, 2022, after which time it is converted to a term loan with interest at 5% with monthly repayment to its maturity on December 31, 2025. As part of the agreement, \$10,000 is forgiven providing \$30,000 is repaid by December 31, 2022. As at March 31, 2021, the Society intends to repay the loan by December 31, 2022.

The Society received an additional \$20,000 loan advance from the Royal Bank of Canada. The loan is unsecured and is non-interest bearing with no scheduled payments until December 31, 2022, after which time it is converted to a term loan with interest at 5% with monthly repayment to its maturity on December 31, 2025. As part of the agreement, \$10,000 is forgiven provided \$10,000 is repaid by December 31, 2022. As at March 31, 2021, the Society intends to repay the loan by December 31, 2022.

In accordance with ASNPO, the forgivable portion of the loan has been recognized as revenue for the year ended March 31, 2021 and is included in Other Revenue. The loan has been presented at its face amount since the benefit of the interest-free loan is insignificant.

SCHIZOPHRENIA SOCIETY OF CANADA - SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2021

8. 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 5.15% at March 31, 2021, 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, 2021, the Society had not drawn on the line of credit.

9. Controlled Entity and Related Party Transactions

The Foundation is a national foundation that supports research and other activities to alleviate the suffering caused by schizophrenia. The Society is incorporated under the *Canada Not-for-profit Corporations Act* as a not-for-profit organization without share capital. The Society is a public foundation under the *Income Tax Act* (Canada).

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, 2021 and 2020 are as follows:

	2021	2020
<u>Statement of Financial Position</u>		
Total assets	\$ 1,712,161	\$ 1,572,877
Total liabilities	\$ 8,409	\$ 47,813
Fund balances	1,703,752	1,525,064
	\$ 1,712,161	\$ 1,572,877
	2021	2020
<u>Statement of Operations</u>		
Revenue	\$ 238,111	\$ 51,011
Expenses	59,423	187,519
Excess (deficiency) of revenue over expenses for the year	\$ 178,688	\$ (136,508)
<u>Statement of Cash Flows</u>		
Cash applied to operating activities	\$ (7,827)	\$ (17,351)
Cash from (applied to) investing and financing activities	54,498	(58,769)
Net increase (decrease) in cash and bank	\$ 46,671	\$ (76,120)

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9. Controlled Entity and Related Party Transactions (continued)

During the year, the Society charged management fees of \$17,100 (\$11,535 in 2020) to the Foundation for management and accounting services provided by the Society. These transactions are in the normal course of operations and are measured at the exchange value, which approximates the arm's length equivalent value for services.

A balance of \$3,609 (\$9,058 in 2020) is due to the Society from the Foundation which is non-interest bearing, has no specific terms of repayment, is unsecured and arose in the normal course of operations.

10. Allocated Expenses

Salaries and benefits of \$193,325 (\$144,353 in 2020) have been allocated as follows based on estimate of time spent for each function:

	<u>2021</u>	<u>2020</u>
Administration	\$ 37,665	\$ 28,871
Fundraising	47,081	36,088
Public awareness and education	89,746	64,959
Research and advocacy	18,833	14,435
	<u>\$ 193,325</u>	<u>\$ 144,353</u>

11. 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.

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For the year ended March 31, 2021

11. Financial Risk Management (continued)

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, and the Society follows its Investment Policy to mitigate interest rate, market and foreign currency risks.

12. Uncertainty Due to COVID-19 Issue

On March 13, 2020, the World Health Organization declared COVID-19 a global pandemic. This has had adverse impacts in Canada and on the global economy. During the year, the Society has adapted its operations to respect public health orders. In addition, the Society received the Canada Emergency Wage Subsidy, and the Canada Emergency Business Account loan as described in Note 7. As this continues, there could be further impact on the Society, its funders, donors and community of service. Management is actively monitoring the effect on its financial position, liquidity and operations. Given the dynamic nature of these circumstances and the duration of the business disruption, the related financial impact cannot be reasonably estimated at this time.