

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

Financial Statements

For the year ended March 31, 2015

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

Financial Statements
For the year ended March 31, 2015

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Independent Auditor's Report

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

We have audited the accompanying financial statements of **Schizophrenia Society of Canada Foundation - Fondation de la société canadienne de la schizophrénie**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations - Michael Smith Schizophrenia Research and General Research Funds, operations - General Fund, changes in fund balances, and cash flows 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis of Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donation revenue the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2015 and March 31, 2014, current assets and fund balances as at March 31, 2015, March 31, 2014 and April 1, 2013.

Canadian accounting standards for not-for-profit organizations (ASNPO) require that the Foundation report details of financial statement elements by fund in such a way that the Foundation reports total general funds, restricted funds, and an endowment fund. Management has not appropriately accounted for the restricted and endowment funds which constitute a departure from ASNPO. Furthermore, the accounting records of the Foundation do not provide a breakdown of the allocation between the restricted and endowment funds. As a result, we are unable to determine the allocation between the restricted and endowment funds with certainty, and whether any adjustments are required to the Michael Smith Schizophrenia Research Fund and the General Research Fund.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Schizophrenia Society of Canada Foundation - Fondation de la société canadienne de la schizophrénie** as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
September 16, 2015

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

As at March 31 **2015** **2014**

Assets

Current Assets

Cash and bank	\$ 24,928	\$ 19,859
Investments (Note 2)	1,430,677	1,387,625
Interest receivable	11,963	15,250
Due from related party (Note 3)	662	1,025
	\$ 1,468,230	\$ 1,423,759

Liabilities and Fund Balances

Current Liabilities

Accounts payable and accrued liabilities	\$ 4,000	\$ 4,000
Deferred revenue	4,780	4,780
	8,780	8,780

Commitments (Note 4)

Fund Balances

Michael Smith Schizophrenia Research and General Research Funds	1,318,787	1,288,833
General Fund	140,663	126,146
	1,459,450	1,414,979
	\$ 1,468,230	\$ 1,423,759

Approved on behalf of the Board of Directors:

_____ Director

_____ 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	2015	2014
Revenue		
Donations	\$ -	\$ 40,000
Investment income	39,408	32,325
	39,408	72,325
Expenses		
Loss on disposal of investments	2,334	-
Professional fees and bank charges	4,576	4,580
Research	-	40,875
Unrealized loss on investments	2,544	10,108
	9,454	55,563
Excess of revenue over expenses for the year	\$ 29,954	\$ 16,762

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
FONDATION DE LA SOCIÉTÉ CANADIENNE DE LA
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Statement of Operations
General Fund

For the year ended March 31	2015	2014
Revenue		
Donations	\$ 12,607	\$ 11,693
Investment income	2,074	1,701
	14,681	13,394
Expenses		
Board and staff meeting	30	5,385
Conference	-	314
Unrealized loss on investments	134	532
	164	6,231
Excess of revenue over expenses for the year	\$ 14,517	\$ 7,163

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
FONDATION DE LA SOCIÉTÉ CANADIENNE DE LA
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Statement of Changes in Fund Balances

For the year ended March 31, 2015

	Michael Smith Schizophrenia Research and General Research Funds	General Fund	Total
Balance, March 31, 2013	\$ 1,272,071	\$ 118,983	\$ 1,391,054
Excess of revenue over expenses for the year	16,762	7,163	23,925
Balance, March 31, 2014	1,288,833	126,146	1,414,979
Excess of revenue over expenses for the year	29,954	14,517	44,471
Balance, March 31, 2015	\$ 1,318,787	\$ 140,663	\$ 1,459,450

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
FONDATION DE LA SOCIÉTÉ CANADIENNE DE LA
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Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year		
Michael Smith Schizophrenia Research	\$ 29,954	\$ 16,762
and General Research Funds	<u>14,517</u>	<u>7,163</u>
General Fund	<u>44,471</u>	23,925
Adjustments for items not affecting cash		
Unrealized loss on investments	<u>2,674</u>	10,640
	<u>47,145</u>	34,565
Changes in non-cash working capital balances		
Interest receivable	3,287	(4,040)
Due to related party	<u>363</u>	<u>(52,868)</u>
	<u>50,795</u>	(22,343)
Cash Flows from Investing and Financing Activities		
Acquisition of investments	(700,700)	(576,200)
Proceeds on disposal of investments	<u>654,974</u>	<u>100,000</u>
	<u>(45,726)</u>	(476,200)
Net increase (decrease) in cash and cash bank	5,069	(498,543)
Cash and cash bank, beginning of year	<u>19,859</u>	518,402
Cash and cash bank, end of year	\$ 24,928	\$ 19,859

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
FONDATION DE LA SOCIÉTÉ CANADIENNE DE LA
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Notes to Financial Statements

For the year ended March 31, 2015

1. Nature of the Organization and Summary of Significant Accounting Policies

a. 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.

b. Basis of Accounting

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

c. Fund Accounting

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

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, endowment 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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Notes to Financial Statements

For the year ended March 31, 2015

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

d. Revenue Recognition

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.

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.

Contributions for endowment are recognized as revenue in the Michael Smith Fund.

Investment income earned on General Research Fund resources that must be spent on research activities is recognized as revenue of the General Research Fund. Other investment income is recognized as revenue of the General Fund when earned.

e. 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.

f. 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.

g. 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.

SCHIZOPHRENIA SOCIETY OF CANADA FOUNDATION
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Notes to Financial Statements

For the year ended March 31, 2015

2. Investments

	<u>2015</u>	<u>2014</u>
<u>Michael Smith Schizophrenia Research and General Research Funds</u>		
Fixed income investments	\$ 1,102,492	\$ 1,262,234
Preferred shares	198,480	-
Ontario Savings Bond Stepup, floating rate 1.25% to 3.75%,		
	<u>1,300,972</u>	<u>1,262,234</u>
 <u>General Fund</u>		
Fixed income investments	79,639	125,391
Preferred shares	29,604	-
Savings	20,462	-
	<u>129,705</u>	<u>125,391</u>
 Total investments, at fair value	 <u>\$ 1,430,677</u>	 <u>\$ 1,387,625</u>

Investments consist of preferred shares, guaranteed investment certificates, bonds and savings. The interest rates on these investments range from 1.45% to 4.57% and mature between May 2015 and April 2024.

3. Due to Related Party

The balance due from the Society is non-interest bearing, has no specific terms of repayment, is unsecured and arose in the normal course of operations.

4. Commitments

The Foundation is committed to support research projects that are jointly funded with the Canadian Institutes of Health Research. The Foundation's share of the cost for the fiscal year ending March 31, 2015 is \$NIL (\$875 in 2014).

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For the year ended March 31, 2015

5. Related Party Transactions

The Foundation received a donation of \$NIL (\$40,000 in 2014) from the Society. Expenses totalling \$30 (\$5,669 in 2014) were allocated to the Foundation from the Society, representing the Foundation's portion of the Society's Board of Directors' expenses, and other expenses. These expenses were allocated between funds.

The above transactions are in the normal course of operations and are measured at the exchange amount.

6. Financial Risk Management

The Foundation is exposed to risks of varying degrees of significance which could affect its ability to support research and other activities within its mandate. The main objective of the Foundation's risk management processes is to ensure that risks are properly identified and that the capital base is adequate in relation to these risks. The principal financial risks to which the Foundation is exposed are described below.

Credit Risk

The Foundation is not subject to significant credit risk and concentration risk given that its investments are diversified and there are trade receivables at March 31, 2015. The maximum exposure to the risk of credit for investments corresponds to their fair market values. 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 research, other activities and administration fees. The Foundation's approach to manage its liquidity risk is to ensure, as far as possible, that it will have cash, demand and term deposits and investment in bonds which meet its annual capital target. Management expects that the Foundation's principal sources of funds will be cash generated from donations and interest earned on its investments to support its financial obligations. There are no interest sensitive liabilities.

Interest Rate Risk

The Foundation is exposed to fluctuations in interest rates that could affect the cash flows from investments at the time of maturity and reinvestment of individual instruments. These fluctuations could affect the fair values of financial assets and liabilities, and the Foundation's ability to support research and other activities within its mandate. The Foundation does not use derivative financial instruments to manage interest rate risk.