

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

Financial Statements
For the year ended March 31, 2021

**SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
FONDATION DE LA SOCIÉTÉ CANADIENNE DE LA
SCHIZOPHRÉNIE**

Financial Statements
For the year ended March 31, 2021

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Tel.: 204 956 7200
Fax.: 204 926 7201
Toll Free: 800 268 3337
www.bdo.ca

BDO Canada LLP
201 Portage Avenue - 26th Floor
Winnipeg MB R3B 3K6 Canada

Independent Auditor's Report

To the Board of Directors of the Schizophrenia Society of Canada Foundation - Fondation de la société canadienne de la schizophrénie

Opinion

We have audited the financial statements of Schizophrenia Society of Canada Foundation - Fondation de la société canadienne de la schizophrénie (the Foundation), which comprise the statement of financial position as at March 31, 2021, and the statement of operations - Michael Smith Schizophrenia Research and General Research Funds, the statement of operations - General Fund, the statement of changes in fund balances, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Foundation'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 Foundation'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 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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
October 19, 2021

**SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
FONDATION DE LA SOCIÉTÉ CANADIENNE DE LA
SCHIZOPHRÉNIE
Statement of Financial Position**

March 31 **2021** **2020**

Assets

Current Assets

Cash and bank \$ 12,716 \$ -

Investments (Note 3) 1,699,445 1,572,877

\$ 1,712,161 **\$ 1,572,877**

Liabilities and Fund Balances

Current Liabilities

Bank indebtedness \$ - \$ 33,955

Accounts payable and accrued liabilities 4,800 4,800

Due to related party (Note 4) 3,609 9,058

8,409 **47,813**

Fund Balances

Michael Smith Schizophrenia Research
and General Research Funds 1,503,688 1,342,284

General Fund 200,064 182,780

1,703,752 **1,525,064**

\$ 1,712,161 **\$ 1,572,877**

Approved on behalf of the Board of Directors

Florence Budden

Florence Budden

Director

Nazel Meredith

Nazel Meredith

Director

**SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
FONDATION DE LA SOCIÉTÉ CANADIENNE DE LA
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**Statement of Operations
Michael Smith Schizophrenia Research
and General Research Funds**

For the year ended March 31	2021	2020
Revenue		
Investment income		
Realized	\$ 49,131	\$ 45,253
Unrealized gain on adjustment to fair value of investments	171,021	-
	<u>220,152</u>	<u>45,253</u>
Expenses		
Administration fee	12,825	7,956
Investment management fees	1,860	8,220
Professional fees	9,063	9,111
Research funding		
Other research awards	35,000	50,000
Unrealized loss on adjustment to fair value of investments	-	103,580
	<u>58,748</u>	<u>178,867</u>
Excess (deficiency) of revenue over expenses for the year	\$ 161,404	\$ (133,614)

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
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Statement of Operations
General Fund

For the year ended March 31	2021	2020
Revenue		
Donations	\$ 7,914	\$ 5,758
Investment income		
Unrealized gain	10,045	-
	17,959	5,758
Expenses		
Administration fee	675	419
Board and staff meeting	-	3,213
Unrealized loss on adjustment to fair value of investments	-	5,020
	675	8,652
Excess (deficiency) of revenue over expenses for the year	\$ 17,284	\$ (2,894)

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
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Statement of Changes in Fund Balances

For the year ended March 31, 2021

	Michael Smith Schizophrenia Research and General Research Funds	General Fund	Total
Balance, March 31, 2019	\$ 1,475,898	\$ 185,674	\$ 1,661,572
Deficiency of revenue over expenses for the year	(133,614)	(2,894)	(136,508)
Balance, March 31, 2020	1,342,284	182,780	1,525,064
Excess of revenue over expenses for the year	161,404	17,284	178,688
Balance, March 31, 2021	\$ 1,503,688	\$ 200,064	\$ 1,703,752

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
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Statement of Cash Flows

For the year ended March 31	2021	2020
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses for the year		
Michael Smith Schizophrenia Research and General Research Funds	\$ 161,404	\$ (133,614)
General Fund	17,284	(2,894)
	<u>178,688</u>	<u>(136,508)</u>
Adjustments for items not affecting cash		
Unrealized loss (gain) on investments	(181,066)	108,600
	<u>(2,378)</u>	<u>(27,908)</u>
Changes in non-cash working capital balances		
Interest receivable	-	699
Accounts payable and accrued liabilities	-	800
Due to related party	(5,449)	9,058
	<u>(7,827)</u>	<u>(17,351)</u>
Cash Flows from Investing and Financing Activities		
Acquisition of investments	(1,160,116)	(1,502,919)
Proceeds on disposal of investments	1,214,614	1,444,150
	<u>54,498</u>	<u>(58,769)</u>
Net increase (decrease) in cash and bank for the year	46,671	(76,120)
Cash and bank (bank indebtedness), beginning of year	(33,955)	42,165
Cash and bank (bank indebtedness), end of year	\$ 12,716	\$ (33,955)

**SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
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Notes to Financial Statements**

For the year ended March 31, 2021

1. Nature of the Organization

Schizophrenia Society of Canada Foundation - Fondation de la société canadienne de la schizophrénie (Foundation) is a national foundation that supports research and other activities to improve the quality of life for those affected by schizophrenia and psychosis. The Foundation is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

The Foundation is controlled by the Schizophrenia Society of Canada - Société canadienne de la schizophrénie (Society) since the Society appoints members to the Foundation's Board of Directors. However, the Foundation and the Society operate as separate entities.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Fund Accounting

The General Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The General Research Fund reports only restricted resources that are to be used for general research purposes including donations restricted by donors and amounts internally restricted by the Board of Directors.

The Michael Smith Schizophrenia Research Fund (Michael Smith Fund) reports the \$250,000 gift contributed by Dr. Michael Smith from his 1993 Nobel Prize money, contributions and other donations restricted by donors. Investment income earned on resources of the Michael Smith Fund is reported in the Michael Smith Fund and is to be used to support traineeships in the molecular genetics, neuro-imaging and biochemistry of the central nervous system, with special emphasis on schizophrenia.

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2. Summary of Significant Accounting Policies (continued)

c. Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment income earned on the Michael Smith Schizophrenia Research Fund are restricted for research activities and is recognized as revenue of the General Research Fund. Other investment income is recognized as revenue of the General Fund when earned.

d. Contributed Services

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

e. 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.

f. Use of Estimates

The preparation of these 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 financial statements. Actual results could differ from those estimates.

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For the year ended March 31, 2021

3. Investments

	2021	2020
<u>Michael Smith Schizophrenia Research and General Research Funds</u>		
Fixed income	\$ 996,793	\$ 364,414
Mutual Funds	499,026	1,035,119
	1,495,819	1,399,533
<u>General Fund</u>		
Common shares	3,475	2,105
Corporate bonds	24,610	23,690
Guaranteed investment certificates	-	32,918
Mutual Funds	175,541	114,631
	203,626	173,344
Total investments at fair value	\$ 1,699,445	\$ 1,572,877

4. Related Party Transactions and Due to Related Party

During the year, the Foundation paid management fees of \$17,100 (\$11,535 in 2020) to the Schizophrenia Society of Canada - Société canadienne de la schizophrénie (the Society) for management and accounting services provided by the Society that are presented as administration fee and professional fees expenses in the statements of operations. 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 that is non-interest bearing, has no specific terms of repayment, is unsecured and arose in the normal course of operations.

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For the year ended March 31, 2021

5. Financial Risk Management

The Foundation is exposed to a variety of financial risks by virtue of its assets and liabilities. Details relating to these risks are as follows:

Market Risk

Market risk is the potential for financial loss arising from price changes or volatility in equity markets. Certain Foundation investments are subject to market risk. Market risk is mitigated by the Foundation's internal investment policy that specifies an acceptable asset mix for the Foundation's investment portfolio.

The COVID-19 pandemic has had a significant effect on the financial markets. The Foundation's investments (Note 3) measured at fair value are reported in these financial statements at their fair value on March 31, 2021. These investments are experiencing fluctuations in value. The extent of any future impact on the Foundation's investments as a result of COVID-19 pandemic is unknown.

Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Foundation's cash flow, financial position and income. The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. These fixed-rate instruments subject the Foundation to the risk of changes in fair value. The current investment philosophy with respect to fixed income investments is to preserve capital and temper the impact of potentially rising interest rates.

Foreign Currency Risk

The Foundation owns equity investments denominated in foreign currencies. Accordingly, the Foundation is exposed to fluctuations in exchange rates. Foreign currency risk is mitigated by the Foundation's internal investment policy which specifies an acceptable mix of domestic and foreign investments for the Foundation's investment portfolio.

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5. Financial Risk Management (continued)

Credit Risk

Financial instruments that expose the Foundation to credit risk include cash and bank, and investments. Cash and bank are held at a financial institution whereby total cash balance is within insured limits. The Foundation manages its credit risk for its investments by following its investment policy that define parameters for diversification of its investment portfolio and asset allocation. The maximum exposure to the risk of credit for investments corresponds to their fair market value. The financial performance of investments is monitored on a monthly basis. The credit ratings and concentration risk of the investments are monitored on an ongoing basis.

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet the Foundation's cash and funding requirements in support of activities within its mandate. The financial instruments that expose the Foundation to liquidity risk include accounts payable, accrued liabilities and balance due to related party. The Foundation manages its liquidity risk to ensure that it will have cash sufficient to meet its annual cash requirements as payments become due.

6. Uncertainty Due to COVID-19 Issue

On March 13, 2020, the World Health Organization declared COVID-19 a global pandemic. This has adverse impacts in Canada and on the global economy. As this continues, there could be further impact on the Foundation, its investments, its funders and its donors. 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.