

**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**

**REGINA, SASKATCHEWAN**

**FINANCIAL STATEMENTS  
AS AT MARCH 31, 2018**

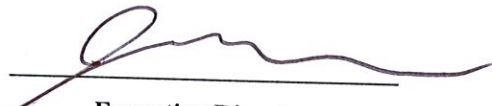
**MANAGEMENT'S RESPONSIBILITY FOR  
FINANCIAL STATEMENTS**

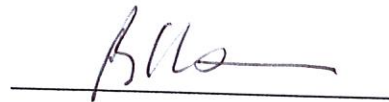
The accompanying financial statements of **Schizophrenia Society of Saskatchewan Inc.** have been prepared by the Society's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

  
Executive Director

  
President

# INDEPENDENT AUDITORS' REPORT



**VIRTUS  
GROUP**  
Chartered Professional Accountants  
& Business Advisors LLP

To the Board of Directors

Schizophrenia Society of Saskatchewan Inc.

We have audited the accompanying financial statements of **Schizophrenia Society of Saskatchewan Inc.** which comprise the consolidated statement of financial position as at March 31, 2018, and the statements of operations, 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.

## *Auditors' 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 of 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 assessments, the auditor considers internal control relevant to the Society'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 Society'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 for Qualified Opinion*

In common with many not-for-profit organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, current assets or fund balances.

## *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2018 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.

June 15, 2018

Regina, Saskatchewan

**VIRTUS GROUP LLP**  
Chartered Professional Accountants



**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**  
(with comparative figures for 2017)

**ASSETS**

	<b><u>Operating Fund</u></b>	<b><u>Reserve Fund</u></b>	<b><u>Total 2018</u></b>	<b><u>Total 2017</u></b>
<b>Current Assets</b>				
Cash	\$ 118,970	\$ -	\$ 118,970	\$ 247,071
Investments (Note 3)	-	356,271	356,271	351,712
Accounts receivable	16,049	-	16,049	24,043
Prepaid expenses	517	-	517	387
Due from (to) reserve fund	96,778	(96,778)	-	-
	<u>232,314</u>	<u>259,493</u>	<u>491,807</u>	<u>623,213</u>
<b>Tangible Capital Assets (Note 4)</b>	<u>382,516</u>	<u>-</u>	<u>382,516</u>	<u>-</u>
	<u>\$ 614,830</u>	<u>\$ 259,493</u>	<u>\$ 874,323</u>	<u>\$ 623,213</u>

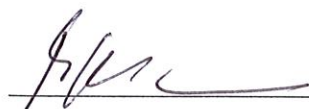
**LIABILITIES**

<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 28,446	\$ -	\$ 28,446	\$ 38,858
Deferred revenue	48,662	-	48,662	37,014
Current portion of long-term debt (Note 5)	8,000	-	8,000	-
	<u>85,108</u>	<u>-</u>	<u>85,108</u>	<u>75,872</u>
<b>Long-Term Debt (Note 5)</b>	<u>239,794</u>	<u>-</u>	<u>239,794</u>	<u>-</u>
	<u>324,902</u>	<u>-</u>	<u>324,902</u>	<u>75,872</u>

**FUND BALANCES**

<b>Internally Restricted Funds (Note 6)</b>	252,206	-	252,206	-
<b>Unrestricted Funds</b>	37,722	259,493	297,215	547,341
	<u>289,928</u>	<u>259,493</u>	<u>549,421</u>	<u>547,341</u>
	<u>\$ 614,830</u>	<u>\$ 259,493</u>	<u>\$ 874,323</u>	<u>\$ 623,213</u>

APPROVED BY THE BOARD:



Director

Director

**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
(with comparative figures for the year ended March 31, 2017)

	Internally restricted funds	Unrestricted surplus	Reserve fund	Total 2018	Total 2017
Balance - beginning of year	\$ -	\$ 195,239	352,102	\$ 547,341	\$ 454,299
Excess (deficiency) of revenues over expenses	-	(8,203)	10,283	2,080	93,042
Interfund transfers (Note 6)	252,206	(149,314)	(102,892)	-	-
Fund balances - end of year	<u>\$ 252,206</u>	<u>\$ 37,722</u>	<u>\$ 259,493</u>	<u>\$ 549,421</u>	<u>\$ 547,341</u>

**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
(with comparative figures for the year ended March 31, 2017)

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Revenues</b>				
Grants: Province of Saskatchewan	\$ 246,418	\$ -	\$ 246,418	\$ 234,615
Donations and memberships	154,409	-	154,409	184,035
Other revenue	10,911	6,976	17,887	30,332
	<u>411,738</u>	<u>6,976</u>	<u>418,714</u>	<u>448,982</u>
<b>Expenses</b>				
Amortization	5,766	-	5,766	-
Board expenses	10,253	-	10,253	6,147
Building occupancy	14,957	-	14,957	22,504
General and administrative	41,376	-	41,376	33,626
Office and general	14,444	-	14,444	21,828
Other contracts	10,997	-	10,997	14,844
Partnership program Regina	80,673	-	80,673	52,083
Partnership program Saskatoon	71,871	-	71,871	64,850
Programs	19,882	-	19,882	2,830
Promotion and publicity	33,731	-	33,731	32,776
Public awareness	46	-	46	956
Travel	1,794	-	1,794	3,240
Volunteer recognition	1,105	-	1,105	390
Wages and benefits	113,046	-	113,046	111,287
	<u>419,941</u>	<u>-</u>	<u>419,941</u>	<u>367,361</u>
<b>Excess (deficiency) of revenues over expenses from operations</b>	<b>(8,203)</b>	<b>6,976</b>	<b>(1,227)</b>	<b>81,621</b>
<b>Other income</b>				
Gain (loss) on investments	-	3,307	3,307	11,421
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (8,203)</b>	<b>\$ 10,283</b>	<b>\$ 2,080</b>	<b>\$ 93,042</b>

**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
(with comparative figures for the year ended March 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash provided by (used in) operating activities:</b>		
Excess of revenues over expenses	\$ 2,080	\$ 93,042
Items not involving cash:		
- Amortization	5,766	-
	<u>7,846</u>	<u>93,042</u>
Non-cash operating working capital:		
- Accounts receivable and prepaid expenses	7,863	2,655
- Accounts payable and accrued liabilities	(10,412)	3,608
- Deferred revenue	11,648	35,585
	<u>16,945</u>	<u>134,890</u>
<b>Cash provided by (used in) investing activities:</b>		
Additions to capital assets	(388,282)	-
Net change in investments	(4,559)	(99,719)
	<u>(392,841)</u>	<u>(99,719)</u>
<b>Cash provided by (used in) financing activities:</b>		
Proceeds from long-term debt	250,000	-
Repayment of long-term debt	(2,206)	-
	<u>247,794</u>	<u>-</u>
<b>Increase (decrease) in cash</b>	(128,102)	35,171
<b>Cash position - beginning of year</b>	<u>247,072</u>	<u>211,901</u>
<b>Cash position - end of year</b>	<u>\$ 118,970</u>	<u>\$ 247,072</u>



**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(with comparative figures for the year ended March 31, 2017)**

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**1. Purpose of the organization**

The Society was incorporated in the Province of Saskatchewan under the *Non-Profit Corporations Act*, 1995 without share capital. The purpose of the Society is to provide education and encourage research into schizophrenia and provide help for individuals and family members who are afflicted with schizophrenia. The Society is exempt from taxation under section 149(1)(f) of the *Income Tax Act*.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

**Fund accounting**

The Society follows the restricted fund method of accounting.

The Operating Fund accounts for the Society's administration activities and certain program delivery. It reports unrestricted resources and certain restricted operating grants. Transfers from this fund are made at the direction of the Board of Directors.

The Reserve Fund segregates invested resources arising from prior surplus revenues.

**Internally restricted funds**

The Organization has established four internally restricted funds.

- The equipment reserve fund was established to provide funds for purchase or replacement of equipment that has a useful life of more than one year.
- The building and furniture reserve fund was established to provide funds for the purchase of a building and furniture to house the general office and programs of the Society.
- The fundraising reserve fund was established to fund staffing and purchase the necessary goods and services for any fundraising event sanctioned by the Society.
- The program initiative reserve fund was established to provide funding for any program initiative approved by the board that has an expected duration of 12 months or less.



**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(with comparative figures for the year ended March 31, 2017)**

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**2. Significant accounting policies (continued)**

**Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization. Amortization of 4% is provided on the straight line basis over the estimated useful life of the building.

**Revenue recognition**

Unrestricted contributions are recognized as revenue in the the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions, for which no separate fund exists, are deferred until the year that the related restrictions are fulfilled, at which time they are recognized as revenue.

**Contributed services**

Volunteers contribute many hours each year to assist the Society in carrying out its delivery activities. These contributions are not recognized in the financial statements as the fair value of these donated services are not reasonably determinable.

**Financial instruments - recognition and measurement**

Financial assets and financial liabilities are recorded on the statement of financial position when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

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**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
(with comparative figures for the year ended March 31, 2017)

**3. Investments**

	<u>2018</u>	<u>2017</u>
<b>Investments measured at fair value:</b>		
CI Canadian Dividend Fund	\$ -	\$ 8,613
CI Investment Grade Bond Fund Class A	25,973	-
CI Select Income Managed Corp	29,760	28,739
Franklin Mutual Global Discovery Fund	21,970	22,180
Harbour Canadian Dividend Fund	18,130	-
Invesco Intactive Balanced Growth Portfolio	25,276	-
Mackenzie Global Dividend Fund	29,504	28,206
Mackenzie Income Fund	26,707	26,300
Mackenzie IVY Global Balanced	29,737	29,753
Manulife Financial Corporation common stocks	35,880	35,385
Symmetry Fixed Income Fund	-	35,826
Trimark Global Diversified Income Fund	25,168	-
	<u>268,105</u>	<u>215,002</u>

At March 31, 2018, the cost base of investments measured at fair value is \$249,916 (2017 - \$200,396).

**Investments measured at cost:**

Corporate Bonds	<u>88,166</u>	<u>136,710</u>
	<u>88,166</u>	<u>136,710</u>
	<u>\$ 356,271</u>	<u>\$ 351,712</u>

At March 31, 2018, the market value of investments measured at cost is \$88,900 (2017 - \$142,681).

**4. Tangible Capital Assets**

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 100,000	\$ -	\$ 100,000	\$ -
Buildings	288,282	5,766	282,516	-
	<u>\$ 388,282</u>	<u>\$ 5,766</u>	<u>\$ 382,516</u>	<u>\$ -</u>

**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
(with comparative figures for the year ended March 31, 2017)

**5. Long-term debt**

	<u>2018</u>	<u>2017</u>
Loan payable to <b>Conexus Credit Union</b> in monthly payments of \$1,573 including interest at 4.47%. The land and building are pledged as security, and have a net book value of \$382,516. Due November 1, 2020.	\$ 239,794	\$ -
Current portion due within one year	8,000	-
	\$ 231,794	\$ -

The estimated principal repayments due in each of the next five years are as follows:

2019		
2020	\$	8,000
2021		8,300
2022		8,700
2023		9,100
		9,500

**6. Internally restricted funds**

During the year internally restricted funds were established and excess of revenues over expenses allocated as follows:

	<u>Opening fund balance</u>	<u>Transfers</u>	<u>Amounts spent</u>	<u>Ending fund balance</u>
Equipment reserve fund	\$ -	\$ 28,000	\$ (752)	\$ 27,248
Building and furniture reserve fund	-	130,000	(13,132)	116,868
Fundraising reserve fund	-	40,000	(1,324)	38,676
Program initiative reserve fund	-	70,000	(586)	69,414
Total	\$ -	\$ 268,000	\$ (15,794)	\$ 252,206

During the year, the Board of Directors authorized the following transfers:

- \$28,000 to the equipment reserve fund,
- \$130,000 to the building and furniture reserve fund,
- \$40,000 to the fundraising reserve fund, and
- \$70,000 to the program initiative reserve fund.

**SCHIZOPHRENIA SOCIETY OF SASKATCHEWAN INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(with comparative figures for the year ended March 31, 2017)**

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**7. Financial risk management**

The Society has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Society is exposed are:

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society's exposure to interest rate risk is limited to the long-term debt which has a fixed interest rate and therefore, does not expose the Society to additional risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependent on the receipt of funds from its operations, donations, and grants. Funds from these sources are primarily used to finance working capital and are considered adequate to meet the Society's financial obligations.

**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society's investments in publicly traded securities expose the Society to market price risk as such investments are subject to price changes in the open market. The Society does not use any derivative financial instruments to alter the effects of this risk.

**8. Economic dependence**

Approximately 59% (52% in 2017) of the Society's revenues are derived from the Province of Saskatchewan. As a result, the Society is dependent upon the continuance of these grants to maintain operations at their current level.

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