SCHIZOPHRENIA SOCIETY OF CANADA
SOCIÉTÉ CANADIENNE DE LA SCHIZOPHRÉNIE

Non-Consolidated Financial Statements
For the year ended March 31, 2016

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Contents

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Independent Auditor's Report

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

We have audited the accompanying non-consolidated financial statements of **Schizophrenia Society of Canada - Société canadienne de la schizophrénie**, which comprise the non-consolidated statement of financial position as at March 31, 2016 and the non-consolidated statements of operations and change in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated 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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated 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 non-consolidated 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 non-consolidated 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 for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and fundraising activities 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2016 and March 31, 2015, and current assets and net assets as at March 31, 2016, March 31, 2015 and April 1, 2014. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the 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, 2016 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 Professional Accountants

Winnipeg, Manitoba
September 19, 2016

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

As at March 31		**2016**		2015
Assets				
Current Assets				
Cash and bank	**$**	**63,515**	$	46,901
Accounts receivable (Note 2)		**7,710**		17,781
Prepaid expenses		**963**		3,530
		72,188		68,212
Investments (Note 3)		**309,945**		282,167
Capital assets (Note 4)		**3,663**		4,129
	$	**385,796**	$	354,508
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**15,584**	$	14,396
Due to related parties		**-**		662
Deferred contributions		**-**		10,000
		15,584		25,058
Net assets (Note 5)		**370,212**		329,450
	$	**385,796**	$	354,508

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	2016	2015
Revenue		
Bequests	**$ 2,500**	$ 2,000
Donations	**340,259**	201,540
Interest income	**4,942**	4,399
Memberships and other	**6,312**	7,034
Unrealized gain on investments	**5,093**	1,422
	359,106	216,395
Expenses		
Administration	**61,121**	60,544
Fundraising	**64,571**	70,722
Public awareness and education	**155,044**	91,787
Research and advocacy	**37,608**	59,570
	318,344	282,623
Excess (deficiency) of revenue over expenses for the year	**40,762**	(66,228)
Net assets, beginning of year	**329,450**	395,678
Net assets, end of year	**$ 370,212**	$ 329,450

The accompanying notes are an integral part of these non-consolidated financial statements.

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

For the year ended March 31	2016	2015
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	**$ 40,762**	$ (66,228)
Adjustments for items not affecting cash		
Unrealized gain on investments	**(5,093)**	(1,422)
Amortization of capital assets	**467**	646
Donated shares	**(94,185)**	-
	(58,049)	(67,004)
Changes in non-cash working capital		
Accounts receivable	**10,071**	20,908
Prepaid expenses	**2,567**	(1,632)
Accounts payable and accrued liabilities	**1,188**	(35,078)
Due to related parties	**(662)**	(363)
Deferred contributions	**(10,000)**	10,000
	(54,885)	(73,169)
Cash Flows from Investing and Financing Activities		
Purchase of investments	**(212,429)**	(100,989)
Proceeds from disposal of investments	**283,928**	195,000
	71,499	94,011
Net increase in cash and cash equivalents	**16,614**	20,842
Cash and bank, beginning of year	**46,901**	26,059
Cash and bank, end of year	**$ 63,515**	$ 46,901

The accompanying notes are an integral part of these non-consolidated financial statements.

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

a. Nature of the Organization

The Schizophrenia Society of Canada - Société canadienne de la schizophrénie ("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.

b. Basis of Accounting

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

c. 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 ("Foundation"). The summary financial statements of the controlled entity are disclosed at Note 6.

d. 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%

e. 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.

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

f. 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.

g. Allocation of Expenses

Certain administrative expenses are allocated to programs based on an estimate of the time expended on the program (Note 7).

h. 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.

i. 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.

2. Accounts Receivable

		2016		2015
GST and HST recoverable	**$**	**5,059**	$	3,815
Interest		**2,616**		3,144
Other		**35**		10,822
	$	**7,710**	$	17,781

3. Investments

Investments consist of bonds and guaranteed investments with interest rates ranging from 1.00% to 2.15%, and maturities from May 2016 to June 2017.

4. Capital Assets

	2016 Cost	2016 Accumulated Amortization	2015 Cost	2015 Accumulated Amortization
Computer equipment	**$ 5,557**	**$ 4,742**	$ 5,557	$ 4,393
Furniture and fixtures	**8,396**	**5,548**	8,396	5,431
	$ 13,953	**$ 10,290**	$ 13,953	$ 9,824
Cost less accumulated amortization		**$ 3,663**		$ 4,129

Amortization of expenses for the year of $467 ($646 in 2015) has been included in the administration expenses.

5. Net Assets

Net assets consist of the following balances:

	2016	2015
Unrestricted	**$ 366,549**	$ 325,321
Invested in capital assets	**3,663**	4,129
	$ 370,212	$ 329,450

6. 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 has not been consolidated in the Society's non-consolidated financial statements. Financial statements of the Foundation are available on request. The revenue, expenses and the financial position of the Foundation as at March 31, 2016 are as follows:

	2016	2015
<u>Statement of Financial Position</u>		
Total assets	**$ 1,460,404**	$ 1,468,230
Total liabilities	**$ 8,780**	$ 8,780
Fund balance	**1,451,624**	1,459,450
	$ 1,460,404	$ 1,468,230

6. Controlled Entity (continued)

	2016	2015
Statement of Operations		
Revenue	**$ 66,150**	$ 54,089
Expenses	**73,976**	9,618
Excess of revenue over expenses for the year	**$ (7,826)**	$ 44,471
Statement of Cash Flows		
Cash provided by operating activities	**$ 60,435**	$ 50,795
Cash used in investing and financing activities	**(36,482)**	(45,726)
Net increase in cash and bank	**$ 23,953**	$ 5,069

7. Allocated Expenses

General administration expenses of $133,363 ($129,803 in 2015) have been allocated as follows:

	2016	2015
Administration	**$ 28,006**	$ 27,259
Fundraising	**33,341**	32,451
Public awareness and education	**60,013**	58,411
Research and advocacy	**12,003**	11,682
	$ 133,363	$ 129,803

8. 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.

8. 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 and Market Risk

The Society 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 Society's ability to fulfill its mandate. The Society does not use derivative financial instruments to manage interest rate risk.